The Virgin Islands Consortium

Final Two of Ten VI Women in Massive Tax Fraud Scheme Sentenced

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ST. CROIX — United States Attorney Gretchen C.F. Shappert announced Wednesday that Lynell Hughes, age 35, St. Croix and Nicolette Alexander, age 30, of St. Thomas were sentenced recently in federal court by Judge Wilma A. Lewis for their part in a 10-defendant tax fraud scheme to defraud the United States Government.

On December 17, 2021, Hughes was sentenced to nine months incarceration followed by three years of supervised release for her part in a multi-defendant tax fraud scheme. Hughes also must pay restitution of $90,149.71 to the Internal Revenue Service (I.R.S.), which represents the amount of falsely claimed tax returns determined to be deposited into her bank accounts as a result of the scheme. She had pleaded guilty on August 18, 2018 to conspiracy to defraud the United States.

On December 21, 2021, Alexander was sentenced to a term of three years of probation and was ordered to pay restitution in the amount of $17,537 to the I.R.S. Alexander pleaded guilty on May 14, 2021 to conspiracy to defraud the United States. Per plea agreement, the remainder of the counts against the defendants were dismissed.

According to the plea agreements filed with the court, from January 2011 to July 2012, Lynell Hughes, Nicolette Alexander and others participated in a scheme to steal money from the United States treasury by fraudulently obtaining federal income tax refunds. The scheme involved the acquisition of personal identifying information of individuals (i.e. name, social security number, and date of birth) used to electronically file falsified tax returns with a designation of refunds to the acquired bank accounts or debit cards. Defendants and their co-conspirators withdrew the deposited refunds, spent them using a debit card or transferred them to other accounts, all for personal use.

Of ten defendants charged in the tax fraud scheme, Hughes and Alexander are the final two to be sentenced and are two of nine to plead guilty. The tenth defendant, Jacinta Gussie, was found guilty in June of 2021 after a six-day trial of conspiracy to defraud the United States, four counts of theft of government money, and two counts of aggravated identity theft. Jacinta Gussie was sentenced on November 12, 2021 to 3.75 years of prison and ordered to pay $44,561.11 in restitution.

The prosecution of this fraud scheme is the result of years of investigative work by the Internal Revenue Service-Criminal Investigations, which identified and dismantled a massive stolen identity refund fraud scheme perpetrated in the Virgin Islands and elsewhere.

The case was investigated by the Internal Revenue Service, Criminal Investigations, and is being prosecuted by Assistant U.S. Attorney Melissa Ortiz.

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