



## TAX REFUND SCAM TARGETS SOUTHEAST TEXANS WHO ARE COLLECTING SOCIAL SECURITY, DISABILITY BENEFITS

by Texas Attorney General Greg Abbott

EACH YEAR AS TAX SEASON APPROACHES, THE Attorney General's Office cautions Texans about tax scams and other unlawful schemes to defraud federal income tax payers. This tax season, the warning came earlier than usual when we announced an investigation into Syam Tax Services, LLC's scheme targeting elderly Southeast Texas residents.

The results of the State's investigation were revealed in court documents filed in January, when the State charged Syam with fraudulently obtaining elderly Texans' sensitive personal information and illegally filing falsified federal income tax returns on their behalf. In court documents, the State explained how Syam enlisted recruiters to canvass East Texas churches and senior centers to target elderly Social Security or disability recipients. When Syam's recruiters approached potential victims, the recruiters falsely claimed that low-income Social Security recipients were eligible for "free stimulus money" or "Social Security stimulus" benefits.

In truth, no such benefit exists. But that didn't stop Syam's recruiters from claiming the low-income taxpayers would receive a federal stimulus payment if they simply completed and signed a form that contained their sensitive personal information – including their date of birth, Social Security and bank account numbers, and a copy of their driver's

license. Unbeknownst to the victims, the recruiters turned the form and sensitive personal information over to Syam, which prepared and filed a fraudulent tax return on the victim's behalf.

With the filing of the fraudulent tax return, Syam falsely claimed that the victim was entitled to up to \$1,000 or more in refundable tax credits. Expanding on the fraudulent scheme, Syam built in unlawful profits for itself by directing the IRS to deposit approximately half of the fraudulent tax refund into Syam's own bank account. Only the portion that remained after Syam took its cut went to the victim.

In reality, there is not a federal stimulus benefit payment for low-income Social Security recipients. As a result, when the IRS discovered that a victim was not actually eligible for the tax refund, the federal government held the victim responsible for repaying the entire amount of refund, plus penalties and interest.

Since victims were unaware that Syam filed a tax return on their behalf, most victims first learned about their liability for the fraudulent tax refund when they were contacted by the IRS. As a result, low-income Texans targeted by Syam have been left with a debt to the IRS that they cannot afford to repay – despite the fact that the victims thought they would financially benefit from a federal benefit

to which they were told they were entitled. Further, because the victims provided Syam's recruiters with their personal identifying and financial information, victims also face the risk of identity theft. Based on the results of the investigation thus far, the State believes that Syam has filed hundreds of fraudulent tax returns – primarily targeting victims in Lufkin, Beaumont and Port Arthur – and may even attempt to use the same taxpayer information to file more fraudulent returns in future years. Recognizing the risk that Syam's scheme posed to elderly citizens who rely on federal benefits for their well-being, the Attorney General's Office sought to shut down the fraudulent scheme and freeze the perpetrators' assets to prevent Syam from continuing to violate the Texas Deceptive Trade Practices Act and the Texas Identity Theft Enforcement and Protection Act.

The State's case against Syam is pending in state court, but the Attorney General's Office is working tirelessly to recover any unlawful profits that Syam reaped from elderly victims. With tax season approaching, all Texans should be wary of tax fraud schemes and remember a basic rule: "If it sounds too good to be true, it's probably too good to be legal."

### POINTS TO REMEMBER



### TAX SEASON TIPS

To avoid becoming a tax scam victim, the Attorney General's Office urges Texans to take several steps before hiring a tax return preparation professional:

- Ask for the tax preparer's credentials.
- Check with the Better Business Bureau and the Texas Attorney General's Office for complaints against the tax preparer.
- Verify whether the tax preparer is a Certified Public Accountant.
- Make sure the business is open year-round in the event clients need to ask follow-up questions about their returns.
- Read the tax return carefully before signing it. Never sign a form with spaces left blank. Taxpayers are responsible even if their returns are prepared by someone else.

Additional information on tax-related scams and questions is available directly from the IRS at [www.irs.gov](http://www.irs.gov) or by calling (800) 829-1040.

To report a tax preparer who is not complying with the law, or to report fraudulent telephone solicitations, file a complaint with the Texas Attorney General's Office online at [www.texasattorneygeneral.gov](http://www.texasattorneygeneral.gov) or by calling (800) 252-8011.



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