



PRESS RELEASE

Internal Revenue Service - Criminal Investigation
Newark Field Office
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Date: January 20, 2015

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CI Release #: NEWFO-2015-01

OCEAN COUNTY TAX PREPARER SENTENCED TO 24 MONTHS IN PRISON FOR PREPARING FRAUDULENT TAX RETURNS FOR CLIENTS

Trenton, New Jersey –The owner of Expat Focus Consulting (EFC), located in Brick, N.J., was sentenced to 24 months in prison for willfully preparing false tax returns for clients.

U.S. District Judge Joel A. Pisano also ordered Sharif Mahfouz, 50, a resident of Brick, N.J., to serve one year of supervised release and pay restitution to the Internal Revenue Service in the amount of \$1,152,253.

“As this year’s tax filing season begins, those who might consider preparing false tax returns should be aware of the extremely negative consequences as evidenced today,” stated Jonathan D. Larsen, Acting Special Agent in Charge, IRS-Criminal Investigation, Newark Field Office. “Today’s sentencing of Mr. Mahfouz again emphasizes that the Internal Revenue Service and U.S. Attorney’s Office will continue our aggressive pursuit of those who would attempt to defraud America’s tax system.”

Previously, on September 4, 2014, Mahfouz pleaded guilty to a one-count Information that charged him with aiding and assisting in the preparation of false tax returns.

As stated at his plea hearing and according to court documents:

Mahfouz was the sole owner and operator of Expat Focus Consulting, a tax preparation business that he operated out of his personal residence. EFC clients were primarily expatriated individuals. These individuals provided Mahfouz with their financial

information so he could prepare their individual income tax returns. For the tax years 2007 through 2012, Mahfouz admitted that he prepared false tax returns for certain clients by reporting either fabricated or inflated foreign earned income exclusion amounts and foreign tax credits. By falsifying this information, Mahfouz was able to obtain tax refunds for his clients greater than those they were lawfully entitled to receive. Mahfouz did not tell his clients these refunds were being generated and kept the refunds for his own personal use.

In order to carry out the refund fraud, when Mahfouz prepared and submitted false tax returns claiming refunds on behalf of clients to the Internal Revenue Service (IRS), he provided an EFC Bank of America bank account and a mailing address for EFC in Nanuet, New York. When the IRS issued refunds based on these false tax returns, the refunds were either directly deposited into the EFC bank account or a refund check was mailed directly to the EFC address in Nanuet, New York. Mahfouz had the mail forwarded from the Nanuet address to his residence in Brick, NJ. For the refunds issued by check, Mahfouz forged his clients' signatures and deposited the checks into the EFC bank account. Mahfouz would then transfer the money from the EFC bank account to his personal bank account.

In some instances, Mahfouz also prepared accurate versions of his clients' tax returns to show his clients, who reviewed and approved them. If the return showed a refund due, Mahfouz advised the client to apply the refund as a credit to the following year's income taxes. If the return showed a tax due, Mahfouz instructed the client to write a check payable to EFC, which he was supposed to use to pay the IRS on behalf of the client. Instead, Mahfouz used the money for his own personal use.

In total, Mahfouz prepared and submitted to the IRS approximately 26 fraudulent tax returns on behalf of his clients which resulted in a tax loss to the IRS of approximately \$1,152,253.

The investigation was conducted by IRS-Criminal Investigation, Newark Field Office, under the direction of Acting Special Agent in Charge Jonathan D. Larsen 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 Sarah Wolfe.

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Defense counsel: Lawrence Horn and Richard Sapinski Esqs., Newark