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SUNNYVALE RESIDENT PLEADS GUILTY TO TAX EVASION

Auto Repair Business Owner Failed To Report More Than \$450,000 In Taxable Income

SAN JOSE, CA - United States Attorney Joseph P. Russoniello and Special Agent in Charge, IRS Criminal Investigation, Scott O'Briant announced that Dominic Chang, owner of Dominic's Auto Service pleaded guilty on Wednesday to three counts of tax evasion.

In pleading guilty, Mr. Chang, 61, formerly of Shanghai and now residing in Sunnyvale, California admitted that he owned and operated Dominic's Auto Service, in Milpitas, California during 1999, 2000 and 2001. Mr. Chang filed individual income tax returns reporting taxable income of zero for the calendar years 1999, 2000 and 2001 but knew that his taxable income for the said calendar years was \$48,561, \$185,607 and \$218,536, respectively. For the 1999, 2000, and 2001 tax years Mr. Chang failed to pay federal income taxes in the amount of \$20,942, \$64,632, and \$77,924, respectively.

To carry out his scheme to evade taxes, Mr. Chang maintained two separate bank accounts, one with Cal Fed Bank and the other with Wells Fargo Bank, but only the receipts deposited into the Cal Fed Bank account were reported to the IRS. To further conceal his income from the IRS, Mr. Chang did not issue invoices to all of his customers. When an invoice was not issued, Mr. Chang deposited the customer payment into the Wells Fargo Bank account. Customer payments for invoiced services were deposited into the Cal Fed Bank account. Mr. Chang also had two credit card machines. The Cal Fed Bank credit card machine was used for payments when an invoice was issued and the Wells Fargo Bank credit card machine was used for payments without an invoice. Again, only the Cal Fed Bank credit card receipts were reported to the IRS. Mr. Chang only provided his return preparer with tax records pertaining to the Cal Fed Bank account.

During a civil audit of his tax returns by the IRS, the Mr. Chang disclosed the existence of his Cal Fed Bank account. Upon discovery by the IRS auditor of the Wells Fargo Bank account, Mr. Chang stated that the funds in that account belonged to his sister. He later admitted to IRS agents that he lied to the IRS auditor about the accounts.

Mr. Chang was indicted on August 23, 2007 on three counts of tax evasion.

Mr. Chang is scheduled to be sentenced on May 14, 2008, before U.S. District Court Judge Jeremy Fogel. The maximum statutory penalty for each count of tax evasion in violation of 26 U.S.C. § 7201 is five years imprisonment and a fine of \$250,000. 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 is the Assistant U.S. Attorney who is prosecuting the case with the assistance of Kathy Tat.

The prosecution is the result of an investigation lead by Internal Revenue Service - Criminal Investigation Special Agent Matthew J. Bailie.

Further Information:

Case #: CR-07-0554-JF

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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