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*The Tax Experts*  
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*Orange County Chapter*  
California Society of Enrolled Agents



## UPCOMING PROGRAMS & EVENTS



<u>DATE</u>	<u>PROGRAM / EVENT</u>	<u>CPE</u>	<u>SUBJECT</u>	<u>LOCATION</u>
July 17	Dinner Meeting	2	Cost Segregation	Phoenix Club
July 27	Seminar	8	S-Corporations	Phoenix Club
August 21	Seminar	3	Advanced AMT	Phoenix Club
November 16	Seminar	8	Fall Update	Irvine Hilton

**ENROLLED AGENT REVIEW CLASS**  
*July August, September. (3 parts, 3 sessions each)*  
**DETAILS ON WWW.EAOC.ORG**

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Volume 2007-2008 Issue 1

July 17th Program

### July, 2007 QUICKIES from the QUILL

**POA/CAF Reporting**  
July 18, 2007  
Details and registration form  
on page 5.

**Corporations**  
(Emphasis on S Corps)  
July 27, 2007  
Details and registration form  
on page 4.

**Advanced AMT**  
August 21, 2007  
Details and registration form  
on page 4.

### Welcome to New Members

**Richard Malley, CPA**  
**Sandra Ross, EA**

### Agenda July 17th

**4:30 Board Meeting**  
**5:30 Social Time**  
**6:00 Dinner Hour**  
**7:00 CPE Program**

\$30 for member pre-registration before 4:00 P.M. on the Friday prior to the dinner meeting; \$35 for on-site registration and for non-members. Phone registration to Neal Gallaway, EA at 714-637-4339 or email reservation@eaoc.org (please include your EA number). If you want to be added to the permanent list, or deleted from it, please contact Neal.

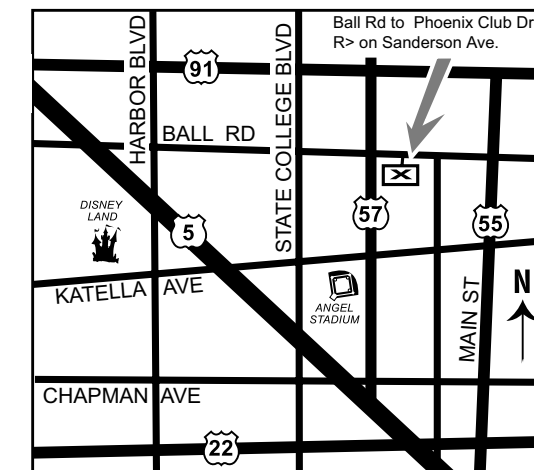
*Wear your name badge- be recognized!*

## BENEFITS OF COST SEGREGATION

Presented by Luis A. Guerrero, CPA, MBT



Cost segregation studies provide increased cash flow and significant tax benefits to owners or leaseholders of commercial, industrial, residential rental, and other real estate property. This seminar is focused on providing you with the most current information on changes and issues pertaining to the topic including: significant tax benefits that the majority of tax professionals, owners, and leaseholders of real property don't know about; how this type of tax planning dramatically affects cash flow; how this could have been overlooked by you and your clients; recent judicial milestones in this area; and how this can benefit you as an advisor.



### July 17, 2007 dinner meeting

- 2 hours of CPE
- Angus Top Sirloin Steak
- Chef's Choice Fish
- Au Gratin Potatoes
- Sweet Corn
- Three Assorted Salads
- Two Assorted Desserts

PRESIDENT’S MESSAGE

by Cathy Patel, EA, MBA



It’s the start of a new year for OCEA . . . We have many new members participating in our activities this fiscal year. Let me introduce the Officers and the Chapter Directors:

Officers:		Chapter Directors:
Patti Kappen	1st Vice President	Marianne Bretthauer
Neal Gallaway	2nd Vice President	Sharon Kay Gordon
Robin Miller	Secretary	Ken Noland
Donna Miller	Treasurer	Patricia Yeckel
Debbie Harris	CSEA Director	Russell Fox
Dona Evans	CSEA Director	Peggy Ligorì, Past President

We have several committees that assist the Board in a plethora of endeavors. Following are this year’s Committee Chairs:

