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**FARM LABOR CONTRACTOR PLEADS GUILTY  
TO FRAUD AND FILING FALSE TAX RETURN**

SACRAMENTO--United States Attorney McGregor W. Scott announced today that MOHAMMAD RAMZAN "JOHNNY" GORSI, 31, of Live Oak, California, pled guilty to a Superseding Information charging him with three counts of mail fraud in connection with a scheme to defraud workers' compensation insurance carriers, the California Franchise Tax Board, and the California Employment Development Department by submitting false documents to these agencies to avoid the payment of insurance premiums and taxes. GORSI also pled guilty to one count of filing a false federal tax return.

This case is the product of a joint investigation by the California Employment Development Department - Investigation Division, the California Franchise Tax Board - Investigations Bureau, the California Department of Insurance - Fraud Division, and the Sutter County District Attorney's Office's Family Support Division.

According to Norman Y. Wong, who is prosecuting the case, GORSI was a licensed farm labor contractor who hired workers and contracted their services to farms throughout the Sacramento Valley. GORSI was responsible for obtaining workers' compensation insurance for his workers and for paying all applicable income, payroll, and employment taxes associated with this business.

In court documents and proceedings, GORSI admitted that from 1996 through 2000, he submitted false reports to his workers' compensation insurance carriers and to the Employment Development Department, understating the amount of wages he paid to his workers. As a result, GORSI paid \$180,464 less in insurance premiums and \$131,592 less in employment taxes than he should have paid. In addition, GORSI admitted that he filed false tax returns with the Internal Revenue Service and California Franchise Tax Board, understating the income he received from the farms. This resulted in an underpayment of federal and state income taxes by \$572,567.

The sentencing date is set for October 19, 2004 at 9:30 a.m. before Senior United States District Court Judge Lawrence K. Karlton. The maximum penalty GORSI faces for each count of mail fraud is five years of imprisonment, a \$250,000 fine, and a special assessment of \$100. The maximum penalty for filing a false tax return is three years of imprisonment, a \$100,000 fine, and a special assessment of \$100.

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