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THREE MEN SENTENCED TO FEDERAL PRISON FOR ROLE IN CONSPIRACY TO DEFRAUD THE GOVERNMENT IN FALSE INCOME TAX RETURN SCHEME

LUBBOCK, Texas — Today, in federal court in Lubbock, U.S. District Judge Sam R. Cummings sentenced Carl Riley, Jr., to 10 months in prison and Paul Emile Ntahnkiriye to 18 months in prison following their guilty pleas to conspiracy to defraud the U.S. with regard to claims, announced U.S. Attorney Richard B. Roper. Ntahnkiriye also pled guilty to false, fictitious and fraudulent claims. Co-defendant Martin Fungai Mandegu was sentenced last month to 16 months in prison after he pled guilty to one count of conspiracy to defraud the government with respect to claims he prepared while working at an income tax return preparation business. Judge Cummings also ordered that the three defendants pay restitution, jointly and severally, of \$100,725.

A factual resume filed in the case states that from October 2004 through April 2005, Paul Emile Ntahnkiriye began operating an income tax return preparation business in Abilene, Texas, by the name of PNT Tax Service (PNT). Beginning in January 2005, Mandegu, Ntahnkiriye and Riley began preparing tax returns through PNT. For the 2005 tax filing season, PNT prepared approximately 100 income tax returns. Approximately 57 of those returns were fraudulent and claimed false income tax refunds.

In preparing the fraudulent returns, Mandegu, Ntahnkiriye, and Riley would tell their clients that in order to get a larger refund, one or two false dependents could be listed on the return as either a nephew or niece, and in some instances the wages earned were increased to increase the earned income tax credit. Using fraudulent dependents and inflated wages created a fraudulent income tax refund to which each of the co-defendants knew that the client was not entitled. Ntahnkiriye would add the names of the false dependants from a list he obtained from Burundi.

Mandegu, Riley, and Ntahnkiriye would not have the clients sign any documents and often would not furnish them with copies of the return or any documents or forms he used in the preparation and filing of theft tax return. Mandegu, Riley, and Ntahnkiriye would prepare the

1 returns and then Ntahnkiriye would electronically file the client's return with the Internal Revenue Service. The preparation fee for each return varied from approximately \$20 to more than \$900 and was electronically deposited by HSBC Taxpayer Financial Services, located at New Castle, Delaware, into Mandegu's savings account at the First Financial Bank, in Abilene, Texas. When the refund was received, an additional fee was requested from some of the clients; often clients did not know about the first fee being deducted.

The total amount of the fraudulent income tax refunds claimed by Mandengu, Ntahonkiriye, and Riley on the false returns was \$100,725.

Rick Martinez, Special Agent in Charge of Internal Revenue Service, Criminal Investigation for the Dallas Field Office, said, "While most return preparers provide excellent service to their clients, a few unscrupulous tax preparers file false and fraudulent returns to defraud the government, the tax paying public and their own clients. Internal Revenue Service, Criminal Investigation always strives to ensure that attorneys, accountants and other tax practitioners adhere to professional standards and follow the law."

U.S. Attorney Roper praised the investigative efforts of the Internal Revenue Service - Criminal Investigation and the Federal Bureau of Investigation. The case was prosecuted by Assistant U.S. Attorney Ann C. Roberts of the Lubbock, Texas, U.S. Attorney's Office.

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