

The Criminal Tax Case: When IRS Special Agents Come Knocking

Meet Tony & Marie. Tony owns a restaurant and Marie stays home with their children. They have two children who are teenagers and live in Norwalk, Connecticut, which is also where the restaurant is located. Tony has been reporting his income tax and sales and use tax based upon the registers point of sale system: one for the restaurant and other which is used solely for the bar.

Tony has a best friend Steve, who is Tony's Bar Manager. Steve and his wife Tina do everything with Tony and Marie. Steve approached Tony a few years ago about adding a "zapper" program to the POS system they have. The "Zapper" program is designed to zap, or delete, 20% of all the cash sales each day so they do not appear on the POS system or in the general ledger. Tony loved the idea. With the unreported sales, Tony is able to pull cash out of the restaurant and has Steve (who speaks Spanish) pay the undocumented workers he employs in cash.

Tony also has a girlfriend on the side, and takes her with him when he takes three-day cruises to Bermuda to deposit his money into his unreported offshore account. From the Bermuda account he invests the funds in bitcoin, allowing him to invest and move his money "where the government cannot follow it" as he likes to tell Steve. To pay for personal expenses for himself and his girlfriend without his wife seeing them in the checking accounts, Tony also has Steve go and purchase money orders at several different banks each week so they never cross the \$10,000 threshold. Tony warns Steve not to do more than \$10,000 at any one bank because if they do the "bank will file the documents with the IRS notifying them."

Steve expresses concern about all this but Tony and his accountant both assure Steve there is nothing to worry about, because "the feds can't prove anything." Mike, the CPA, tells Steve that so long as the banks don't file the report for the cash they'll never catch on. When Steve brings up the zapper program Mike cuts him off, saying "Tony told me about this and it's simple, I don't see anything so I don't know anything. The ledger ties out to the report out of the POS system, so screw the IRS." He smiles and walks away.

As it turns out, Tony has more than just one girlfriend. One of his other girlfriends is Tina, his friend Steve's wife. Steve becomes incredibly upset when he finds out and confronts Tony, telling Tony he's "going to the Feds" and storms off.

Three days later Tony receives an email with a video link from his wife Marie, where she explains that she knows about the girlfriends, and tells Tony to enjoy the rest of his life alone while she videos herself burning all of their records at home in the fireplace. She takes the kids and leaves before Tony gets home, heading to her family in Florida.

About nine months later, Tony wakes up to knocking at his front door. As he gets on a bathrobe to head downstairs his cell phone goes off. When Tony answers it's Mike, his CPA. Mike is

now hysterical on the phone, telling Tony that IRS agents are at his front door asking about the restaurant. When Tony opens his front door, he is confronted by two women who show him badges and explain they are from IRS Criminal Investigations and have some questions for him.