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— Happy New Year —

Fountainhead Forum

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Editor: Nina Cormier

Dear Nina,

Happy New Year! We know that most of you are busy wrapping up year-end close procedures, but remember to take time for yourself to reflect back on the year. One thing is for sure, we are all ready for a new year - a fresh start - a clean slate!

Along with our direct hire Accounting and Finance placement services, please remember that Fountainhead Staffing also offers consultants and temporary employees. We are finding that hiring managers would like to have the option of utilizing an additional accountant on board to prepare for year-end, that big audit that is just around the corner, a new ERP system implementation, or for some extra help in getting caught up on accounts receivable. In any event, please keep in touch - we are here to help.

Sincerely,

Fountainhead Staffing

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Tax Fraud, Right in Our Backyard

The Sixteenth Amendment to the Constitution established the Federal Income Tax. Since its inception, there have been many court cases which have affirmed and reaffirmed the responsibility of citizens to file tax returns and pay their tax obligations.



The IRS *Criminal Investigation (CI)* team investigates potential criminal violations of the statutes of the Internal Revenue Code and other related financial crimes. Criminal Investigation's most important duties are to foster voluntary compliance and to act as a deterrent to persons who knowingly disregard this duty.

All citizens have the right to express criticism of the tax system and government policies. However, once an individual (or group/business organization) moves from expressing dissatisfaction to employing schemes with the intention of evading taxes, the IRS will take action to ensure that the tax laws are enforced and the tax system is preserved.

General Tax Fraud is *CI*'s largest program and encompasses many types of investigations. The majority of these investigations involve white collar financial crimes with emphasis on individuals who earn income from legal industries. When individuals and corporations make deliberate decisions to not comply with the law, they face the possibility of a civil audit or a criminal investigation which could result in prosecution and possible jail time. Publicity of these convictions provides a deterrent effect that enhances voluntary compliance, especially when they happen to be in your backyard.....

[Click to Continue](#)

Enjoy the games!

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This is a great website for networking with other professionals within your industry. Remember there is a benefit to networking, even if you aren't looking for a job at the current moment. Not only will you gain knowledge of a variety of events in your local community, but you will meet other professionals who you can turn to for help.

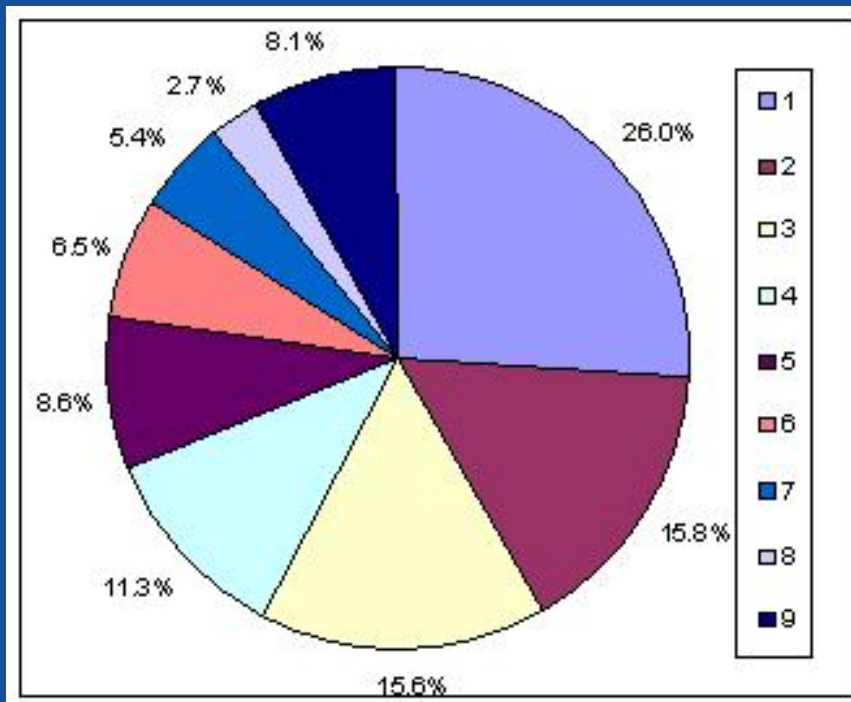
[Beth Hansen](#)
[John Spencer](#)
[Nina Cormier](#)



"Wherever you want

Top Math Errors on Individual Returns Tax Year 2007

- | | |
|---|--------------------------|
| 1 Tax calculation/other taxes 26.0% | 6 Child tax credit 6.5% |
| 2 Earned income tax credit 15.8% | 7 Refund/amount due 5.4% |
| 3 Exemption number/amount 15.6% | 8 Filing status 2.7% |
| 4 Standard/itemized deduction 11.3% | 9 Other 8.1% |
| 5 Adjusted gross/taxable income amount 8.6% | |



Source: [IRS Statistics of Income](#), 2008 Data Book

to be - we'll get you there."

