



# PRESS RELEASE

## Internal Revenue Service - Criminal Investigation *Chief Richard Weber*

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IRS – Criminal Investigation

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### **Illinois Business Owner Sentenced to Prison for Stealing Identities to File False Tax Returns**

*Fraudulently Claimed More Than \$1 Million in Tax Refunds*

A Northern District of Illinois resident was sentenced to 60 months in prison today announced Principal Deputy Assistant Attorney General Caroline D. Ciruolo, head of the Justice Department's Tax Division, and U.S. Attorney Zachary T. Fardon for the Northern District of Illinois.

From approximately January 2011 through April 2015, Carlos Smith stole personal identifying information obtained from individuals who sought credit repair or credit card processing services through CLS Financial Services Inc. (CLS), a business Smith operated, and used the information to file false individual income tax returns. Smith also stole identities of individuals who worked for Chicago's Board of Education and used this information to file false individual income tax returns. Smith filed approximately 92 fraudulent income tax returns, claiming more than \$1 million in refunds. Smith directed the fraudulently obtained tax refunds to prepaid debit cards, addresses, and bank accounts he controlled, including accounts opened in the names of individuals whose identities he had stolen. Smith also filed his own false individual income tax returns for 2012 through 2014.

On Oct. 19, 2016, Smith pleaded guilty to aggravated identity theft and theft of government funds. In addition to the term of prison imposed, Smith was ordered to serve two years of supervised release and to pay \$ 633,884 in restitution to the IRS.

Principal Deputy Assistant Attorney General Ciruolo and U.S. Attorney Fardon commended special agents of IRS-Criminal Investigation, who conducted the investigation, and Tax Division Trial Attorneys John T. Mulcahy and Sonia M. Owens, and former Tax Division Trial Attorney Assistant U.S. Attorney Ryan R. Raybould, who prosecuted the case.

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