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Jul. 21, 2014

On his Facebook page, Kyle Baxter advertised that he would complete and file tax returns for \$40. According to a post in January 2012: "I am a licensed tax preparer and more than happy to take the task (and the headache!) off your hands."

However, those tax preparations have created more headaches for the people who hired him. Baxter, an elected fire commissioner for Thurston County (Washington) Fire District 15 in Munn Lake, pleaded guilty this month to stealing at least \$250,000 in a tax fraud scheme.

Baxter, 31, filed tax returns for at least 280 people under an unlicensed operation called Baxtax. Many clients were firefighters, emergency medical technicians and paramedics, according to charging documents. Between 2010-2013, Baxter inflated his clients' tax refunds through false claims, then secretly diverted some of the money to himself, documents show.

The scheme started to unravel in 2012. Anita Brooks, a CPA with Brooks Tax and Accounting in Olympia, said she contacted the IRS after a client showed her a fraudulent return that had been prepared by Baxter. That client's 2010 return included false deductions for mortgage interest and education credits, along with underreported tax withholdings, she said. In total, Baxter pocketed \$8,800 from tax returns for the client and her boyfriend, Brooks said.

"I've been doing taxes for 30 years and I've never seen that before," Brooks told The Olympian. "I would hope those aren't common ways people cheat."

A former Thurston County firefighter, who asked that his name be withheld for fear

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Baxter was arraigned July 11 at U.S. District Court in Tacoma. He will be sentenced Oct. 3, and faces up to five years in prison. He also faces a fine of up to \$250,000 and up to three years of supervision after his release, according to court documents.

The Olympian has left multiple messages seeking comment from Baxter. His attorney, Kirk Davis, refused to comment for this story. A representative from Boeing confirmed that Baxter is a current employee, but would not confirm whether Baxter was part of the Boeing Fire Department.

Before the tax fraud case, Baxter had previously encountered trouble in his professional life.

In 2009, Baxter was terminated from the East Olympia Fire District 6, where he worked as a lieutenant. According to documents, the termination was based on allegations of misconduct. Baxter was accused of making vulgar and sexual comments, and also creating a hostile work environment by retaliating against witnesses, documents show. Baxter had also received six verbal warnings during his employment, including one warning for illegally downloading movies and music on district computers, according to documents.

In addition, Baxter's termination process in Thurston County revealed legal troubles involving another fire department. In 2004, Baxter was charged with three felonies while volunteering with the Glendale Fire Department in Arizona. According to charging documents, Baxter had used city credit cards to buy gasoline for his personal vehicle, and was caught with stolen equipment from the Glendale and Phoenix fire departments. In a plea agreement, Baxter pleaded guilty to one count of misdemeanor theft, and the other two counts were dismissed, documents show. He was sentenced to 18 months probation and 100 hours of community service, and was required to pay restitution, documents show.

As a result of Baxter's case, the East Olympia Fire District 6 has created a stricter

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atypical,” George told The Olympian. “It's helpful to us if people have information that they believe would help us detect these schemes.”

In February, the IRS released a “Dirty Dozen” list of tax scams for 2014. Three of those scams include return preparer fraud; inflated refunds; and false income, expenses or exemptions.

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Income Tax

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