Education Committee	Donna Miller
Membership Committee	Patricia Yeckel
PIA	Ken Noland
ByLaws	David Shashoua
Legislative Committee	Bill Geideman
Awards Committee	Marianne Bretthauer
Retreat Planning Committee	Ken Noland
Scholarship Committee	Sharon Kay Gordon
Finance & Budget Committee	Peggy Ligorì
Examination Committee	Lisa Newton
Long Range Planning Committee	Lisa Newton

In addition to these committees, the following Tasks are expertly handled by the following members:

Menu for our Dinner Meetings	Dale Quelle
Newsletter Editor	Dale Quelle
Assistant Newsletter Editor	Debbie Harris
Newsletter Ads	Stephane Davis
CTEC	Neal Gallaway
Audio Equipment	Neal Gallaway/Floyd Allen
Women’s Transitional Living Center	Floyd Allen
Quickfinder/The TaxBook	Floyd Allen/Dave Tomas
Newsletter Tax Teasers	Dale Larsen

We have many committees at OCEA and I extend a welcome to anyone who would like to join a committee and lend a hand. Just contact any of the people above and let him/her know you are interested. Their contact info is in the Membership Directory or on the CSEA website. I also extend a welcome to anyone who would like to attend OCEAs Board meetings. We meet at 4:30 P.M., third Tuesday of the month, behind where the dinner tables are set up. Come and be part of your organization.

No Deposit . . . No Return.

Cathy



The Tax Experts  
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DEC



# Former IRS Director pleads guilty to \$1.3 million tax fraud

WASHINGTON – A former Internal Revenue Service (IRS) district director, pleaded guilty to conspiring to defraud the United States through his involvement in a tax fraud scheme promoted by the Topeka, Kansas-based “Renaissance, The Tax People, Inc.,” the Justice Department and the Internal Revenue Service announced. During a hearing before U.S. District Judge Carlos Murguia in Kansas City, Kan., Jesse Ayala Cota admitted defrauding the U.S. Treasury of more than \$1.3 million and to earning more than \$300,000 from his participation in the scheme.



Cota, 65, of Vista, Calif., admitted in his plea agreement that from 1997 though April 2002, the conspirators, through Renaissance, operated a scheme to defraud the government and individuals by marketing a program designed to sell illegal tax deductions through false and misleading representations. His co-conspirators, Todd Eugene Strand and Daniel Joel Gleason, previously pleaded guilty to the same fraudulent scheme. Additionally, Cota admitted that during his participation in the conspiracy, those involved prepared or had others prepare false federal income tax returns resulting in a tax loss of approximately \$1.3 million.

“The Justice Department’s Tax Division has made it a priority to stop tax fraud schemes by identifying, investigating and prosecuting those who promote them and those who use them,” said Eileen J. O’Connor, Assistant Attorney General for the Justice Department’s Tax Division. “These schemes are a fraud on the federal Treasury, and an insult to all who pay the taxes the law requires.”

Cota also admitted that he and his co-conspirators falsely assured their clients and others that Renaissance’s tax system was legal. Cota acknowledged that on Oct.16, 2000, a co-conspirator sent an e-mail message to customers falsely asserting that there existed written endorsements from “over 2,000 tax attorneys, enrolled agents and CPAs (certified public accountants) that every strategy contained in the Tax Relief System is absolutely sound, unassailable and proven over the past 40 years.”

The e-mail also falsely claimed that “the training offered by Renaissance, the Tax People, through the Tax Relief System . . . was approved for continuing education credit for CPAs in all 50 states.”

“Mr. Cota was the director of Renaissance’s so-called ‘Tax Dream Team,’” said Eric Melgren, U.S. Attorney for the District of Kansas. “Renaissance used Cota’s credentials as a former district director for the Internal Revenue Service to lend the tax fraud scheme legitimacy and to induce people to join and to remain members.”

Renaissance used Cota’s IRS credentials, including his prior service as District Director, to induce people to join Renaissance, to assuage their concerns, and to keep them as members.

