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THE TAX LAWYER

TAXES 8/24/2014

Tax Refund Scam From Prison Yields More Prison

Two Minnesota men face federal criminal charges over an alleged tax fraud scheme run from prison. A federal indictment alleges that Tanka James Tetzlaff, 39, of Duluth, and Tony Terrell Robinson, 30, of Bayport, were the ringleaders. They each face a count of conspiracy to defraud the United States, plus ten counts of false claims against the United States.

They even managed to collect over \$400,000 in fraudulent tax refunds while in state prison, says the indictment. Such scams are embarrassing to the IRS, not to mention prison authorities. They were incarcerated in the Minnesota Correctional Facility and managed to get fellow inmates to provide them with their names and Social [Security](#) numbers. That enabled them to file the false returns, the indictment alleges.

“The filing co-conspirators had not earned the wages they reported, they did not have income tax withheld from their purported wages and they were not entitled to the refunds being claimed,” the indictment alleges. “The defendants prepared and filed the tax returns, or arranged for them to be prepared and filed, knowing they were false,” claim the charges. Tax refunds were received by check, deposited directly into bank accounts or deposited onto debit cards, and Tetzlaff and Robinson received a cut of the profits, the indictment alleges.

The charges say that they had co-conspirators outside of prison, Carmen Allen, Vanessa Walberg and Deeanna Crist. According to the U.S. Attorney’s Office, they were granted powers of attorney for the prisoners so they could cash the checks. In total, more than \$400,000 was disbursed by the IRS. Allen pleaded guilty to a conspiracy charge and was sentenced to four years of probation and ordered to pay more than \$22,000 in restitution. Walberg and Crist pleaded guilty to conspiracy charges and are awaiting sentencing.

The problem of tax return preparation from prison isn’t entirely new. In the past, some [Prison inmates registered with the IRS as tax preparers](#). It has long been true that some tax return preparers are seasonal workers handling the April 15 crush. But it is surprising to find just how many prisoners—some serving life—have been registered as return preparers with the IRS.

A study by the Treasury Inspector General for Tax Administration—[TIGTA](#)—said that over 300 prisoners were registered as return preparers, 43 of them serving life. Some of the stories are colorful, including that of Kavin Santos, also known as [Steven Augustine](#). He was in jail but was rearrested for allegedly filing hundreds of tax-credit applications, using phony and stolen Social Security numbers to systematically scam New York State [before the state caught on](#).

Authorities claim that he started his tax scam from the infamous [Rikers Island Correctional Facility](#) in Queens. He continued filing the tax-credit forms for a few months after being sent to Cocksackie Correctional Facility in Greene County, New York in 2013, court records show. Santos had already been sentenced to state prison twice for burglary. Before his rearrest over tax prep, he was scheduled to be released from custody in January 2016.

Some accountants and tax return preparers have a frantic schedule getting through tax season. They may even feel chained to their desks. And these prison tax prep stories suggest that others have an even tougher time getting through tax season.

You can reach me at Wood@WoodLLP.com. This discussion is not intended as legal advice, and cannot be relied upon for any purpose without the services of a qualified professional.