

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA :
 : Criminal No. 15 -
 :
 v. : 18 U.S.C. § 371
 :
 GRACE GARRETT : I N F O R M A T I O N
 :

The defendant having waived in open Court prosecution by Indictment, the United States Attorney for the District of New Jersey charges:

THE DEFENDANT, THE CO-CONSPIRATOR, AND RELEVANT ENTITIES

1. At all times relevant to this Information:
 - a. Defendant GRACE GARRETT was a resident of Pittsgrove, New Jersey and was employed as a preparer of federal income tax returns.
 - b. Co-Conspirator 1, who is named as a co-conspirator but not a defendant herein, was a resident of Rosenhayn, New Jersey and was employed as a preparer of federal income tax returns.
 - c. Pender Tax Services, LLC ("Pender Tax Services") was a tax preparation business operating in Rosenhayn, New Jersey. Pender Tax Services was owned by Business Owner 1 but operated by Co-Conspirator 1. Pender Tax Services employed a number of tax

preparers including defendant GRACE GARRETT and Co-Conspirator 1. Between 2008 and 2012, GARRETT and Co-Conspirator 1 assisted in the preparation of hundreds of federal income tax returns through Pender Tax Services, which charged its clients a flat fee for preparing federal income tax returns.

d. The Internal Revenue Service ("IRS") was a constituent agency of the United States Department of Treasury and a member of the executive branch of the Government, responsible for administering and enforcing the tax laws of the United States, collecting taxes owed to the Treasury of the United States, and providing refunds of taxes overpaid.

THE CONSPIRACY

2. From in or about January 2008, through on or about April 23, 2012, in Cumberland County, in the District of New Jersey, and elsewhere, the defendant,

GRACE GARRETT,

did knowingly and willfully conspire and agree with Co-Conspirator 1 and others to commit offenses against the United States: to wit, to violate Title 26, United States Code, Section 7206(2).

OBJECT OF THE CONSPIRACY

3. It was an object of the conspiracy for defendant GRACE GARRETT to generate increased referrals, enhance business, and profit from the increase in business to Pender Tax Services and thereby enrich

herself, Co-Conspirator 1, and others by preparing and filing with the IRS false and fraudulent income tax returns for the purpose of generating inflated tax refunds for clients of Pender Tax Service.

MANNER AND MEANS OF THE CONSPIRACY

4. It was part of the conspiracy that, defendant GRACE GARRETT and Co-Conspirator 1 prepared, and filed with the IRS, false federal individual income tax returns, and amended tax returns, for the clients of Pender Tax Services by, among other ways:

a. falsely characterizing the taxpayer's status, as "single" and/or "head of household" when in fact the taxpayers were not lawfully eligible for such status. GARRETT and Co-Conspirator 1 advised married couples to file their tax returns separately, with either: (a) both spouses electing the "single" filing status; (b) both spouses electing "head of household" status; or (c) one spouse electing "single" status and the other spouse electing "head of household" status, despite the fact that the taxpayers were married and only eligible for the "married filing jointly" or "married filing separately" filing statuses. As a result of filing in this manner, GARRETT and Co-Conspirator 1 enabled married taxpayers to elect both the standard deduction and itemize in the same tax year. The result of filing in this manner was that married taxpayers falsely increased their eligibility for certain deductions and credits and thereby

reduced their taxable income. This in turn allowed the taxpayers to obtain larger refunds;

b. fabricating and inflating itemized deductions, including deductions for gifts to charity, and unreimbursed job expenses such as uniforms, supplies, haircuts, mileage and transportation, among others. These fraudulent deductions were listed on the "Schedule A - Itemized Deductions" and Form 2106 "Unreimbursed Employee Business Expenses" attached to the tax returns;

c. fabricating and inflating child and dependent care expenses and/or education expenses. These fraudulent deductions were listed on the Form 2241 ("Child and Dependent Care Expenses"), Form 8917 ("Tuition and Fees Deduction"), and/or Form 8863 ("Education Credits (American Opportunity, Hope, and Lifetime Learning Credits)" attached to the tax returns; and

d. falsely claiming dependent children that had been fabricated by GARRETT, Co-Conspirator 1, and their co-conspirators. By falsely claiming dependent children, GARRETT and her co-conspirators allowed taxpayers to increase the amount of certain exemptions and tax credits that ultimately: (a) reduced the taxpayers' taxable income; and (b) increased the taxpayer's tax refund

5. It was further part of the conspiracy that, by preparing and submitting these returns containing false and fraudulent information, defendant GRACE GARRETT and Co-Conspirator 1 obtained

refunds for the clients of Pender Tax Services in amounts greater than those to which the taxpayers were entitled. These refunds benefited defendant GARRETT and Co-Conspirator 1's tax preparation business by generating word-of-mouth referrals.

