



PRESS RELEASE

Indictments Announced in Fraudulent Tax Filing Scheme *Nine Liberty Tax Preparers Accused of Enticing Homeless, Others to File False Returns*

Baltimore, MD (March 18, 2016) --Attorney General Brian Frosh and Comptroller Peter Franchot today announced that a Baltimore City Grand Jury has indicted nine people in connection with a fraud scheme which involved enticing homeless people and others to file false income tax returns to generate preparation fees for their company.

The charges stem from a scheme allegedly perpetrated by the owner and tax preparers of several Liberty Tax franchises in Baltimore, who are charged with generating fraudulent returns which specifically exploited a portion of the tax code known as the Earned Income Tax Credit.

"Tax fraud is not a victimless crime. It's a crime against all of us," said Attorney General Frosh. "These indictments show that this office will vigorously prosecute those who erode the trust we need to have in our tax system."

According to a joint investigation by the Comptroller's Office and the Office of the Attorney General, Liberty Tax preparers operating from certain Baltimore locations owned by the same individual would direct marketing efforts at homeless shelters, transitional housing and drug rehabilitation centers, with a promise of \$50 if filers arrived for a return to be prepared.

The tax preparers would then create a fraudulent return that maximized the credit the filer could receive. The credit is intended to provide extra income to the working poor, incentivizing them to work without creating a tax penalty.

"This owner and her associates targeted the most vulnerable - the homeless, disabled, drug addicts, and poor people already struggling for stability," said Comptroller Franchot. "They lured victims by paying them \$50, then submitted false tax returns to make a profit without regard to the consequence to their clients."

In every case, according to the indictments, the preparers created returns showing that the filers earning income as household employees in exactly the range needed to obtain the highest refund, or between \$6,450 and \$8,150. In each instance, preparers listed income from several sources, each under the limit that would have triggered Social Security or Medicare taxes being withheld by the employer.

In a typical case, the return would show that the filer was eligible for a combined \$620 in federal and state credit. But most of the money, more than \$400, would go to the Liberty franchise for filing fees and other charges.

That system was used more than 1,100 times during the 2015 tax season across six franchise locations owned by a single individual, Lateisha Vanessa Kone, according to the indictments.

According to the indictment, preparers at Liberty Tax generated fees for the franchise owner, and were eligible to receive bonuses based on the number of returns they filed, and the amount of the fees they generated.

Because of security checks in place by the Office of the Comptroller and the Internal Revenue Service, the returns were flagged as suspicious, prompting the investigation. The Liberty Tax parent corporation has been cooperative throughout.

Being charged are:

- Lateisha Vanessa Kone, aka Vanessa Dickens, 35, Baltimore; charged with conspiracy to steal, as part of a scheme, over \$100,000 from the State of Maryland; conspiracy to prepare false income tax returns, as well as 3 counts of preparing, assisting in preparing or causing to be prepared a false income tax return and claim for refund.
- Melinda Dawn Ireland, 36, Baltimore; charged with conspiracy to steal, as part of a scheme, over \$100,000 from the State of Maryland; conspiracy to prepare false income tax returns, as well as 7 counts of preparing, assisting in preparing or causing to be prepared a false income tax return and claim for refund.
- Sharron Nevada Lawson, 35, Baltimore; charged with conspiracy to steal, as part of a scheme, over \$100,000 from the State of Maryland; conspiracy to prepare false income tax returns; as well as 7 counts of preparing, assisting in preparing or causing to be prepared a false income tax return and claim for refund.
- Tiona Renee Davis, 33, Baltimore; charged with conspiracy to steal, as part of a scheme, over \$100,000 from the State of Maryland; conspiracy to prepare false income tax returns; as well as 1 count of preparing, assisting in preparing or causing to be prepared a false income tax return and claim for refund.
- Azucar Janice Lee Johnson, 24, Baltimore; charged with conspiracy to steal, as part of a scheme, over \$100,000 from the State of Maryland; conspiracy to prepare false income tax returns; as well as 4 counts of preparing, assisting in preparing or causing to be prepared a false income tax return and claim for refund.
- Whitney Carole Hall, 30, Baltimore; charged with conspiracy to steal, as part of a scheme, over \$100,000 from the State of Maryland; conspiracy to prepare false income tax returns; as well as 2 counts of preparing, assisting in preparing or causing to be prepared a false income tax return and claim for refund.
- Marquea Mone Braxton, 35, Baltimore; charged with conspiracy to steal, as part of a scheme, over \$100,000 from the State of Maryland; conspiracy to prepare false income

tax returns; as well as 4 counts of preparing, assisting in preparing or causing to be prepared a false income tax return and claim for refund.

- Miyarta Shenill Fraling-Gray, 29, Baltimore; charged with conspiracy to steal, as part of a scheme, over \$100,000 from the State of Maryland; conspiracy to prepare false income tax returns; as well as 1 count of preparing, assisting in preparing or causing to be prepared a false income tax return and claim for refund.
- Krystal Marie Perez, aka Krystal Marie Trejo, 28, Baltimore; charged with conspiracy to steal, as part of a scheme, over \$100,000 from the State of Maryland; conspiracy to prepare false income tax returns; as well as 1 count of preparing, assisting in preparing or causing to be prepared a false income tax return and claim for refund.

The tax charges carry potential penalties of up to five years imprisonment and up to a \$10,000 fine. The theft charges carry potential penalties of up to 25 years incarceration and up to a \$100,000 fine, plus restitution. An indictment is not a finding of guilt. A person is innocent unless and until proven guilty.

The returns were filed at these Liberty Tax locations in Baltimore: 2312 East Monument Street; 312 South Broadway; 1808 Pennsylvania Avenue; 2201 North Charles Street; 3602 Falls Road; and 1742 W. North Avenue.

Attorney General Frosh and Comptroller Franchot thanked the Maryland State Police, the Maryland State Apprehension Team and the U.S. Marshalls Capital Region Task Force for their work on the case.

A sample indictment is [here](#).