“This is an example of someone implying he has ‘insider information’ to help others enrich themselves by buying into his bogus tax avoidance system. However, what he sold was long-term legal and financial problems for those who bought his advice,” said IRS Criminal Investigation Chief Eileen C. Mayer. “Don’t be misled by promises of some secret path known only to insiders that is supposed to lead you to freedom from paying income taxes. There is no such path and there are no such secrets.”

Today’s plea brings the number of individuals who have pleaded guilty to felony charges in this and other Renaissance-related cases to seven, including Strand, Gleason, Thomas Steelman, Frankie Ruth, Elizabeth Crotts, and Alexander Federico.

Cota faces a potential maximum sentence of five years in prison followed by up to three years of supervised release, a \$250,000 fine, and liability for the costs of prosecution. U.S. District Judge Carlos Murguia scheduled sentencing for January 2008. This case was investigated by the Internal Revenue Service, Criminal Investigation Division and the U.S. Postal Inspection Service.

## Upcoming Meetings

August 21, 2007 dinner meeting 1 hour of CPE Baked Ham in Pineapple Sauce Orange Chicken Rice Pilaf Red Parsley Potatoes Three Assorted Salads Two Assorted Desserts	Roasted Chicken Sauerkraut Whipped Potatoes Three Assorted Salads Two Assorted Desserts
September 18, 2007 dinner meeting 1 hour of CPE Beef Fajitas Cheese Enchiladas Refried Beans Spanish Rice Fried Potatoes with Onions Three Assorted Salads Two Assorted Desserts	November 20, 2007 1 hour of CPE Roasted Turkey Dressing and Gravy Chef’s Choice Fish Whipped Potatoes Cranberry Sauce Three Assorted Salads Two Assorted Desserts
October 16, 2007 dinner meeting 1 hour of CPE Braised Bratwurst	December 18, 2007 1 hour of CPE Carved Prime Rib of Beef Chef’s Choice Fish Whipped Potatoes Sweet Corn Three Assorted Salads Two Assorted Desserts

## TAX TEASER by Dale Larsen, EA

Josephine Jones, an Enrolled Agent, received a complaint from the Office of Professional Responsibility. Select the statement below that is correct with respect to the contents of the answer that Josephine will file in rebuttal to the complaint.

A. Josephine may only state a general denial of the allegations.

B. Josephine must specifically admit or deny each allegation set forth in the complaint, and may not state that she is without sufficient information to admit or deny a specific allegation.

C. Josephine may deny a material allegation in the complaint even though she knows it to be true.

D. Josephine must specifically admit or deny each allegation set forth in the complaint, except that she may state that she is without sufficient information to admit or deny a specific allegation.

Answer: D

## CLASSIFIEDS

Seeking full-time EA with Lacerte, real estate tax background, accounting, & communication skills needed for busy year round tax office. You will be required to visit clients, interview clients, respond to client inquiries, deal with tax authorities & admin staff. Gearing up for 4/15/07. Fax resume to Karla Dennis, EA at (714) 995-5218 or email JoPro1014@yahoo.com

Receptionist wanted. Bilingual. English/Spanish speaking. Duties include heavy phones, greeting clients, customer svc, heavy admin work. Must be professional, have good communication skills. Knowledge of QuickBooks & taxes are a major plus, some college required. Must be a progressive thinker. E-mail resume with salary history to Karla Dennis, EA at JoPro1014@yahoo.com

Five-office suite available in desirable building in Tustin. First floor, full service, 870 sq. ft. Near 5 and 55 Fwys. \$1,435 per month. Call Ken Noland, EA at (714) 505-0015.

EA TAX-ACCOUNTANT in Long Beach has an immediate opening for an office assistant with strong organizational skills. Call Jim Clark, EA at (562) 248-0500 or email your resume or brief letter of qualifications to jimclark5@verizon.net .

Tax office in Wildomar, (Riverside County) seeking part time experienced CTEC registered tax preparer or EA for upcoming tax season. Days, hours negotiable. Email resume to elyse@eagold.com or fax to (951) 678-6566. Ad placed by member Mary Jo Heiden, EA.

Enrolled Agent, having active CA real estate brokers’ license & notary public credentials, is available for employment or possible partnership. Call Mike Ashrafi EA at (949) 510-1936.

