

# The Silver State CPA

December/January 2012



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The Magazine of the Nevada Society of Certified Public Accountants

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# President's Message



First off, I would like to wish everyone a happy new year!

Last year was a great year for the NVCPA, yet, like most, we are hoping to top it in 2012. To welcome in the New Year we have begun providing more information on both Facebook and LinkedIn, launched a new website, and plan to introduce our first ever e-newsletter.

The Society is trying to increase their presence in social media through such postings as news articles on the website and the CPA Fun Fact on Facebook and LinkedIn. The goal is to get members more involved with both the Society and with each other. Members are encouraged to provide any professional information, questions, and/or interesting facts they would like to share with other members. On LinkedIn please join the Nevada Society's Group to receive daily or weekly updates. We would like to know if you like the CPA Fun Fact, if it should be daily or weekly, or not at all, also, is there something else you would like to see? Please contact our Public Relations Manager, Lauren Hansen and let her know.

While anticipated as part of a fresh start in the New Year the launch of the new website preceded the ball drop on December 31, 2011, making its debut on Wednesday, December 14, 2011. The website has a bit of a different feel to it with both a new look and layout. The goal was to make it appealing yet simple and easy to navigate. We have inserted drop-down menus and even added a few new pages, such as the new speaker's bureau page and a few new event pages.

Our newest addition has been our e-newsletter. Over the past few months, we have found that we just cannot seem to fit every informational and interesting article in our SSCPA monthly newsletter, and have decided the best way to inform our readers would be through an e-newsletter called News Now. Starting off, the e-newsletter will be bi-weekly and will contain both NVCPA and AICPA news along with other news we feel our members should know. On the right-hand side of the e-newsletter will be a side bar, which will always include a table of contents of stories in the e-newsletter and links to our Affinity Partners. The sidebar may occasionally include other bits of information or links to important websites so be sure to keep a look out for those.

While our e-newsletter is set to be bi-weekly, we will also have another e-newsletter template that will be released when a matter regards a state of urgency. Here at the Society we know that some stories can wait for the next edition of News Now and some stories cannot.

Many have already asked the question: What will happen to the printed newsletter? The printed SSCPA will still go out as scheduled. At this time, there is no plan to shorten publication dates or abolish the newsletter.

Please feel free to contact the NVCPA office with any questions you may have. Have a wonderful new year!

- Nina Gallagher CPA, MST

# 3rd Annual Southwest Tax Conference

The Nevada Society of CPAs hosted the 3rd Annual Southwest Tax conference on December 6th & 7th once again at the Bellagio in Las Vegas. Chaired by Robert Brome of TriCor Tax and Accounting, the Conference was attended by over 50 individuals, coming from various locations in the Western United States. Attendees enjoyed listening to a variety of topics including IRS Updates, Money Laundering & Title 31, Circular 230, tax (corporate / individual / partnerships) updates and much more. Comments from this year's conference included:

- “Excellent topics – very informative and interesting presenters. Fantastic meeting space, excellent food, good timing of breaks to keep everyone fresh. The best conference I have attended this year.”
- “Nice variety of information – especially enjoyed the lunch speaker [Robert Lang, UNLV] and topic.”
- “Very well organized – well run conference.”

Our conference would not have been as successful without the support of our sponsors. Each sponsor was allowed to have a table set up during the entire 2-day event and were able to mingle with the participants throughout each break and lunch. Several business contacts were made and we hope to have each of the sponsors join us again next year.

Please watch your mailbox for information regarding the 4th Annual Southwest Tax Conference to be held in December 2012.



**The 2011 Southwest Tax Conference Committee Members:** Jason Thomas, Dennis Meservy, Nina Gallagher, Bob Brome, Candace Johnson, Mike Bosma, and Bob Anderson. Not Pictured: Jeremy Cooper, Brian F. Fralick, Raven Gilmore, Peter Gubler, Mark Jolley and John Zimmerman.

## Attention Gripping:

Robert Lang of UNLV captures the attention of attendees with an intriguing local economy update.



**Thought Comparison:** Dennis Meservy, Kirk Kaplan and Mike Bosma discuss the conference with a fellow attendee during a break.

