

Portrait of Three Couples Defrauded By an Unlicensed Tax Practitioner

A busy young couple with two young children, Mark and Rachel Tyler of Sweet Home, wanted an expert to do their income taxes. Rachel is a full-time nursing student and her husband is a firefighter and paramedic. At work, he heard about an experienced tax preparer who was “really good at finding deductions.” And -- she would come to their town with her computer and software to assist them.

It never occurred to the Tylers to demand her license or to check with the Board of Tax Practitioners.

“She said she’d worked for the IRS,” Rachel Tyler said. “She seemed to know what she was doing, and with the recommendations, we didn’t doubt her. She did our taxes from 2005 through 2007, and we were happy with her work.”

That is, until they received notice that their tax returns were being audited and were given a deadline in which to comply.

“She said, ‘Oh don’t worry. I’m taking care of it.’” Rachel recalls. “But she wasn’t, and she gave us every excuse in the book – most of them medically related.”

Adding to the stress of the situation, the Tylers had recommended Jones to other family members, who were also using her.

The Tylers worked with the IRS and the Oregon Department of Revenue, Board of Tax Practitioners and Department of Justice to see that their fraudulent tax practitioner was prosecuted to the full extent of the law. They recently finished making \$250-a-month payments to settle accounts and to clear their names.

“Except for spending so much time on the phone,” Rachel said, “Dealing with the state and the federal governments was wonderful. They were all very helpful.”

The Tylers don’t yet know if their 2007 income taxes will be audited. Meanwhile, Carol Jones, the unlicensed tax practitioner who defrauded them, was arraigned in Marion County and taken into custody. But not before she had done a lot of damage to a lot of people for over a decade.

Jones also prepared taxes for Leah Brewer, a bank teller, and her husband of Oakridge for two years.

Like many of the hundreds of people that Jones prepared taxes for, the Brewers were audited. Leah and her husband are still struggling to recover from the fallout of Jones’ unlicensed activities -- even as the family copes with his three-year unemployment since a layoff.

Like the Tylers, they just finished making monthly payments to settle tax accounts. Like the Tylers, they aren’t sure they’re out of the woods, yet.

“She spouted off tax rules. She had plaques on the wall. She seemed to know what she was doing,” Brewer said of Jones. Co-workers had recommended Jones, and the Brewers felt satisfied with her work.

Until audit papers arrived from the Department of Revenue.

“It’s been a big headache for the last couple of years,” said Leah. “Very stressful.”

Theron and Jamie Hull, of Medford, concur. Theron’s stepfather recommended Jones to them as a capable person who had been doing his taxes for years.

“We drove up from Medford with our paperwork to meet her,” said Theron, who is a policeman. “We asked questions. We asked about her background. It seemed impressive. She told us she had been a bookkeeper for Bear Creek Corporation for many years, until she went out on her own as a tax practitioner. She had framed documents and certificates on the walls. We trusted her.”

“The one thing we didn’t do that we should have done was ask to see her license.”

Jamie Hull, an escrow officer, added: “We’re both in professions that rely on personal credibility. If it appears that we attempted to defraud the system in any way, our jobs are at stake. Jones made it seem like we were being taken advantage of by the system, but actually, she was taking advantage of us.”

The Hulls are repaying about \$7,400 in back taxes and penalties for 2007 and 2008. Theron’s mother and stepfather were audited for several more years and owe much more.

“We’re very humbled by this experience. We really feel taken advantage of,” said Theron.

Now the Brewers and the Hulls are using licensed tax practitioners, and Rachel Tyler intends to do her families’ income taxes herself in the future.

Getting your taxes done at the last minute

As the income-tax deadline approaches, don’t panic or lose sight of what’s important in tax preparation: expertise and reliability. Not promises of huge refunds, not the lowest cost, not special pay arrangements.

Although it may not be ideal to wait until the deadline is a couple of weeks away, you can still find a competent professional who is much more knowledgeable about taxes and deductions than you are likely to be.

It’s important to understand certain designations in the field of tax preparation. Certified public accountants (CPAs), public accountants and lawyers, although they may or may not be tax specialists, do not require a license specifically to prepare tax returns, the assumption being that they have studied state and federal tax law and are competent to prepare taxes as part of their services.

A tax preparer or tax consultant who accepts pay of any sort for filing tax returns for others **must** be licensed in Oregon by the Board of Tax Practitioners. They must display their license in their workplace and give you a written list of services and fees upon request. Tax

preparers and consultants have received tax and ethics training, as required by law, and are considered tax specialists.

Some taxpayers can get help from organizations such as AARP, CASH Oregon and VITA. As volunteers, they don't charge fees and they don't require licensing. Volunteers may or may not be tax experts.

Online tax software programs involve a purchase price, but can adequately serve those with simple finances and without special circumstances.

Here is some advice about hiring a tax practitioner:

- At the very least, select a tax preparer or consultant who displays a license number, ensure the license is [active](#), and have a good long phone conversation with that person. Ask for a list of clients. Ideally, you will call some **long-term** clients to see how satisfied they have been. Be cautious if a practitioner won't produce a client list. And, again, remember the purpose of getting such a list is to make the calls.
- Assemble a short list of possible tax practitioners (three or so) and ask to meet with each of them, if schedules allow.
- Recommendations from trusted friends and relatives may be a good place to start. Remember that audits lag behind tax refunds by a year or more. Acquaintances who are happy with their tax practitioners now may not recommend them if they receive notices of audit from the IRS or the Oregon Department of Revenue.
- If you take recommendations from those with circumstances similar to yours, ensure that the tax preparers' and consultants' licenses are active by visiting [Licensee Look-Up](#) on the Oregon Board of Tax Practitioners Web site.
- If you have a CPA, public accountant or lawyer on your list, remember that, although they must have credentials to sell their services, those credentials will be from the [Board of Accountancy](#) or the state bar.
- Unless you have checked [Licensee Look-Up](#), avoid taking personal and financial information to your first meeting; putting it into the extended hand of the first tax practitioner you meet can be dangerously easy.
- Be ready to ask – and answer – questions.
- Don't use size as the only indicator of quality. Large firms may have more expertise in house, but may use less proficient workers to do your taxes. Many capable tax practitioners work from their homes.
- Be skeptical of an office that blew into your neighborhood with the advent of tax season. The tax practitioners there may not be inept; after all, it makes sense for tax practitioners to avoid paying office overhead throughout the year. But proceed with extra care.

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