



Department of Justice

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Southern District of Illinois

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FEDERAL PRISONER PLEADS GUILTY TO TAX FRAUD

A federal prisoner incarcerated at FCI Greenville was convicted in U.S. District Court on June 21, 2011, for Conspiracy to Commit Mail Fraud and Money Laundering, the United States Attorney for the Southern District of Illinois, Stephen R. Wigginton, announced today.

Michael S. Chaney, 41, originally from St. Charles, Missouri, pled guilty to a one-count Information. Chaney was charged for participating in an income tax refund scheme where the participants supplied fictitious tax returns and bogus IRS Forms W-2 to numerous state taxing authorities to falsely claim that inmates - and inmates' friends and family members - had earned income in those states and overpaid their state income taxes, thereby entitling them to a tax refund. Chaney personally completed fraudulent tax returns to nine (9) different state taxing authorities which resulted in those states being defrauded out of \$152,893. An individual outside of the prison opened multiple bank accounts to receive the fraudulent refunds, which helped conceal the existence of the scheme as well as the identity of the coconspirators. Chaney used money obtained from the tax refund scheme to purchase marijuana that was smuggled into the prison during visitation and resold for a profit.

At his sentencing, which has not yet been set by the District Court, Chaney faces up to an additional 5 years' imprisonment, a fine of up to \$250,000, and 3 years' Supervised Release.

The case was investigated by agents of the Internal Revenue Service, U.S. Postal Inspection Service, U.S. Department of Justice Office of the Inspector General, Social Security Administration Office of the Inspector General, U.S. Department of Health and Human Services Office of the Inspector General, and the Federal Bureau of Investigation. The case is being prosecuted by Assistant United States Attorney Steven D. Weinhoeft.

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