

**IN THE UNITED STATES DISTRICT COURT**  
**FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

<b>UNITED STATES OF AMERICA</b>	<b>:</b>	<b>CRIMINAL NO. _____</b>
<b>v.</b>	<b>:</b>	<b>DATE FILED: _____</b>
<b>DAVID NIXON</b>	<b>:</b>	<b>VIOLATIONS:</b>
	<b>:</b>	<b>26 U.S.C. § 7206(2) (aiding and assisting</b>
		<b>in the preparation of materially false</b>
		<b>income tax returns - 81 counts)</b>

**INDICTMENT**

**COUNTS ONE THROUGH EIGHTY-ONE**

**THE GRAND JURY CHARGES THAT:**

At all times material to this indictment, unless otherwise indicated:

1. The Internal Revenue Service (“IRS”) was an administrative agency of the United States Department of Treasury responsible for administering and enforcing the tax laws of the United States, including the assessment and collection of federal income taxes.

2. In computing tax liability, or in determining whether they were entitled to receive a refund based on an overpayment of taxes, the IRS Tax Code offered taxpayers the option of reducing the gross income realized by the taxpayers with a “standard deduction” or specifically deducting certain expenses that the filers incurred during a tax year in determining the taxpayers’ taxable income. The latter option was known as “itemized deductions.”

3. Deductions for which taxpayers could claim as itemized deductions included, among other things, mortgage interest payments, real estate taxes, charitable contributions and, to some extent, medical and unreimbursed employee business expenses.

4. The IRS Code also prescribed rules, regulations and procedures for

determining entitlement and amount of the itemized deductions, as well as, for credits.

5. Defendant DAVID NIXON was a tax return preparer in the Eastern District of Pennsylvania and the owner of Economy Tax Services, 3731 Stanton Street, Philadelphia, PA. For tax years 2007 through 2009, defendant DAVID NIXON prepared tax returns for his clients who were wage earners living within the Eastern District of Pennsylvania.

6. On the returns that he prepared for his clients, defendant DAVID NIXON followed a practice of falsely overstating deductions, such as charitable contributions and business expenses, and including deductions for which there was no basis in fact. Defendant NIXON also falsely stated the filing status of some of his clients. In addition, defendant NIXON included false credits, such as tuition and fees, earned income, child tax, and residential energy, on the returns of some of his clients. In making these false statements in the returns that defendant NIXON prepared, he intended to reduce the amount of tax owed by his clients and increase any refunds to the clients.

7. Defendant DAVID NIXON included these materially false and fraudulent deductions and credits on his clients' returns without the authorization of those clients. As a result of the fraudulent deductions and credits, defendant NIXON's clients received approximately \$211,594 in fraudulently inflated income tax refunds.

8. On or about the dates listed in the chart below, in the Eastern District of Pennsylvania and elsewhere, defendant

**DAVID NIXON**

willfully aided, assisted, procured, counseled, and advised the preparation and presentation to the Internal Revenue Service U.S. Individual Income Tax Returns, Forms 1040, either individual or

joint, and other documents, under or in connection with matters arising under the internal revenue laws of the United States, which were false or fraudulent as to a material matter as described in the counts listed below, and which defendant NIXON knew contained those materially false items at the time they were submitted:

<b>Count</b>	<b>Tax Year</b>	<b>Date Return Filed</b>	<b>Taxpayer</b>	<b>Falsely Claimed Items</b>
1	2009	4/23/2010	K.K.	Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106
2	2007	5/5/2008	C.B.	Charitable contributions - Form 1040 Schedule A line items 16 and 19 and Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106
3	2008	3/16/2009	C.B.	Charitable contributions - Form 1040 Schedule A line items 16 and 19 and Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106
4	2009	4/19/2010	C.B.	Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106; and Residential energy credit - Form 1040 line item 52 and Form 5695

Count	Tax Year	Date Return Filed	Taxpayer	Falsely Claimed Items
5	2007	3/3/2008	D. & K.B.	Charitable contributions - Form 1040 Schedule A line items 16 and 19 and Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106
6	2008	3/2/2009	D. & K.B.	Charitable contributions - Form 1040 Schedule A line items 16 and 19 and Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106
7	2009	4/19/2010	D. & K.B.	Charitable contributions - Form 1040 Schedule A line items 16 and 19 and Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106; Residential energy credit - Form 1040 line item 52 and Form 5695; and Tuition and fees deduction - Form 1040 line item 34 and Form 8917
8	2007	3/3/2008	A.C. & K.G-C.	Charitable contributions - Form 1040 Schedule A line items 16 and 19 and Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106-EZ

