

News Release

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Brooklyn Center tax preparer sentenced for tax crimes

ST. PAUL, Minn. – The Minnesota Department of Revenue announced that a Hennepin County District Court judge recently sentenced Brooklyn Center tax preparer Annie Mae Hester to 34 months in prison for preparing and filing fraudulent tax returns. The sentence was stayed while she is placed on probation for five years. In addition, Ms. Hester must spend 365 days in the Hennepin County Workhouse, repay more than \$63,000 in restitution, and is prohibited from any future work as a tax preparer.

“Taxpayers trust tax preparers to act ethically when preparing their taxes, and this case illustrates the consequences of a tax preparer abusing that trust and breaking the law,” said Revenue Commissioner Cynthia Bauerly.

Ms. Hester was originally charged with 18 counts in her scheme to defraud her clients and the State of Minnesota. In October, she pleaded guilty to three counts of preparing a false or fraudulent tax return and one count of filing a false or fraudulent return in exchange for the sentence she received on March 19.

“We are pleased with the outcome of this serious fraud case,” said Hennepin County Attorney Mike Freeman, whose attorneys handled the complex case. “This is not the first case we have charged involving dishonest tax accountants and we have an excellent record of convicting them, thanks to the fine investigations by revenue department investigators.”

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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 her clients' tax returns. Although she did not profit from the fraudulent refunds directly, Ms. Hester's actions reduced her clients' apparent taxable income, which inflated the refunds paid by the state, and attracted more customers to her business, 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. 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.

Although the department does not certify tax preparers, state law requires that tax professionals who prepare income tax returns must follow its standards of ethics and conduct. The majority of tax professionals abide by these standards and provide honest service and sound advice to their clients. In the rare event that a tax professional does not comply with these standards, they may be subject to penalties or criminal prosecution and may be barred from representing clients before the department. Taxpayers can report unprofessional conduct through [the department's tax preparer page](#) or by calling 651-296-3781.

Before you hire a preparer, take the time to ask the following questions. Qualified tax professionals should be able to provide you with complete answers to each of the questions below:

- What kind of formal tax training do you have?
- Do you hold any professional licenses or designations, such as certified public accountant (CPA), enrolled agent (EA), registered accounting practitioner (RAP), accredited tax advisor (ATA), or accredited tax preparer (ATP)?
- Do you belong to any professional organizations?
- Do you take continuing professional education classes each year?

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- How long have you been preparing tax returns?
- Have you ever filed a tax return that was similar to my situation?
- Can I contact you all year long, or just during filing season?
- Have you ever been disciplined by any regulatory organization or governmental oversight authority for your tax preparation practices?
- Will you represent me if I'm audited by the IRS or the Minnesota Department of Revenue?
- How much do you charge and how do you calculate your fees?

Other things to consider

- Be careful of tax preparers who claim to know “the secrets” of obtaining unusually large refunds.
- Be cautious if someone charges fees based on a percentage of your refund.

Never sign a blank tax form—even for your preparer.

More information on choosing a preparer is [available on our website](#) or by searching for “**tax preparer**” in the Search box of our home page.

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