

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA	:	Hon. <i>Michael A. Shipp</i>
	:	
v.	:	Criminal No. 18- <i>215</i>
	:	
JOSEPH KENNY BATTS,	:	
TONY V. RUSSELL, and	:	18 U.S.C. § 371;
ANGELO K. THOMPSON	:	26 U.S.C. § 7206(2)

INDICTMENT

The Grand Jury in and for the District of New Jersey, sitting at Newark, charges:

COUNT 1
(Conspiracy to Defraud the United States)

1. From at least in or about 2009 to in or about April 2015, defendant JOSEPH KENNY BATTS (“defendant BATTS”) was a co-owner of Tax Pro’s, a tax return preparation and payroll business located in Essex County, New Jersey, where he prepared federal income tax returns for a fee. After defendant BATTS discontinued Tax Pro’s, in or about January 2016, he became the owner of Tax Solutions & Associates (a/k/a, Tax Associates and Tax Solutions), a tax return preparation business located in Union County, New Jersey, and continued to prepare federal income tax returns for a fee.

2. Defendant TONY V. RUSSELL (“defendant RUSSELL”), a resident of Baltimore County, Maryland, was employed as a tax preparer at Tax Pro’s from at least in or about February 2013 to in or about April 2015 and Tax Solutions & Associates from in or about January 2016 to in or about February 2017, and prepared federal income tax returns for a fee.

3. Defendant ANGELO K. THOMPSON (“defendant THOMPSON”), a resident of Baltimore County, Maryland, was employed to assist with the preparation of tax returns at Tax Pro’s from at least in or about February 2013 to in or about April 2015 and as a tax preparer at

Tax Solutions & Associates from in or about January 2016 to at least in or about April 2016, and prepared federal income tax returns for a fee.

4. Damien Askew (“ASKEW”), a resident of Union County, New Jersey, was the other co-owner of Tax Pro’s and prepared federal income tax returns for a fee at Tax Pro’s from at least in or about 2009 to in or about April 2015.

5. Another tax preparer (the “TAX PREPARER”), a resident of Essex County, New Jersey, was employed as a tax preparer at Tax Pro’s from at least in or about 2009 to in or about March 2013, and prepared federal income tax returns there for a fee.

6. The Internal Revenue Service (“IRS”), an agency within the United States Department of Treasury, was responsible for administering and enforcing the tax laws of the United States, specifically, federal income tax laws.

7. The IRS required an individual who prepared or assisted in preparing federal income tax returns for compensation to obtain a preparer tax identification number (“PTIN”). A paid tax preparer was required to place his or her PTIN on each tax return that he or she prepared for compensation to identify the preparer of that particular tax return.

8. From in or about May 2008 to in or about February 2010, defendant BATTIS was not permitted to prepare and file tax returns for others as part of his conditions of release after he pleaded guilty in or about May 2008 to aiding and assisting in the preparation of false federal income tax returns. While on supervised release from in or about April 2010 to in or about April 2011, defendant BATTIS was not permitted to be employed as a tax preparer.

9. At times relevant to Count 1 of this Indictment, defendant RUSSELL, defendant THOMPSON, ASKEW, and the TAX PREPARER each had a PTIN.

10. From at least in or about February 2013 to in or about February 2017, in Essex and Union Counties, in the District of New Jersey and elsewhere, defendants

JOSEPH KENNY BATTS,
TONY V. RUSSELL, and
ANGELO K. THOMPSON

knowingly and intentionally did conspire and agree with each other and others to defraud the United States, by impeding, impairing, and defeating the lawful government functions of the IRS to ascertain, assess, collect, and refund income taxes.

Goal of the Conspiracy

11. It was a goal of the conspiracy for defendants BATTS, RUSSELL, and THOMPSON, and other individuals (including ASKEW and the TAX PREPARER) to generate increased referrals and repeat clients, enhance Tax Pro's business, and enrich themselves by preparing and filing with the IRS income tax returns that contained false information for the purpose of generating refunds in amounts that their clients were not entitled to receive, thereby impeding, impairing, and defeating the functions of the IRS to ascertain, assess, collect, and refund income taxes.

