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Pflueger Father and Son Indicted of Tax Fraud

James Pflueger, former owner of Pflueger Auto and his son, Alan the present owner, have both been charged with tax fraud and conspiracy. At the same time, James was also indicted over allegedly moving \$14 million to a Swiss bank account. The indictment covers 14 charges in total including conspiracy, fraud, filing false tax returns and failure to report a foreign bank account.

Along with James and Alan, other employees of the company were also included in the indictment, namely company CFO Randall Kurata, Julie Kam, Alan's personal assistant and Dennis Duban, James Pflueger's accountant.

According to the Justice Department, since 2003, the Pfluegers have been using tens of thousands of dollars of company funds to pay for personal and family expenses then writing them off as company expenses. This resulted in inaccurate tax returns.

On the other hand, Alan Pflueger's attorney expressed their surprise at the indictment as they have been working with the IRS for the past 18 months to correct irregularities found in an audit of their tax returns. The attorney, Dave Sheper, feels that the IRS had intentionally singled his client out because he is a prominent person in the eyes of the public.

But the Justice Department clarified that there are actually two charges being made. The first involved all 5 defendants whereas the second involves only James Pflueger and his accountant, Dennis Duban. The younger Pflueger and Duban are alleged to be involved in the sale of a property in California belonging to James that went unreported to the IRS.

According to the second indictment, James Pflueger and Duban created a Cook Islands Trust and opened a Swiss bank account for it. The property in California was then sold for an undisclosed amount and \$14 million from the sale was deposited into the Swiss bank.

The two counts of conspiracy and the charge of not reporting a foreign bank account are punishable with a prison term of up to five years whereas making false tax returns carries a three year prison term. And all counts have maximum fines of a quarter million dollars each.

According to Clare Connors, Assistant US attorney, the case is due to be sent for an arraignment hearing where all the defendants will make their appearance. Then the case will be set for trial.

Sheper maintains that his client did not have any criminal intention to defraud the IRS and is confident of winning the case.