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## TAXES: Prepped for business: Tax helper to open franchise in Escondido, aims to attract Latinos

By PAT MAIO - pmaio@nctimes.com | Posted: Thursday, January 20, 2011 3:53 pm

ESCONDIDO ---- Clayton Cathcart has a soft spot for Escondido.

Cathcart, who lives 800 miles to the north in Medford, Ore., this month took a big step to expand his Listo Tax Solutions with his first tax preparation franchise ---- in Escondido.

Another is planned in Dallas, but the Escondido franchise is to serve as a kind of beachhead for a possible move of the headquarters of Listo Tax Solutions to North San Diego County from Oregon.

"I've lived here my entire life, and it's rainy," said Cathcart, whose sister-in-law, Paula Cathcart, bought the Escondido franchise. Startup costs range from \$45,200 to \$82,200.

Introducing Listo Tax Solutions to the region has been easier because Clayton's sister-in-law is married to his brother, and the couple lives in Temecula.

Other franchises in Vista, Oceanside and elsewhere in the region are under consideration.

Cathcart envisions opening roughly 100 franchises over the next three years, mostly in the Southwest. A handful of potential franchise owners are sitting on the sidelines waiting to see how these first businesses turn out, he said.

Cathcart, 36, believes the time is right to begin franchising his tax service, and just under the wire to launch for this tax season.

He's aiming to primarily serve the Latino population, which he says is often a victim of incorrectly prepared and fraudulent tax returns. Growth opportunities abound as Escondido has a Latino population six times the size of Medford's 4,000, according to Cathcart's reading of data from the U.S. Census.

At 19, Cathcart was picking pears in the Medford area with field workers who initially shunned him, thinking that "the gringo" couldn't keep up. "Gringo" is a slang, somewhat derisive description for a foreigner who isn't of Latino origin.

The next year, he proved them right about farm work. So he opened a tax service and began providing tax and accounting services to the workers who toiled at his side. While he has no college degree, Cathcart is a licensed tax consultant and an "enrolled agent" permitted to represent taxpayers before the Internal Revenue Service.

Cathcart also has since married his wife, Pia, who is from Peru, where he picked up the language and cultural idiosyncrasies.

Thousands of clients later, he's learned a thing or two about stereotypes and discrimination against Latinos who seek help preparing their taxes for the IRS.

"The main thing I always hear is, 'Do Hispanics even file taxes?' When someone tells me that, they are saying that they (all Hispanics) are here illegally, and why file taxes?" Cathcart said.

A common problem he sees are Latinos who hire relatives or friends to prepare their taxes and not claim the correct number of dependents, or file as individuals instead of married, in order to get bigger tax refunds.

"This happens a lot in the Hispanic community," he said.

He encourages clients to file their tax forms if they feel there is an IRS tax obligation, even though they may not reside in the U.S. legally, or obtained a fake Social Security number. He sees it as a honest admission in their pursuit of citizenship, or to gain residency status.

Raphael Tulino, an IRS spokesman in San Diego, declined to comment on illegal immigrants who are urged to file tax returns with the hope of gaining a legal residency status.

"We don't have a stance on residency," Tulino said. "You must file a tax return if there is a tax obligation."

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