Means and Methods

12. It was part of the conspiracy that defendants BATTS, RUSSELL, and THOMPSON, and other individuals (including ASKEW and the TAX PREPARER) used fraudulent practices to unlawfully decrease their clients' taxable incomes and the amounts of tax due, and thereby obtain refunds in amounts that their clients were not entitled to receive, including:

- a. Fabrication and inflation of credits for education and childcare;
- b. Fabrication and inflation of deductions, such as charitable contributions and unreimbursed employee expenses; and

c. Fabrication and inflation of Schedule C business losses.

Defendant BATTIS trained his co-conspirators to use these methods to generate refunds in amounts that their clients were not entitled to receive.

13. It was further part of the conspiracy that defendants BATTIS, RUSSELL, and THOMPSON, along with ASKEW, obtained false and fraudulent Forms 1098-T that were provided to taxpayers and submitted to the IRS to support false education credits that were claimed on false federal income tax returns prepared at Tax Pro's and Tax Solutions & Associates.

14. It was further part of the conspiracy that defendant BATTIS used the PTINs of defendant RUSSELL and other individuals (including ASKEW and the TAX PREPARER) when preparing tax returns in order to conceal his identity as the actual return preparer, due to, among other things, his prior conviction for aiding and assisting in the preparation and presentation of false federal income tax returns.

15. It was further part of the conspiracy that, in or about January 2016, after a search warrant had been executed at Tax Pro's by law enforcement in or about April 2015, defendant BATTIS discontinued Tax Pro's and opened Tax Solutions & Associates, where he, defendants RUSSELL and THOMPSON continued preparing false federal income tax returns.

16. It was further part of the conspiracy that, from in or about January 2016 to in or about February 2017, defendants BATTIS, RUSSELL, and THOMPSON used various locations to prepare false federal income tax returns under the company name Tax Solutions & Associates, including office spaces in Union, New Jersey and a hotel in Elizabeth, New Jersey.

17. It was further part of the conspiracy that, beginning in or about January 2016, after they discovered that the IRS was investigating the preparation of false federal income tax returns at Tax Pro's, defendants THOMPSON and RUSSELL used the PTIN of another individual when preparing certain federal income tax returns at Tax Solutions & Associates to conceal their identity as the actual return preparers.

18. It was further part of the conspiracy that, using the means and methods described above, among others, defendant BATTIS and his co-conspirators caused a total tax loss in excess of approximately \$900,000.

Overt Acts

19. In furtherance of the conspiracy and to effect its unlawful goal, the following overt acts, among others, were committed in the District of New Jersey and elsewhere:

a. In or about February 2013, defendant RUSSELL began assisting defendant BATTIS and the other co-conspirators in preparing federal income tax returns at Tax Pro's.

b. In or about February 2013, defendant THOMPSON began assisting defendant BATTIS and the other co-conspirators in preparing federal income tax returns at Tax Pro's.

c. On or about February 7, 2013, defendant BATTIS prepared a false federal income tax return, Form 1040, for tax year 2012, for Taxpayer "J.A.", using the PTIN of defendant RUSSELL.

d. On or about February 9, 2014, defendant BATTIS prepared a federal income tax return, Form 1040, for tax year 2013, for Taxpayer "J.A.", using one or more of the fraudulent practices set forth in paragraph 12 above.

e. On or about January 30, 2015, defendant BATTIS prepared a federal income tax return, Form 1040, for tax year 2014, for Taxpayer "J.A.", using one or more of the fraudulent practices set forth in paragraph 12 above.

f. On or about November 17, 2015, defendant THOMPSON co-signed a lease with defendant BATTIS for office space in Union, New Jersey to use for the preparation of tax returns, after defendant BATTIS discontinued Tax Pro's.

g. On or about January 25, 2016, defendants BATTIS, RUSSELL, and THOMPSON temporarily moved the tax preparation operations of Tax Solutions & Associates to a hotel in Elizabeth, New Jersey.

h. On or about February 6, 2016, defendant BATTIS prepared a false federal income tax return, Form 1040, for tax year 2015, for Taxpayers "T.C. & M.C.", using the PTIN of another individual who was not involved in preparing the return.

i. On or about February 7, 2016, defendant THOMPSON prepared a false federal income tax return, Form 1040, for tax year 2015, for Taxpayers "J.S. & K.S.", using the PTIN of another individual who was not involved in preparing the return.

j. On or about April 25, 2016, defendant THOMPSON prepared a federal income tax return, Form 1040, for tax year 2013, for Taxpayer "R.P.", using one or more of the fraudulent practices set forth in paragraph 12 above.

k. In or about January 2017, defendants BATTIS leased a different office space in Union, New Jersey, for Tax Solutions & Associates to continue tax preparation operations in 2017.

l. On or about February 5, 2017, defendant BATTIS prepared a federal income tax return, Form 1040, for tax year 2016, for Taxpayers "J.S. & K.S.", using one or more

of the fraudulent practices set forth in paragraph 12 above.

m. On or about February 6, 2017, defendant RUSSELL prepared a federal income tax return, Form 1040, for tax year 2016, for Taxpayer "G.B.", using one or more of the fraudulent practices set forth in paragraph 12 above.