## Thank You Sponsors!





# Metrics are Revolutionizing Corporate Financial Management

By John L. Daly, MBA, CPA, CMA, CPIM  
Executive Education, Inc.

Business schools have long compartmentalized various aspects of financial management into separate classes. Our professors likely discussed financial planning, internal control, internal reporting, and cost accounting as different topics. Today, advances using metrics are quickly binding these major financial management tasks into an integrated whole. If you want to keep your financial management skills up-to-date you need to have a strong understanding how metrics are causing this to happen.

A metric is a performance measurement. At one time, metrics discussions focused around financial ratios. A financial ratio is an old-fashioned type of metric, which compares one financial number to another, such as debt/equity or profit/sales.

At one time, limited computing capabilities restricted financial analysis to these primitive metrics derived entirely from the general ledger. However, today's financial management can provide considerably more value by combining both financial and non-financial information. While analysts usually use financial ratios for entire businesses, today companies commonly use metrics for individual responsibility centers as well. Today, organizations often develop metrics for every major activity.

Did a responsibility center do well or poorly last month? If a manager's budget was \$100,000 and she spent \$120,000, is this a good job or a bad job? To answer these questions, we need to know something about business volume. By calculating cost/unit, and benchmarking this metric against other organizations, financial management can quickly focus performance discussions.

For example, hospital departmental reports commonly show cost/laboratory test, cost/prescription filled, or cost/inpatient day. Benchmarked against other hospitals, the metric allows everyone to know which departments are doing well and which ones are doing poorly.

Once an organization begins using metrics, budget discussions change from what a department spent last year, to what it should spend to be efficient. The simple act of benchmarking metrics is a powerful tool, significantly reducing the politics in the budgeting process.

While you can calculate a cost/unit for any activity where you can measure output, profit center's metrics usually include revenue/unit and gross margin/unit in addition.

These simple practices are only the beginning. In addition to financial metrics, today's performance management employs a high proportion of non-financial metrics, looking at the organization from customer, operational and learning perspectives as well. First introduced almost 20 years ago, this Balanced Scorecard approach has led to the development of strategy maps tying financial and non-financial metrics into a neat, efficient package.

Experienced financial managers quickly recognize that metrics have broad financial management uses. For example, the same responsibility center metrics generated for financial planning and control also have powerful cost accounting uses. While a short article cannot make you an expert in these techniques, we hope that it has spurred you to ask, "Do I need to learn more about metrics soon?"

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*John L. Daly, MBA, CPA, CMA, CPIM is a Chelsea, Michigan based management consultant specializing in costing, pricing strategy and pricing model development. He has taught continuing professional education courses since 1995. Earlier in his career, John was Chief Financial Officer for a Tier 1 automotive parts supplier. He also has been CFO for a large restaurant chain and COO for a window treatments manufacturer and retailing chain. He is the author of Pricing for Profitability, published by Wiley & Sons, Inc. John is a frequent presenter for Executive Education, Inc.*

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## Taxes in 2011, 2012 and Beyond

By Jason Thomas

Never has it been harder to prognosticate what the future tax laws will be. The environment is very volatile and even seasoned experts do not have a clear understanding of what legislation this current political administration will pass. While initiating this article I am at the New York Institute on Federal Taxation and the first speaker, Harry L. Gutman - head of KPMG's Tax Legislative Services, has said he is clueless. I guess that sometimes life is stranger than fiction, which is not very comforting.

Tax planning generally is based upon the laws that are in effect at the time. However, the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act passed in December of 2010 significantly brings into question what the future tax rates will be after this law expires at the end of 2012. The law passed in an acrimonious environment and in the year since its passage, the House, Senate and President appear to have gotten less cooperative. It is a very real likelihood that the law could just expire and the rates will revert to the higher 2001 amounts. The future changes are so dramatic and significant, especially when including the Health Care Act, it is imperative to stay informed and comprehensively plan for the upcoming years.