Count	Tax Year	Date Return Filed	Taxpayer	Falsely Claimed Items
9	2008	4/6/2009	A.C. & K.G-C.	Charitable contributions - Form 1040 Schedule A line items 16 and 19 and Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106 and 2106-EZ
10	2009	4/19/2010	A.C. & K.G-C.	Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106 and 2106-EZ; Residential energy credit - Form 1040 line item 52 and Form 5695; and Tuition and fees deduction - Form 1040 line item 34 and Form 8917
11	2007	2/18/2008	K.D.	Charitable contributions - Form 1040 Schedule A line items 16 and 19 and Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106 -EZ
12	2008	3/9/2009	K.D.	Charitable contributions - Form 1040 Schedule A line items 16 and 19 and Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106

Count	Tax Year	Date Return Filed	Taxpayer	Falsely Claimed Items
13	2009	4/26/2010	K.D.	Charitable contributions - Form 1040 Schedule A line items 16 and 19 and Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106
14	2007	2/25/2008	R. & L.F. Jr.	Charitable contributions - Form 1040 Schedule A line items 16 and 19 and Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106-EZ
15	2008	3/16/2009	R. & L.F. Jr.	Charitable contributions - Form 1040 Schedule A line items 16 and 19 and Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106
16	2009	4/5/2010	R. & L.F. Jr.	Charitable contributions - Form 1040 Schedule A line items 16 and 19 and Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106

Count	Tax Year	Date Return Filed	Taxpayer	Falsely Claimed Items
17	2008	5/25/2009	D.F. & J.F.	Charitable contributions - Form 1040 Schedule A line items 16 and 19 and Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106 and 2106-EZ; and Tuition and fees deduction - Form 1040 line item 34 and Form 8917
18	2009	3/24/2010	D.F. & J.F.	Charitable contributions - Form 1040 Schedule A line items 16, 17 and 19 and Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106 and 2106-EZ; and Residential energy credit - Form 1040 line item 52 and Form 5695
19	2007	2/25/2008	C. & K.G.	Charitable contributions - Form 1040 Schedule A line items 17 and 19 and Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106-EZ
20	2008	4/23/2009	C. & K.G.	Charitable contributions - Form 1040 Schedule A line items 17 and 19 and Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106-EZ

Count	Tax Year	Date Return Filed	Taxpayer	Falsely Claimed Items
21	2009	2/15/2010	C. & K.G.	Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106-EZ; and Education credits - Form 1040 line items 49 and 66 and Form 8863
22	2009	2/22/2010	D.K.	Charitable contributions - Form 1040 Schedule A line items 16, 17 and 19 and Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106-EZ
23	2007	3/17/2008	A. & E.K.	Charitable contributions - Form 1040 Schedule A line items 16 and 19 and Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106
24	2008	3/30/2009	A. & E.K.	Charitable contributions - Form 1040 Schedule A line items 16 and 19 and Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106; and Education credits - Form 1040 line item 50 and Form 8863
25	2009	3/15/2010	A. & E.K.	Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106; and Residential energy credit - Form 1040 line item 52 and Form 5695



Count	Tax Year	Date Return Filed	Taxpayer	Falsely Claimed Items
26	2007	3/10/2008	R.L. & S.H.	Charitable contributions - Form 1040 Schedule A line items 16 and 19 and Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106-EZ
27	2008	3/2/2009	R.L. & S.H.	Charitable contributions - Form 1040 Schedule A line items 16 and 19 and Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106
28	2009	3/22/2010	R.L. & S.H.	Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106; and Residential energy credit - Form 1040 line item 52 and Form 5695
29	2008	2/6/2009	C.M.	Charitable contributions - Form 1040 Schedule A line items 16 and 19 and Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106
30	2009	2/9/2010	C.M.	Charitable contributions - Form 1040 Schedule A line items 16 and 19 and Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106

Count	Tax Year	Date Return Filed	Taxpayer	Falsely Claimed Items
31	2007	2/13/2008	K.M.	Charitable contributions - Form 1040 Schedule A line items 16 and 19 and Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106-EZ
32	2008	2/16/2009	K.M.	Charitable contributions - Form 1040 Schedule A line items 16 and 19 and Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106; and Tuition and fees deduction - Form 1040 line item 34 and Form 8917
33	2009	2/18/2010	K.M.	Charitable contributions - Form 1040 Schedule A line items 16 and 19 and Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106
34	2007	2/13/2008	J.M.	Charitable contributions - Form 1040 Schedule A line items 16 and 19 and Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106-EZ