Fountainhead Staffing

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"Mere precedent is a dangerous source of authority."

Andrew Jackson,
7th President of the United States

Featured Business -

Michael Patinella P.L.L.C.
Certified Public Accountants

Tax Preparation and Accounting

We specialize in tax return preparation and accounting services for individuals and businesses, including partnerships, corporations, limited liability companies (LLCs), trusts, estates, and non-profit organizations.



Tax Planning

We view planning as a critical aspect of a relationship between a CPA firm and its clients. This is where we can help you as a taxpayer reach specific goals as well as save you money by being proactive rather than reactive. Some of the tax planning services we provide include:

- New business start-up
- Income tax projections for individuals and businesses
- Year-end tax planning
- Retirement planning
- College planning
- Mortgage planning
- Estate planning
- Stock Option planning
- Budgeting

Mike Patinella, a Certified Public Accountant, earned his Bachelors degree in accounting and finance from the State University of New York at Buffalo in 1988. Since graduating, Mike worked for a leading regional firm in New York City and a leading local firm in Phoenix before founding the public accounting firm, Michael S. Patinella, P.L.L.C. in January of 2000. Mike specializes in tax planning and compliance for high net worth individuals and small businesses. Mike completed a Certificate of Educational Achievement Program in Tax Planning and Advising for Closely Held Businesses from the American Institute of Certified Public Accountants (AICPA). In 2003, Mike earned the professional designation of Certified Specialist in Estate Planning from The National Institute for Excellence in Professional Education in conjunction with the Arizona State Society of CPAs. Mike has appeared numerous times as a guest tax

expert on the radio programs "The Truth About Money" on KFNN-1510 AM, as well as "Your Money Matters" and "The Velocity of Money" on KFNN-1100 AM. Mike is a member of the AICPA and the Arizona Society of Certified Public Accountants.

To contact Michael Patinella P.L.L.C., please call (480) 663-6012 or visit the website at www.patinella.com.

Trivia

1. There is a very tall coconut tree and four animals (a lion, a chimp, a giraffe, and a squirrel) trying to compete for the banana. Which animal is the fastest to get the banana off the tree?
2. Is there a Fourth of July in England?
3. How many birthdays does the average man have?
4. Some months have 31 days; how many have 28?
5. How many outs are there in an inning?
6. It is legal for a man in Arizona to marry his widow's sister?
7. Divide 30 by $\frac{1}{2}$ and add 10. What is the answer?
8. If there are 3 apples and you take away 2, how many do you have?
9. A farmer has 17 sheep, all but 9 die. How many are left?
10. How many two-cent stamps are there in a dozen?

[Click Here for Answers](#)

Things Your Kids May Never Know About

Some things in our country will never be forgotten, such as the moon landing, September 11th, the invention of the light bulb, and the United State Constitution (hopefully). But there are some things in our technologically advanced world that will not be passed down the line to the next generation - our kids. That is, of course, unless we tell them all about the good ol' days of modems and typewriters, slide rules and encyclopedias. So with that in mind, we have a list of several things that we should remind them about (and they can go right along with the story of how we "walked to school, uphill both ways, in two feet of snow" in Arizona)!

- Inserting a VHS tape into a VCR to watch a movie or to record something.
- Super-8 movies and cine film of all kinds.
- The number of TV channels being a single digit. Remember it being a massive event when Britain got its fourth channel?
- Rotary dial televisions with no remote control. You know, the ones where the kids were the remote control.
- 8-track cartridges.
- Scanning the radio dial and hearing static between stations.



The buzz of a dot-matrix printer.

- Screens being just green (or orange) on black.
- Wondering if you can afford to buy a RAM upgrade.
- Finding out information from an encyclopedia.
- Using a road atlas to get from point A to point B.
- Filling out an order form by hand, putting it in an envelope and posting it.
- When Spam was just a meat product - or even a Monty Python sketch.



Article Continued:

Tax Fraud, Right in Our Backyard

The following examples are excerpts originally from public record documents on file in the court in the judicial district in which the cases were prosecuted. Found on www.IRS.gov, Restaurant Industry: Facts, Figures & Closed Cases, Examples of Fraud Investigations.

