



PRESS RELEASE

Internal Revenue Service - Criminal Investigation Los Angeles Field Office *Joel P. Garland, Acting Special Agent in Charge*

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Two Defendants in Old Quest-related Tax Fraud Cases Sentenced to 27 Months and 21 Months in Federal Custody

SANTA ANA –Adel Alsibydes Cotton, 61, of Hacienda Heights, was sentenced to 27 months imprisonment and three years' supervised release following imprisonment for preparing false tax returns that claimed more than \$2.3 million dollars in false tax refunds with the Internal Revenue Service (IRS) by U.S. District Judge Josephine L. Staton today.

In a related case, on January 28, 2014, Fernando Tavares-Hernandez, 45, of Riverside, was sentenced to 21 months custody (15 months imprisonment and 6 months in a half- way house and 2 years supervised release) for filing two false claims for a tax refunds totaling over \$1 million dollars with the IRS by U.S. District Judge David O. Carter.

Joel P. Garland, Acting Special Agent in Charge for IRS Criminal Investigation's Los Angeles Field Office, stated: *"These court actions should serve as a deterrent to those who are considering similar fraudulent activities. IRS Criminal Investigation will aggressively investigate and hold accountable those who file false tax returns to fraudulently obtain false tax refunds."*

According to court records, Adel Cotton pleaded guilty to filing four false claims for false tax refunds on June 11, 2013, which was the date his trial was to begin. Fernando Tavares-Hernandez was found guilty of filing a false claim for a false tax refund by a jury on September 5, 2013. Both Adel Cotton, a return preparer who filed approximately 10 false OID-based tax returns, and Fernando Tavares-Hernandez, a taxpayer who filed false tax returns for himself, were involved in the Old Quest Tax scheme, which cumulatively sought over \$250,000,000 in false tax refunds from the IRS.

From 2005 to 2007, Fernando Tavares-Hernandez reported a modest income of \$15,000 to \$22,000 to the IRS on his tax returns, yet he fraudulently purchased a half million dollar home in Riverside County. Subsequent to foreclosure on that house, Fernando Tavares-Hernandez turned to tax fraud with the Old Quest Scheme after learning his brother filed a similar fraudulent tax return requesting a refund of over \$700,000. Evidence at trial proved that Tavares-Hernandez filed a false 2008 federal income tax return and an amended 2008 false federal tax return together claiming refunds totaling \$1,049,323.

As shown by Court filings and evidence during the sentencing hearing, at the same time that Cotton was preparing false OID-based tax returns claiming millions of dollars in tax refunds, Cotton was also orchestrating a separate tax fraud scheme where he used stolen Social Security Numbers to file false tax

returns claiming refunds that he then kept. Additionally, the government presented evidence that with his credit application to purchase a new Mercedes coupe automobile, Cotton attached a fake pay stub showing that he made approximately \$15,000 per month, when in fact he never worked for that company.

The case is being investigated by special agents with IRS Criminal Investigation. The prosecutions were handled by Assistant U.S. Attorneys Charles E. Pell and Sandy Nunes Leal of the U.S. Attorney's Office in Santa Ana. For additional information about IRS Criminal Investigation, please visit irs.gov

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