

# Tax Resolution Times

*“Read About Taxpayers with IRS Problems & Find Out How to Solve Them”*



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## **Question**

***Why are most accountants so attractive?***

## **Answer**

***They have great figures.***

## **Restaurant Owner Serves Up A Dish of Tax Fraud!**

The owner of several Asian restaurants in Massachusetts and Connecticut, William Chen, was sentenced to 18 months in prison for filing false tax returns.

Chen had other partners in the restaurants, but he was responsible for installing the point of sale systems (POS) and for training employees on how to use them. He paid a fee to activate “zapper” software, a commercial computer program that deletes transactions from the POS in order to create false sales records. You can’t make this stuff up! From, 2013 to 2020 Chen and several employees deleted cash transactions in order to reduce the gross receipts and the amount of sales tax collected that was reported by the POS.

During that same time period he paid several employees in cash and failed to pay payroll taxes on behalf of those employees.

The tax loss from Chen’s schemes totals \$2,092,926.94. He has paid \$600,000 in restitution and still owes \$1,492,926.94.

## **Not Such a Wonderful World For Payroll Tax Evade**

The owner of Wonderful World Childcare, Bryan Erdman, was sentenced to one year and one day in prison for failing to pay over payroll taxes.

From 2015 to 2017, Erdman withheld tax payments from his employees’ paychecks, but failed to account for and pay \$295,463.91. He also failed to pay the employer’s share of payroll taxes, which totaled \$167,181.02. He used some of the funds to pay for personal expenses.

In addition to the prison sentence, he was ordered to pay \$462,644.93 in restitution.

## ***After \$2 Million in Kickbacks Store Owner Gets to “Kick Back” in Prison***

The owner of several gas stations and convenience stores, Mohammed Ajmal, is headed to prison for filing false tax returns.

Ajmal's stores contained coin operated amusement machines that generated income. Between 2013 and 2015 the Georgia Lottery Corporation issued new regulations for the machines, which resulted in Ajmal making less money from them. Unhappy about this, Ajmal contacted the company that held the master license for the machines and demanded kickbacks.

To hide the kickbacks, Ajmal had the company issue checks to his relatives. Between 2015 and 2018 he received \$2,292,847 in kickbacks and did not report any of the money on his tax returns. He used the funds for personal items, including building a new house.

Ajmal was sentenced to two years in prison and ordered to pay \$734,232.05 in restitution.

## ***Kansas City CFO of the Year Embezzles Millions!***

Richard Simkins, the Chief Financial Officer for Genesys Industrial Corporation, was sentenced to six years and six months in prison for embezzling over three million dollars and filing false tax returns.

Between 2013 and 2020 Simkins embezzled \$2,853,370 for himself and \$325,000 for a co-worker he supervised, for a total of \$3,178,370. During that time period Simkins signed hundreds of company checks to pay for personal expenses, beginning with \$144,107 in 2013 and ending with \$588,717 in 2020.

Simkins, the Kansas City Business Journal CFO of the Year for 2012, failed to report any of the embezzled money on his tax returns. He used the funds for personal expenses, including jewelry, travel, tickets to Disneyland and Disney World, cars for himself and his family, household expenses including pool and lawn care, school expenses including college tuition and fraternity payments, rent for himself and relatives, and personal mortgage payments.

In addition to the prison sentence, Simkins was ordered to pay restitution in the amount of \$2,032,282 to Genesys, \$1,005,000 to Travelers Insurance, \$867,713 to the IRS, and \$129,131 to the Kansas Department of Revenue. He must also forfeit to the government his personal property. Genesys, his employer, spent more than \$500,000 to investigate and document the embezzlement.

## **Thank you!**

Thanks to YOU, the word is spreading. Thanks to my clients and friends who graciously referred me to their friends, clients and relatives last month. I enjoy building my business based on the positive comments and referrals from people just like you. I couldn't do it without you.

This month I would like to thank Dave S. for his referrals. I will be giving him a nice reward for his long-time loyalty and for spreading the word.

## **Unscrupulous Payroll Company Owner Steals, Borrows, Then Steals Again!**

Kathryn Cunningham, the owner of Moresource, a payroll services company, was indicted for fraud and embezzlement.

Cunningham's company provided payroll services for 141 clients when it closed its doors in 2020. Her services included collecting payroll taxes from her clients and paying them over to the appropriate federal and state agencies. While running the company Cunningham embezzled \$1,545,427 from 24 clients. She used the funds for personal benefit as well as to fund her company's operations.

