



## McGREGOR W. SCOTT

*United States Attorney  
Eastern District of California*

## NEWS RELEASE

**Sacramento**  
501 I Street, Suite 10-100  
Sacramento, CA 95814  
Tel 916/554-2700  
TTY 916/554-2877

**Fresno**  
2500 Tulare Street, Suite 4401  
Fresno, CA 93721  
Tel 559/497-4000  
TTY 559/497-4500

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Contact: Lauren Horwood  
916/554-2706

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### **FIVE MEMBERS OF PROMINENT AGRIBUSINESS FAMILY TO PLEAD GUILTY TO FELONY TAX OFFENSES**

*Plea Agreements Contemplate Prison Time, Fines, and Restitution*

SACRAMENTO—United States Attorney McGregor W. Scott announced today that five members of the SAMBADO family of San Joaquin County, which owns and operates one of the largest fruit packing and exporting facilities in California, will plead guilty to federal felony offenses relating to the skimming of income from their businesses. The five defendants will be arraigned on the charges by United States Magistrate Judge Dale A. Drozd in Sacramento at 2:00 p.m. The signed plea agreements were filed this morning. At the arraignment today, a date will be scheduled for the formal entry of guilty pleas before United States District Court Judge Garland E. Burrell, Jr.

The defendants, LAWRENCE J. SAMBADO, 70; his wife BEVERLY A. SAMBADO, 71, of Linden, California; their son RICHARD J. SAMBADO, 43, of Stockton; and their other son TIMOTHY M. SAMBADO, 45, and his wife MARIE JOSEE DUSABLAN-SAMBADO, 42, both of Stockton, are charged in five separately filed informations. LAWRENCE, RICHARD and TIMOTHY SAMBADO are each charged with filing a false federal income tax return for the year 2002. BEVERLY SAMBADO is charged with two counts of structuring money transactions, that is, purchasing multiple cashiers checks with cash at banks in amounts intended

to conceal from regulators the use of unreported cash income. MARIE JOSEE DUSABLAN-SAMBADO is charged with aiding and abetting structured money transactions.

This case is the product of an extensive investigation by Special Agents of Internal Revenue Service–Criminal Investigation.

LAWRENCE J. SAMBADO owns A. Sambado & Son, a grower and seller of fruits and nuts in the San Joaquin Valley. TIMOTHY and RICHARD SAMBADO are the owners and operators of Prima Frutta Packing, a fruit packing company located in Linden which, according to the San Joaquin Chamber of Commerce, packages and ships about 30% of California's apple crop each year. The Prima Frutta Packing company also packs and ships a large portion of the state's cherry crop, and also packs and ships walnuts and other products. LAWRENCE, BEVERLY, RICHARD, and TIMOTHY SAMBADO also own 50% of Primavera Marketing, which markets and sells apples, cherries, walnuts, asparagus, and other California agricultural products to markets around the world.

According to Assistant U.S. Attorneys Benjamin B. Wagner and Matthew D. Segal, who are prosecuting the cases, in the plea agreements filed today, defendants LAWRENCE SAMBADO, RICHARD SAMBADO and TIMOTHY SAMBADO admitted that each of them engaged in an ongoing scheme to file income tax returns from 1999 through 2002 that failed to report personal income obtained from their businesses. The unreported income was obtained in two ways: (a) funds the defendants obtained from their businesses through the use of checks drawn on corporate bank accounts that were used to pay for personal expenditures such as remodeling their personal residences, and (b) cash income to their business operations that was not reported on the books and records of those businesses, and was instead diverted to the defendants. BEVERLY SAMBADO, in her plea agreement, admitted that on multiple occasions

between 1999 and 2004 she engaged in bank transactions in which she used large amounts of unreported cash income to make multiple purchases of cashiers checks in amounts under \$3,000 at banks in the Stockton area, intending to avoid the banks' cash transaction record keeping requirements in order to conceal the use of the unreported cash. MARIE JOSEE DUSABLAN-SAMBADO, in her plea agreement, admitted that in 2004 she aided and abetted other members of the Sambado family in breaking a cash transaction involving unreported cash income into two purchases of cashiers checks, in amounts of \$2,800 and \$2,930, in order to avoid the banks' record keeping requirements and conceal the use of the cash for a family vacation in Hawaii.

The plea agreements contemplate that defendants LAWRENCE SAMBADO, BEVERLY SAMBADO, TIMOTHY SAMBADO, and RICHARD SAMBADO will each be sentenced to federal prison. The government will also seek a prison term for defendant MARIE JOSEE DUSABLAN-SAMBADO. In the plea agreements filed today, the five defendants agreed to pay restitution to the IRS totaling \$192,000, representing the principal amount of taxes owed for the years 1999–2002, and criminal fines totaling \$120,000, for a total of \$312,000 in restitution and fines. In addition, each of the defendants has agreed to file amended tax returns, and may be civilly liable for additional taxes, interest, and penalties. The ultimate sentence imposed in each case will be determined by Judge Burrell.

U.S. Attorney Scott said: “As Americans prepare their tax returns at this time of year, this case is a timely reminder that those who conceal income in order to short change their country face serious consequences—not only substantial penalties and interest, but criminal prosecution. All honest taxpayers should be encouraged by the fact that the Department of Justice is vigorously pursuing the few who cheat.”

“When individuals deliberately hide their income and fail to report their earnings to the IRS, they risk prosecution,” said Scott O’Briant, Special Agent in Charge with IRS Criminal

Investigation. “Those who attempt to evade their tax liabilities are really cheating all the honest American taxpayers. IRS-CI will aggressively investigate and recommend for prosecution those who do not fully pay their federal taxes.”

The false tax return charges against LAWRENCE, RICHARD and TIMOTHY SAMBADO each carries a maximum penalty of three years in prison, and the structuring money transactions charges against BEVERLY SAMBADO and MARIE JOSEE DUSABLAN-SAMBADO each carries a maximum sentence of five years in prison. The maximum penalty for each offense also includes a one-year term of supervised release and a fine of \$250,000. The actual sentence, however, will be determined at the discretion of the court after consideration of the Federal Sentencing Guidelines, which take into account a number of variables and any applicable statutory sentencing factors.

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