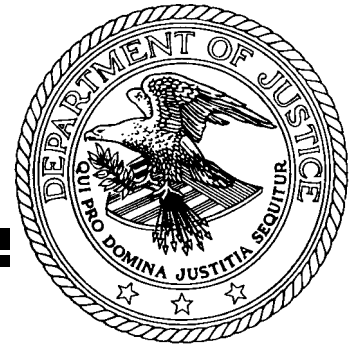


NEWS RELEASE



***OFFICE OF THE UNITED STATES ATTORNEY
SOUTHERN DISTRICT OF CALIFORNIA
San Diego, California***

***United States Attorney
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For Immediate Release

NEWS RELEASE SUMMARY - May 13, 2004

Carol C. Lam, United States Attorney for the Southern District of California, Eileen J. O'Connor, Assistant Attorney General for the Tax Division, Department of Justice, and Denise L. Rubin, Special Agent-in-Charge, Internal Revenue Service, Criminal Investigation Division, today announced that a federal grand jury in San Diego handed up an indictment charging San Diego attorney Richard D. Corona and his wife Tracy D. Corona with federal criminal tax offenses. The five-count indictment contains charges of conspiracy to defraud the United States, income tax evasion, and failure to pay income tax.

According to Count One of the indictment, Richard and Tracy Corona conspired to defraud the United States from May 1997 through October 2001 by claiming they were not U.S. citizens, and thus challenging the authority and jurisdiction of the IRS to collect income tax from them. In one letter sent to the IRS, and quoted in the indictment, Richard Corona challenged the authority and jurisdiction of the IRS and stated that he was a "natural born free American National Sovereign Citizen of the California Republic, non-resident alien of the federal 'United States.'" Richard and Tracy Corona furthered this "non-citizen"

claim by filing several fraudulent Nonresident Alien income tax returns. The indictment states that Richard and Tracy Corona were U.S. citizens, and filed these returns in an effort to obstruct the collection efforts of the IRS. As noted in IRS Publication 519 (found on the Internal Revenue Service’s website (www.irs.gov)), “For tax purposes, an alien is an individual who is not a U.S. citizen.”

The indictment also alleges that, in furtherance of the conspiracy, Tracy Corona instructed tenants of property owned by Richard Corona not to honor an IRS levy which required the tenants to make their rental payments to the IRS instead of Richard Corona.

In Count Two of the indictment, Richard Corona is charged with one count of tax evasion for tax year 1997. That count alleges that, in order to evade the payment of significant individual tax, Richard Corona concealed his ownership in Park Centre Properties by creating a fictitious trust. Park Centre Properties is a partnership which owned commercial property in San Diego.

Lastly, Richard and Tracy Corona are each charged with three counts of failure to pay income tax due for 1998, 1999, and 2000 (Counts Three through Five). As alleged in the indictment, they filed joint income tax returns for those three years reporting over \$2.5 million in income, which resulted in over \$600,000 in total income tax due, but not paid.

This case was investigated by Special Agents with the Internal Revenue Service, Criminal Investigation Division, and prosecuted by Department of Justice, Tax Division, Trial Attorneys Lori A. Hendrickson and Nicholas D. Dickinson. For more information on the “non-citizen” strategy and other tax evasion schemes, visit the IRS website at www.irs.gov, and click on the link “[Phony Tax Arguments](#).”

DEFENDANTS

Richard D. Corona, El Cajon, California

Tracy D. Corona, El Cajon, California

SUMMARY OF CHARGES

Conspiracy in violation of Title 18, United States Code, Section 371
Maximum sentence: Five years in prison and fine not to exceed \$250,000

Income Tax Evasion in violation of Title 26, United States Code, Section 7201
Maximum sentence: Five years in prison and fine not to exceed \$250,000

Failure to Pay Income Tax in violation of Title 26, United States Code, Section 7203
Maximum sentence: One year in prison and fine not to exceed \$100,000

AGENCY

Internal Revenue Service, Criminal Investigation Division

An indictment itself is not evidence that the defendants committed the crimes charged. The defendants are presumed innocent until the Government meets its burden in court of proving guilt beyond a reasonable doubt.