6. It was further part of the conspiracy that defendant GRACE GARRETT and Co-Conspirator 1 submitted their clients' tax returns with the IRS by filing electronically from the office of Pender Tax Services in New Jersey to the IRS in either New York or Kentucky.

7. It was further part of the conspiracy that, using the means and methods described above, among others, defendant GRACE GARRETT and Co-Conspirator 1, and others, caused a tax loss of over \$340,000 for the tax years 2007 through and including 2011.

OVERT ACTS

8. In furtherance of the conspiracy and to effect its unlawful object, on the following dates and related to the following tax years, defendant GRACE GARRETT, Co-Conspirator 1, and others caused the following overt acts to be committed in the District of New Jersey and elsewhere:

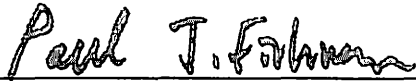
Tax Year	Approximate Date Return Filed	Taxpayer	Falsely Claimed Items
2007	2/19/2008	S.S.	<ul style="list-style-type: none">◦ Filing status◦

Tax Year	Approximate Date Return Filed	Taxpayer	Falsely Claimed Items
2007	2/19/2008	M.S.	<ul style="list-style-type: none"> ◦ Gifts to charity ◦ Employment expenses ◦ Filing status
2008	2/13/2009	S.S.	<ul style="list-style-type: none"> ◦ Filing status
2008	2/13/2009	M.S.	<ul style="list-style-type: none"> ◦ Gifts to charity ◦ Employment expenses ◦ Filing status
2010	4/14/2011	S.S.	<ul style="list-style-type: none"> ◦ Filing status
2010	4/14/2011	M.S.	<ul style="list-style-type: none"> ◦ Gifts to charity ◦ Employment expenses ◦ Filing status
2008	2/04/2009	D.R.	<ul style="list-style-type: none"> ◦ Filing status
2009	1/30/2010	D.R.	<ul style="list-style-type: none"> ◦ Education expenses ◦ Filing status
2010	2/15/2011	D.R.	<ul style="list-style-type: none"> ◦ Education expense ◦ Filing status
2008	2/04/2009	K.R.	<ul style="list-style-type: none"> ◦ Filing status ◦ Education expenses
2009	01/30/2010	K.R.	<ul style="list-style-type: none"> ◦ Filing status
2010	02/15/2011	K.R.	<ul style="list-style-type: none"> ◦ Education expenses ◦ Filing status

Tax Year	Approximate Date Return Filed	Taxpayer	Falsely Claimed Items
2008	01/20/2009	D.S.	<ul style="list-style-type: none"> ◦ Filing status ◦ Gifts to charity ◦ Education expenses
2009	01/28/2010	D.S.	<ul style="list-style-type: none"> ◦ Filing status ◦ Gifts to charity
2010	02/15/2011	D.S.	<ul style="list-style-type: none"> ◦ Gifts to charity ◦ Filing status
2007	01/11/2008	N.S.	<ul style="list-style-type: none"> ◦ Filing status
2008	01/22/2009	N.S.	<ul style="list-style-type: none"> ◦ Filing status
2009	01/06/2010	N.S.	<ul style="list-style-type: none"> ◦ Filing status
2010	01/31/2011	N.S.	<ul style="list-style-type: none"> ◦ Filing status
2009	02/08/2010	J.M.	<ul style="list-style-type: none"> ◦ Filing status ◦ Childcare expenses
2010	01/28/2011	J.M.	<ul style="list-style-type: none"> ◦ Filing status ◦ Childcare expenses ◦ False dependent
2010	01/24/2011	C.M.	<ul style="list-style-type: none"> ◦ Filing status ◦ Childcare expenses ◦ False dependent

Tax Year	Approximate Date Return Filed	Taxpayer	Falsely Claimed Items
2011	01/26/2012	C.M.	<ul style="list-style-type: none">◦ Filing status◦ Childcare expenses◦ False dependent
2008	01/17/2009	E.J.	<ul style="list-style-type: none">◦ Filing status◦ False dependent

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



PAUL J. FISHMAN
United States Attorney

CASE NUMBER: 2015R00040

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INFORMATION FOR

**Title 18, United States Code,
Section 371**

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