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Tax Evader Who Fled U.S. Gets 7 Years In Prison

A Grand Junction, Colorado man has been [sentenced to 88 months in prison](#) for tax evasion and failing to file personal and corporate income tax returns. Timothy Stubbs, 52, was convicted in September 2015 of tax evasion, willful failure to file an individual income tax return, and willful failure to file a corporate income tax return following a jury trial in Denver, Colorado. According to the evidence presented at trial, Stubbs owned National Rebate Fund Inc. in Grand Junction. Despite earning more than \$7 million between 2005 and 2007, Stubbs did not file corporate income tax returns. Stubbs also earned more than \$2 million in income taxable to him personally during those same years and did not file individual tax returns.



According to the evidence at trial, Stubbs had not filed a personal tax return since 1992, and had not paid individual income taxes since 1993. To conceal his income, Stubbs paid more than \$700,000 in personal expenses from the business bank accounts and acquired more than \$370,000 in gold and silver in 2007. The

evidence also showed that during those three years Stubbs purchased real estate in Grand Junction and Crested Butte, Colorado, and two condos in Kailua-Kona, Hawaii, which cost in total more than \$2.9 million dollars.

In December 2015, two weeks prior to his scheduled sentencing hearing, Stubbs removed his electronic GPS monitoring ankle bracelet and [fled to Costa Rica](#),

where he had been living in 2014, prior to being arrested for the indictment. According to documents filed with the court, Stubbs lied to immigration officials in Costa Rica in an attempt to renew his residency in Costa Rica, and to stay there permanently in an effort to avoid punishment in this case. In April 2017, Costa Rica deported Stubbs. He has been held in custody pending sentencing since that time and was remanded.

In addition to the term of prison imposed, U.S. District Court Judge Christine M. Arguello ordered Simard to serve three years of supervised release and to pay \$639,114 in restitution to the IRS and a fine of \$50,000. Stubbs had a long history of failing to file tax returns and to pay taxes. But he also manipulated his affairs to evade taxes and get around the IRS. Evasive and obstructionist behavior designed to avoid paying the IRS does not sit well with the agency, or with prosecutors.

Time and again, this issue comes up in criminal tax cases. Sometimes, that is even what can transform a regular civil IRS audit into a criminal tax case. Some taxpayers in a civil audit seem to think they can outsmart the IRS, or cleverly manipulate the government to come out ahead. Where the government sees this kind of behavior, they may want to crack down, harshly.

For alerts to future tax articles, email me at Wood@WoodLLP.com. This discussion is not legal advice.