



*United States Attorney
Southern District of New York*

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**BRONX TAX PREPARER CONVICTED IN MANHATTAN FEDERAL COURT
OF PREPARING FALSE TAX RETURNS CAUSING OVER A MILLION
DOLLARS IN LOSS TO THE GOVERNMENT**

PREET BHARARA, the United States Attorney for the Southern District of New York, announced that EUGENE OSUALA, a tax preparer who operated in the Bronx, New York, was found guilty by a jury on Tuesday of all 43 counts charged, including corruptly impeding the enforcement of the Internal Revenue laws, filing false tax returns for himself, and preparing numerous false tax returns for others. OSUALA's scheme generated over one million dollars in undeserved refunds for his clients, and his business took in more than \$650,000 in fraud proceeds. Among other things, OSUALA used various inflated and phony deductions, including fake gifts to charity, fake business expenses, and fake education credits, so that he could fraudulently increase the refunds paid to his clients. OSUALA also had many of his clients take out Refund Anticipation Loans, or "RALs," which were paid through his office, and from which he skimmed hundreds of thousands of dollars of his clients' refunds without their knowledge.

Manhattan U.S. Attorney PREET BHARARA stated: "Eugene Osuala was a serial liar who violated the tax laws with impunity. This kind of fraud is never acceptable, but it is particularly egregious in these times of tight budgets and federal deficits."

According to the evidence presented during the 5-day trial before U.S. District Judge SIDNEY H. STEIN:

OSUALA ran a tax preparation business in the Bronx called Ogenes Tax Services, from which he prepared fraudulent tax returns in order to generate large tax refunds for his clients and skim hundreds of thousands of dollars from those refunds for himself. From 2002 through 2005, OSUALA filed large numbers of returns containing fabricated expenditures like gifts to charity, tuition payments and uniform and dry cleaning expenses in order to get his clients tax deductions and credits that increased the size of their tax refunds. OSUALA provided his clients with phony copies of their tax returns, showing a smaller amount of

deductions and a lower refund amount than was actually submitted to the IRS. He then used a bank's RAL program to pay himself the difference between the refund his clients were expecting and the refund that the IRS actually paid. In addition, for tax years 2003 and 2004, OSUALA falsely reported on his own tax returns that his tax preparation business was losing money when, in fact, it was making nearly \$200,000 a year.

* * *

OSUALA, 59, was convicted of one count of corruptly endeavoring to impede the Internal Revenue laws, two counts of filing fraudulent tax returns for himself, for tax years 2003 and 2004, and forty counts of aiding in the preparation of false tax returns for others. OSUALA faces a maximum sentence of three years in prison on each count, for a total maximum sentence of 129 years in prison.

OSUALA is scheduled to be sentenced by Judge STEIN on December 16, 2011, at 2:30 p.m.

The case was part of "Operation Brass Tax," a joint investigation conducted by the United States Attorney's Office for the Southern District of New York and the IRS. Operation Brass Tax was the largest coordinated takedown of corrupt tax preparers in recent history. OSUALA is the third defendant convicted following trial. To date, 18 defendants have been convicted -- fifteen by guilty plea and three after trial. Charges remain pending against the remaining seven defendants, four of whom are fugitives. They are presumed innocent unless and until proven guilty.

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.

The prosecution of the cases arising from "Operation Brass Tax" is being overseen by the Office's Complex Frauds Unit, assisted by the General Crimes Unit and the White Plains Division. Assistant U.S. Attorneys E. DANYA PERRY and ANDREW D. GOLDSTEIN are in charge of the prosecution.

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