

NEWS RELEASE



OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA

San Diego, California

*United States Attorney
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ESCONDIDO BUSINESS OWNER SENTENCED FOR CONCEALING OVER \$600,000 IN INCOME

NEWS RELEASE SUMMARY - March 19, 2012

United States Attorney Laura E. Duffy announced that Thongsavanh Phensombath was sentenced today by United States District Court Judge M. James Lorenz to serve 12 months in a residential re-entry center and a total of three years of supervised release following his conviction for tax evasion arising from his concealment of income generated from his business, JMP Precision Sheet Metal Fabrication (JMP). He also must pay \$139,042 in restitution to the Internal Revenue Service, \$50,000 of which was ordered to be paid today.

According to his plea agreement and admissions in court, Phensombath owned and operated JMP in Escondido during the years 2006 through 2008. But when filing his federal income tax returns for those tax years, Phensombath failed to report \$608,559 of income generated by JMP, on which he owed an additional \$139,042 in federal income tax. For example, Phensombath stated on his Form 1040 for tax year 2006 that he had no taxable income for the calendar year and that his tax due and owing was \$1,123. In fact, as

Phensombath admitted, he actually had \$166,369 taxable income during 2006, and owed income tax of \$59,601.

According to court documents, in July 2009, Phensombath was audited by the Internal Revenue Service (“IRS”) for the tax years 2007 and 2008. During the course of the audit, Phensombath submitted false bank statements to the IRS in order to conceal his tax evasion. The IRS eventually obtained Phensombath’s true bank statements, and learned that the copies Phensombath provided had been fabricated. When questioned by the IRS auditor about the discrepancies in the bank statements, Phensombath lied and gave false explanations about the bank statements he provided, further attempting to evade the additional taxes he owed.

United States Attorney Duffy praised the efforts of the IRS-CI to combat tax fraud in San Diego and Imperial Counties, adding that “individuals and business of all sizes are expected to fully comply with their federal income tax obligations. The Department of Justice will vigorously enforce the criminal law and hold accountable individuals and businesses who commit fraud and attempt to evade their federal tax responsibilities.”

IRS-Criminal Investigation Acting Special Agent in Charge Jay N. Johnson of the Los Angeles Field Office stated, “In the midst of the current tax season, let today’s sentencing serve as a reminder to taxpayers that regardless of the source of income, all income is taxable and all U.S. citizens are obligated to comply with the tax laws. The prosecution of individuals who intentionally conceal income and evade taxes is a vital element of the IRS enforcement strategy.”

DEFENDANT

Case Number: 12CR0020-L

Thongsavanh Phensombath

SUMMARY OF CHARGES

Title 26, United States Code, Section 7201 - Tax Evasion

AGENCY

Internal Revenue Service - Criminal Investigation