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Wednesday of masterminding a scheme to collect thousands of dollars in refunds by filing bogus claims for tax credits.

Mar. 14, 2013

A former IRS worker faces more than 15 years in prison after a jury convicted her Wednesday of masterminding a scheme to collect thousands of dollars in refunds by filing bogus claims for tax credits.

Jurors took less than a day to find Patricia Fountain, 35, of Philadelphia, guilty of extortion, conspiracy, and tax fraud. They also convicted her boyfriend, Larry Ishmael, 40, and a friend, Calvin Johnson Jr., on similar counts.

The weeklong trial before U.S. District Judge Stewart Dalzell showcased how a longtime IRS insider exploited the agency's vulnerabilities and ripped it off for nearly five years.

In 2006, Fountain, a customer-service representative, discovered that the IRS did not have the time or resources to verify telephone tax-credit requests from filers seeking less than \$1,500. She also later learned that the agency was not requiring proof from filers seeking first-time home-buyer credits worth as much as \$8,000.

"The defendants knew it. They knew the money was coming in easy," Assistant U.S. Attorney Tiwana L. Wright told jurors during arguments Tuesday.

Fountain turned to her boyfriend; her hairdresser, Natasha Witherspoon; and a friend, Howard Chilsom, to recruit straw filers, prosecutors said. They enlisted drug addicts, welfare recipients, and ex-cons — people willing to quietly hand over a chunk of the refunds, from \$400 to \$3,000.

When Fountain didn't get a cut quickly enough, she filed forms to rescind the refund

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perfect front.”

Wright, who prosecuted the case with Assistant U.S. Attorney Joseph Khan, pointed to forensic evidence that Fountain struggled to rebut.

Investigators from the IRS Criminal Division and the U.S. Treasury Department's inspector general for tax administration matched Fountain's fingerprint on a stamp used to mail a fraudulent return — her own.

It was an amended return they said she sent in 2007 to claim a \$1,379 telephone tax credit refund, an amount she deserved only if she had monthly phone bills of \$1,000.

They also showed jurors handwriting samples to highlight Fountain's vindictive side — arguing that she forged the signature of another woman on a form rescinding that woman's refund request.

Johnson let his name be used on false returns and recruited others. Jurors acquitted Fountain and Johnson of a separate scheme to collect education-expense credits. The judge also dismissed a structuring charge related to Fountain's purchase of a Mercedes-Benz.

She faces more than 15 years in prison under sentencing guidelines, Khan said. Dalzell scheduled sentencing for June 17.

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