Beat: News

Man Pleads Guilty to Multimillion Dollar Tax Fraud Scheme

Involving Professional Athletes

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USPA NEWS - A California man pleaded guilty today to wire fraud and to conspiring with others in a scheme to prepare false tax returns seeking millions of dollars of tax refunds from the Internal Revenue Service (IRS) and to defraud the Paycheck Protection (PPP) loan program by filing over 80 PPP loan applications seeking over $100 million.

According to court documents, Quin Ngoc Rudin, 45, a convicted felon, was the Secretary, Director and Chief Financial Officer of Mana Tax Services, which purported to be a tax preparation business in the Los Angeles area. Rudin engaged in a conspiracy to commit two sets of fraud schemes using Mana Tax.

First, from May of 2019 through his arrest in December of 2021, Rudin and his co-conspirators prepared and filed with the IRS a series of false and fraudulent income tax returns on behalf of at least nine professional athletes that reported fabricated business and personal losses in order to get large refunds to which they were not entitled. Rudin and the co-conspirators represented to the professional athletes that Rudin was knowledgeable and experienced in the preparation of tax returns. Rudin represented that Mana Tax could obtain large refunds for the athletes and that he had specialized knowledge that their prior CPAs and tax professionals did not have. Not only did Rudin assist in the preparation of original tax returns for his professional athlete clients, but he also filed amended tax returns for past years to correct what he falsely characterized as “errors” made by the athletes’ previous accountants. Mana Tax then charged the athletes a fee of 30% of whatever amount of tax refunds the IRS issued. As a result of Rudin’s scheme to defraud the United States, the IRS paid refunds to the athletes totaling millions of dollars.

For his second scheme, from April of 2020 through December of 2021, Rudin and his co-conspirators assisted small businesses in applying for PPP loans, a federal loans initiative designed to help businesses pay their employees and meet their expenses during the COVID-19 pandemic, in exchange for a 30% fee. Additionally, Rudin and his co-conspirators prepared fraudulent PPP loans for business entities that the co-conspirators controlled. In order to obtain the fraudulent PPP loans, Rudin and his co-conspirators grossly inflated the number of employees and monthly payroll costs claimed on the applications. Some of the businesses were not eligible for any PPP loan funds at all because they did not have any payroll expenses. Rudin and his co-conspirators obtained millions of dollars in fraudulently obtained PPP loans.

The conspirators also submitted fabricated tax returns in support of the PPP loan applications. Some of the business owners never saw their loan applications before Mana Tax filed them. To conceal the 30% fee obtained from the business owners, Rudin and his co-conspirators directed the businesses to pay the fee with cashier’s checks and to note falsely on the memo lines of the checks that the funds were related to payroll.

The total actual losses for the tax fraud and PPP loan fraud are between $25 million and $65 million.

Rudin pleaded guilty to one count of conspiracy to defraud the United States and to commit wire fraud, as well as to one count of wire fraud. Rudin is scheduled to be sentenced on August 17. He faces a maximum penalty of 20 years in prison for wire fraud and 5 years in prison for conspiring to defraud the United States and to commit wire fraud. Actual sentences for federal crimes are typically less than the maximum penalties. A federal district court judge will determine any sentence after taking into account the U.S. Sentencing Guidelines and other statutory factors.

Jessica D. Aber, U.S. Attorney for the Eastern District of Virginia; Acting Deputy Assistant Attorney General Stuart M. Goldberg of the Justice Department’s Tax Division; Wayne A. Jacobs, Special Agent in Charge of the FBI Washington Field Office Criminal Division; and Darrell J. Waldon, Special Agent in Charge, Washington, D.C. Field Office, IRS-Criminal Investigation (IRS-CI), made the announcement after Senior U.S. District Judge Anthony J. Trenga accepted the plea.

Assistant U.S. Attorneys Kimberly M. Shartar and Kimberly R. Pedersen, and Assistant Chief of the Justice Department’s Tax Division David Zisserson of the prosecuted the case.

The United States Attorney's Office for the Central District of California provided assistance with this investigation.

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Wendy writes for the United States Press Agency and is a former columnist with the Fulton County Expositor, Wauseon, Ohio.

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