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leave a taxpayer open to liability for unpaid taxes, penalties and interest.

Isaac M. O'Bannon • Apr. 07, 2023



The Department of Justice is warning taxpayers to choose their return preparers wisely as the April 18 federal tax filing deadline approaches. Unscrupulous preparers who include errors or false information on a tax return could leave a taxpayer open to liability for unpaid taxes, penalties and interest.

“Taxpayers should choose their return preparer wisely and remain vigilant against unscrupulous preparers, who often present clients with refunds that are too good to

be true,” said Deputy Assistant Attorney General David A. Hubbert of the Justice

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resources to identify crooked return preparers and hold them accountable for their criminal conduct.”

The Tax Division works with U.S. Attorneys’ Offices around the country to bring civil and criminal actions against dishonest tax preparers. The division seeks civil injunctions to stop ongoing fraud, civil penalties or disgorgement of ill-gotten proceeds, and criminal penalties. The department’s message to those who prepare fraudulent returns is that they will face serious and lasting consequences.

Criminal convictions against fraudulent preparers obtained by the Tax Division over the last year include:

- In January 2023, Betty Hawkins and Phyllis Ricks, two North Carolina tax preparers, were sentenced to 24 months and 36 months in prison, respectively, for their role in conspiring to file false income tax returns on behalf of clients of the tax return preparation business where they worked. They were ordered to pay approximately \$5.2 million in restitution.
- In December 2022, Eunice Salley, a Chicago tax preparer, was sentenced to seven years in prison for filing false income tax returns on behalf of her tax preparation clients seeking more than \$1 million in fraudulent refunds. She also failed to report the income received from cashing dozens of pension checks sent to her deceased grandmother. Salley was also ordered to pay \$558,396 in restitution.
- In December 2022, King Isaac Umoren, a Las Vegas tax preparer, was sentenced to 13 years and three months for, among other things, preparing and filing with the IRS tax returns for clients that included false deductions and fictitious businesses in an effort to generate larger refunds than the clients were entitled to receive. He was also ordered to pay \$9,699,887 in restitution to the United States and other victims of his fraud.

- In August 2022, Guy Telfort, a Fort Lauderdale tax preparer, was sentenced to 13

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- On Jan. 24, 2023, a federal district court in the Southern District of Florida permanently barred Arnold Zio individually and doing business as Platinum Citizens Financial, LLC and FTP Tax Services, from preparing returns for others and from owning or operating a tax return preparation business in the future. The government alleged that Zio prepared tax returns claiming fabricated business income and expenses, as well as various false tax deductions. Additionally, the government alleged that Zio, without authorization, diverted customer refunds into his own bank account and failed to return COVID-19 stimulus funds that were improperly deposited into his account.
- On Oct. 21, 2022, a federal district court in the Eastern District of New York permanently barred Maria Cuervo and her business, Danays Enterprises & Travel, Inc., from operating as tax return preparers. The order required Cuervo to disgorge to the United States \$150,000.00 in fees that the government alleged she received as ill-gotten gains for preparing federal tax returns that make grossly incompetent, negligent, reckless, or fraudulent claims.
- On May 12, 2022, a federal district court in the Eastern District of Texas entered an order permanently barring Michelle Denise Johnston from operating a tax return preparation business and preparing federal income tax returns for others. The government's complaint alleged that Johnston prepared and filed tax returns that understated her customers' federal income tax liabilities and further alleged that Johnston engaged in a refund-skimming scheme whereby she deducted unauthorized "fees" from inflated refunds unbeknownst to her customers.

The Tax Division has also sought to strip fraudulent preparers of ill-gotten gains and to hold in contempt those who attempt to flout court-ordered restraints on further fraudulent activity. Over the last year, the division has brought these cases to court, including:

- On July 4, 2022, a federal court in the Southern District of Florida found tax-

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- On Sept. 29, 2022, a federal court in the Southern District of Florida required Nate Stroud and Raheen Stroud to pay over \$120,000 in civil contempt sanctions for their violations of a 2016 permanent injunction prohibiting them from preparing tax returns or assisting in or directing the preparation or filing of tax returns. The amount of the sanctions represents the total tax preparation fees received by the Strouds (and those they assisted) to file returns after the date of the injunction.
- On Sept. 29, 2022, a federal court in the Southern District of Florida required Nate Dameus to pay \$213,500 of ill-gotten fees for violating the court's September 2021 order that permanently barred Dameus from acting as a return preparer. The court's order also requires Dameus to reimburse the government approximately \$10,000 for the costs incurred to investigate his violations and enforce the injunction.

Shady tax return preparers remain a concern of the IRS, which recently warned taxpayers about unscrupulous tax return preparers as part of the IRS's [Dirty Dozen series](#). The Tax Division reminds taxpayers that the IRS has information, tips, and reminders on its site for choosing a tax preparer carefully ([Choosing a Tax Professional](#) and [How to Choose a Tax Return Preparer](#)) and has launched a [free directory](#) of credentialed federal tax preparers. The IRS also offers taxpayers [tips](#) to protect their identities and wallets when filing their taxes.

In addition, [IRS Free File](#), a public-private partnership, offers free online tax preparation and filing options on IRS partner websites for individuals whose adjusted gross income is under \$73,000. For individuals whose income is over that threshold, IRS Free File offers electronic federal tax forms that can be filled out and filed online for free. The IRS has [tips](#) on how seniors and individuals with low to moderate income can get other help or guidance on tax return preparation, too.

In the past decade, the Tax Division has obtained civil injunctions and criminal convictions against hundreds of unscrupulous tax preparers. Information about

these cases is available on the Justice Department's [website](#). An alphabetical listing

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