



NEWS RELEASE

Internal Revenue Service - Criminal Investigation
Los Angeles Field Office
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Former Laguna Hills Return Preparer Pleads Guilty to Creating Fraudulent Tax Shelters

Santa Ana – A Laguna Hills return preparer pleaded guilty today to a scheme to defraud the Internal Revenue Service through the preparation and filing of bogus tax returns claiming reduced tax liabilities based on fraudulent tax shelters.

Randall Craig Hutchens, 62, Chief Executive Officer and President of his own tax preparation business called Accounting Services, Inc. ("ASI"), pleaded guilty to three counts of aiding and assisting in the preparation of false tax returns.

According to the plea agreement filed in the case, from approximately May 2010 until October 2013, Hutchens sold fraudulent tax shelters to numerous clients through his tax preparation company, ASI. Hutchens promoted these tax shelters to his clients as legal ways to reduce their prospective tax liabilities. The tax shelters required clients to purchase an equity interest in a limited liability corporation ("LLC") on condition that the LLC could, within a short period of time (typically, two years) repurchase that interest for substantially less than the price paid for it (typically, \$1). However, none of the LLCs were legitimate.

For customers who bought the shelters, Hutchens would then prepare their tax returns, including in them false losses related to the tax shelter LLCs, which reduced the federal taxes that those clients would otherwise have owed to the government. During the course of this scheme, Hutchens prepared and filed with the IRS at least 125 false federal income tax returns that resulted in tax losses to the United States of at least \$1,622,512.

The three counts to which Hutchens pleaded guilty to today relate to fraudulent 2011 federal income tax returns filed on behalf of clients which included either a false Schedule E (Income or Loss from Partnerships and S Corporations), a false loss on Form 4797 (Sale of Business Property), or a false Schedule C (Profit or Loss from Business). The inclusion of these loss amounts resulted in the understatement of the client's taxable income, and thus the reported federal income taxes due to the IRS.

As part of the plea agreement, Hutchens has agreed to a binding civil injunction barring him for life from aiding or assisting in the preparation of federal income tax returns for anyone other than himself and his legal spouse, and barring him from representing individuals before the IRS.

As a result of today's guilty plea, Hutchens faces a statutory maximum sentence of nine years in federal prison and a fine of \$750,000 when he is sentenced on September 28, 2015 by United States District Judge David O. Carter. He may be further ordered to pay restitution of approximately \$1,622,512.

The investigation and prosecution of Hutchens was conducted by IRS Criminal Investigation's Los Angeles Field Office, in conjunction with the United States Attorney's Office for the Central District of California.

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