



NEWS RELEASE

Internal Revenue Service - Criminal Investigation
Los Angeles Field Office
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Former Hacienda Heights Man Pleads Guilty in \$2.6 Million Federal Tax Refund Scheme

LOS ANGELES – A former Hacienda Heights man pleaded guilty late this afternoon to conspiring to use stolen identities to file fraudulent tax returns with the Internal Revenue Service that sought more than \$2.6 million in false tax refunds.

Adel Cotton, 63, pleaded guilty to one count of conspiracy to defraud the United States by obtaining the payment of false claims, namely tax refunds.

According to the plea agreement filed in the case, beginning in December 2008 and continuing through March 2010, Adel Cotton and his co-defendant, caused at least 275 fraudulent income tax returns to be filed with the IRS, which sought income tax refunds of over \$2.6 million.

The co-defendant, Heber Cotton, 39, of Los Angeles, pleaded guilty to the scheme in November of last year and is currently awaiting sentencing which is scheduled for March 7, 2016.

“As we approach tax filing season, those who might consider committing refund fraud and identity theft should be aware of the extremely negative consequences in doing so,” said IRS Criminal Investigation’s Special Agent in Charge Erick Martinez. “IRS Criminal Investigation will continue to vigorously pursue those who unjustly enrich themselves by filing false income tax returns.”

In executing the scheme, Adel Cotton would obtain the names and Social Security numbers of individuals without their knowledge and consent. Adel Cotton, and others not named in the plea agreement, would then prepare false

Forms W-2 (IRS Wage and Tax Statements) in the names of the identity theft victims that reported false employment and income information, as well as false tax withholding amounts. Using the falsified information reported on the Forms W-2, Adel Cotton and others prepared fraudulent individual income tax returns claiming false tax refunds. The tax returns were filed without the knowledge or consent of the identity theft victims.

In his plea agreement, Adel Cotton admitted that he and Heber Cotton directed the IRS to mail the fraudulent refunds to addresses that he and Heber Cotton controlled. The defendants then worked with two unidentified co-conspirators to deposit the refund checks using bank accounts opened in the names of the identity theft victims.

When sentenced by U.S. District Court Judge Michael W. Fitzgerald on April 4, 2016, Adel Cotton faces a statutory maximum sentence of 10 years in federal prison and a fine of \$250,000.

The investigation into Adel Cotton and Heber Cotton was conducted by IRS Criminal Investigation and the Federal Bureau of Investigation, in conjunction with the United States Attorney's Office for the Central District of California.

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