

# ***NEWS RELEASE***

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## ***OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA***

***San Diego, California***

***United States Attorney  
Laura E. Duffy***

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***For Immediate Release***

### **TAX RETURN PREPARER SENTENCED TO SERVE 11 YEARS IN CUSTODY**

#### **NEWS RELEASE SUMMARY** - April 8, 2011

United States Attorney Laura E. Duffy announced that licensed tax return preparer Saleh Mahmoud Zahran was sentenced today by United States District Judge Dana M. Sabraw to serve 11 years in prison, pay costs of prosecution in the amount of \$36,051.77, pay special assessments in the amount of \$3,200, and pay restitution in an amount to be determined by the Court in future proceedings.

According to court documents, Zahran was convicted on March 4, 2010 of 32 felony counts including eight counts of income tax evasion, conspiracy to defraud the United States with respect to claims, multiple counts of filing false claims, multiple counts of Social Security fraud, multiple counts of aggravated identity theft, Medi-Cal fraud, and witness tampering following in a two-week trial in United States District Court. During today's sentencing hearing, Judge Sabraw noted that Zahran was college-educated, was a return preparer licensed by the State of California, and his return preparation business gave him the opportunity to help the Arabic community with their federal tax matters. However, Zahran used his education and special skills to gain money illicitly for many years.

The evidence introduced at trial establishes that Zahran filed 40 fraudulent federal income tax returns with the Internal Revenue Service and received over \$81,000 in refunds. Zahran also evaded over \$245,000 in federal income tax for the years 1997 through 2004 by holding bank accounts and property under false names and fraudulently obtained Social Security numbers, by filing false income tax returns that grossly understated income, and by lying to the IRS Special agents regarding his income and assets. Zahran obtained Social Security numbers for false identities for himself, as well as his wife, mother, sister, and children, and used the names and Social Security numbers of several of his clients' minor children, and the business names and Employer Identification Numbers of his clients' businesses, without the knowledge or consent of his clients.

The evidence further showed that Zahran also filed a fraudulent application to obtain medical care under Medi-Cal for the year 2002 wherein he falsely stated that he earned less than \$1,000 per month, he had only two bank accounts with a cumulative balance of approximately \$2,000, and owned no real property. At trial, the United States established that Zahran had a lucrative tax and bookkeeping business, had 14 bank accounts with a cumulative balance of more than \$38,000 at that time, and was in the process of building a five-bedroom house in La Mesa on a lot that he purchased and put under one of the alias names of his wife. In addition to the \$38,455 in medical care benefits under Medi-Cal, ZAHARAN also fraudulently obtained \$53,595 in Cash Aid and Food Stamps, and \$40,711 in subsidized housing benefits.

United States Attorney Duffy complemented the work of the investigating agencies – the Internal Revenue Service-Criminal Investigation, the Social Security Administration, and the California Department of Health Services – in unraveling the complicated crimes committed by ZAHARAN.

United States Attorney Duffy stated, “the people of San Diego should have trust and confidence in their licensed return preparers, and that tax professionals who use their clients' identifications and abuse their specialized training and knowledge to defraud the United States will be exposed and prosecuted. Tax fraud, Social Security fraud, Medi-Cal fraud, and other forms of welfare fraud are unacceptable threats to the financial security of our citizens and our country.”

“As a tax return preparer, Mr. Zahran victimized not only his clients, but also exploited our nation’s tax laws for his own personal financial gain,” said Leslie P. DeMarco, Special Agent in Charge of the IRS-Criminal Investigation, Los Angeles Field Office. “His theft of clients’ identities, filing of false tax returns, and witness tampering are crimes that carry a significant punishment. Today’s sentencing emphasizes the IRS and U.S. Attorney’s office commitment to continue their aggressive pursuit of unscrupulous tax return preparers. As the April 18, tax return filing date approaches, return preparers who contemplate these types of crimes should think twice about the consequences.”

The Court scheduled a restitution hearing to determine the amounts to be paid by to the IRS and state welfare agencies on April 29, 2011 at 11:00 a.m.

**DEFENDANT**

**Case Numbers: 07cr0332-DMS and 09CR4126-DMS**

SALEH MAHMOUD ZAHARAN

also known as: Mahmoud Saleh Akel

**SUMMARY OF CHARGES**

|               |                                                                                                                                                        |
|---------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|
| Count 1:      | Conspiracy to Defraud the Government with Respect to Claims<br>Title 18, United States Code, Section 286                                               |
| Counts 2-7:   | False, Fictitious, or Fraudulent Claims<br>Title 18, United States Code, Section 287                                                                   |
| Counts 8-13:  | Use of a Social Security Number Obtained Based on False Information<br>Title 42, United States Code, Section 408(a)(7)(A)                              |
| Counts 14-17: | Fraudulent Use of the Social Security Number of Another Person<br>Title 42, United States Code, Section 408(a)(8)                                      |
| Counts 18-21: | Aggravated Identity Theft<br>Title 18, United States Code, Section 1028A                                                                               |
| Count 22:     | False Statements (Medi-Cal fraud)<br>Title 18, United States Code, Section 1001                                                                        |
| Counts 23-30: | Income Tax Evasion<br>Title 26, United States Code, Section 7201                                                                                       |
| Count 31:     | Witness Tampering With the Intent To Influence the Testimony of a Witness in an Official Proceeding – Title 18, United States Code, Section 1512(b)(1) |
| Count 32:     | Witness Tampering With the Intent To Cause the Witness to be Absent from an Official Proceeding – Title 18, United States Code, Section 1512(b)(2)(D)  |

**AGENCIES**

Internal Revenue Service, Criminal Investigation  
Social Security Administration  
California Department of Health Services