

Name: Alert ID: TMML2024034459348 A California couple pleaded guilty yesterday to conspiring to commit mail fraud and tax evasion, announced Principal Deputy Assistant Attorney General Richard E. Zuckerman of the Justice Department's Tax Division and U.S. Attorney Robert S. Brewer, Jr. for the Southern District of California. According to court documents and statements made in court, married couple Geraldine Hill and Clayton Hill operated On Your Feet (OYF), also known as Family Resource Center, a tax-exempt charitable organization whose stated mission was to provide assistance to low income families and individuals in need. From 2011 through 2016, the Hills fraudulently obtained more than \$1.35 million in donated clothing and other items by falsely representing to the donors that the items would be given to needy recipients. In fact, the Hills made charitable donations of only about \$13,000, sold the remaining donated items, and used the proceeds to financially enrich themselves and others. To conceal their conduct from the Internal Revenue Service (IRS), the Hills filed false charitable tax returns for OYF and false personal tax returns that did not report the income they received from their scheme. "The Hills not only evaded their taxes, but they did so by abusing their company's tax-exempt charitable status and thereby cheated not only the public fisc but the donors and intended beneficiaries of the donations," said Principal Deputy Assistant Attorney General Richard E. Zuckerman. "As the guilty pleas make clear, this conduct will not go unpunished." "I am committed to using the resources of the U.S. Attorney's Office in the Southern District of California to aggressively pursue fraudsters and tax cheats," said U.S. Attorney Robert S. Brewer Jr. for the Southern District of California. "The conduct by Geraldine and Clayton Hill is particularly offensive because they used the benefits afforded by the 501(c)(3) status of their charity to defraud donors and conceal their profits. By abusing the generosity of companies and individuals who put their faith in the promises made by the Hills, the defendants threatened to undermine the trust and integrity underpinning charitable giving." "Geraldine Hill and Clayton Hill exploited the public trust and charitable giving by using their charity to solicit over \$16 million in goods from hardworking businesses and falsely promising to donate those goods to assist low income families and individuals in need," said Ryan L. Korner, Special Agent in Charge of the IRS Criminal Investigation Division. "Instead, the Hills resold the goods and profited over \$1.34 million which they spent on vehicles, vacations, and entertainment, as well as personal expenses for their family members. The Hills concealed their fraud by filing false tax returns on behalf of the charity and failing to report their illicit income to the IRS. Their guilty pleas evidence the hard work of IRS Criminal Investigation Special Agents to bring to justice those that defraud businesses in the name of charity, and who benefit themselves instead of serving those most in need." "While fraud is always wrong, the theft of charitable donations that were to be used to help San Diego's low income families is particularly disheartening," said Acting FBI Special Agent in Charge Omer Meisel. "This type of fraud and deceit for personal gain simply cannot be tolerated. The FBI is committed to ensuring that white collar predators don't prevent those less fortunate from receiving all the benefits that generous donors provide to seemingly legitimate non-profit organizations." U.S. District Judge Dana M. Sabraw scheduled the sentencing for Aug. 28, 2020. At sentencing, the Hills face a maximum sentence of five years in prison for each mail fraud conspiracy and tax evasion. The Hills also face a period of supervised release, restitution, and monetary penalties. Principal Deputy Assistant Attorney General Zuckerman and U.S. Attorney Brewer commended special agents of the IRS-Criminal Investigation Division and the FBI, who conducted the investigation, and Trial Attorney Valerie Preiss of the Tax Division and Assistant U.S. Attorney Rebecca Kanter, who are prosecuting the case.