



PRESS RELEASE

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California Corrections Officer Convicted in Jury Trial

Old Quest/DLFR Customer Received Over \$760,000 in a Fraudulent IRS Tax Refund Scheme

Santa Ana- Late this afternoon, Jose Tavares Hernandez, AKA: Jose H. Tavares, 41, of Riverside, was found guilty of one count of filing a false claim against the United States following a jury day trial before U.S. District Judge Josephine S. Tucker.

According to the Indictment, around August 5, 2009, Jose T. Hernandez, a California Corrections Officer for the State of California, filed a false 2008 Federal Income Tax Return Form 1040X for himself and his wife with the Internal Revenue Service (IRS). The false Form 1040X, falsely reported \$1,858,323 in federal income tax withheld and claimed a refund of \$452,615 above a previous false refund he received of \$769,963. The first false refund claimed for \$769,963 was based upon a false OID-based tax return that he filed in March 2009 as a customer in a large OID scheme.

Jose Hernandez was one of the customers of the OID schemes, approximately 15 of which were charged as part of the Old Quest/DLFRA set of 55 defendants in the related Old Quest cases of United States v. Arturo Ruiz, et al., SA CR 11-209-JST, and United States v. Osman Norales, et al., SA CR 11-247-JST. For more information regarding Old Quest/ DLFRA Scheme see: <http://www.justice.gov/opa/pr/2011/September/11-tax-1298.html>

Unlike many of the charged customers, Hernandez was a customer of both fraudulent OID tax schemes of Old Quest and DLFRA. Having filed a false OID-based tax return from both of those schemes, he actually received a tax refund of approximately \$769,000 from his first fraudulent OID-based tax return. After that refund was frozen at the bank by the IRS and he was informed by both the bank and the IRS, rather than withdraw from the scheme, defendant instead filed a second fraudulent OID-based tax return, claiming an income tax refund. The Indictment charges defendant for the second false tax return he filed.

Evidence at trial included testimony by IRS Agents. As part of the investigation, IRS agents interviewed Hernandez. During the interview He made various admissions, including that he had received the IRS Frivolous Filing Letter, knew that his first refund had been frozen, and other notice evidence. Further evidence introduced at trial included certified IRS records (including tax returns, communications from defendant, and defendant's tax filing history); (documents seized during search warrants; (documents provided by defendant; and bank records.

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