



## **STATEMENT OF RISA SUGARMAN**

Deputy Commissioner, Criminal Investigations Division  
New York State Department of Taxation and Finance  
on the sentencing of tax preparer Joseph Barrios  
July 3, 2014

Your Honor, I thank you for the opportunity to speak on behalf of the Department of Taxation and Finance. We believe it is important for everyone to understand the harm that the defendant and tax preparers like him cause both to the Department and to the community. We ask the Court to make it clear, through today's sentence, that his conduct is unacceptable.

The defendant was arrested for multiple crimes committed over many years, including filing fraudulent returns on behalf of clients and failure to file his own income tax returns. He was permitted to enter a plea of guilty and remain free on bail and while on bail, he was allowed to prepare tax returns for the residents of New York City. The Court gave the defendant a chance to act honorably and follow the law; but he thumbed his nose at the Court and the District Attorney's office; he continued to commit fraud and he violated the Court's trust. He continued to file fraudulent returns with the Department and with the IRS. It was not until the Department notified the District Attorney of his continued criminal conduct and his second arrest that he finally – finally – stopped. And now, faced with the realization that his game is up, he stands before you asking for mercy – when he deserves none. New Yorkers are the victim of his crimes by virtue of his failure to follow the law.

It is important that we also recognize the victimization of the taxpayers who put their trust in fraudulent tax preparers like Joseph Barrios. His clients were honest people who trusted the defendant, who trusted his advice, who now must pay the taxes owed, the interest on the taxes, and the penalties assessed – all because of his wrongdoing. They trusted him to follow the law. Now it is these taxpayers who must pay; their financial stability is jeopardized.

In New York State, during the tax filing season that concluded in April, the Department of Taxation and Finance received 10 million individual income tax returns, 70% of which were completed and filed by paid tax preparers.

The Tax Department's mission is to ensure tax compliance and provide taxpayers with service; we are charged with protecting honest taxpayers against fraud and identify theft when they seek out tax preparation professionals. For millions of consumers who file an individual income tax return, this is

their most important financial transaction of the year. They deserve an honest, professional tax preparer.

An overwhelming number of tax preparers in New York are professionals and serve their clients well. But then there are people such as Joseph Barrios. He was arrested, charged and convicted because he broke the law--not now and then, not in a little way--but in a continual, aggressive and premeditated manner. He pled guilty to tax law violations, yet continued to file fraudulent returns. He continued to victimize his clients.

Joseph Barrios, and other preparers like him, highlight the reason New York State recently introduced new rules to increase and guarantee a higher level of trust in the compensated tax return preparer community. Oversight, minimum testing, education standards, statewide registration: all this will soon be part of the norm for preparers in New York, one of only four states in the Nation to have implemented such standards. The result? Competency, knowledge, expertise and no more preparers like Joseph Barrios--changes that are overdue but will be noticeable and positive for consumers in New York.

To conclude, we ask the Court to show the Community and the defendant that his actions will not be tolerated, that he must be punished for his crime. We ask the Court to impose a prison sentence of 1½ to 4 years on each count; to issue an order that, while incarcerated and until discharged from Supervision, the defendant may not assist or participate in the preparation or filing of any person's or entity's tax returns, applications for earned income credit, school tax credit, financial statements or any other filings with the Internal Revenue Service, New York State Department of Taxation and Finance or any other tax authority. In addition, I would urge the Court to ask the Department of Corrections and Community Supervision to refrain from assigning the defendant to any job or training assignment that would allow him access to computers or to permit him to assist other inmates in the preparation in any tax-related matter.

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