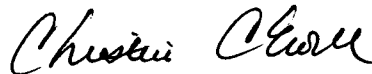


1 federal income tax return in the name of R.S. for the taxable
2 year 1999, which was fraudulent and false as to a material
3 matter, in that it falsely understated tax due by \$12,194, based
4 upon falsely characterizing a partnership loss as a non-passive
5 loss based on R.S.'s material participation in the partnership,
6 whereas, as defendant GARRETT then and there knew and believed,
7 R.S. had not materially participated in the partnership and was
8 not entitled to claim the partnership loss as non-passive.

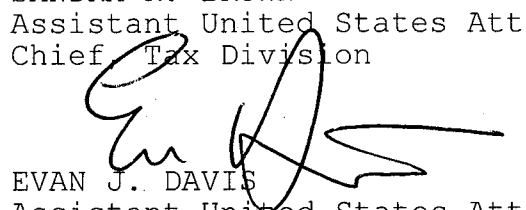
9 Defendant signed seven other tax returns for R.L., R.S., and
10 H.F. that he knew also falsely characterized a Form Schedule E
11 loss as non-passive, rather than passive. The total amount of
12 tax loss associated with defendant's preparation and signing of
13 these false returns is \$357,906.

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15 THOMAS P. O'BRIEN
16 United States Attorney

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18 CHRISTINE C. EWELL
19 Assistant United States Attorney
20 Chief, Criminal Division

21 
22 SANDRA R. BROWN
23 Assistant United States Attorney
24 Chief, Tax Division

25 
26 EVAN J. DAVIS
27 Assistant United States Attorney
28 Tax Division