NEWS RELEASE

OFFICE OF THE UNITED STATES ATTORNEY
SOUTHERN DISTRICT OF CALIFORNIA
San Diego, California

United States Attorney
Karen P. Hewitt

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For Immediate Release

NEWS RELEASE SUMMARY - April 30, 2009

United States Attorney Karen P. Hewitt announced that Maxim Maltsev of Novosibirsk, Russia, and who resided in San Diego between May 26, 2006, and September 27, 2006, was arrested yesterday upon his arrival in the United States at Los Angeles International Airport. Mr. Maltsev was charged in a sealed indictment handed up by a federal grand jury sitting in San Diego on April 16, 2009 with one count of Conspiracy to Defraud the United States regarding Claims. The indictment was unsealed upon Mr. Maltsev's initial appearance today in United States District Court in Los Angeles.

According to the indictment, Mr. Maltsev was part of a conspiracy to obtain federal income tax returns requesting refunds before they were electronically filed with the Internal Revenue Service. The conspirators then changed the bank account information on the returns to divert the refund payments from the taxpayers to accounts opened for that purpose by members of the conspiracy. To that end, according to the indictment, Mr. Maltsev opened bank accounts at four banks in San Diego between June 29, 2006 and August 30, 2006.

Approximately 65 federal income tax refund payments, totaling around $105,000, were illegally diverted to the accounts opened by Mr. Maltsev. Those funds were withdrawn by debit and check cards and by automatic teller machine (ATM) cash withdrawals in the United States and overseas.

The success of the scheme depended upon United States taxpayers being fooled into using free electronic tax return filing services that are not affiliated with the Internal Revenue Service. The Internal Revenue Service sponsors a program called "Free File" which allows for the preparation and electronic filing of federal tax returns for free for eligible taxpayers. In 2006, for example, approximately 70% of all taxpayers were eligible to use the Free File program. There were 19 approved Free File affiliates in 2006 whose web sites were linked to the official website of the Internal Revenue Service. The conspirators manufactured web sites that appeared to be Free File affiliates and advertised them on the Internet and through electronic mail. Taxpayers who used these services may have thought that they were using approved affiliates but were not. Taxpayers filled out their income tax returns online with the bogus services. The bogus services then changed the banking information and submitted the income tax returns to the Internal Revenue Service through approved Free File affiliates. All of the modified tax returns were submitted to the various Free File affiliates from Internet Protocol addresses originating in Belarus. Taxpayers who are eligible for free filing are urged to use the official IRS website: www.irs.gov.

This case was investigated by special agents of the Department of the Treasury, Inspector General for Tax Administration, and by special agents of the Internal Revenue Service, Criminal Investigations.

Mr. Maltsev has been ordered held without bail pending further hearings upon his transfer to San Diego. The investigation is continuing regarding other conspirators.

DEFENDANT	**Case Number: 09cr1513 - LAB**	
Maxim Maltsev	Novosibirsk, Russia	Age: 23

SUMMARY OF CHARGE

One Count - Title 18, United States Code, Section 283: Conspiracy to Defraud the United States Regarding Claims

Maximum Penalty: 10 years' imprisonment and $250,000 fine per count

AGENCIES

Department of the Treasury, Inspector General for Tax Administration (TIGTA)
Internal Revenue Service, Criminal Investigations (IRS-CI)

An indictment itself is not evidence that the defendant committed the crimes charged. The defendant is presumed innocent until the Government meets its burden in court of proving guilt beyond a reasonable doubt.