



Department of Justice

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DEPARTMENT OF JUSTICE SUES TO STOP CALIFORNIA ATTORNEY **FROM PROMOTING TAX SCAMS**

Attorney Allegedly Falsely Advises Customers They Do Not Have To Pay **Federal Taxes**

WASHINGTON, D.C. - The Department of Justice's Tax Division, working with the U.S. Attorney's Office for the Central District of California, today filed suit in federal court in Los Angeles to stop California attorney Eduardo Marmolejo Rivera from promoting several abusive tax scams. Rivera allegedly promotes three main scams: he sells opinion letters falsely stating that his customers are not liable for federal income taxes; he represents his customers before the Internal Revenue Service for the stated purpose of determining their "non-liability" for all federal taxes; and he sells an "asset protection" service that he falsely implies can shield his customers' assets from IRS levies.

"Tax scammers enrich themselves by helping others violate the law," said Eileen J. O'Connor, Assistant Attorney General for the Justice Department's Tax Division. "The Justice Department will shut down abuses of the public trust by people who promote tax scams, including those run by licensed professionals."

According to papers filed by the Justice Department, Rivera bases his scams on the

false notion that only federal employees have to pay taxes. He allegedly directs his customers not to file returns or pay taxes, and tells employers to stop withholding taxes from their employees' wages. In its suit papers, the Justice Department states that the IRS is presently unable to estimate the cost to the Treasury caused by Rivera's activities; court papers note that the IRS has asserted that six Rivera customers, identified by the agency, owe more than \$9.5 million in taxes, interest and penalties.

Tax scams cost taxpayers billions of dollars every year. According to a General Accounting Office report (GAO-02-733) issued last year, however, stepped-up efforts by the IRS and Justice Department to crack down on these scams have led to increasing numbers of convictions of tax fraud promoters. The report can be found online at <<http://www.gao.gov/new.items/d02733.pdf>>

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