



# Department of Justice

**Timothy M. Morrison, Acting United States Attorney  
Southern District of Indiana**

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FOR IMMEDIATE RELEASE

Tuesday, November 20, 2007

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## **FORMER INDIANAPOLIS MAN SENTENCED FOR FILING FALSE INCOME TAX RETURNS**

### PRESS RELEASE

Timothy M. Morrison, Acting United States Attorney for the Southern District of Indiana, announced that JAVIER VARELA-SANCHEZ, 38, a former Indianapolis resident, was sentenced to 12 months and one day imprisonment today by U.S. District Judge David F. Hamilton, following VARELA's guilty pleas to filing false individual and corporate income tax returns. This case was the result of an investigation by the Internal Revenue Service.

VARELA, a Mexican citizen and legal resident of the United States, operated a drywall finishing business called Red Monster, Inc. in Indianapolis between 1996 and 1998. VARELA was 50% owner of the corporation, and was responsible for the financial aspects of the business, including preparing books and records and tax returns and providing information to the tax return preparer for preparation of corporate returns.

VARELA received the gross receipts for Red Monster, Inc. in the form of checks made out to the business or to him. Instead of depositing all of the gross receipts to the corporate bank accounts, VARELA diverted a portion of the checks by cashing them at the banks on which they were drawn or at check cashing stores. During the years 1996-1998, VARELA diverted almost \$600,000 in corporate gross receipts. This money was not reported on the corporation's income tax returns, and subsequently VARELA's 50% of the income was not reported on his personal income tax returns. VARELA also failed to report and pay over \$90,000 in individual income taxes.

According to Assistant U.S. Attorney Susan Heckard Dowd, who prosecuted the case for the government, Judge Hamilton also imposed one year supervised release following VARELA's release from imprisonment. VARELA was also ordered to make restitution in the amount of \$94,447 to the Internal Revenue Service. Finally, Judge Hamilton ordered VARELA to report to

immigration authorities for deportation proceedings, following VARELA's release from imprisonment.

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