An example of this uncertainty is the recent proposal of a comprehensive tax plan, which included a surtax on those earning over \$1 million per year. The bill was defeated and subsequently the surtax was proposed at the lower rate of .5% for teacher legislation, and then at .7% for infrastructure legislation – both subsequently defeated. That makes three bills that proposed this surtax and the general feeling is the proposals will not cease. This will affect pass through entities since the tax is on adjusted gross income in excess of \$1 million, increasing the tax burden on small businesses. Not to forget the Health Care Act that imposes additional Medicare tax starting January 1, 2013. Based on this uncertainty and the proximity of having higher taxes after a short 2012 year, it is important to plan long term in this type of environment. I suggest the following three concepts to apply:

- First: focus on what is known.

- Second: plan for higher individual tax rates.
- Third: apply the concept of comprehensive risk analysis to tax positions.

### Focus on What is Known

It is very unlikely that the 2010 Tax Relief Act will change prior to 2013. It maintained the Bush tax cuts and gave much enhanced gifting and estate tax provisions. The Republican controlled Congress is generally for it and the House of Representatives will not agree to a tax increase. The recently appointed and failed Super Committee charged with the goal to reduce the deficit by \$1.5 million, generally did not want to address tax issues until later in 2012. Reports have stated that the deficit reduction panel needs to address revenue raisers – but were not willing to discuss how or what to tax when they were meeting in 2011. This is another example of how unlikely it is that any decision to make on taxes will not occur until after the election in 2012.

**"It is very unlikely that the 2010 Tax Relief Act will change prior to 2013."**

The Bush tax cuts in place for 2012 suggest accelerated deductions in 2011 and accelerated income for 2012, especially investment income. The long term capital gain rate is 15% and will at least go up to 18.8% in 2013 for those subject to the new 3.8% Medicare tax on net investment income. This Medicare investment tax also applies to passive activity income and now may be a perfect opportunity to transfer some ownership of passive activities to children to avoid the tax.

Estate and gift tax exemption is probably \$5 million through 2012 - and there is no better time to gift assets. The President's September budget proposal returned the gift tax exemption to be \$1 million after 2012. In addition, the assets of many portfolios are depreciated. By gifting now – future appreciation can escape estate tax. This benefit could close and be gone forever after 2012 or maybe even sooner.

### Plan for Higher Individual Tax Rates

The extension of the Bush tax cuts added \$1 trillion

to the National Debt. Since the financial crisis began in 2008, the annual deficit has been and continues to be in excess of \$1 trillion per annum. The reality is the annual deficits of this magnitude are not sustainable without revenue raisers and the current focus in Washington is to raise taxes on individuals, not corporations.

The US Dollar has been weak, resulting in corporations exporting their products and services since the price is cheaper in foreign markets. The US Dollar Index Spot Rate is below 100 and may continue to go weaker as foreign governments utilize another denominated currency to exchange goods. Coupled with an increased interest rate on US debt demanded from foreign creditors, this could cause an inflationary cycle and put added pressure on corporation profits. Common agreements are that US major corporations need to be more competitive and their tax rate is too high. For the reasons stated above, I believe a cut will occur in the tax rate for corporations in order to make up for the profits lost from an inflationary cycle.

The surtax on millionaires is more of a political statement than a fiscal solution. The millionaires already pay \$200 billion in taxes and increasing their tax will not be a reduction significant enough in the annual trillion-dollar budget deficit. It is likely that taxes will have to increase across the board affecting all taxpayers in one form or another (i.e. health care act) to make the numbers work. This spells out one thing perfectly clear; individual taxes will have to increase.

### Apply the Concept of Comprehensive Risk Analysis to Tax Positions

Communication; never has it been more critical to talk to our clients to tell them what is going on. As I write this, we are going over the codification of the Economic Substance Doctrine. Some of the top experts in the country agree that they are unclear on how to comply with this statute, which passed as part of the Health Care Act. Unfortunately, if the statute is violated, a 40% penalty can be imposed that cannot be abated for reasonable cause.

