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Eastern District of California

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CLOVIS BUSINESSMAN SENTENCED ON FEDERAL TAX FRAUD CHARGES

FRESNO, Calif.—Acting United States Attorney Lawrence G. Brown announced that Chief United States District Judge Anthony W. Ishii sentenced MICHAEL RAY GORDEN, 40, of Clovis, Calif., today to 15 months in prison, to be followed by one year of supervised release, for his conviction on one felony count of conspiring to defraud the United States and two felony counts of making and subscribing to false tax returns. He pleaded guilty on August 7, 2008.

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

According to Assistant United States Attorneys Kirk Sherriff and Sheila Oberto, who prosecuted the case, GORDEN, president and sole shareholder of Mike Gorden Software Solutions, Inc. (MGSS), a California corporation, caused MGSS to pay at least \$339,792 of his personal expenses between 2001 and 2005. He then falsely concealed the true nature of such expenses and deducted them as business expenses on MGSS's U.S. Corporation Income Tax Returns (Form 1120s) for tax years ending June 2002, June 2003, and June 2004. In addition, GORDEN failed to disclose at least \$266,454 in disguised personal income that was intentionally omitted from the income reported on his U.S. Individual Income Tax Returns (Form 1040s) for tax years 2001 through 2004, and thereby caused MGSS's corporate income tax for the corporate tax years ending June 2002, June 2003, and June 2004 to be under-reported by at least \$93,770. This also caused his individual income tax for tax years 2001 through 2004 to be under-reported by at least \$117,525.

Before the entry of his guilty plea, GORDEN repaid approximately \$500,000 to the IRS, consisting of restitution to the United States in the amount of \$211,295, plus additional taxes, penalties, and interest due and owing based on the IRS's civil audit of his tax returns for the 2001 through 2004 tax years.

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