

Banks

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tabular format - not buried in cumbersome multi-page brochures.

"Banks will continue to ignore the Truth In Savings Act and other consumer laws until the CFPB takes over in July," he said. "But the banks don't want consumers to have their own tough cop. That's why they've launched a relentless Congressional campaign to weaken the CFPB, deny it a strong director and delay its startup date, because the banks like it better when there are no cops on the beat."

Bartholomew said local community banks and credit unions are more likely than national banks to provide fee schedules.

"For example, while Umpqua Bank and Banner Bank branches provided fee schedules on request as required by law, we found that all three branches of Wells Fargo Bank we visited in Portland failed to provide the information consumers need to shop for a checking account," Bartholomew said.

Surveyors visited 372 bank branches in 20 states to compare fees and determine whether banks were complying with the 1991 Truth In Savings Act, which requires disclosure of all account-related fees to

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prospective customers.

In 2008, the U.S. General Accounting Office issued a report finding that researchers "could not obtain" complete fee schedules at 22 percent of branches.

Three years later that number is virtually the same, the OSPIRG report found.

Among the findings of Big Banks, Bigger Fees:

— Only 38 percent of the banks visited provided researchers with fee schedules as required by law on their first request. After two or more requests, eventually a total of 55 percent complied with the law.

— In a finding nearly identical to the GAO report, nearly one-quarter of branches (24 percent) never complied and refused to provide fee information, claimed that they didn't have it, or told researchers to "go online."

— Four out of six of the banks surveyed in Portland failed to comply with the law when asked for a bank fee schedule.

A shopping guide included in the report compares banking options, directs consumers to free and low-cost checking choices, and provides a list of fees that consumers should look out for when picking a bank.

The top recommendations for consumers are:

—Bank at a credit union, or choose a local

or regional bank, which tend to be more consumer-oriented and have better rates and lower fees than national banks.

—Compare fees and rates of different banks. If they do not provide a schedule of their fees upon request for you to use in your comparison shopping, move on to the next bank.

—Understand how to avoid fees. Depending on the account, you can avoid banking fees by using direct deposit of your paycheck, keeping a minimum balance in the account or banking online.

"Big banks are blaming regulation for doing what they always do, which is raise fees," said Sasha Rosen, OSPIRG's organizing director, who conducted many of the surveys.

"But free checking is still there for consumers who look for it and there are lots of ways to avoid high bank fees."

The full report containing 18 detailed tips for consumers is available at <http://www.ospirgstudents.org/report/big-banks-bigger-fees>

Scams

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Because scammers often use information from family or friends in filing false or fraudulent returns, beware of requests for such data. Don't fall prey to people who encourage you to claim deductions or credits you are not entitled to or willingly allow others to use your information to file false returns. If you are a party to such schemes, you could be liable for financial penalties or even face criminal prosecution.

Frivolous Arguments

Promoters of frivolous schemes encourage people to make unreasonable and outlandish claims to avoid paying the taxes they owe. The IRS has a list of frivolous legal positions that taxpayers should avoid. These arguments are false and have been thrown out of court. While taxpayers have the right to contest their tax liabilities in court, no one has the right to disobey the law or IRS guidance.

Nontaxable Social Security Benefits with Exaggerated Withholding Credit

The IRS has identified returns where taxpayers report nontaxable Social Security Benefits with excessive withholding. This tactic results in no income reported to the IRS on the tax return. Often both the withholding amount and the reported income are incorrect. Taxpayers should avoid making these mistakes. Filings of this type of return may result in a \$5,000 penalty.

Abuse of Charitable Organizations and Deductions

The IRS continues to observe the misuse of tax-exempt organizations. Abuse includes arrangements to improperly shield income or assets from taxation and attempts by donors to maintain control over donated assets or income from donated property. The IRS also continues to investigate various schemes involving the donation of non-cash assets including situations where several organizations claim the full value for both the receipt and distribution of the same non-cash contribution. Often these donations are highly overvalued or the organization receiving the donation promises that the donor can repurchase the items later at a price set by the donor.

Abusive Retirement Plans

The IRS continues to find abuses in retirement plan arrangements, including Roth Individual Retirement Arrangements (IRAs). The IRS is looking for transactions that taxpayers use to avoid the limits on contributions to IRAs, as well as transactions that are not properly reported as early distributions. Taxpayers should be wary of advisers who encourage them to shift appreciated assets at less than fair market value into IRAs or companies owned by their IRAs to circumvent annual contribution limits. Other variations have included the use of limited liability companies to engage in activity that is considered prohibited.

Disguised Corporate Ownership

Corporations and other entities are formed and operated in certain states for the purpose of disguising the ownership of the business or financial activity by means such as improperly using a third party to request an employer identification number.

Such entities can be used to facilitate underreporting of income, fictitious deductions, non-filing of tax returns, participating in listed transactions, money laundering, financial crimes and even terrorist financing. The IRS is working with state authorities to identify these entities and to bring the owners of these entities into compliance with the law.

Zero Wages

Filing a phony wage-or-income-related informational return to replace a legitimate information return has been used as an illegal method to lower the amount of taxes owed. Typically, a Form 4852 (Substitute Form W-2) or a "corrected" Form 1099 is used as a way to improperly reduce taxable income to zero. The taxpayer may also submit a statement rebutting wages and taxes reported by a payer to the IRS.

Sometimes, fraudsters even include an explanation on their Form 4852 that cites statutory language on the definition of wages or may include some reference to a paying company that refuses to issue a corrected Form W-2 for fear of IRS retaliation. Taxpayers should resist any temptation to participate in any of the variations of this scheme. Filings of this type of return may result in a \$5,000 penalty.

Fuel Tax Credit Scams

The IRS receives claims for the fuel tax credit that are excessive. Some taxpayers, such as farmers who use fuel for off-highway business purposes, may be eligible for the fuel tax credit. But other individuals are claiming the tax credit for nontaxable uses of fuel when their occupations or income levels make the claim unreasonable. Fraud involving the fuel tax credit is considered a frivolous tax claim and can result in a penalty of \$5,000.

How to Report Suspected Tax Fraud Activity

Suspected tax fraud can

be reported to the IRS using Form 3949-A, Information Referral. The completed form or a letter detailing the alleged fraudulent activity should be addressed to the Internal Revenue Service, Fresno, CA 93888. The mailing should include specific information about who is being reported, the activity being reported, how the activity became known, when the alleged violation took place, the amount of money involved and any other information that might be helpful in an investigation. The identity of the person filing the report can be kept confidential.

Whistleblowers also may provide allegations of fraud to the IRS and may be eligible for a reward by filing Form 211, and following the procedures outlined in Notice 2008-4, Claims Submitted to the IRS Whistleblower Office under Section 7623.

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