The well-known investment advisor Howard Marks stated, "Risk is-first and foremost-the likelihood of losing money". When the regulations for the economic substance doctrine are finalized, they may be broadly interpreted. In other words, the statute may affect many transactions that have


been blessed as being okay in the past. The risk of losing money on a transaction needs to be communicated so the taxpayer is fully informed and can decide if it is worth the risk of being challenged. It may be cheaper to pay more tax up front than later be charged with a 40% penalty plus interest.

**"Estate and gift tax exemption is probably \$5 million through 2012 - and there is no better time to gift assets."**

After spending over 80 hours plus in conferences, it appears likely, to me, that the individual tax rates will rise after 2012. The Health Care Act is unpopular, yet at the same time raises revenue. The future is unpredictable and unknown. What is known is that 2012 can be an excellent time to pay taxes at a lower investment rate and gift assets to escape the estate tax (as soon as possible for gifts!), and may be the last opportunity to do so this economically.

*Jason A. Thomas has been a CPA & Tax Specialist for more than 20 years & is currently the tax partner of the Firm Fair, Anderson & Langerman (FAL) in Las Vegas, NV. As tax partner of the firm, he oversees the full range of tax services from return preparation & review to tax consulting & representation. Currently, he is also a co-host with Scott Taylor and Leonard Wright of the Las Vegas radio program; FINANCIAL FRIDAYS airing on KLVV 1230 AM Radio at 3:00 pm every Friday in Las Vegas, NV.*


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# Member News

## **RENO, NEVADA (November 6, 2011)**

**Danra Forshey** was featured in the Reno Gazette Journal's Northern Nevada Networking section under *People You Should Get to Know*.

Forshey is featured in a front page article discussing everything from her background to what she would do if she had to do something else.

## **RENO, NEVADA (November 14, 2011)**

**Lisa Bagley**, a certified public accountant with DiPietro & Thornton, CPAs in Reno, completed a course titled "Expert Witness Bootcamp" in San Francisco last month.

## **RENO, NEVADA (November 14, 2011)**

**Nicole Vanderslice**, a senior accountant for Albright, Pershing & Associates in Reno, has received Certified Fraud Examiner credentials by the Association of Certified Fraud Examiners.

## **RENO, NEVADA (December 19, 2011)**

**Muckel Anderson Moves.** Muckel Anderson CPAs has moved its office to 300 E. 2nd St. Suite 1320, in the Jones Vargas Center. The firm's phone number and email addresses remain unchanged.

## **LAS VEGAS, NEVADA (December 27, 2011)**

**Summit Consultancy Group, LLC** is pleased to announce Derek Giles, CPA has joined our firm as the new managing principal.

## **Welcome New Members!**

**Derek A. Giles**  
Las Vegas, NV

**Dustin L. Wheeler**  
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**Kenneth Fuller**  
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**Spencer Campbell**  
Reno, NV

# Chapter News



Welcome 2012! The holidays are over and I'm not sure about everyone else, but I am looking forward to a wonderful 2012. 2011 was fun, but there's so much more to be done.

I want to thank our December speaker, Jamie Kalicki for providing us an eye opening discussion regarding estate planning and how we as CPA's are an integral part of our clients process of setting up a proper estate plan with attorneys such as Mr. Kalicki.

And thank you everyone that attended our December luncheon. We tried something new with random seating. Some folks enjoyed it, some did not. At any rate, we thought it was a great opportunity to mix things up a bit and have everyone meet and learn more about their colleagues. Feel free to let us know your thoughts about our random seating idea.

Our next luncheon meeting will be on January 18th. Our speaker will be Christine Footit from the IRS speaking on phishing and identity theft. Christine is a past presenter at the Southwest

Tax Conference and always receives excellent reviews from the attendees. Providing the 2012 tax update will be Brian Fralick and Kieth Pierce from Grant Thornton.

I'd like to take this opportunity to say thank you to my fellow board members who continue to do so much to help me. Kelsey Hernandez , prior year president, Ludmila Smith, president elect, Anna Durst, vice president, Kelly Koliha, secretary, Dave Stark, treasurer and directors, Brian Wilson, Julianne Hug and Nicole Vanderslice. Their assistance and ideas have made our board a pleasure to work with.

I'd also like to thank Sharon Uithoven and all the staff at the Society for all their hard work making our Nevada Society such a successful organization. We are very fortunate to have these folks and the services they provide.

