



*United States Attorney
Southern District of New York*

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**NEW ROCHELLE MAN WHO OPERATED
EDUCATION CREDIT TAX FRAUD SCHEME IS
PERMANENTLY BARRED FROM PREPARING TAX RETURNS**

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, announced today that EDWARD S. BROCCOLO -- who has operated a tax return preparation business in New Rochelle, New York, since at least 2000 -- has agreed to an injunction permanently barring him from engaging in any further tax return preparation work. The injunction is the result of civil charges brought by The United States against BROCCOLO under the Internal Revenue Code, alleging that he had repeatedly prepared fraudulent federal income tax returns for other persons. United States District Judge KENNETH M. KARAS approved the injunction yesterday in Manhattan federal court. According to documents filed in this case:

BROCCOLO prepared and/or filed more than 1,500 federal income tax returns for taxpayers containing unsupported and/or fraudulent education expenses under the Hope Scholarship Credit, a program offering a tax credit of up to \$1,500 for post-

secondary school tuition and related expenses. BROCCOLO's taxpayer clients, some of whom are immigrants with little knowledge of English or the federal tax system, were unaware that he had placed fictitious education expenses in their returns. BROCCOLO would charge his clients as much as \$750 to prepare tax returns and, in some cases, promise the clients that they would receive refunds. BROCCOLO's education credit scheme caused the United States to lose as much as \$4 million in uncollected tax revenue and improperly paid refunds.

JUDGE KARAS previously issued a preliminary injunction on May 12, 2007, prohibiting BROCCOLO from engaging in all tax return preparation work for the duration of the case; the injunction approved by JUDGE KARAS yesterday permanently bars BROCCOLO from acting as a federal income tax preparer or otherwise assisting others to prepare federal tax documents. The injunction further permanently bars BROCCOLO from providing tax advice or other tax related services to clients. According to the injunction, BROCCOLO must, within thirty days, mail copies of the injunction and complaint to all clients for whom he has prepared federal tax documents since January 1, 2000.

BROCCOLO admitted the allegations in the complaint, but reserved the right to contest the amount of any penalties assessed by the Internal Revenue Service arising from the conduct set forth in the complaint.

Assistant United States Attorney PIERRE G. ARMAND is in charge of the case.

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