

## **CPAs and Tax Preparers Charged in Methane Scam**

The Justice Department has filed suit against four CPAs, 27 tax preparers and another individual, accusing them of promoting a tax scam that claimed bogus income tax credits for sham sales of methane from landfills.

According to the complaint, filed in Tampa with the U.S. District Court for the Middle District of Florida, George Calvert of Hernando Beach, Fla., and Gregory Guido of Lithia, Fla., concocted a scheme that involved creating bogus business records purportedly documenting sales of methane from landfills in Puerto Rico, Illinois, New York, Ohio and Connecticut. The suit alleges that there were no actual methane sales, but that the defendants helped their customers claim tax credits based on the purported sales.

The government complaint alleges that Calvert and Guido promoted the scheme through tax preparers who acted as sub-promoters. The tax preparers allegedly sold interests in the sham methane production facilities to thousands of customers in at least 14 states across the country and prepared income tax returns for their customers claiming more than \$30 million in tax credits based on the sham methane sales.

Two of the larger sub-promoters, according to the complaint, were Louis and Elizabeth Powell, a married couple from Carthage, Texas. The suit alleges that the Powells sold the scheme to more than 1,800 customers, and then prepared tax returns for customers claiming more than \$7.8 million of the improper credits.

Another large sub-promoter alleged to have promoted the scheme is Ronald Fontenot, president and CEO of Compro-Tax, a tax preparation service with over 100 offices in the eastern and southern U.S. According to the complaint, Fontenot promoted the credit scheme to all Compro-Tax store operators, and at least 54 of those Compro-Tax store operators sold interests in the scheme to customers and then prepared federal income tax returns for the customers claiming the improper credits.