We look forward to seeing all of you all at the January luncheon.

- Darrin Maddox,  
Reno Chapter President.



# Background Clutter

Gregg Marshall, CPMR, CSP, CMC

With 18GB of RAM memory and a quad core CPU, I rarely need to worry about what programs are running in the background of my desktop computer. My thin and light laptop is a bit more limited (4 GB RAM, dual core CPU). But my netbook only has 1GB RAM and the modest Atom processor. Having a bunch of relatively useless stuff running in the background can make a real difference in how it performs (actually how all my computers perform).

I was trying out some new backup software and as a matter of course looked to see what was running on my computer at the time. I was a bit surprised to find there were 93 processes running at the time, taking up about 24% of the computer's memory. Actually there were over 120, but I had Google's Chrome browser open at the time and it runs each tab as a separate process so if one tab/website crashes it doesn't take all the other tabs with it (less of a problem as fewer websites use Flash).

A process is a computer program that is in memory either running or waiting to run. So when I have Outlook and Microsoft Word running, as I do now, there are two processes, one for Outlook and one for Word (actually Outlook occasionally has a second process). If you'd like to see the processes running on your Windows computer,

press Control-Alt-Delete (all at once) and select the task manager option. One of the tabs in that window will show you the processes that are running.

But those are applications I'm using at the time.

What about the 90 other processes? About 30 are related to the operating system, such as the process that does antivirus scanning, or a process to manage your wireless internet connection.

But there are a lot of processes for application programs I may only use occasionally. For example, there are at least 4 processes that identify themselves as being part of Adobe Acrobat. I know these processes are not vital to Acrobat displaying my PDF files, because I can kill the processes and Acrobat

works just fine. I know one of the processes, taking 4 MB of memory, is there just to check for updates to Acrobat, as if it is of some vital importance that I know within seconds of when the next version is available. Why not just check when the program starts and give me that small part of my memory and CPU back?

There is a disturbing trend of applications automatically installing a permanent process that is always running in the background. A lot of those

**"If your computer is running slow and you suspect it's because there are too many processes from programs being loaded during start-up, you can take control if you're a bit adventurous."**

processes, often shown in the system tray on the lower right corner of your screen, do nothing more than open the program and/or check for updates.

What's worse, they don't give you the option of whether to have them run when you are installing them. In fact they don't even tell you they are installing a background process, or what it does. And they frequently have names so obscure you need to Google the process filename to find out what they do.

If your computer is running slow and you suspect it's because there are too many processes from programs being loaded during start-up, you can take control if you're a bit adventurous. Windows includes a program called MSCONFIG, which you can run by clicking Start and Run (usually in the accessories folder). Once MSCONFIG is running, select the start up tab. There you will be given a list of programs that will be run during startup, you can uncheck the boxes of any you don't think you need. MSCONFIG will require a reboot of your computer when you are done, and the programs you deselected won't be loaded. If you make a mistake and something isn't working, you can always go back into MSCONFIG and re-select the program. And don't be surprised if, during some upgrade, the program puts yet another entry in the start up program list, Acrobat is famous for doing that.

It's unfortunate that so many programs feel the need to have some small part of themselves running all the time. Often whatever that part is doing isn't really needed and it's just clutter in your computer's memory.

Take some time and clean up the extra process clutter and your computer will run faster. And if you are ever "talking" to the software company (e.g. tech support), let them know you don't appreciate hidden background clutter. Maybe if we all start saying "we're mad as heck and we're not going to take it anymore" the software companies will stop cluttering our computer's memory.

