

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF KENTUCKY
AT BOWLING GREEN

FILED
DISTRICT COURT CLERK
WESTERN DISTRICT OF KY
2016 OCT 11 AM 11:25

UNITED STATES OF AMERICA

PLAINTIFF

v.

CRIMINAL NO. 1:16-CR-7-GNS

MECHELLE BLANKENSHIP

DEFENDANT

PLEA AGREEMENT

Pursuant to Rule 11(c)(1)(B) of the Federal Rules of Criminal Procedure, the United States of America, by John E. Kuhn, Jr., United States Attorney for the Western District of Kentucky, and defendant, Mechelle Blankenship, and her attorney, Thomas Chimera, have agreed upon the following:

1. Defendant acknowledges that she has been charged in the Indictment in this case with violations of Title 18, United States Code, Section 371, and Title 26, United States Code, Section 7206(2).

2. Defendant has read the charges against her contained in the Indictment, and those charges have been fully explained to her by her attorney. Defendant fully understands the nature and elements of the crimes with which she has been charged.

3. Defendant will enter a voluntary plea of guilty to Count 1 through Counts 13 in this case. Defendant will plead guilty because she is in fact guilty of the charges. The parties agree to the following factual basis for this plea:

The conduct described herein occurred in Logan County, Kentucky, in the Western District of Kentucky, and elsewhere.

In early 2012, Tara Mitchell hired Mechelle Blankenship to work in an administrative role at Triple J Tax Service, located in Russellville, Kentucky. Soon

thereafter, Blankenship began preparing returns as well. From in or about March 2012, and continuing thereafter to in or about November 2014, Mitchell and Blankenship knowingly agreed to defraud the United States for the purpose of preventing the Internal Revenue Service from proper assessment and collection of revenue through income taxes. To do so, Mitchell and Blankenship agreed to prepare and electronically file U.S. Individual Income Tax Returns, on behalf of themselves and clients of Triple J Tax, which contained statements that they knew were false and fraudulent as to material matters, thereby causing the Internal Revenue Service to pay tax refunds that were not due under provisions of the Internal Revenue laws. Specifically, the returns stated the taxpayers had incurred educational expenses, when they had not, and thus falsely claimed education-related credits, to which the taxpayers were not entitled. The table below sets forth specific tax returns prepared by Mitchell and Blankenship as overt acts during the conspiracy.

Date	Taxpayer	Tax Year	Fraudulent Items	Preparer
On or about March 8, 2012	R.R.	2011	\$2,500 in education expenses, resulting in \$850 American opportunity credit and \$1,275 education credit	Blankenship
On or about January 4, 2013	B.R.	2012	\$4,000 in education expenses, resulting in \$1,000 American opportunity credit	Blankenship
On or about January 17, 2013	R.P. & M.P.	2012	\$3,000 in education expenses, resulting in \$900 American opportunity credit and \$538 education credit	Mitchell
On or about January 18, 2013	M.G.	2012	\$3,500 in education expenses, resulting in \$950 American opportunity credit and \$763 education credit	Mitchell
On or about January 21, 2013	A.K.	2012	\$3,500 in education expenses, resulting in \$950 American opportunity credit and \$1,425 education credit	Blankenship
On or about January 23, 2013	T.H.	2012	\$2,500 in education expenses, resulting in \$850 American opportunity credit	Blankenship
On or about January 24, 2013	D.W. & J.W.	2012	\$4,000 in education expenses, resulting in \$1,000 American opportunity credit and \$1,500 education credit	Blankenship
On or about January 25, 2013	E.P. & C.P.	2012	\$2,500 in education expenses, resulting in \$850 American opportunity credit and \$1,118 education credit	Blankenship

Date	Taxpayer	Tax Year	Fraudulent Items	Preparer
On or about January 25, 2013	J.A.	2012	\$4,000 in educational expenses, resulting in \$1,000 American opportunity credit and \$949 education credit	Blankenship
On or about January 28, 2013	D.H.	2012	\$2,500 in education expenses, resulting in \$850 American opportunity credit and \$1,069 education credit	Blankenship
On or about February 1, 2013	R.R.	2012	\$2,500 in education expenses, resulting in \$850 American opportunity credit and \$1,275 education credit	Blankenship
On or about January 8, 2014	B.R.	2013	\$2,000 in education expenses, resulting in \$800 American opportunity credit	Blankenship
On or about January 9, 2014	J.A.	2013	\$2,000 in educational expenses, resulting in \$800 American opportunity credit and \$693 education credit	Blankenship
On or about January 31, 2014	D.H.	2013	\$2,000 in education expenses, resulting in \$800 American opportunity credit and \$658 education credit	Blankenship

