



News Release

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Enrolled Agent Disbarred for Stealing a Client's Tax Payments and Preparing Returns with False Deductions

IR-2013-27, March 8, 2013

WASHINGTON — The Internal Revenue Service today announced that its Office of Professional Responsibility (OPR) obtained the disbarment of enrolled agent Lorna M. Walker for stealing a client's tax payments and for preparing tax returns with false deductions for multiple clients.

Walker's enrolled agent status and her ability to prepare federal tax returns were revoked for at least five years. Walker practiced in the Seattle area.

"Practitioners who disregard their responsibilities to the tax system and their clients can expect to hear from OPR," said Karen L. Hawkins, director of OPR. "Any tax professional who steals from a client or causes them undue tax problems is unfit to practice before this agency."

In a Final Agency Decision, the Administrative Law Judge (ALJ) disbarred Walker for misappropriating client payments intended for the IRS in furtherance of an offer in compromise, and for preparing multiple returns containing Schedule C deductions for which she could not produce substantiation on audit.

Walker was engaged to represent a taxpayer in a collection matter. The client gave Walker two money orders totaling \$1,500 to forward to the IRS along with an offer in compromise for delinquent taxes. It was found by the ALJ that Walker altered, endorsed and cashed the money orders for her own personal use, which are acts of willful incompetent and disreputable conduct under Circular 230.

The ALJ also found that Walker prepared Forms 1040 for seven clients claiming Schedule C deductions that were unsubstantiated and unsupportable. It was found that Walker failed to exercise due diligence in preparing the Schedule C's thereby violating multiple due diligence provisions contained in Circular 230.

Walker also failed to respond to the administrative complaint and the motion for default judgment. The ALJ determined that because Walker failed to respond either to the complaint or to the motion for default judgment, she was deemed to admit all the allegations in the complaint, and to not oppose the default motion.

The [text of the ALJ Decision](#) can be found on IRS.gov.