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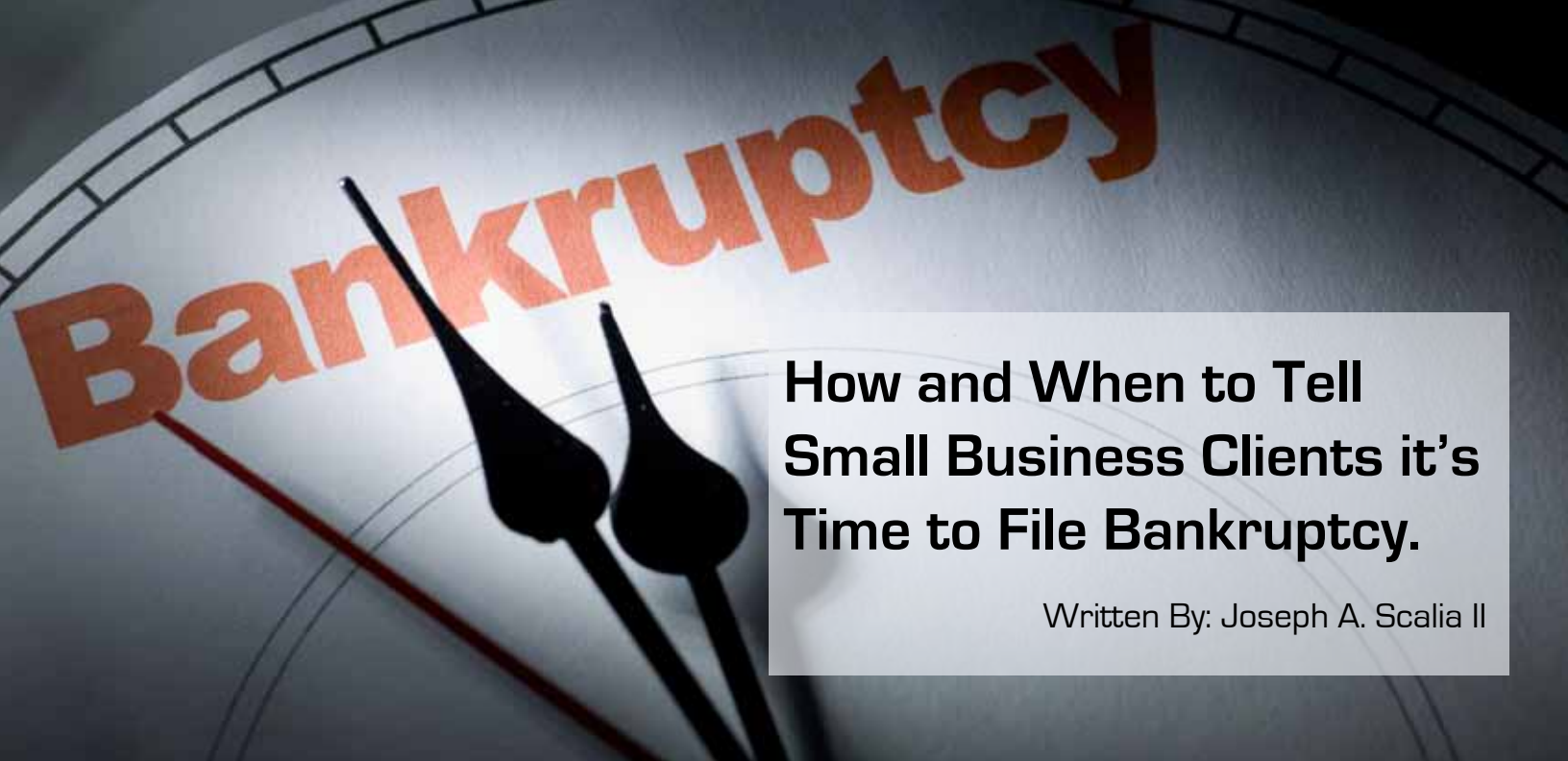
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## How and When to Tell Small Business Clients it's Time to File Bankruptcy.

Written By: Joseph A. Scalia II

No one likes to be the bearer of bad news. There is no easy way to tell a client it's time to pull the plug and place a business into a Chapter 11 (restructuring) or a Chapter 7 (liquidation.) However, as professionals, we must tell our clients the truth about their legal or financial situation. It is the small family run businesses, with whom you have developed long term social and business relationships, that make the task even more difficult.

