



# Department of Justice

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Northern District of California**

FOR IMMEDIATE RELEASE

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## **FORMER SAN JOSE RETURN PREPARER SENTENCED TO TWENTY-SEVEN MONTHS IN PRISON FOR TAX FRAUD**

*Ordered To Pay Restitution Of More Than \$1.7 Million*

SAN JOSE, Calif. – Samuel S. Fung, of Medford, Ore., was sentenced to twenty-seven months in federal prison yesterday for conspiring to defraud the United States, United States Attorney Melinda Haag, Assistant Attorney General of the Justice Department's Tax Division Kathryn Keneally, and Special Agent in Charge, IRS Criminal Investigation, Marcus Williams announced. As part of the sentence, the Court ordered Fung to pay more than \$1.7 million in restitution to individual victims and to the IRS. Fung pleaded guilty on Sept. 14, 2011.

The Court found that Fung provided services for clients of National Trust Services, including preparing tax returns, under his business names Cortland Tax Management and Professional Business Consultants, LLC. Fung's codefendant, Eric Aaron Lighter, controlled the corporations Credit Bureau International, Inc., Honolulu Inn, Inc. and Honolulu Rail and Development, Ltd. National Trust Services, which had addresses in California, Oregon and Utah. According to the plea agreement, from August 1997 through March 2006, Fung and others agreed to defraud the United States by impeding or obstructing the lawful government functions of the Internal Revenue Service in the assessment and collection of federal income taxes. Fung and others established fictitious business names through which they received income and held assets in order to conceal their assets and income from the IRS. Fung admitted to preparing at

least 65 false fraudulent income tax returns for taxpayers and entities for the tax years 1998 through 2002. Fung referred clients to Lighter and he and Lighter purported to fight the IRS on behalf of clients.

According to allegations in the indictment and evidence presented at trial, Lighter offered to conduct financial transactions to hide assets from the IRS for his clients. Lighter also prepared false documents and fraudulently encumbered client assets.

Fung, 56, of Medford, Ore., and Lighter, 59, of Volcano, Hawaii, were charged in a 39-count superseding indictment on March, 11, 2009. The charges included conspiracy to defraud the U.S., aiding and assisting in the preparation of false tax returns, wire fraud, conspiracy to commit wire fraud, black mail, witness tampering and conspiracy to commit black mail and witness tampering.

Fung remains out of custody on bail. He is scheduled to self-report and begin serving his sentence on Aug. 23, 2012. Lighter remains in federal custody. He is scheduled to be sentenced on Sept. 10, 2012.

Charles O'Reilly and Katherine Wong, Trial Attorneys with the United States Department of Justice, prosecuted the case with the assistance of Kathy Tat and Sandra Burgess. The prosecution is the result of a lengthy investigation by the Internal Revenue Service, Criminal Investigation.

**Further Information:**

Case #: CR 05-00215 EJD

A copy of this press release may be found on the U.S. Attorney's Office's website at [www.usdoj.gov/usao/can](http://www.usdoj.gov/usao/can).

Electronic court filings and further procedural and docket information are available at <https://ecf.cand.uscourts.gov/cgi-bin/login.pl>.

Judges' calendars with schedules for upcoming court hearings can be viewed on the court's website at [www.cand.uscourts.gov](http://www.cand.uscourts.gov).

All press inquiries to the U.S. Attorney's Office should be directed to Jack Gillund at (415) 436-6599 or by e-mail at [Jack.Gillund@usdoj.gov](mailto:Jack.Gillund@usdoj.gov).

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