Count	Tax Year	Date Return Filed	Taxpayer	Falsely Claimed Items
35	2008	2/16/2009	J.M.	Charitable contributions - Form 1040 Schedule A line items 16 and 19 and Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106; and Tuition and fees deduction - Form 1040 line item 34 and Form 8917
36	2009	2/18/2010	J.M.	Charitable contributions - Form 1040 Schedule A line items 16 and 19 and Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106
37	2007	1/28/2008	N.M.	Charitable contributions - Form 1040 Schedule A line items 16 and 19 and Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106-EZ
38	2008	2/17/2009	N.M.	Charitable contributions - Form 1040 Schedule A line items 16 and 19 and Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106
39	2009	4/5/2010	N.M.	Charitable contributions - Form 1040 Schedule A line items 16 and 19 and Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106

Count	Tax Year	Date Return Filed	Taxpayer	Falsely Claimed Items
40	2007	2/4/2008	J.P.	Head of household - Form 1040 line item 4; Charitable contributions - Form 1040 Schedule A line items 16 and 19; and Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106
41	2008	3/16/2009	J.P.	Head of household - Form 1040 line item 4; Charitable contributions - Form 1040 Schedule A line items 16 and 19; and Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106
42	2009	3/16/2010	J.P.	Head of household - Form 1040 line item 4; Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106 and 2106-EZ; and Residential energy credit - Form 1040 line item 52 and Form 5695
43	2007	3/3/2008	K.R.	Charitable contributions - Form 1040 Schedule A line items 16 and 19; and Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106

Count	Tax Year	Date Return Filed	Taxpayer	Falsely Claimed Items
44	2008	3/2/2009	K.R.	Charitable contributions - Form 1040 Schedule A line items 16 and 19; and Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106
45	2009	2/15/2010	K.R.	Charitable contributions - Form 1040 Schedule A line items 16 and 19; Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106; and Education credits - Form 1040 line items 49 and 66 and Form 8863
46	2007	2/21/2008	T.R.	Head of household - Form 1040 line item 4; Charitable contributions - Form 1040 Schedule A line items 16 and 19; and Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106
47	2008	3/2/2009	T.R.	Head of household - Form 1040 line item 4; Charitable contributions - Form 1040 Schedule A line items 16 and 19; Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106; and Tuition and fees deduction - Form 1040 line item 34 and Form 8917

Count	Tax Year	Date Return Filed	Taxpayer	Falsely Claimed Items
48	2009	2/15/2010	T.R.	Head of household - Form 1040 line item 4; Charitable contributions - Form 1040 Schedule A line items 16 and 19; Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106; and Education credits - Form 1040 line item 49 and 66 and Form 8863
49	2007	2/18/2008	A.R.	Charitable contributions - Form 1040 Schedule A line items 16 and 19; and Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106-EZ
50	2008	2/9/2009	A.R.	Charitable contributions - Form 1040 Schedule A line items 16 and 19; and Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106
51	2009	2/11/2010	A.R.	Education credits - Form 1040 line item 49 and 66 and Form 8863
52	2007	3/10/2008	P.R.	Charitable contributions - Form 1040 Schedule A line items 16 and 19; and Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106-EZ

Count	Tax Year	Date Return Filed	Taxpayer	Falsely Claimed Items
53	2008	2/23/2009	P.R.	Charitable contributions - Form 1040 Schedule A line items 16 and 19; Education credits - Form 1040 line item 50 and Form 8863; and Expenses - Schedule C line items 9, 13, 24b, 27 and 29
54	2009	3/22/2010	P.R.	Expenses - Schedule C line items 9, 27 and 28
55	2007	5/5/2008	C.R. & V.W.	Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106-EZ; and Residential energy credit - Form 1040 line item 52 and Form 5695
56	2008	5/4/2009	C.R. & V.W.	Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106; and Education credits - Form 1040 line item 50 and Form 8863
57	2009	5/31/2010	C.R. & V.W.	Charitable contributions - Form 1040 Schedule A line items 16 and 19; and Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106 and 2106-EZ

<b>Count</b>	<b>Tax Year</b>	<b>Date Return Filed</b>	<b>Taxpayer</b>	<b>Falsely Claimed Items</b>
58	2007	3/3/2008	N. & L.R.	Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106 and 2106-EZ
59	2008	4/20/2009	N. & L.R.	Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106
60	2009	4/5/2010	N. & L.R.	Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106; and
61	2007	3/10/2008	E.S. & K.Z.	Charitable contributions - Form 1040 Schedule A line items 16 and 19; and Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106
62	2008	3/2/2009	E.S. & K.Z.	Charitable contributions - Form 1040 Schedule A line items 16 and 19; and Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106



