



August 29, 2010

Who's Going to Jail for Tax Offences

Woman Goes to Jail for Filing False Claims

A woman from College Park, Ga. was sentenced to 10 years in prison after she pleaded guilty in May to bank fraud and filing false claims with the IRS. Cynthia Annette Elliot was part of a scheme to steal income tax refund claims and economic stimulus checks belonging to others by fraudulently filing claims with the IRS. Elliot was ordered to pay \$948,648.72 in restitution.

Elliott obtained more than 100 checks that were supposed to be paid to others, knowing that they either had been stolen from their rightful owners or had been obtained through filing false claims with the IRS. These checks included economic stimulus checks and income tax refund checks. In 2008, the government enacted the Economic Stimulus Act where those who filed their tax returns for 2007 and met certain eligibility requirements were entitled to tax rebates ranging from \$300 to \$1,200. Taxpayers who did not file their returns electronically would receive a check for this in the mail. Such checks that were obtained by Elliot amounted to about \$350,000.

The bank fraud charge carries a maximum jail term of 30 years and a fine not exceeding \$1 million whereas the fraudulent claims charge may land Elliott in jail for up to 5 years and carries a fine of up to \$250,000.

Optometrist Indicted for Tax Evasion

In another case of offshore banking tax evasion, an optometrist who runs clinics in Fayette and Greene counties was indicted by a federal grand jury of evading taxes amounting to \$233,000 since 2001. Using an offshore company, David P. Alan of Rice Landing in Greene County under-declared his earnings of more than \$900,000 and was charged with four counts of tax evasion.

Alan, who operates the Alan Eye Center in Masontown with offices in Connellsville and Waynesburg, has an unenviable history of tax evasion. In 2001, according to the IRS, Alan earned nearly \$149,000 but he declared his income as \$20,254. The following year, he claimed his income was a paltry \$38 for which he paid \$4 in taxes but an

investigation conducted by the IRS showed that Alan earned more than \$242,000 that year and had nearly \$67,000 in unpaid taxes.

According to the indictment, Alan set up a shell company in Nevis, West Indies called Dynasty. The grand jury charged that Alan lied to IRS agents, submitted false tax returns and concealed the facts about Dynasty. Alan also supplied optical supplies through another company, Pouvoir. He is alleged to have marked up the recorded cost of the supplies by sending the invoices to a mail drop company in Canada who sends them back to him in Pennsylvania. Alan then transfers the excess funds to his offshore company bank account.