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THE TAX LAWYER

Apr. 22 2011 — 8:45 am

Attorney General Pursues ‘Tax Lady’ Roni Deutsch

The topic of tax resolution is touchy. No one wants to owe the IRS, yet millions do, some perennially. However you got into tax debt trouble and for however short or long a time, you want out. It’s only natural that people pursued by the IRS would turn to someone—anyone—promising to block all the calls from the IRS as your authorized representative, especially if they promise a [pennies-on-the-dollar-fix](#).

Enter tax resolution firms. Plenty of other tax lawyers and accountants also offer these services, usually without flamboyant TV ads. The stock in trade of this end of the tax business is installment agreements and offers in compromise. See [IRS’s Topic 204, Offers In Compromise](#). Both involve paper pushing and rather circumscribed IRS rules. See [Using an Offer in Compromise to Settle a Tax Bill](#).

Among tax lawyers, my impression of the specialized tax resolution shops is probably less extreme than most. I suspect most are trying to help but most are run like factories and it’s hard to expect much personal service. From the people I’ve met who have worked in such shops, the case load is enormous and the sea of cases often bursts like a dam. Such a business is about volume, not quality.

So thinking charitably, maybe all the horror stories are no surprise. But there are also suggestions that at least some in this business are unscrupulous, taking advantage of people desperate for relief, getting paid cash up front, with little follow through. That’s what California’s

Attorney General [Kamala D. Harris](#) has suggested about TV's peripatetic "[Tax Lady](#)" Roni Deutch.

California's top lawyer asked a court to put the tax debt maven in jail and fine her for shredding millions of pages of documents and failing to pay refunds to her clients in violation of a court order:

"Deutch showed herself to be a predator for profit, preying on innocent, hard-working people who were simply hoping to settle their accounts with the IRS," Attorney General Harris said. "By defrauding these victims, and then pleading poverty, she created a real danger that her clients will never receive their advance fees back."

This comes on the heels of a \$34 million [lawsuit](#) against Deutch alleging that she swindled thousands facing serious and expensive tax collection problems with the IRS. See [Request for Preliminary Injunction](#) and [press release](#). The court previously prohibited Deutch from destroying evidence, but the Attorney General claims "Deutch has been routinely shredding documents on an almost a weekly basis," estimated at 1,643,000 to 2,708,600 pages of documents.

The AG claims Deutch rakes in \$25 million a year, and spends \$3 million annually on TV ads promising to whittle IRS tax debts, she took thousands of dollars in up-front fees and then made little headway lowering their tax bills, according to California's AG.

So whoever you hire, do some digging and read up on the system before you jump in. You may not need someone to walk you through completing a financial statement form you can complete yourself. The IRS's [Form 656-B](#), Offer in Compromise Booklet contains information, worksheets, and all forms necessary to file an offer in compromise. Plus, the IRS has very good information on offers in compromise on its [website](#). Even if you hire someone to handle this, be informed.

For more, see:

[Plaintiff's Ex Parte Application for Order to Show Cause Re Contempt and Memorandum](#)

Plaintiff's Memorandum

[Calif. AG Says 'Tax Lady' Attorney Should Be Jailed for Shredding Documents, Failing to Repay \\$435K](#)

[Calif. court freezes assets of TV's 'tax lady'](#)

["Tax Lady" Roni Deutch in Trouble with Attorney General](#)

['Pennies On The Dollar' Tax Relief: How Much Is It Worth?](#)

[GAO-06-525, IRS Offers in Compromise](#)

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