



PRESS RELEASE

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IRS – Criminal Investigation

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California Mother and Son Convicted for Fraudulent Corporate Income Tax Returns

Cheated IRS Out of Approximately \$400,000

A San Francisco, California mother and son were convicted today following a six-day trial for conspiring to file fraudulent corporate income tax returns, announced Acting Deputy Assistant Attorney General Stuart M. Goldberg of the Justice Department's Tax Division and U.S. Attorney Brian J. Stretch for the Northern District of California.

According to the evidence presented at trial, Howard Hsu owned and operated Didsee Corporation (Didsee), a Nevada company that provided advertisement marketing services to online websites and marketplaces. Tracy Chang, Hsu's mother, was Didsee's bookkeeper and was listed as the President, Secretary, Treasurer and Director. Chang opened bank accounts for the business, transferred money between the various accounts, and paid Didsee's bills.

Hsu and Chang conspired together to file fraudulent 2008 through 2009 corporate income tax returns, and an amended 2007 corporate tax return, cheating the Internal Revenue Service (IRS) out of approximately \$400,000. provided false summaries to Didsee's return preparers, which claimed business expenses that were never incurred and included Hsu's personal expenses. Chang signed the fraudulent returns as Didsee's President.

"Owners can't use their businesses as piggybanks, paying personal expenses out of their corporate accounts and falsely claiming them as business expenses," said Acting Deputy Assistant Attorney General Goldberg. "All employers are legally required to file accurate and complete returns and pay their fair share – just like their employees."

"This case was not about a mistake or a misunderstanding, it was about greed," said Special Agent in Charge Michael T. Batdorf of IRS Criminal Investigation (CI). "Tracy Chang agreed to help her son, Howard Hsu and his business cheat the IRS. Hsu fabricated millions of dollars in expenses and Chang knew the expenses were false. She maintained the books and signed the tax returns while Hsu gave the CPA the "cooked books". In today's economic environment, it's more important than ever that the American people feel confident that everyone is playing by the rules and paying the taxes they owe."

A sentencing date has not been scheduled. Hsu and Chang face a statutory maximum sentence of five years in prison for the conspiracy count and three years in prison for the false return counts. Hsu and Chang also face a period of supervised release, restitution and monetary penalties.

Acting Deputy Assistant Attorney General Goldberg and U.S. Attorney Stretch thanked special agents of IRS-Criminal Investigation, who conducted the investigation, and Assistant U.S. Attorney Colin Sampson and Trial Attorney Matthew Kluge of the Tax Division, who are prosecuting the case.

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