



U.S. Department of Justice

Gregory J. Fouratt

United States Attorney

District of New Mexico

201 3rd Street NW

Albuquerque, New Mexico 87103

CONTACT: *Norman Cairns, Assistant U.S. Attorney, PAO*

505-224-1521

NEWS RELEASE

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**GRAND JURY INDICTS THREE INVOLVED IN ADULT ENTERTAINMENT
BUSINESS FOR TAX VIOLATIONS**

A federal grand jury in Albuquerque has returned a 10-count Indictment against Carolynne Tilga, 48, Michael Chandler, 49, and Helen Geer, 72, all of Santa Fe, New Mexico. The Indictment charges all three with Conspiracy, Tax Evasion, and Filing False Tax Returns.

According to the Indictment, as husband and wife, Tilga and Chandler engaged in various activities that were designed to conceal a significant amount of the revenues generated from their business activities, and that Geer, who was employed by Tilga as the in-house bookkeeper, assisted Tilga and Chandler in concealing revenue that approximated over \$5 million, generated from the business.

The Indictment alleges Commonwealth Trust Company (CTC) was an organization which promoted and sold various trust products for the purpose of defrauding the IRS. It is alleged that during the years 1998 through 2004, Tilga and Chandler bought several trust products from CTC that were used for the purpose of defrauding the IRS. These various CTC products, domestic and foreign, assisted in diverting their business revenues to one or more foreign trusts and other foreign entities, without reporting the income to the IRS. The three then allegedly brought this unreported income back to the United States through a series of wire transfers from offshore.

It is alleged that Tilga and Chandler placed assets, including properties in Colorado, Taos, and Santa Fe, New Mexico, in nominee names, mostly provided by CTC, and that Tilga and Chandler, with the direction of CTC, caused false liens to be filed against their properties, in amounts exceeding fair market value, in order to hinder tax collection efforts by the IRS and other taxing authorities. According to the Indictment, to further the conspiracy, Tilga and Chandler used other individuals to sign documents on their behalf, to conceal from the IRS the true ownership of the assets. It is also alleged that Geer set up business mail boxes and bank accounts in nominee names on behalf of the true owners, Tilga and Chandler, in order to conceal the true ownership of the businesses.

Convictions for conspiracy carry a maximum of five year sentences, while the other charges carry maximum five year sentences per count. In addition, all the counts carry the possibility of a \$100,000 fine. In determining an actual sentence in the event of a conviction, U.S. District Court of New Mexico will consult the U.S. Sentencing Guidelines, which provide appropriate sentencing ranges. The judge, however, is not bound by those guidelines in determining a sentence.

An indictment is simply the method by which a person is charged with criminal activity and raises no inference of guilt. An individual is presumed to be innocent until competent evidence is presented to a jury that establishes guilt beyond a reasonable doubt.

The investigation preceding the indictment was conducted by the Internal Revenue Service Criminal Investigation Division. The prosecution is being handled by Gregory J. Fouratt, U.S. Attorney for the District of New Mexico, with assistance from the U.S. Department of Justice, Tax Division.