

The United States Attorney's Office

Southern District of Florida

Press Release

MIAMI RETURN PREPARER PLEADS GUILTY TO CLAIMING FRAUDULENT TELEPHONE EXCISE TAX REFUNDS

June 5, 2007

FOR IMMEDIATE RELEASE

R. Alexander Acosta, United States Attorney for the Southern District of Florida, and Michael Yasofsky, Jr., Special Agent in Charge, Internal Revenue Service (IRS), Criminal Investigation Division, announced today that defendant, **Equilla McRae, a/k/a Equilla Edwards, a/k/a Equilla Givens**, of Miami, Florida, pled guilty before United States District Court Judge Paul C. Huck, in Miami, to one (1) count of making and presenting fraudulent federal income tax refund claims to the Internal Revenue Service (IRS), in violation of Title 18, United States Code, Section 287, and Title 18, United States Code, Section 2. Pursuant to the plea agreement, McRae agreed to pay restitution in the amount of \$179,369 to the IRS. Sentencing is scheduled for August 14, 2007 at 9:00 a.m. McRae faces a maximum potential sentence of five years in prison and a fine of \$250,000.

On April 19, 2007, a federal grand jury sitting in Miami, Florida, returned an Indictment charging McRae with twenty-five (25) counts of making, presenting and assisting others in preparing and presenting fraudulent claims for refunds to the IRS. According to the Indictment, McRae prepared, filed and assisted others in preparing and filing approximately 25 fraudulent income tax returns, which resulted in fraudulent tax refund claims of approximately \$142,265.

During the investigation, on February 12, 2007, IRS Special Agents executed a search warrant at Fatima's Just Taxes Inc. (FJT), located at 2466 NW 44th Street, #A, Miami, Florida. As stated in court, FJT was simply an alter-ego McRae used to facilitate her false refund scheme, which she operated from her home. According to the affidavit in support of the application for the search warrant, the IRS Fraud Detection Center in Ogden, Utah identified numerous income tax returns filed by FJT that contained fraudulent telephone excise tax refund (TETR) credits. The TETR is a one-time credit available on 2006 income tax returns designed to refund previously-collected federal excise taxes on long-distance telephone service paid from March 2003 through June 2006. To make the refund easier to calculate, the IRS established a standard refund amount, based on personal exemptions, ranging from \$30 to \$60. If taxpayers have phone bills and other records, they can request the actual amount of excise tax paid. The standard amount approximates the eligible amount for most individual taxpayers.

According to court records, the IRS discovered that twenty-five of the 2006 Forms 1040 prepared by McRae included information that McRae knew was false, e.g., inflated wages, fabricated Forms W-2, fictitious dependents, and egregiously excessive TETR credits unsubstantiated by any documentation. In the majority of the returns that McRae prepared claiming the TETR credit, she reported a refund for thousands of dollars, an amount so disproportionately large it implied that the client taxpayer, whose annual income she typically reported to be in the \$9,000 to \$15,000 range, had spent multiples of a hundred thousand dollars just on phone services between March 2003 through June 2006.

Mr. Acosta commended the investigative efforts of the Internal Revenue Service, Criminal Investigation Division. These cases are being prosecuted by Assistant United States Attorney Rosa Rodriguez-Mera.

A copy of this press release may be found on the website of the United States Attorney's Office for the Southern District of Florida at <http://www.usdoj.gov/usao/fls>. Related court documents and information may be found on the website of the District Court for the Southern District of Florida at <http://www.flsd.uscourts.gov> or on <http://pacer.flsd.uscourts.gov>.

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