### **Step 1. Do them a favor and tell them early.**

The best time to break the news is as soon as the possibility appears anywhere on the horizon. There are 3 good reasons for this:

- 1) It plants the seed in the client's head that this is a possible scenario, if X, Y or Z of the business plan does or doesn't occur;
- 2) It doesn't kill the client's hope of reviving the business and may inspire the client to finally follow the sage advice that he has been ignoring, such as slimming payroll, selling unused assets or halting a money losing project;
- 3) It allows some bankruptcy planning, such as redirecting resources to assets essential to the company's operations and away from items likely to be abandoned in a Chapter 11.

### **Step 2. Your client may already know.**

Unless they are completely oblivious, clients know in their gut when things are going sideways. They may already be looking for your nod of approval that it's "OK " to contemplate a restructuring and relieve them of responsibility for bringing up the subject.

Also, the firm's financial problems may have nothing to do with the business at all.

Sometimes clients face a whole myriad of other life challenges and may have already endured serious medical problems, death of a loved one, divorce, addiction, mental health issues or other serious issues which may be way more compelling than trying to manage a business. They may not have the energy or will to "grind it out" and might welcome an honest assessment of the firm's operations and an opportunity to restructure.

### **Step 3. Give them the good news.**

This may be heresy for a CPA to hear, but of all the problems a client can have, money problems are the easiest to fix.

A firm's (or an individual's) severe financial problems can be completely resolved by signing a few documents. None of life's other stresses can be so easily and permanently dissipated by

an attorney affixing his name (actually its now an electronic filing) and submitting it to the court.

A Chapter 11 restructuring stops foreclosures and repossessions, freezes law suits, stops garnishments and seizures, ends bad deals, rotten contracts and generally forgives all prior business sins. Wow!

To put it in perspective the same cannot be said about curing cancer, getting out of jail or stopping a drug addiction. Bankruptcy, especially a Chapter 11, is really hope for the future, not the end as some are lead to believe.

#### **Step 4. Get out your pencil.**

You are in a unique position to counsel a small business about a Chapter 11 and this is generally what to look for:

- 1) The business has little chance of paying its bills with the business' current structure;
- 2) The business can continue to operate once the old bills are eliminated; or
- 3) Creditors have sued or are threatening to sue the firm, remove equipment or take action, which will put it out of business.

Small businesses with less than \$2,343,000 in debt can file a small business Chapter 11, which is faster and easier than a regular Chapter 11.

#### **Step 5. Put together a plan.**

Every Chapter 11 filing must be filed with a disclosure statement which contains:

- 1) A complete list of Assets, Debts, Monthly Operating Reports,
- 2) A background statement describing the businesses history, and
- 3) A brief synopsis of events leading to the Chapter 11.

Based on this information, our firm works with the CPA to design a plan and distribution of repayment based upon the classification of various creditors.

#### **Step 6. You have saved a business and saved a client.**

By addressing the issues head on, you may have convinced your client to act in time to save the business.

Once you have saved your client's business, you have kept a client, who will be eternally grateful and those long term business and social relationships you have developed will be stronger than ever.

---

*Joseph A. Scalia II has been practicing law in Las Vegas since 1994. He holds a B.S. in Economics from the University of Maryland, College Park and a J.D. from the University of Maryland.*

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## Wonder if 'The Money Man' can talk his way out of this one ...

By John L. Smith

Vernon Newson called himself the “The Money Man,” but he specialized in suckering those seeking his tax advice into making some bad decisions.

This past week, a jury at U.S. District Court sent The Money Man to the federal can. Newson’s road to the penitentiary was blazed by a generation of 1040 return hustlers and self-styled IRS tax protesters who have been attracted to Southern Nevada like fleas to a German shepherd’s back. Their unabashed confidence is as jaw-dropping as their activities are shady, but year after year they continue to take advantage of the unsophisticated.

They boldly saunter forth, publishing books, creating websites and taking to the radio airwaves with commercials and appearances on talk shows. While the incarcerated Irwin Schiff is the unquestioned king of the anti-tax crowd, The Money Man Newson deserves props in the confidence department. He could teach graduate courses on the art of talking a good game.