In the course of the conspiracy, Mitchell and Blankenship also included fraudulent education credits on their own tax returns. On or about January 10, 2013, Mitchell and Blankenship prepared Mitchell's 2012 tax return, fraudulently claiming education expenses in the amount of \$3,500, resulting in a \$950 American opportunity credit. On or about April 11, 2013, Mitchell and Blankenship prepared Blankenship's 2012 tax return, fraudulently claiming education expenses in the amount of \$4,000, resulting in a \$371 American opportunity credit and a \$557 education credit.

4. Defendant understands that the charges to which she will plead guilty carry a combined maximum term of imprisonment of 41 years, a combined maximum fine of \$1,450,000, and up to a three-year term of supervised release.

5. Defendant understands that if a term of imprisonment of more than one year is imposed, the Sentencing Guidelines require a term of supervised release and that she will then be subject to certain conditions of release. §§5D1.1, 5D1.2, 5D1.3.

6. Defendant understands that by pleading guilty, she surrenders certain rights set forth below. Defendant's attorney has explained those rights to her and the consequences of her waiver of those rights, including the following:

A. If defendant persists in a plea of not guilty to the charges against her, she has the right to a public and speedy trial. The trial could either be a jury trial or a trial by the judge sitting without a jury. If there is a jury trial, the jury would have to agree unanimously before it could return a verdict of either guilty or not guilty. The jury would be instructed that defendant is presumed innocent and that it could not convict her unless, after hearing all the evidence, it was persuaded of defendant's guilt beyond a reasonable doubt.

B. At a trial, whether by a jury or a judge, the United States would be required to present its witnesses and other evidence against defendant. Defendant would be able to confront those government witnesses and her attorney would be able to cross-examine them. In turn, defendant could present witnesses and other evidence in her own behalf. If the witnesses for defendant would not appear voluntarily, she could require their attendance through the subpoena power of the Court.

C. At a trial, defendant would have a privilege against self-incrimination and she could decline to testify, without any inference of guilt being drawn from her refusal to testify. If defendant desired to do so, she could testify in her own behalf.

7. Defendant understands that the United States Attorney's Office has an obligation to fully apprise the District Court and the United States Probation Office of all facts pertinent to

the sentencing process, and to respond to all legal or factual inquiries that might arise either before, during, or after sentencing. Defendant admits all acts and essential elements of the indictment counts to which she pleads guilty.

8. Defendant understands she may also be responsible for penalties as the IRS may determine. Those penalties will not and cannot be part of this criminal judgment, but may be assessed in a separate administrative proceeding. Defendant will sign and execute IRS Form 870 on which she acknowledges she owes an amount to be determined to the Internal Revenue Service, exclusive of penalties and interest.

9. Defendant acknowledges liability for the special assessment mandated by 18 U.S.C. § 3013 and will pay the assessment in the amount of \$1300 to the United States District Court Clerk's Office by the date of sentencing.

10. At the time of sentencing, the United States will

- recommend a sentence of imprisonment at the lowest end of the applicable Guideline Range, but not less than any mandatory minimum term of imprisonment required by law.

- recommend a reduction of 3 levels below the otherwise applicable Guideline for "acceptance of responsibility" as provided by §3E1.1(a) and (b), provided the defendant does not engage in future conduct which violates any federal or state law, violates a condition of bond, constitutes obstruction of justice, or otherwise demonstrates a lack of acceptance of responsibility. Should such conduct occur and the United States, therefore, opposes the reduction for acceptance, this plea agreement remains binding and the defendant will not be allowed to withdraw her plea.

11. Both parties have independently reviewed the Sentencing Guidelines applicable in this case, and in their best judgment and belief, conclude as follows:

A. The Applicable Offense Level should be determined as follows:

2T1.4(a)(1) & 2T4.1(G)	Base Offense Level (Loss more than \$250,000)	18
2T1.4(b)(1)(B)	Defendant in business of preparing tax returns	+2
Adjusted Offense Level		20
3E1.1(a)&(b)	Acceptance and Timeliness	-3
Total Offense Level		17

B. The Criminal History of defendant shall be determined upon completion of the presentence investigation, pursuant to Fed. R. Crim. P. 32(c).

