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Release # 45-2008
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FOR IMMEDIATE RELEASE
FRIDAY, MARCH 21, 2008

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QUEENS TAX RETURN PREPARER CHARGED
IN \$4 MILLION STATE TAX FRAUD SCHEME

Faces Up To 25 Years In Prison

Queens District Attorney Richard A. Brown, joined by New York State Commissioner of Taxation and Finance Robert L. Megna and New York City Police Commissioner Raymond W. Kelly, today announced that a Ridgewood, Queens, tax preparer has been charged with preparing false state tax returns in an attempt to defraud New York State out of nearly \$4 million in refunds. The alleged scheme was discovered by the State Tax Department during the processing of the returns.

District Attorney Brown said, "Stealing from the public fisc is the same as stealing from the pockets of every New Yorker. In this case, by purposefully defrauding New York government of such a significant sum of revenue, money that could have been used for any number of valuable public purposes, the defendant is alleged to have made every New Yorker a victim. Criminal activity that cheats the government and the public cannot be tolerated."

Commissioner Megna said, "The Department is taking aim at fraudulent tax preparers who use their knowledge of tax administration and the tax law to game the system. This preparer's scheme, which involved filing completely fictitious returns seeking high dollar refunds and credits, unraveled after discovery by astute Department employees. At every level, the Department has stepped up its efforts to expose fraudulent refund schemes and to target unscrupulous preparers involved in those schemes. We thank District Attorney Brown for his aggressive investigation and prosecution of this case."

Police Commissioner Kelly said, "The 104th Precinct Squad detectives are to be commended for their diligence in investigating the complaint of an innocent Queens's resident who was suddenly unable to gain access to her own bank account. It was the tip of the iceberg."

District Attorney Brown identified the defendant as Tommasina (a/k/a Tammy) Paolino, 44, of 70-06 69th Place in Glendale, Queens. Paolino, who operates Titan Enterprises, a tax preparation business located at 68-51A Fresh Pond Road in Ridgewood, Queens, was arraigned last night before Queens Criminal Court Judge Gene Lopez on charges of first-degree grand larceny, first-degree identity theft, first-degree offering a false instrument for filing, first-degree falsifying business records, second-degree possession of a forged instrument and related tax charges. Paolino, who faces up to 25 years in prison if convicted, was ordered held on \$500,000 bail and to appear in court on April 3, 2008.

According to the charges, Paolino attempted to collect nearly \$4 million in state tax refunds between May 16, 2005, and April 15, 2007, and, in fact, did unlawfully receive and retain approximately

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\$1.8 million before the state Tax Department discovered the fraud and put a halt to other refunds. In carrying out her alleged scheme, Paolino is accused of unlawfully using the identifying information of dozens of individual taxpayers – such as their social security numbers and credit card information – to fraudulently prepare and file approximately 36 tax returns for the tax years 2003 through 2006 in which she falsely claimed investment tax credits – ranging from \$13,863 to \$160,811 – designed specifically for the financial services industry. All of the tax returns, it is alleged, were signed by the same individual, identified Paolino as a “third party designee” – the person other than the taxpayer to be contacted to answer questions on the returns – and the addresses of the taxpayers were either Paolino’s business address or the addresses of her former or present residence.

In one instance, for example, a taxpayer who had used Titan Enterprises to prepare her state and federal income tax returns for the tax years 2005 and 2006 – in which she had reported income of \$12,828 and \$19,246, respectively, from her job at a grocery store – learned on August 8, 2007, that her personal bank account had been levied for a tax assessment on a claimed investment credit refund check for the tax year 2005 in the amount of \$127,765 from the New York State Department of Taxation. It is alleged that in reviewing the return prepared and given to her by the defendant against the one prepared and filed by the defendant with the state, the taxpayer discovered that the filed return claimed a refundable business credit of \$127,765, as well as other fraudulent and false information, and that her signature had been forged. Similarly, the taxpayer’s 2006 filed state tax return allegedly claimed an investment credit refund in the amount of \$157,749 and contained her forged signature.

On Wednesday, March 19, 2008, court-authorized search warrants were executed by personnel from the NYPD, the State Tax Department and the District Attorney’s Detective Bureau at the defendant’s business and residence. Among the items allegedly recovered were several computers, \$17,000 in cash, business records, a checkbook and credit card in the name of the grocery store employee and other assorted documents. In addition, the State Tax Department has levied upon approximately \$700,000 contained in a bank account controlled by the defendant.

The investigation was conducted by New York State Department of Taxation and Finance Tax Investigator Paul Gouck, Tax Auditor Margaret Tsui and Revenue Crimes Bureau Director Joseph Brooking, under the supervision of Deputy Commissioner William J. Comiskey and the overall supervision of Commissioner of Taxation and Finance Robert L. Megna; by Detective Michael Gabrielli, of the New York City Police Department’s 104th Detective Squad, under the supervision of Lieutenant Keith Gallagher and the overall supervision of Captain Alfonso Pizzano; and by Detective Joseph Braccacio, of the District Attorney’s Detective Bureau, under the supervision of Lieutenant Robert J. Burke and the overall supervision of Lawrence J. Festa, Chief Investigator, and Albert D. Velardi, Deputy Chief Investigator.

Assistant District Attorney Mariana Zelig of the District Attorney’s Economic Crimes Bureau is prosecuting the case under the supervision of Assistant District Attorneys Gregory C. Pavlides, Bureau Chief, and Christina Hanophy, Deputy Bureau Chief, and the overall supervision of Executive District Attorney for Investigations Peter A. Crusco and Deputy Executive Assistant District Attorney for Investigations Linda M. Cantoni.

It should be noted that a criminal complaint is merely an accusation and that a defendant is presumed innocent until proven guilty.

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Note to editors: press release e-version posted at www.queensda.org.