

# NEWS

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U.S. Attorney, District of New Jersey  
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***Christopher J. Christie, U.S. Attorney***

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***More Information?*** Call the Assistant U.S. Attorney or other contact listed below to see if more information is available.

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## Woman Who Filed Tax Returns in the Names of Deceased New Jerseyans Gets Two Years in Federal Prison

– Case is Among Numerous Others Brought as Tax-Filing Deadline Arrives –

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(More)

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CAMDEN – An Atlantic County woman was sentenced today to 24 months in federal prison for filing 30 fraudulent claims for federal tax refunds – 28 of them in the names of dead New Jersey residents, U.S. Attorney Christopher J. Christie announced.

U.S. District Judge Robert B. Kugler also ordered Candy L. Atohi, 37, of Buena Vista Township, to pay restitution to the government in the amount \$42,537. Judge Kugler waived a fine, concluding that Atohi had no ability to pay a fine.

On Oct. 25, 2007, Atohi, pleaded guilty before Judge Kugler to one count of making a false claim for a refund of taxes from the Internal Revenue Service and one count of knowingly transferring without legal authority the identity of a deceased individual.

At the plea hearing, Atohi admitted that she prepared tax returns for calendar year 2002, using the names and Social Security numbers of 28 individuals who were at one time New Jersey residents, but who all were deceased in 2002. The 28 returns sought refunds totaling approximately \$108,694.

As a result of filing for tax refunds using the personal information of the deceased individuals, Atohi admitted she caused the IRS to electronically transfer approximately \$33,265 into a bank account in the name of her mother.

At the plea hearing, Atohi also admitted that on Jan. 14, 2003, she prepared and filed an individual income tax return for herself for the calendar year 2002, on which she falsely claimed to be entitled to a tax refund of \$9,272. Atohi also admitted preparing a tax return in her sister's name, in which she fraudulently claimed a refund of \$2,214.

The Atohi prosecution is among numerous other tax-related cases prosecuted as the tax-season deadline approaches. The defendants have been charged with or admitted various federal offenses, such as evading taxes, failing to file tax returns or preparing and assisting others in the preparation of fraudulent federal income tax returns. As illustrated below, many of these offenders have received or face lengthy prison terms.

“What amazes us year after year is what people think they will get away with,” said Christie. “Filing fraudulent returns on behalf of dead people is about as brazen as I’ve seen, and the case is a good and timely reminder of the consequences of tax evasion and fraud.”

“Year-round efforts of the IRS Criminal Investigation Division are directed at that portion of Americans who willfully and intentionally violate their legal duty to voluntarily file lawful and accurate tax returns,” said William P. Offord, Special Agent in Charge of IRS CID in New Jersey. “Part of our mission is to assure honest taxpayers that everyone pays their fair share and abides by the law.”

Among other recent criminal tax prosecutions:

- On Tuesday, the former chief financial officer of a Northvale high-tech company was sentenced to 46 months in federal prison for embezzling more than \$800,000 from the company and failing to report the income to the IRS. U.S. District Judge Joseph A. Greenaway, Jr. also ordered William Miraglia, 58, formerly of Northvale and currently of Rio Vista, Calif., to pay \$796,621 in restitution to the insurance carrier for Photonic Product Group, Inc. (PPGI). Miraglia pleaded guilty on Sept. 25, 2007 to a four-count Information charging him with one count of mail fraud and three counts of filing false income tax returns. During the plea hearing and at sentencing, Miraglia admitted he used the money he embezzled from to PPGI to pay for personal expenses, including airplane tickets, hotel rooms, golf outings, dinners and a personal debt of approximately \$94,500 that he owed to the IRS.
- On Monday, James Velez, 52, of Tampa, Fla., was sentenced to 41 months in federal prison for preparing over 200 false and fraudulent tax returns and amended tax returns which defrauded the United States government of more than \$500,000. Velez, who had no formal tax preparation training, prepared fraudulent tax returns – many of them for New Jersey residents – by including grossly overstated and false Schedule A deductions, including gifts to charity, medical expenses, and job deductions. In return, Velez took a five-percent fee against the amount of each client’s tax refund. Velez pleaded guilty on Nov. 13, 2007, to one count of conspiracy to prepare and present false and fraudulent tax returns to the IRS, and 13 substantive counts of preparing and presenting to the IRS false and fraudulent tax returns.
- On March 18, former New Jersey business owner Abie Moskowitz, 58, of Brooklyn, was sentenced to 46 months in federal prison for failing to report to the IRS more than \$1.9 million in income he received as part of a multimillion dollar fraud scheme. Moskowitz also has paid \$1.2 million in forfeited funds from the fraud. Moskowitz pleaded guilty on Feb. 21, 2006, to one count of tax evasion, two counts of aiding and assisting tax evasion, and one count each of bank fraud, mail fraud and conspiracy to commit money laundering.
- Nov. 30, 2007, the former bookkeeper for a Paramus heating-oil company pleaded guilty to embezzling more than \$1.5 million from the company and to filing false tax returns for failing to report the illicit income to the IRS. James Grey, 51, of Ridgewood, pleaded guilty before U.S. District Judge Joseph A. Greenaway, Jr. to one count each of mail fraud and filing a false income tax return in connection with his fraud against the Bonded Oil Company. Grey admitted that between January 2001 and December 2003, he issued more than 150 fraudulent Bonded Oil checks to embezzle more than \$1.5 million from the company. Grey admitted that he used the money to pay for various personal expenses, which included credit card expenses, financial support for a girlfriend,

mortgage payments on two valuable properties in New Jersey, expensive vehicle leases for his family members, and to maintain a horse named "Nike," valued at approximately \$30,000. Sentencing is scheduled for April 21.

- On Feb. 6, the former managing partner of an accounting firm in Egg Harbor was sentenced to 24 months in federal prison for failing to report to the IRS more than \$100,000 in income, which included money he secretly embezzled from the firm's partners. Robert Kraemer, 39, pleaded guilty on Oct. 9, 2007 to two separate felony counts. During the plea hearing and at sentencing, Kraemer admitted that in addition to evading payment of his own taxes, he also failed to pay the IRS payroll taxes he had collected from employees of the firm.
- On Oct. 31, a Mercer County man who owned companies operating in three states, the Cayman Islands and elsewhere was arrested on an Indictment charging him with failing to pay millions of dollars in taxes withheld from the salaries of employees at his companies. Philip N. Burgess, Jr., 45, Burgess owned and controlled numerous companies that performed electrical contracting, sold computer hardware and licensed computer software, among other things, according to the Indictment. According to the Indictment, Burgess directed those companies to withhold more than \$2 million in taxes from employee paychecks. Burgess was obligated to pay those taxes over to the IRS but willfully failed to do so, along with approximately \$900,000 in corporate payroll taxes. The Indictment also alleges that from 2000 to 2005, Burgess caused his companies to issue at least \$1 million in payments that benefitted Burgess and his family and failed to report any of those payments as income on his individual income tax returns. The payments covered, among other things, a two-week chartered Caribbean vacation aboard a 72-foot motor yacht, approximately \$200,000 in mortgage payments on Burgess' Princeton residence, and the installation of a 500-square foot in-ground pool at the residence.

Christie credited the IRS Criminal Investigation Division, under the direction of Special Agent in Charge William P. Offord, with the agency's continuous efforts to investigate tax fraud and tax evasion.

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