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TAX PREPARER SENTENCED FOR ASSISTING IN THE PREPARATION OF SCORES OF FALSE TAX RETURNS

SACRAMENTO - United States Attorney McGregor W. Scott announced today that tax preparer STEVE LUNGGAT TACANG, 59, of Vallejo, California, was sentenced to 21 months of imprisonment for assisting in the preparation of over 480 false tax returns.

This case was the product of an extensive investigation by the Internal Revenue Service-Criminal Investigation division.

According to Assistant United States Attorney S. Robert Tice-Raskin, who prosecuted the case, and documents filed in this case, defendant TACANG was the principal owner and operator of EST Enterprise, a tax preparation business which operated in Vallejo, California. Between 2002 and 2004, TACANG prepared over 480 returns for scores of taxpayers containing false deduction information related to donations, un-reimbursed employee expenses, safe deposit box fees and moving expenses. The returns caused a tax loss to the IRS well in excess of \$922,000.

According to IRS Criminal Investigation Acting Special Agent in Charge, Diane Carter, "Today's sentence demonstrates that the filing of false and fraudulent tax returns and tax evasion are serious crimes with serious consequences. Fraudulent tax preparation schemes which use false or inflated deductions cost the government millions of dollars each year. IRS Criminal

Investigation will aggressively investigate those who intentionally cause the preparation and filing of false tax returns. Taxpayers should be very careful in choosing their tax professional. If it sounds too good to be true, it usually is."

For example, defendant TACANG prepared 2001 and 2002 United States Individual Income Tax Returns (Form 1040) for one taxpayer claiming Schedule A deductions for gifts (for \$4,450 and \$6,341, respectively), employee expenses (for \$4,744 and \$4,420, respectively) and a safe deposit box (for \$60 both years). When interviewed by IRS, the taxpayer revealed that the deductions listed on the return were false. In fact, the taxpayer did not make any donations for the tax years 2001-2002, did not give defendant any information regarding donations, had already been reimbursed for most if not all of his business expenses for 2001 and 2002, did not give defendant any information regarding un-reimbursed employee expenses for those years, and did not have a safe deposit box for those tax years.

As part of the investigation, IRS agents, acting in an undercover capacity, requested TACANG to prepare a tax return on their behalf. Agents gave TACANG Form W-2s for their purported wages and said nothing to defendant about deductions. Defendant then prepared a return for agents which claimed a deduction, among other things, for charitable donations, including a church donation and Goodwill donation. The agents subsequently told TACANG they did not go to church. Defendant shushed the agents, informing them they were authorized to deduct 10% of their gross income, while noting, however, that he did not deduct more than 5-7% due to lack of receipts. After agents pointed out that they had not made Goodwill donations, defendant replied that Congress decreed that no receipts were necessary. In response to the question whether the deductions were good, defendant replied, "Good to go."

"The IRS Criminal Investigation division is to be commended for their outstanding work. This case should make it abundantly clear that the fraudulent preparation of tax returns is a serious violation of federal law," said United States Attorney Scott.

As part of his sentence, TACANG was placed on one year of supervised release following his term of incarceration. In addition, TACANG was ordered to pay restitution in the amount of \$194,740.06 to the IRS.

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