Seal Beach CPA firm seeks an experienced tax preparer for part-time work during tax season and as needed the rest of the year. Must be proficient in individual tax. Some experience with business tax is a plus. Lacerte experience req. Email resume: [debbie@cpaadvisor.com](mailto:debbie@cpaadvisor.com); fax to (562) 431-5755. Ad by OCEA member Stan DiLiberto CPA.

Senior EA wanted in Brea for seasonal full time & flex time remainder of year. Proficient with Lacerte, QuickBooks, IRS audits & correspondence, & tax research. Fax resume to Patrick Hurley, EA at (714) 996-1582, email to [taxinfo@equinetax.com](mailto:taxinfo@equinetax.com).

IRS COLLECTION PROBLEM? Call OCEA member, retired IRS Revenue Officer Carl Carter. Phone/fax 949-589-1137, E-mail [buick61guy@aol.com](mailto:buick61guy@aol.com) preferred.

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The Classifieds are now accepting new entries. If you have an item you wish to buy or sell, space to rent or a position to fill, list it here. Email to [4quelle@msn.com](mailto:4quelle@msn.com) or FAX to 714-899-2224. Include your name & phone number or email.



ORANGE COUNTY CHAPTER OF THE CA SOCIETY OF ENROLLED AGENTS  
PRESENTS TWO SEMINARS FOR YOUR CONSIDERATION

**CORPORATIONS (EMPHASIS ON S CORPS)**

**JULY 27, 2007** at **THE PHOENIX CLUB**  
1340 Sanderson Ave., Anaheim, CA

**LUNCH INCLUDED**

Registration from 7 A.M. to 8 A.M. • Seminar from 8 A.M. to 5 P.M.  
COST: \$200 IF REGISTERED AND PAID BY JULY 13, 2007; \$250 THEREAFTER.  
SPEAKER: VICKI MULAK, EA EIGHT HOURS CPE

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**ADVANCED AMT**

**AUGUST 21, 2007** at **THE PHOENIX CLUB**  
1340 Sanderson Ave., Anaheim, CA

Registration from Noon to 1 P.M. • Seminar from 1 P.M. to 4 P.M.  
COST: \$100 IF REGISTERED AND PAID BY AUGUST 7, 2007; \$125 THEREAFTER.  
SPEAKER: KAREN BROSI, EA THREE HOURS CPE

Detach and return

**REGISTRATION**

☐ **Yes**, I want to attend the seminar(s): Enclosed is my check/credit card information.

Corporations, July 27, 2007.....\$ NAME: \_\_\_\_\_

Advanced AMT, August 21, 2007.....\$ ADDRESS: \_\_\_\_\_

TOTAL ENCLOSED .....\$ CITY, STATE, ZIP: \_\_\_\_\_

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MAIL REGISTRATION FORM TO: Lisa Newton, 1901 E Lambert Rd., #103, La Habra, CA 90631  
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PLEASE NOTE YOUR SPECIAL MEAL REQUIREMENTS FOR LUNCH AT THE CORPORATION SEMINAR \_\_\_\_\_

You may photocopy this form for additional attendees.  
It is OCEA's policy not to issue refunds once a registrant has registered for an event or class. However, a written refund request can be submitted to OCEA's treasurer by the next board meeting for consideration by the board in the following three cases: (1) Cancellation at least 72 hours before the event, or (2) a medical emergency preventing the registrant from attending the event, or (3) a death in the family.

IRS Stakeholder Liaison presents

# FREE National Phone Forum POA/CAF Reporting & Issues July 18th, 2007

Select the time that works best for you:

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7:00 am, 10:00 am, 1:00 pm

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Cost: FREE

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- What POA authorities can be granted via Forms 2848, 8821 and check box
- How to avoid common errors that cause your POA to be rejected
- How to submit an electronic Form 2848 via e-services
- A question and answer period will follow the presentation; however, due to the public nature of the call, we will not be able to answer specific client issues.

## Earn Continuing Professional Education credit:

- Enrolled agents receive one CPE credit for a minimum 50-minute participation
- Other tax professionals may receive credit if they qualify per their organization
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- Call in on a separate line to verify attendance

**Register by July 15, 2007.**

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**Reservations are limited so register early.**