



PRESS RELEASE

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Maryland Man Sentenced to Prison for Scheme that Used Stolen Identifying Information to Fraudulently Seek More Than \$20 Million in Tax Refunds

Stole Identities of Nursing Home Patients and Others

A Maryland man was sentenced today to 135 months in prison on federal charges stemming from his role as a key organizer and leader of an identity theft and tax fraud scheme involving the filing of fraudulent returns falsely seeking more than \$20 million in refunds, announced Principal Deputy Assistant Attorney General Caroline D. Ciralo, head of the Justice Department's Tax Division, U.S. Attorney Channing D. Phillips for the District of Columbia, Acting Special Agent in Charge Thomas J. Holloman of the Internal Revenue Service-Criminal Investigation (IRS-CI) Washington D.C. Field Office, Inspector in Charge Terrence P. McKeown of the U.S. Postal Inspection Service, Washington Division, and Assistant Inspector General for Investigations John L. Phillips of the U.S. Department of the Treasury.

"Kevin Brown led a sprawling identity theft scheme that cost the government millions in fraudulently claimed income tax refunds, and caused substantial harm to those whose identities were stolen," said Principal Deputy Assistant Attorney General Ciralo. "Today's significant prison sentence punishes Brown for his conduct and serves as a clear warning to those engaged in or considering similar conduct that the government will prosecute these crimes and will seek incarceration and restitution."

"Although Kevin Brown owned a neighborhood barbershop, he was making most of his money through illegal means, as a key organizer and leader of a massive tax fraud scheme," said U.S. Attorney Phillips. "He and his many co-conspirators falsified tax returns in the names of some of the most vulnerable members of our society, including individuals who were elderly, infirm, disabled, incarcerated, and deceased, and then pocketed millions of dollars in tax refunds at a cost to hard-working taxpaying citizens. Thanks to a concerted effort by law enforcement, this defendant and the others in the scheme will be held accountable with prison terms and orders for restitution."

"Criminal conspiracies involving fraudulent refund schemes are loathsome crimes that victimize our nation's honest taxpayers," said Acting Special Agent in Charge Holloman. "Today's sentencing is a reminder that IRS-CI will remain vigilant in our investigation of these schemes and will continue to work with prosecutors to combat this type of criminal conduct."

"Identity theft and fraud are a continuing problem in our society," said Inspector in Charge McKeown. "The U.S. Postal Inspection Service aggressively investigates these types of crimes

when they involve the U.S. Mail. This case serves as another example of the significant positive results from collaborating with our law enforcement partners to achieve justice."

"This sentencing of Mr. Brown is reflective of the commitment by the Treasury's Office of Inspector General and its law enforcement partners to pursue criminal charges against individuals and groups that prey on the public by stealing identities and fraud committed against the U.S. taxpayer and Treasury Department in their criminal schemes," said Assistant Inspector General Phillips.

According to the government's evidence, Brown, formerly of Capitol Heights, Maryland, and others participated in a massive and sophisticated stolen identity refund fraud scheme that involved an extensive network of more than 130 people, many of whom were receiving public assistance. Brown and his co-conspirators fraudulently claimed refunds for tax years 2005 through 2012, often in the names of people whose identities had been stolen, including the elderly, people in assisted living facilities, drug addicts and incarcerated prisoners. Returns were also filed in the names of, and refunds were issued to, willing participants in the scheme. The returns filed listed more than 400 "taxpayer" addresses located in the District of Columbia, Maryland and Virginia.

The participants played various roles in the scheme: stealing identifying information; allowing their personal identifying information to be used; creating and mailing fraudulent federal tax returns; allowing their addresses to be used for receipt of the refund checks; cashing the refund checks; providing bank accounts into which the refund checks were deposited; and forging endorsements of identity theft victims on the refund checks. The false returns typically reported inflated or fictitious income from a sole proprietorship and claimed phony dependents to generate an Earned Income Tax Credit, a refundable federal income tax credit for working families with low to moderate incomes.

According to the government's evidence, Brown was a key organizer and leader of the scheme and recruited others to join in the illegal activities. Brown, who owns Classic Kutz, a barbershop in the 3200 block of 22nd Street SE in Washington, D.C., sometimes listed that establishment as the business name on the fraudulent returns. Among other things, he prepared and mailed fraudulent returns, and endorsed and deposited fraudulently obtained refund checks.

Brown pleaded guilty on Feb. 15, 2013, to conspiracy to defraud the government with respect to claims, making false, fictitious or fraudulent claims for a tax refund, and fraud and related activity in connection with identification information (identity theft). In addition to the term of prison imposed, U.S. District Judge Ellen S. Huvelle for the District of Columbia ordered Brown to serve three years of supervised release and to pay \$4,543,659 in restitution to the IRS.

Brown is among approximately 20 participants in this scheme who have pleaded guilty to charges in the U.S. District Court for the District of Columbia. According to court documents, the overall case involves the filing of at least 12,000 fraudulent federal income tax returns that sought refunds of at least \$20 million.

Principal Deputy Assistant Attorney General Ciralo, U.S. Attorney Phillips, Acting Special Agent in Charge Holloman, Inspector in Charge McKeown, and Assistant Inspector General Phillips commended special agents who conducted the investigation and acknowledged the efforts of those who worked on the case from the U.S. Attorney's Office of the District of Columbia, including former Assistant U.S. Attorney Sherri L. Schornstein and Paralegal Specialists Donna Galindo, Julie Dailey, and Jessica Mundi. Finally, they expressed appreciation for the work of Assistant U.S. Attorney Ellen Chubin Epstein of the District of Columbia's Fraud and Public Corruption Section and Trial Attorneys Jeffrey B. Bender, Thomas F. Koelbl, and Jessica Moran of the Tax Division, who prosecuted the case.