Arizona Bar Owner Sentenced to Two Years in Prison for Tax Evasion

On July 8, 2009, in Phoenix, Arizona, Brian C. Roehrich, the former owner of several Scottsdale establishments, was sentenced to 24 months in federal prison. Roehrich attempted to evade the income tax due while he was the president and sole owner of Joe's Apartment, Inc., a corporation doing business as Sugar Daddy's; the president and sole owner of Dos Gringos, Inc.; and the president and co-owner of The Trailer Park Restaurant, Inc., a corporation also known as Trailer Park and Dos Gringos-Tempe. Roehrich pleaded guilty on December 2, 2008 to four counts of federal income tax evasion for 2003. At that time, he admitted that he established procedures to maintain a separate accounting of cover charge revenue collected from the patrons of Sugar Daddy's and a portion of the revenue collected from the patrons of Dos Gringos and Trailer Park. The cover charge and other revenue was stored separately from the claimed corporate revenue and was diverted from the corporate structures for the personal benefit of Roehrich.

Roehrich did not reveal the amount of cover charge and other revenue diverted from the corporate structures for his personal benefit to the accountant hired to prepare the corporate income tax returns and his individual income tax returns for the tax years 2002 through 2005. In Roehrich's plea agreement, he admitted that he evaded \$525,000 in taxes for 2003. He also admitted that the total amount of taxes he evaded in the period of 2002-2005 was approximately \$1,945,000.

Former Co--Owner of Two Arizona Bars Sentenced for Tax Evasion

On October 13, 2009, in Phoenix, Arizona, Peter Lebsock, of

Scottsdale, Arizona, the former co-owner of two bars, was sentenced to 24 months in prison. Lebsock pled guilty in November 2008 to federal income tax evasion. According to court documents, Lebsock evaded income tax due while he was co-owner of The Trailer Park Restaurant, Inc., a corporation doing business as The Trailer Park and Dos Gringos-Tempe. Lebsock admitted that while serving as the on-site manager of The Trailer Park, he assisted in establishing procedures to maintain a separate accounting of a portion of the revenue collected from patrons. In 2004, revenue of \$61,754 was stored separately from the claimed corporate revenue and was diverted for the personal benefit of Lebsock and his partner, Brian Roehrich. Lebsock did not report the amounts of the revenue diverted for his personal benefit to the IRS for the tax years 2002 through 2005. In his plea agreement, Lebsock admitted that the total amount of taxes he evaded between 2002 and 2005 was approximately \$177,000.

IRS special agents have investigated and recommended to the Department of Justice for prosecution a number of business people in the restaurant industry. Some of the more common tax evasion schemes involve the following illegal activities:

- Deliberately under-reporting or omitting income
- Overstating the amount of deductions
- Keeping two sets of books
- Making false entries in books and records
- Claiming personal expenses as business expenses
- Claiming false deductions
- Failing to forward withheld employment taxes to the IRS
- Hiding or transferring assets or income

Source: www.irs.gov, Restaurant Industry: Facts, Figures & Closed Cases, IRS Criminal Investigation of the Restaurant Industry.

As the grueling tax season approaches, we are unsatisfactorily reminded of our contributions, or lack thereof for some, towards the "good of society," i.e., "the man". However, we all contribute - somehow - in the long run.

Associate Justice Oliver Wendell Holmes, known for his concise and pithy opinions, stated, "Taxes are the price we pay for a civilized society" ([Wikipedia](#)). But wait - let's not go too overboard there (on both "sides"), right?

Source: www.irstaxattorney.com, *Tax Crimes General*.

Trivia Answers

1. A coconut tree doesn't have bananas.
2. Yes, it comes after the third of July.
3. Every man has just one birthday.
4. All 12 months have 28 days.
5. There are 6 outs per inning - 3 per team.
6. No, if he has a "widow", than he would be dead.
7. If you calculated 70, you're correct.
8. There would be 2 apples, you took them, remember?
9. There are 9 sheep left/still alive.
10. There are 12 two-cent stamps in a dozen.

[Click for Questions](#)

News Highlights

Dow Finishes 2009 up 19%

The DJIA closed 2009 at 10,428 - up 18.8% for the year and marking its largest annual gain in six years. Of course, it is still down 26% from its all-time high set in October 2007.

The Wall Street Journal, 12/31/09, www.wsj.com



Unemployment Holds at 10%, but 85,000 Jobs Cut in December

Apparently the up tick in employment is still a few months away, even as the economy shows other signs of growth. With the December job losses, there were nearly 7 million fewer jobs in the U.S. than there were two years ago in December 2007. Employers are still reluctant to hire, even

though it appears the economy is making a comeback. The U.S. gross domestic product grew 5.4% in the last quarter of 2009.