Count	Tax Year	Date Return Filed	Taxpayer	Falsely Claimed Items
63	2009	2/22/2010	E.S. & K.Z.	Charitable contributions - Form 1040 Schedule A line items 16 and 19; and Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106
64	2007	3/10/2008	K.T.	Charitable contributions - Form 1040 Schedule A line items 16 and 19; and Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106
65	2008	2/23/2009	K.T.	Charitable contributions - Form 1040 Schedule A line items 16 and 19; and Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106

Count	Tax Year	Date Return Filed	Taxpayer	Falsely Claimed Items
66	2009	3/15/2010	K.T.	Charitable contributions - Form 1040 Schedule A line items 16 and 19; Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106; and Residential energy credit - Form 1040 line item 52 and Form 5695
67	2007	3/10/2008	T.T.	Head of household - Form 1040 line item 4; Child tax credit - Form 1040 line item 52; Additional child tax credit - Form 1040 line item 68; Charitable contributions - Form 1040 Schedule A line items 16 and 19; and Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106
68	2008	3/16/2009	T.T.	Head of household - Form 1040 line item 4; Child tax credit - Form 1040 line item 52; Charitable contributions - Form 1040 Schedule A line items 16 and 19; and Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106

Count	Tax Year	Date Return Filed	Taxpayer	Falsely Claimed Items
69	2009	4/12/2010	T.T.	Head of household - Form 1040 line item 4; Charitable contributions - Form 1040 Schedule A line items 16 and 19; and Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106
70	2007	3/10/2008	C.T.	Head of household - Form 1040A line item 4; Earned income credit - Form 1040A line item 40a and 42 and Schedule EIC
71	2008	2/23/2009	C.T.	Head of household - Form 1040A line item 4; Earned income credit - Form 1040A line item 40a and 42 and Schedule EIC
72	2009	4/12/2010	C.T.	Head of household - Form 1040A line item 4; Earned income credit - Form 1040A line item 40a and 42 and Schedule EIC
73	2007	2/29/2008	K.W.	Charitable contributions - Form 1040 Schedule A line items 16 and 19; and Unreimbursed employee expenses - Schedule A line items 27 and 29 and Form 2106-EZ
74	2008	2/10/2009	K.W.	Charitable contributions - Form 1040 Schedule A line items 16 and 19; and Unreimbursed employee expenses - Schedule A line items 27 and 29 and Form 2106

Count	Tax Year	Date Return Filed	Taxpayer	Falsely Claimed Items
75	2009	2/17/2010	K.W.	Charitable contributions - Form 1040 Schedule A line items 16 and 19; Unreimbursed employee expenses - Schedule A line items 27 and 29 and Form 2106; and Education credits - Form 1040 line items 49 and 66 and Form 8863
76	2007	3/3/2008	R.J.W.	Head of household - Form 1040 line item 4; Charitable contributions - Form 1040 Schedule A line items 16 and 19; and Unreimbursed employee expenses - Schedule A line items 27 and 29
77	2008	3/2/2009	R.J.W.	Head of household - Form 1040 line item 4; and Unreimbursed employee expenses - Schedule A line items 27 and 29 and Form 2106
78	2009	3/22/2010	R.J.W.	Head of household - Form 1040 line item 4; and Education credits - Form 1040 line item 49 and 66 and Form 8863
79	2007	3/3/2008	J.W.	Head of household - Form 1040 line item 4; Child tax credit - Form 1040 line item 52; Charitable contributions - Form 1040 Schedule A line items 16 and 19; and Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106

Count	Tax Year	Date Return Filed	Taxpayer	Falsely Claimed Items
80	2008	2/23/2009	J.W.	Head of household - Form 1040 line item 4; Child tax credit - Form 1040 line item 52; Charitable contributions - Form 1040 Schedule A line items 16 and 19; and Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106
81	2009	2/1/2010	J.W.	Head of household - Form 1040 line item 4; Child tax credit - Form 1040 line item 52; Charitable contributions - Form 1040 Schedule A line items 16 and 19; and Unreimbursed employee expenses - Form 1040 Schedule A line items 27 and 29 and Form 2106

In violation of Title 18, United States Code, Section 7206(2).

**A TRUE BILL:**

\_\_\_\_\_  
**FOREPERSON**

\_\_\_\_\_  
**ZANE DAVID MEMEGER**  
United States Attorney