



PRESS RELEASE

Internal Revenue Service - Criminal Investigation *Chief Richard Weber*

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IRS – Criminal Investigation

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North Carolina Man Pleads Guilty in U.S. Treasury Check Scheme

A Smithfield, North Carolina, man pleaded guilty today to one count of a dual object conspiracy to defraud the United States and commit theft of public money, announced Acting Assistant Attorney General Caroline D. Ciruolo of the Justice Department's Tax Division and Acting U.S. Attorney John Stuart Bruce of the Eastern District of North Carolina.

According to court documents, Oscar Barahona Fiallos, 52, owned and operated a tax preparation business in Smithfield. In 2011 and 2012, Fiallos cashed large numbers of U.S. Treasury checks issued as a result of fraudulent tax returns filed with the Internal Revenue Service (IRS) in the names of third parties. The checks were provided to Fiallos by co-conspirators and Fiallos never met the third-party payees, who purportedly lived in New York, New Jersey and North Carolina. Fiallos deposited the checks into his bank account and then provided co-conspirators with cash equal to the value of the check, less a check cashing fee. After a bank account was closed, Fiallos obtained a check cashing license so that he could continue cashing checks for his co-conspirators. He also prepared Individual Taxpayer Identification Number applications and false tax returns for third parties he did not meet and who did not sign the documents.

Fiallos faces a statutory maximum sentence of five years in prison. In his plea agreement, he has agreed to pay restitution to the United States in the amount of \$2,802,496. The sentencing hearing is set for June.

Acting Assistant Attorney General Ciruolo and Acting U.S. Attorney Bruce commended special agents of IRS-Criminal Investigation, who investigated the case and Trial Attorneys Lauren M. Castaldi and Nathan P. Brooks of the Tax Division, who are prosecuting this case.

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