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SAN LEANDRO TAX RETURN PREPARER PLEADS GUILTY TO FILING HER OWN FALSE TAX RETURN

The Defendant Failed To Report More Than \$93,000 Of Income

SAN FRANCISCO – United States Attorney Joseph P. Russoniello and Special Agent in Charge, IRS Criminal Investigation, Scott O'Briant announced that Aurora Cahayag Cabalar pleaded guilty yesterday to three counts of filing a false tax return.

Ms. Cabalar, 52, of San Leandro, California, was charged on February 27, 2008 with three counts of filing a false tax return in violation of Title 26 U.S.C. Section 7206(1).

In pleading guilty, Ms. Cabalar admitted that she owned and operated a tax return preparation business known as Cabalar Tax Service since 1994. It was most recently located on Marina Boulevard in San Leandro, CA. Ms. Cabalar averaged approximately 600 clients annually since 2001. For the tax years 2001, 2002 and 2003, Ms. Cabalar willfully underreported her gross receipts of \$30,446.81, \$31,830.13 and \$31,172.53, respectively from her tax preparation business. Since she did not record all fees received from her clients, she estimated her annual gross receipts, which were significantly understated. Ms. Cabalar did not establish a bank account to be exclusively used for business purposes, however, she had six personal bank accounts where she deposited client receipts. Sometimes when she received a check from a client, she cashed the check rather than depositing it into her bank account. She admitted that the deposits in her bank accounts amounted to significantly more than the gross receipts reported on her tax returns.

The sentencing of Ms. Cabalar is scheduled for June 23, 2008, before United States District Judge Marilyn Hall Patel in San Francisco. The maximum statutory penalty for each count of filing a false tax return in violation of Title 26 U.S.C. § 7206(1) is three years in prison and a fine of \$250,000, plus restitution, if applicable. However, any sentence following conviction would be imposed by the court after consideration of the U.S. Sentencing Guidelines and the federal statute governing the imposition of a sentence, 18 U.S.C. § 3553.

Thomas Moore and Thomas M. Newman are the Assistant U.S. Attorneys who are prosecuting the case with the assistance of Kathy Tat. The prosecution is the result of an investigation by lead Internal Revenue Service Criminal Investigation Special Agent Elaine Asuncion.

Further Information:

Case: CR 08-0112-MHP

A copy of this press release may be found on the U.S. Attorney's Office's website at 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.

All press inquiries to the U.S. Attorney's Office should be directed to Joshua Eaton at (415) 436-6958 or by email at Josh.Eaton@usdoj.gov.

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