Those checking him out online would gain few clues as to his true motives -- jacking up tax returns to generate the highest refund, and in doing so landing the highest fee for himself. Newson was listed as the owner of a check cashing service on the manta.com website. His Money Man business was listed as a tax preparation service on the wealthadvisor.com site.

By 2011, IRS Criminal Investigation agents listed him as a target for criminal prosecution and ran an undercover agent into his East Las Vegas office. A transcript indicates the agent had little difficulty getting The Money Man to talk.

After reading the record, I am left to wonder whether it might have been tougher to get Newson to shut up. It became clear to authorities that The Money Man possessed enough information on tax law to be dangerous. “I have never ran into anybody that will do what I do,” he told the undercover agent in one recording. “They don’t take the time, because they’re running 50 million people through here so (they) don’t have time to be personal with you. In my opinion, if I’m not personal with you, how can I do the best job for you?”

He even instructed the undercover agent on job opportunities in the field.

“So this is a different approach, but as far as learning the basics, H&R Block has a school they do in the summer,” he said. “ ... But then you need to become your own person after you do that.”

One capable of crafting tax refunds out of thin air.

Newson was slammed with a 25-count indictment in August, accusing him of filing false tax returns, obstructing tax laws and presenting a fraudulent claim.

At trial, the fast-talking Money

Man found himself in a truly uncomfortable predicament. As he sat next to his attorney, Assistant Federal Public Defender Richard Boulware, the undercover tape played the defendant’s voice as he rapped about his role in the tax-return racket. He assured the undercover agent that his experience made him a safer bet for clients.

“The way I describe it to people ... you have an attorney, and you have a public defender. Both of them function in the same capacity. ... But if your life was on the line, which one do you want? Both of them can function in the same capacity, but you’re going to get a certain level of quality. ... This person doing it for free. You don’t mean nothing, you’re a case number.”

Can you say, “awkward”?

Following the conviction, IRS Special Agent in Charge Paul Camacho said, “Mr. Newson was in the business of just making stuff up and putting it on tax returns for the sole purpose of creating larger deductions.”

His fees depended on it.

The loquacious Newson is scheduled for sentencing Feb. 29. Presumably, his federal public defender will be at his side.

We’ll see what The Money Man has to say for himself then.

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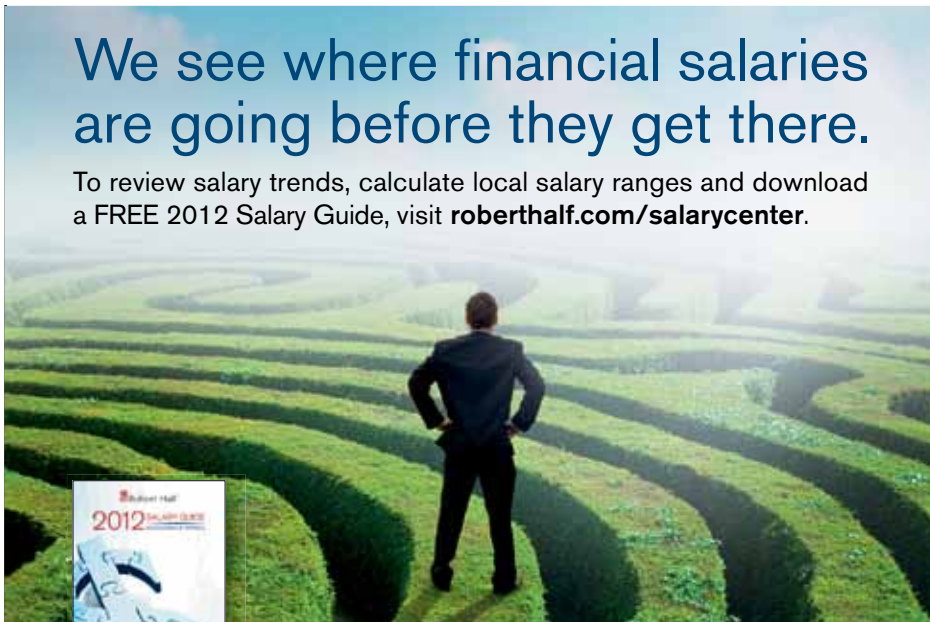
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