Both parties reserve the right to object to the USSG §4A1.1 calculation of defendant's criminal history. The parties agree to not seek a departure from the Criminal History Category pursuant to §4A1.3.

C. The foregoing statements of applicability of sections of the Sentencing Guidelines and the statement of facts are not binding upon the Court. The defendant understands the Court will independently calculate the Guidelines at sentencing and defendant may not withdraw the plea of guilty solely because the Court does not agree with either the statement of facts or Sentencing Guideline application.

12. Defendant is aware of her right to appeal her conviction and that 18 U.S.C. § 3742 affords a defendant the right to appeal the sentence imposed. Unless based on claims of ineffective assistance of counsel or prosecutorial misconduct, the Defendant knowingly and voluntarily waives the right (a) to directly appeal her conviction and the resulting sentence

pursuant to Fed. R. App. P. 4(b) and 18 U.S.C. § 3742, and (b) to contest or collaterally attack her conviction and the resulting sentence under 28 U.S.C. § 2255 or otherwise.

13. Defendant understands and agrees that by entering into this Plea Agreement, she becomes subject to 12 U.S.C. § 1829 which precludes her from participating, directly or indirectly, in the conduct of the affairs of any insured depository institution without the prior written consent of the Federal Deposit Insurance Corporation or other federal financial institution regulatory agency.

14. Defendant waives and agrees to waive any rights under the Speedy Trial Act and understands and agrees that sentencing may be delayed. The reason for such waiver is so that at sentencing the Court will have the benefit of all relevant information.

15. Defendant agrees not to pursue or initiate any civil claims or suits against the United States of America, its agencies or employees, whether or not presently known to defendant, arising out of the investigation or prosecution of the offenses covered by this Agreement.

16. The defendant hereby waives all rights, whether asserted directly or by a representative, to request or receive from any department or agency of the United States any records pertaining to the investigation or prosecution of this case, including without limitation any records that may be sought under the Freedom of Information Act, 5 U.S.C. § 552, or the Privacy Act of 1974, 5 U.S.C. § 552a.

17. Defendant agrees to interpose no objection to the United States transferring evidence or providing information concerning defendant and this offense, to other state and federal agencies or other organizations, including, but not limited to the Internal Revenue Service, other law enforcement agencies, and any licensing and regulatory bodies, or to the entry

of an order under Fed. R. Crim. P. 6(e) authorizing transfer to the Examination Division of the Internal Revenue Service of defendant's documents, or documents of third persons, in possession of the Grand Jury, the United States Attorney, or the Criminal Investigation Division of the Internal Revenue Service.

18. It is understood that pursuant to Fed. R. Crim. P. 11(c)(1)(B), the recommendations of the United States are not binding on the Court. In other words, the Court is not bound by the sentencing recommendation and defendant will have no right to withdraw her guilty plea if the Court decides not to accept the sentencing recommendation set forth in this Agreement.

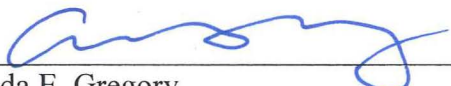
19. Defendant agrees that the disposition provided for within this Agreement is fair, taking into account all aggravating and mitigating factors. Defendant states that she has informed the United States Attorney's Office and the Probation Officer, either directly or through her attorney, of all mitigating factors

20. This document and the supplemental plea agreement state the complete and only Plea Agreements between the United States Attorney for the Western District of Kentucky and defendant in this case, and are binding only on the parties to this Agreement, supersedes all prior understandings, if any, whether written or oral, and cannot be modified other than in writing that are signed by all parties or on the record in Court. No other promises or inducements have been or will be made to defendant in connection with this case, nor have any predictions or threats been made in connection with this plea.

AGREED:

JOHN E. KUHN, JR.
United States Attorney

By:

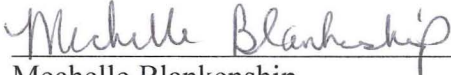


Amanda E. Gregory
Assistant United States Attorney

10-11-16

Date

I have read this Agreement and carefully reviewed every part of it with my attorney. I fully understand it and I voluntarily agree to it.




Mechelle Blankenship
Defendant

10-11-16

Date

I am the defendant's counsel. I have carefully reviewed every part of this Agreement with the defendant. To my knowledge my client's decision to enter into this Agreement is an informed and voluntary one.



Thomas Chimera
Counsel for Defendant

10-11-16

Date

JEK:AEG