



# PRESS RELEASE

Internal Revenue Service - Criminal Investigation  
Newark Field Office  
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Date: February 27, 2014

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CI Release #: NEWFO-2014-04

## **ESSEX COUNTY TAX PREPARER ADMITS PREPARING FRAUDULENT TAX RETURNS FOR CLIENTS**

**Newark, N.J.** –The owner of KCJ Financial Corporation, located in Irvington, N.J., pleaded guilty today to willfully preparing false tax returns for clients.

Kellar Covington Jr., a resident of Hillside, N.J., entered his plea in federal court before U. S. Magistrate Judge James B. Clark III. Covington pleaded guilty to a one count information that charges him with aiding and assisting in the preparation of false tax returns. Sentencing is scheduled for June 3, 2014.

“While most return preparers provide excellent service to their clients, a few dishonest tax preparers file false and fraudulent returns to defraud the government, the taxpaying public and their own clients,” stated Shantelle P. Kitchen, Special Agent in Charge, IRS-Criminal Investigation, Newark Field Office. “With this year’s filing season in full swing, the taxpaying public can be assured that IRS-Criminal Investigation and the U.S. Attorney’s Office will continue to vigilantly identify, investigate and prosecute fraudulent preparers like Mr. Covington.”

According to court documents and statements made in court:

Covington owned and operated KCJ Financial Corporation and assisted in the operation of DFC Tax Pros, Inc., both of which are tax preparation businesses located in Irvington, N.J. Covington met with clients of both KCJ and DFC and obtained information from them for the preparation of their individual income tax returns. Covington admitted that he prepared false tax returns for clients by fabricating and inflating Schedule A itemized deductions, Schedule C expenses and Schedule E losses such as those for gifts to

charity, job expenses and real estate losses. By falsifying this information, Covington was able to obtain tax refunds for his clients greater than those they were lawfully entitled to receive. The total amount of tax the Internal Revenue Service was defrauded as a result of the fraudulent returns prepared by Covington is approximately \$140,259.

The charge of aiding and assisting in the preparation of a false tax return carries a statutory maximum prison sentence of three years and a statutory maximum fine equal to the greatest of: (1) \$250,000; (2) twice the gross amount of any pecuniary gain derived from the offense; or (3) twice the gross amount of any pecuniary loss sustained by any victims of the offense.

The investigation was conducted by IRS-Criminal Investigation, Newark Field Office, under the direction of Special Agent in Charge Shantelle P. Kitchen and the U.S. Attorney's Office, under the direction of U.S. Attorney Paul J. Fishman.

The Government is represented by Assistant U.S. Attorney Sharon Ashe.

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