



PRESS RELEASE

Internal Revenue Service - Criminal Investigation
Los Angeles Field Office
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Downey Resident Pleads Guilty to Filing a False Income Tax Return

LOS ANGELES – The owner and operator of EG Auto Electric (“EG”), an auto and truck repair business located in Bell Gardens; HP Used Auto Parts (“HP”), a business that sells used automobile parts located in Huntington Park; and a partner in Avalanche Truck & Van Used Parts (“Avalanche”), a business that sells used truck and van parts, pleaded guilty today to filing a false income tax return.

Efrain Espinoza Gonzalez, 65, of Downey, entered his guilty plea in federal court before United States District Judge Manuel L. Real. Gonzalez pled guilty to count two of a 16-count indictment which charges him with subscribing to a false individual income tax return for the 2007 tax year.

According to the plea agreement, during 2006, 2007 and 2008, Gonzalez owned and operated EG, HP and Avalanche, as well as several rental properties. Although Gonzalez maintained separate bank accounts for each of the businesses, as well as a separate account for his rental properties, he frequently deposited income that he received from his various businesses into his personal bank accounts.

The Internal Revenue Service began auditing Gonzalez’s 2006 federal income tax return in October 2008, and expanded the audit to include Gonzalez’s 2007 return in March 2009. During the audit, Gonzalez filed an amended return for 2007, as well as a return for 2008.

Gonzalez admitted in the plea agreement that he had intentionally understated his total income by \$250,969, \$250,061, and \$245,756 on the 2006, 2007 and 2008 returns,

respectively. He also admitted that he had intentionally understated his total income on the amended 2007 tax return by \$183,351.

Gonzalez's failure to report the additional taxable income for the years 2006, 2007, and 2008 resulted in a tax loss to the government of between \$226,614 and \$266,081-- the exact amount is under dispute.

Gonzalez further admitted in the plea agreement that all times during 2008, he had known that the banks where he maintained his business and personal accounts were required to submit reports to the United States Department of the Treasury whenever he deposited more than \$10,000 in currency into the accounts. Gonzalez admitted that he had structured cash deposits to his personal bank accounts to evade the federal currency reporting requirements, and that during a 10 month period beginning February 2008, he had structured \$152,850 in cash deposits.

Gonzalez is scheduled to be sentenced by Judge Real on July 7, 2014. The statutory maximum sentence he can receive is three years imprisonment and a fine of \$250,000. In addition, Gonzalez may be ordered to pay restitution of \$86,562, in addition to the \$140,052 that he paid towards his income tax liability during the audit.

The investigation and prosecution of Gonzalez was conducted by IRS Criminal Investigation's Los Angeles Field Office in conjunction with the United States Attorney's Office for the Central District of California.

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