



*United States Attorney
Southern District of New York*

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**CONTACT: U.S. ATTORNEY'S OFFICE
YUSILL SCRIBNER, JANICE OH,
EDELI RIVERA, JESSIE ERWIN
PUBLIC INFORMATION OFFICE
(212) 637-2600**

**IRS
JOSEPH FOY
PUBLIC INFORMATION OFFICE
(212) 436-1032**

**LEADERS OF \$28 MILLION TAX FRAUD SCHEME PLEAD GUILTY IN
MANHATTAN FEDERAL COURT**

PREET BHARARA, the United States Attorney for the Southern District of New York, and CHARLES R. PINE, the Special Agent-In-Charge of the New York Office of the Internal Revenue Service Criminal Investigation Division ("IRS"), announced that LESTER MORRISON and PAULETTE BULLOCK, the leaders of a tax fraud scheme that netted more than \$28 million in refunds through the filing of thousands of fraudulent tax returns, pleaded guilty yesterday in Manhattan Federal court before United States Magistrate Judge GABRIEL W. GORENSTEIN. All five defendants who were charged in this case have now pleaded guilty to various violations of the criminal tax laws.

The case was part of "Operation Brass Tax," a joint investigation conducted by the U.S. Attorney's Office and the IRS, that was the largest coordinated takedown of corrupt tax preparers in history.

Manhattan U.S. Attorney PREET BHARARA stated: "These tax preparers abused their positions and brazenly stole millions of dollars from the public fisc. They created fictitious businesses and even exploited the identities of deceased children to carry out their elaborate fraud. Having pled guilty, Lester Morrison and Paulette Bullock now face justice for their crimes. Our Office will continue to work closely with IRS to prosecute those who cheat our tax system."

IRS Special Agent-in-Charge CHARLES R. PINE stated: "This Operation is significant because it demonstrates IRS Criminal Investigation's focus in the fight against large scale identity thefts and the filing of false tax returns to steal

money from the government. Potential identity theft criminals will not get away with using stolen identifications to file false tax returns. Working in conjunction with the U.S. Attorney's office, we will continue to devote our resources that are necessary to curtail this illegal behavior."

According to the Superseding Indictment, and statements made during the defendants' guilty plea proceedings:

Since at least 2000, MORRISON and BULLOCK, together with co-defendants KEVIN VADEN, GARY HANNA, and JOY DAVID, filed more than 7,500 returns -- most of them fraudulent -- through a tax preparation business with locations in the Bronx and New Jersey. In the Bronx, the business operated out of 832 Westchester Avenue and was known at different times as "Tax Prep" and "24 Hour Income Tax Refund Service." During the same time period, the business maintained New Jersey locations, including at 194 Prospect Street and 566A Grand Avenue in Englewood, and operated there under the names "Express Tax Services" and "Dynasty Tax Service."

MORRISON, BULLOCK, VADEN, HANNA, and DAVID, employed a variety of deceptive practices to carry out their tax fraud scheme, and claim more than \$28 million in refunds. These included, among others: (1) using stolen identities of deceased children to falsely claim them as dependents on clients' returns; (2) claiming "business losses" from fictitious businesses; (3) claiming as deductions thousands of dollars in non-existent charitable contributions and miscellaneous job expenses; (4) falsely claiming credits for education expenses; and (5) falsely claiming credits for child-care expenses. Each of the defendants earned inflated commissions and fees related to the fraudulent refunds they generated.

MORRISON, 60, of the Bronx, and BULLOCK, 51, of Oxford, North Carolina, each pleaded guilty to one count of conspiracy to defraud the IRS, and one count of obstructing the administration of internal revenue laws. Each faces up to eight years in prison, and each has agreed to make full restitution for the tax loss resulting from their scheme. MORRISON and BULLOCK are scheduled to be sentenced before United States District Judge SIDNEY H. STEIN on November 18, 2010.

In addition to MORRISON and BULLOCK, co-defendants DAVID, VADEN, and HANNA previously entered pleas of guilty and are each scheduled to be sentenced on October 21, 2010, by Judge STEIN:

JOY DAVID, 28, of Ridgefield, New Jersey, pleaded guilty on June 22, 2010, to one count of conspiring to defraud the IRS, and one count of obstructing the administration of revenue laws. DAVID faces up to eight years in prison.

KEVIN W. VADEN, 47, of Amityville, New York, pleaded guilty on June 23, 2010, to a twenty-count Superseding Information charging him with conspiring to defraud the United States and to violate the tax laws; engaging in a scheme to obstruct the administration of the revenue laws; filing false and fraudulent personal tax returns; aiding and assisting in the preparation of false and fraudulent tax returns; and aggravated identity theft. VADEN faces up to 61 years in prison.

GARY HANNA, 30, of Ridgefield, New Jersey, pleaded guilty on July 14, 2010, to a four-count Superseding Information charging him with conspiring to defraud the United States and to violate the tax laws; engaging in a scheme to obstruct the administration of the revenue laws; making false statements to the Government; and aggravated identity theft. HANNA faces up to 15 years in prison.

Mr. BHARARA thanked the IRS for its outstanding work in the investigation of Operation Brass Tax. He also thanked the U.S. Department of Justice's Tax Division for their assistance.

This case is being prosecuted by the Office's Complex Frauds Unit. Assistant United States Attorneys JAMES PASTORE, SANTOSH ARAVIND, and E. DANYA PERRY are in charge of the prosecution.

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