

The “Daily Plan-It™”

LAW OFFICES OF GARY R. WAITZMAN, L.L.C.

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Warn Your Clients Owing Taxes on Dangers of Hiring ‘Quick Fix’ Firms

As an advisor, it’s important to educate clients about the dangers of looking for a “quick fix” to resolve big tax bills. If they are struggling to pay their taxes, then the last thing they need is to lose more money to a fraud.

It’s generally in a client’s best interest to hire an experienced tax attorney or to contact the IRS directly to resolve tax balances.

Many tax debt companies proclaim professional representation and big-time savings. Clients are lured by promises to lift wage and bank garnishments, remove tax liens, reduce liabilities and eliminate penalties and interest.

Big Promises, Little Relief

However, some recent state and federal lawsuits highlight government efforts to protect the public from tax resolution firms that make big promises, but offer clients no tangible relief.

The Federal Trade Commission recently filed a federal lawsuit against American Tax Relief LLC, alleging it engaged in deceptive practices related to advertising and selling tax relief services.

American Tax Relief promoted services that many IRS debt relief companies take advantage of, including the “pennies on the dollar” approach and a false idea that the IRS is, for a brief time only, accepting a “one-time settlement offer.”

According to the lawsuit, up-front fees varied from \$3,000 to \$25,000. The company offered a free consultation with representatives who were screeners with little to no tax law background.

The lawsuit revealed the company was behind in paying its own corporate state taxes. In April, federal agents seized the company owner’s Ferrari, and a co-owner was shown to be leasing six luxury vehicles, including a Rolls Royce, a Bentley, two Porsches and two Mercedes-Benzes.

‘Tax Lady’ Sued for \$34 Million

In August, the California State Attorney General’s Office filed a \$34 million suit against Roni Lynn Deutch, the self-professed “tax lady” and founder and president of the Roni Lynn Deutch Professional Tax Corporation.

The lawsuit alleges that Deutch duped thousands of clients out of large sums of money under the promise of IRS debt

resolution. In return, her clients received little to no settlements.

The lawsuit said one of Deutch’s ads portrayed three clients she purportedly helped save a collective \$86,000, yet all three still owed taxes plus interest and penalties. Deutch merely won them a delay from the IRS’ collection efforts. In fact, only about 10 percent of Deutch’s clients ever get their tax debt resolved, despite her claim of a 99 percent success rate.

It’s Often Better to Contact the IRS Directly

The fact is, there are **no** options available to any tax lawyer, CPA, attorney or any other third party that are not available to a taxpayer directly. The IRS always encourages taxpayers to contact them directly and immediately in order to resolve any tax balance.

Before your client hires a third party tax resolution company, tell them about these recent cases and refer them to a reputable, experienced tax attorney.

As always, I hope this article has helped you and your clients. If you have a specific case or concern, please contact our office.

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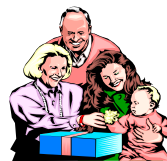
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