Cunningham borrowed money on multiple occasions to pay for shortfalls in client accounts and then used client funds to pay the principal and interest on the loans.

Eventually, Cunningham could no longer rob Peter to pay Paul, and stopped making payments to the IRS on behalf of her clients. When her clients began receiving notices from the IRS about the missed payments, she sent them false documents that stated their taxes were paid on time, and claimed the IRS was behind in processing tax payments, had misapplied tax payments, and later blamed her company's payroll software.

She faces a lengthy prison sentence in addition to restitution.

## ***Are You My Next Client of the Month?***

Every month I choose a very special *Client of the Month*. It's my way of acknowledging good friends and saying "thanks!" to those who support me and my business with referrals, word of mouth and repeat business.

This month's *Client of the Month* is Roger B. who had a tax problem that could have gone to criminal investigations. I represented him and kept it out of criminal. Because he was represented, he never had to talk to an agent. He was so happy to have an installment plan negotiated to pay off his tax bill.

You might be my next *Client of the Month*. Watch for your name here in an upcoming month.

## ***Tax Preparers File 1,000 False Tax Returns Do Not Pass Go— Go Directly to Jail!***

Betty Hawkins and Phyllis Ricks, two tax preparers from North Carolina, have been sentenced to prison for filing false tax returns on behalf of their clients.

From 2009 through 2017, Hawkins and Ricks conspired with others at the tax preparation business where they worked to generate inflated returns for their clients. In 2018 they left the company and opened their own tax preparation business, where they continued to file false tax returns.

Hawkins and Ricks filed tax returns using fictitious federal income tax withholding figures, as well as other fraudulent information.

The women filed more than 1,000 false tax returns with the IRS and claimed approximately five million dollars in fraudulent refunds.

Ricks, 63, was sentenced to three years in prison and Hawkins, 51, was sentenced to two years. They were ordered to pay 5.2 million dollars in restitution to the IRS.

## Did You Know?

If a resident of Maine sells a boat to someone from out of state, and if the boat leaves the state in less than 30 days, the sale is exempt from state sales tax.

## Thank you for the Kind Words...

Mark has helped me so many times that he's like family. I depend on him to keep me straight on tax matters. No matter what I need, he is always happy to fix my messes. Amy D.

## I'd Like to Hear From You

If you have an IRS issue, or want to refer a friend, relative or client, I'd love to hear from you. We can provide a no-obligation, confidential consultation to help solve tax problems.

Mark Riddle, EA

**615-395-5888**

## Enter Our Trivia Contest for a Chance to Win a \$250 Transferrable Gift Certificate!

*Take the Trivia Challenge to win!*

Each month, I'll give you a new trivia question. The first **THREE** people who call my office with the correct answer win a free \$250 reduction on any IRS service I provide. Your prize is also transferrable, so use it for yourself, or give it to a family member or friend. Take your best guess and call me at **615-395-5888**.

This month's question is....

**How many roses are produced for Valentine's Day every year?**

- a) More than 250 million      c) More than 600 million  
b) More than 100 million      d) More than a billion

Answer: A. More than 250 million

*Call today at 615-395-5888*

## Your IRS Questions Answered Here...

**Question:** *The IRS is hounding me, sending me notices and won't leave me alone, so I've finally decided to seek help from a Tax Professional who specializes in IRS problem resolution. I want to start getting my paperwork together for the initial appointment; what will I need to bring with me?*

**Answer:** It's very important to have certain documentation with you for the initial interview. Your tax resolution specialist will need this info to preserve your rights, protect your income and assets and to determine the best way forward to resolve your case. Some items to have in front of you include:

- The most recent IRS/State tax notices and collection notices.
- The latest filed income (1040) tax return if you have one.
- A monthly household cash flow budget (list all outflows and inflows of money)
- Your most recent paystubs with YTD info verifying income from all sources and all withholdings and payroll deductions.
- If you are self-employed, an independent contractor, or small business owner, prepare a "rough draft" of your current profit and loss. If this is not possible, just bring your Schedule C from your most recently filed 1040.
- A list of any quarterly estimated tax payments made, if any, for the current year

The information above will help determine which IRS debt settlement program your eligible for, including settling with the IRS for a fraction of what you owe, if you qualify.

The professionals at Tax Solution Expert are experienced in navigating the IRS maze and will customize a resolution plan to fit your individual needs to help you permanently solve your IRS problem(s). **Call us today at 615-395-5888 for a free confidential consultation.**