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United States Attorney Lawrence G. Brown
Eastern District of California

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PLEASANT HILL MAN INDICTED FOR TAX EVASION AND FRAUD OFFENSES

SACRAMENTO, Calif. — United States Attorney Lawrence G. Brown announced today the unsealing of a three-count indictment returned by a grand jury on Thursday, October 22, 2009 charging OWEN CHARLES, 75, currently of Pleasant Hill, with tax evasion, fraud involving a social security number, and false statements. CHARLES was arrested by IRS agents today at his home in Pleasant Hill, and is scheduled to make his initial appearance before a U.S. Magistrate Judge this afternoon in Sacramento.

This case is the product of an extensive investigation by Internal Revenue Service, Criminal Investigations.

According to Assistant United States Attorney Matthew D. Segal, who is prosecuting the case, the indictment alleges that CHARLES willfully attempted to evade and defeat the collection of taxes due and owing for 2001-2003 by refinancing his home three times within 10 months and, further, recording a fraudulent deed of trust on the home in order to make it appear that it was encumbered beyond its value. The indictment also alleges that CHARLES took measures to disguise his control over bank accounts, used a false social security number, and lied about whether he had enough funds to pay his 2001 tax assessment.

A search warrant affidavit on file with the court indicates that the subject of CHARLES's various "cash out" refinancing transactions was his million-dollar residence in Benicia, California. The search warrant affidavit states that the IRS has calculated CHARLES's tax deficiencies, before penalties and interest, at \$246,588 for 2001, \$378,439 for 2002, and \$598,824 for 2003. At the time that CHARLES is alleged to have been carrying out the transactions listed in the indictment, CHARLES claimed to believe that his income was not subject to taxation because he was not then a federal employee. In April 2008, IRS agents executed a search warrant at CHARLES's residence and found currency, gold coins, a bank card in another person's name, and a book about hiding assets.

Tax evasion, fraud involving a social security number, and false statements each are punishable by a five-year term of imprisonment. However, the actual sentence will be dictated by the Federal Sentencing Guidelines, which take into account a number of factors, and will be imposed at the discretion of the court.

The charges are only allegations and the defendant is presumed innocent until and unless proven guilty beyond a reasonable doubt.

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