



September 17, 2011

Restaurant Owner Confesses to Tax Evasion

A partner and manager of Sawa Sushi Asian Restaurants in Long Beach and Eatontown, Paul J. Wagner, 50 admitted to non-payment of taxes and fraudulent acquirement of Social Security benefits. Wagner confessed he submitted false personal income tax returns and to fraudulently securing Social Security disability and child's insurance benefits for himself and his children while he was working at the Sawa restaurants. His confession follows that of his two partners and owners of the Sawa restaurants on August 2, Sin Chin Chang and Mou Chor Tang, who are brothers-in-law from Long Beach. They pleaded guilty to failing to pay payroll taxes. In addition, Mou Chor also admitted harboring illegal aliens from January 2007 till February this year.

Wagner was a partner and manager of Sawa Sushi Asian Restaurant in Eatontown and the general manager of the restaurant in Long Beach. He did not declare his earnings between September 2006 and September 2009, which amounted to \$186,317 in cash and bonuses. In addition, Wagner also made another \$100,000 from the sale of his ownership of the restaurant in Eatontown from May 2008 to October 2009 bringing his total income to \$286,317. None of these was declared, resulting in a loss of \$71,923 in tax revenue to the government.

Furthermore, Wagner also did not declare his employment and income from the Sawa Sushi restaurants to the Social Security Administration. Wagner and his children have been recipients of child disability and insurance benefits from the SSA since late 1997. In 1998, Wagner declared to the SSA that he was unable to work because he had glaucoma and was visually impaired. The SSA allowed Wagner to draw disability

insurance benefits and children's insurance benefits. These benefits amounted to a monthly payment of between \$2,100 and \$2,800 that Wagner received from the SSA on behalf of himself and his children.

Wagner's employment and partnership at the Sawa Sushi restaurants made him and his children ineligible for SSA benefits but he continued enjoying them by not declaring his employment and income. The total amount of benefits received since late 1999 came up to approximately \$56,960.

The offence of making false submissions to the IRS carries a maximum fine of \$100,000 and a jail term of up to three years. The offence of fraudulently securing SSA benefits carries a maximum fine of \$250,000 and a jail term not exceeding five years.

Wagner's partners, Chang and Tung pleaded guilty to failing to collect, account for and pay withholding taxes for their employees. Between 2007 and 2010, Tung failed to pay \$262,523 in taxes and Chang failed to pay \$57,048 in 2007 taxes for the Long Branch restaurant.