



The United States Attorney's Office

Central District of California



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VENICE CIVIL RIGHTS ATTORNEY STEPHEN YAGMAN FOUND GUILTY OF TAX AND BANKRUPTCY FRAUD CHARGES

Venice civil rights attorney Stephen G. Yagman was convicted today of attempting to evade the payment of more than \$100,000 in federal income taxes by concealing his assets and committing bankruptcy fraud.

A federal jury in Los Angeles convicted Yagman of 19 felony counts – one count of attempting to evade the payment of taxes, one count of bankruptcy fraud and 17 counts of money laundering (engaging in monetary transactions in criminally-derived property).

The evidence presented during the four-week trial showed that Yagman filed federal income tax returns for the tax years 1994 through 1997, but paid only a small portion of the taxes that, according to his own returns, were owed to the Internal Revenue Service. As a result of the underpayment, Yagman accumulated federal income tax liabilities for those four years that, with interest and penalties, totaled more than \$158,000. During the four years, Yagman also failed to pay significant amounts of federal payroll taxes owed by his law firm, which was then called Yagman & Yagman, P.C.

Instead of paying these overdue federal taxes, Yagman engaged in a scheme to conceal his assets and to impede the collection efforts of the IRS. As part of the scheme, Yagman deposited hundreds of thousands of dollars into various bank and brokerage accounts in his girlfriend's name to disguise his personal assets. Yagman used the accounts to pay for personal purchases and to conduct the majority of his personal financial transactions.

In 1999, Yagman attempted to subvert the IRS's collection efforts by filing for both personal and corporate bankruptcy. Yagman made numerous misrepresentations and omissions in his bankruptcy petitions and in court proceedings relating to those petitions. In his personal bankruptcy petition, for example, Yagman failed to disclose to the Bankruptcy Court that he lived in a 2,800-square-foot house near the beach in Venice, for which he made mortgage and property tax payments, as well as claiming the homeowner's mortgage-interest deduction on his tax returns. Yagman also failed to disclose in his bankruptcy proceedings various personal bank and brokerage accounts that he controlled, but were in his girlfriend's name, as well as hundreds of thousands of dollars in legal settlements, client payments and attorney's fees that he received in 1999 and 2000.

"The public expects attorneys to be honest, to be trustworthy and to show respect for the law," said IRS-Criminal Investigation Special-Agent-in-Charge Debra King. "The jury's verdict today