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Pennsylvania on charges of tax evasion and filing two false federal income tax returns stemming from her failure to report payments she received from parents.

Feb. 13, 2013

A federal grand jury indicted the legal advocate for children in Lackawanna County, Pennsylvania on charges of tax evasion and filing two false federal income tax returns stemming from her failure to report payments she received from parents.

Attorney Danielle Ross, who was appointed by the court to represent children in parent custody disputes since 2008, did not disclose to the IRS any of the income from the payments she received from parents in 2009 and 2010, according to the four-count indictment handed up in Scranton on Tuesday.

She charged \$50 an hour, the indictment stated.

In addition to billing parents to, in a sense, be their children's voice in divorce and custody cases, she was guaranteed a \$38,000 annual retainer by the county court as part of her independent contractor agreement. The guardian ad litem reports findings on the case to a judge who presides over those cases.

In tax returns filed in 2009 and 2010, she reported the retainer and additional income she earned through invoices submitted to the county to represent the children of poor parents, the indictment stated.

In that situation, the court picked up the \$50-an-hour tab and paid her. The indictment focuses on the direct billing to parents, who the court determined could afford the payments.

The indictment did not spell out exactly how much she earned through the invoices to parents or how much she earned from the county invoices.

Efforts to reach her were unsuccessful.

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indictment arrived Tuesday and in a news release issued the same day by his office.

The indictment follows increased scrutiny of the family court and its guardian ad litem program.

The revamped program was created under the direction of former president Judge Chester Harhut. Soon, a full-time guardian ad litem post was created and Ms. Ross, 37, was appointed to that position.

The program included the automatic appointment of Ms. Ross as the guardian ad litem in parent-child custody disputes, often tied to divorces, rather than the appointment at the request of the parties.

However, the FBI and IRS began an investigation of the inner workings of the GAL program.

In 2011, FBI agents doled out subpoenas to several county court officials as part of an ongoing inquiry.

At the time, the grand jury also directed then-county controller Ken McDowell to turn over “every bill and/or invoice and/or receipt, and/ or statement of services, etc. for each and every case assigned to attorney Ross for guardian ad litem service,” according to a grand jury subpoena obtained by The Times-Tribune.

The panel also was reviewing all documents for supervised visitations, attendance at court hearings, travel, training and phone conversations billed to Lackawanna County for “each and every case” assigned to Ms. Ross from Jan. 1, 2008, through 2011, according to the subpoena.

Separately, county officials began their own probe upon the direction of President Judge Thomas Munley.

Ms. Ross has been the county's full time, and mainly, only lawyer appointed to

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any illegal acts, according to the AOPC report issued in July.

“No evidence was seen that Ms. Ross is charging, or that she has received, hundreds of thousands of dollars per year as alleged by some, or that she is billing in a manner inconsistent with her contract,” the report stated.

The AOPC report focused on administrative operations and did not suggest any criminal intent. No one else has been charged with a crime.

The grand jury charged with her with two counts of tax evasion and two counts of filing a false federal income tax return.

The indictment makes no mention of any other parts of the program, or her involvement with it, that were investigated by federal, state, and county officials.

The U.S. Attorney's news release said the prosecution of Ms. Ross is the “result of a continuing joint investigation” by the IRS, FBI and the Lackawanna County District Attorney's office.

When asked about the scope of the investigation in light of the past inquiries, Mr. Smith's spokeswoman, Heidi Havens, pointed to the “continuing” investigation reference in the news release and declined to elaborate.

Efforts to reach Judge Munley and Judge Trish Corbett were unsuccessful.

It is unclear how the indictment will affect the cases Ms. Ross is currently handling.

Judge Corbett was appointed by Judge Munley last year to revamp the family court and the guardian ad litem program after the AOPC issued a 113-page report recommending 51 ways it can be improved.

Overall, the AOPC determined it suffers from a lack of oversight and financial

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The AOPC estimated her pre-tax income at about \$11,200 a year since at least 2007, which they broke down into an estimated \$71,600 earned annually from her retainer and bills sent to the county. The rest of the income was tied to parents who were billed privately.

The AOPC recommended that county payments to Ms. Ross, or any GAL, should be monitored.

The AOPC was undecided if court officials should also track direct payments from parents to Ms. Ross, which is the subject of the grand jury charges against her.

Ms. Ross “allegedly managed and exercised complete control over her private billings and income,” U.S. Attorney Peter J. Smith said in a statement. “That income was allegedly known only to (Danielle) Ross and not Lackawanna County, nor was Lackawanna County required to approve” her private billings.

Her initial appearance and arraignment on the charges is scheduled for Friday at 10 a.m. at the federal courthouse in Scranton.

If convicted, she faces a maximum 16 year prison sentence.

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