

News Release

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Minneapolis tax preparer charged with multiple tax crimes

ST. PAUL, Minn. – The Minnesota Department of Revenue announced that the Hennepin County Attorney’s Office recently charged Annie Mae Hester, of Minneapolis, with 18 tax-related felonies.

Ms. Hester was charged with 11 felony counts of knowingly preparing tax returns that were fraudulent or false, six counts of willfully evading income taxes by failing to file returns or filing returns with false information, and one count of theft by swindle.

Ms. Hester ran a tax preparation business in Brooklyn Center dating back to at least 2010. Ms. Hester knowingly, and without her clients’ awareness or permission, used false information to prepare tax returns with the purpose of reducing her clients’ taxable income, thereby increasing their refunds, according to the complaint. Ms. Hester, the complaint explains, often added false information to her clients’ returns, such as business losses, charitable deductions, and unreimbursed business or medical expenses. Ms. Hester prepared between 500 and 700 returns each year, and the complaint further states that many of Ms. Hester’s clients were immigrants or individuals with little to no knowledge of Minnesota’s tax laws or filing requirements. Audits of some of Ms. Hester’s clients by the department show that the average client owes more than \$5,600 in back taxes, penalties, and interest from fraudulent refunds that were issued based on the false returns that Ms. Hester prepared. Ms. Hester’s actions allegedly swindled the state of Minnesota out of more than \$1.4 million in tax revenue.

The complaint goes on to state that Ms. Hester received taxable income during tax years 2011 through 2015, but failed to file income tax returns for 2011, 2012, and 2015. The complaint further alleges that, while she did file income tax returns for the 2013 and 2014 tax years, Ms. Hester failed to accurately report the income she received from her tax preparation business. Ms. Hester allegedly owes the state nearly \$58,000 in taxes, penalties, and interest.

Each tax-related felony charge carries a maximum penalty of five years in prison, a \$10,000 fine, or both. The theft by swindle felony charge carries a maximum penalty of 20 years in prison, a \$100,000, or both. Defendants are presumed innocent unless and until proven guilty.

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Although most taxpayers comply with tax laws voluntarily, the Minnesota Department of Revenue takes enforcement action against noncompliant taxpayers to ensure that tax laws are administered fairly.

Many of the department's criminal case referrals come from citizen tips. The Minnesota Department of Revenue has a 24-hour tip line for anyone who suspects that a person or business is violating Minnesota tax laws. Local callers may dial 651-297-5195 or call toll-free by dialing 1-800-657-3500. Tips can also be submitted to the department by email at tax.fraud@state.mn.us. Tipsters may choose to remain anonymous.

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