



# Department of Justice

Office of the United States Attorney  
Western District of Wisconsin

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## **MADISON BUSINESS OWNER SENTENCED TO 2 YEARS FOR FILING FALSE INCOME TAX RETURN**

Madison, Wis. - Stephen P. Sinnott, Acting United States Attorney for the Western District of Wisconsin, announced that Hyungirl Lee, 61, Madison, was sentenced today by Chief U.S. District Judge Barbara B. Crabb to 24 months in prison for filing a false 2005 income tax return. Mr. Lee pleaded guilty to this charge on August 21, 2009. Judge Crabb also imposed a fine of \$30,000 due and payable immediately.

On October 13, 2009, Lee's wife, Jongyeon Lee, was sentenced by Judge Crabb to twelve months in prison for providing an IRS auditor with a false document during an IRS audit of the Lee's 2003-2005 income tax returns. Mrs. Lee also received a fine of \$30,000.

According to the facts set forth by the government at the Lees' plea hearings, in April 2007, an IRS auditor met with Mrs. Lee to audit the Lees' 2004 tax return. Mrs. Lee provided the auditor with a 2004 purchases journal that supposedly documented the inventory expenses for the Lee's businesses, which included Riley's Wines of the World, Badger Liquor, Churchkey Bar and Grill, and Vineyard Liquor. When the IRS auditor attempted to reconcile the journal to the cancelled checks written by Mrs. Lee, the auditor found that the purchases journal contained fraudulently inflated amounts. Digits had been added to the entries in order to increase the purchases' amounts. This had the effect of understating the Lees' income by \$313,989 in 2004.

The IRS auditor also found that the gross receipts from the various liquor stores had been understated as well. For 2005, the IRS auditor found the Lees' business gross receipts had been underreported by \$334,453. During the three years from 2003 to 2005, the IRS auditor determined that the Lees had failed to report and pay \$199,867 in income taxes. The Lees signed and filed with the IRS tax returns for the tax years 2003 through 2005 which underreported their gross receipts, cost of goods sold and adjusted gross income.

Mr. Lee was previously convicted in 2002 of filing a false 1995 income tax return. The government charged Mr. Lee in that case with failing to report \$6.2 million in gross receipts and \$476,980 in income taxes. Judge Crabb sentenced Mr. Lee on May 9, 2002 to 18 months in jail, and imposed a \$71,000 fine.

At today's sentencing, Judge Crabb told Mr. Lee that she was appalled he was back in her courtroom. Judge Crabb pointed out to Mr. Lee that there are many business people in Madison who work hard and provide jobs and opportunities for others, but they also pay their fair share of taxes. Judge Crabb told Mr. Lee, "It is not fair to those other business people that you chose not to pay your taxes" and yet share in the "same privileges and benefits" provided by this country.

"Tax fraud is against the law, and we should not expect the honest taxpayer to foot the bill for those who hide income from the IRS," said the IRS Criminal Investigation Division, St. Paul Field Office Acting Special Agent in Charge Julio LaRosa. "We direct our investigative efforts at those taxpayers who file false income tax returns to avoid paying their taxes."

The charges against Mr. and Mrs. Lee were the result of an investigation conducted by the Internal Revenue Service - Criminal Investigation Division, Madison office. The prosecution of the case has been handled by Assistant U.S. Attorney Daniel J. Graber.

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