Revised data shows that the economy added 4,000 jobs in November, the first gain since the recession started. The December job numbers were a bit of a surprise to economists who were expecting a decrease of only 10,000 jobs.

The Wall Street Journal, 01/09/10, www.wsj.com

At Least the Banks are Doing Well

Major U.S. banks and securities firms are on pace to pay their people about \$145 billion for 2009, a record sum that indicates how compensation is climbing despite fury over Wall Street's pay culture.

An analysis by The Wall Street Journal shows that executives, traders, investment bankers, money managers and others at 38 top financial companies can expect to earn nearly 18% more than they did last year -- and slightly more than in the record year of 2007. The conclusions are based on an examination of securities filings for the first nine months of 2009 and revenue estimates through year-end.

The Wall Street Journal, 01/14/10, www.wsj.com

(And in a related story) U.S. Bank Tax - \$90B Over 10 Years

A new tax proposed by the White House -- called a "financial crisis responsibility fee" -- would force about 50 banks, insurance companies and large broker-dealers to collectively pay the federal government roughly \$90 billion over 10 years, White House officials said. Of the 50, about 35 would be U.S. companies and 10 to 15 would be U.S. subsidiaries of foreign financial firms.

The Wall Street Journal, 01/14/10, www.wsj.com

China Overtakes Germany as World's Largest Exporter

China edged ahead of Germany to become the world's largest exporter in 2009, according to Global Trade Information Services. China has seen annual export growth exceeding 20% during the past decade. "China has been growing much more rapidly than Germany on all sorts of

dimensions and has a population of 1.3 billion, while Germany has 83 million," said Douglas Irwin, a professor at Dartmouth College.

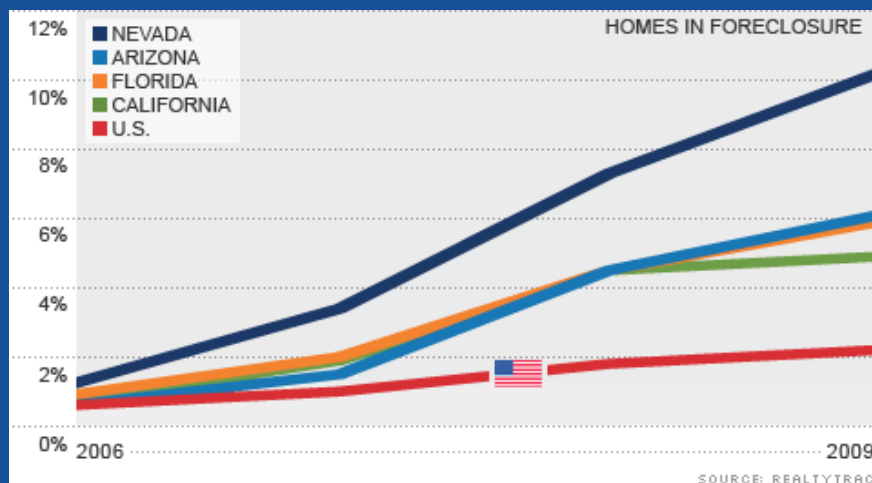
The Wall Street Journal, 01/06/10, www.wsj.com

Fed Beige Books Says Economy Improved in 10 Districts

The U.S. economy improved in 10 of the Federal Reserve's 12 districts last month, marking a broadening of the recovery, the central bank said today.

"While economic activity remains at a low level, conditions have improved modestly further," the Fed said in its Beige Book business survey, published two weeks before the Federal Open Market Committee meets to set monetary policy. The Philadelphia and Richmond Fed districts were the exceptions, reporting "mixed conditions."

Bloomberg, 01/13/10, www.bloomberg.com



Almost 3 Million American Homes Received Foreclosure Notices in 2009

Almost 3 million homeowners received at least one foreclosure filing during 2009, setting a new record for the number of people falling behind on their mortgage payments.

RealtyTrac, the online marketer of foreclosed homes, reported that one in 45 households -- or 2,824,674 properties nationwide -- were in default last year. That's 21%

more than in 2008, and more than double 2007's total. 6.12% of Arizona homes received foreclosure filings in 2009. That compares to 4.75% in California and 10.17% in Nevada. At the other end of the spectrum, Vermont's rate was only .05%.

CNN Money, 01/14/10, www.cnn.com

We appreciate your business!

Thank you for reading. Have a wonderful month!

Fountainhead Staffing