In violation of Title 18, United States Code, Section 371.

COUNTS 2 TO 6
(Aiding and Assisting in the Preparation of
False Federal Income Tax Returns)

1. Paragraphs 1 to 9, 12 to 18, 19a to 19e, 19f, 19g, 19h, 19k, and 19l of Count 1 of this Indictment are incorporated by reference.

2. On or about the dates specified below, in the District of New Jersey, and elsewhere, defendant

JOSEPH KENNY BATTS

did willfully aid and assist in and procure, counsel, and advise the preparation and presentation to the IRS of federal individual income tax returns, Forms 1040, for the individuals and tax years identified below, which were false and fraudulent as to material matters, including those described below, knowing that the returns were false and fraudulent.

Count	Taxpayer	Tax Year	Date Filed (on or about)	Refund Falsely Claimed (Approximately)	Falsely Claimed Item(s)
2	J.A.	2012	2/7/13	\$5,300	Education Credits
3	J.A.	2013	2/9/14	\$5,265	Child and Dependent Care Expenses; Education Credits
4	J.A.	2014	1/30/15	\$7,326	Child and Dependent Care Expenses; Education Credits; Loss on Schedule C
5	T.C. & M.C. (jointly filed)	2015	2/6/16	\$6,197	Loss on Schedule C; Gifts to Charity on Schedule A
6	J.S. & K.S. (jointly filed)	2016	2/5/17	\$5,107	Loss on Schedule C; Gifts to Charity on Schedule A

In violation of Title 26, United States Code, Section 7206(2).

COUNT 7
(Aiding and Assisting in the Preparation of
False Federal Income Tax Returns)

1. Paragraphs 1 to 9, 12 to 18, 19a, 19c, 19g, and 19m of Count 1 of this Indictment are incorporated by reference.

2. On or about the dates specified below, in the District of New Jersey, and elsewhere, defendant

TONY V. RUSSELL

did willfully aid and assist in and procure, counsel, and advise the preparation and presentation to the IRS of federal individual income tax returns, Forms 1040, for the individuals and tax years identified below, which were false and fraudulent as to material matters, including those described below, knowing that the returns were false and fraudulent.

Count	Taxpayer	Tax Year	Date Filed (on or about)	Refund Falsely Claimed (Approximately)	Falsely Claimed Item(s)
7	G.B.	2016	2/6/17	\$6,251	Loss on Schedule C

In violation of Title 26, United States Code, Section 7206(2).

COUNTS 8 to 9
(Aiding and Assisting in the Preparation of
False Federal Income Tax Returns)

1. Paragraphs 1 to 9, 12 to 18, 19b, 19f, 19g, 19i, and 19j of Count 1 of this Indictment are incorporated by reference.

2. On or about the dates specified below, in the District of New Jersey, and elsewhere, defendant

ANGELO K. THOMPSON

did willfully aid and assist in and procure, counsel, and advise the preparation and presentation to the IRS of federal individual income tax returns, Forms 1040, for the individuals and tax years identified below, which were false and fraudulent as to material matters, including those described below, knowing that the returns were false and fraudulent.

Count	Taxpayer	Tax Year	Date Filed (on or about)	Refund Falsely Claimed (Approximately)	Falsely Claimed Item(s)
8	J.S. & K.S. (jointly filed)	2015	2/7/16	\$8,527	Gifts to Charity on Schedule A; Loss on Schedule C; Education Credits
9	R.P.	2013	4/25/16	\$11,030	Gifts to Charity on Schedule A; Loss on Schedule C

All in violation of Title 26, United States Code, Section 7206(2).

Craig Carpenito

 CRAIG CARPENITO
 United States Attorney

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INDICTMENT FOR

**18 U.S.C. § 371 and
26 U.S.C. § 7206(2)**

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