

NEWS

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FOR IMMEDIATE RELEASE
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Furniture Retailer Pleads Guilty to Tax Evasion in Connection with
\$3.8 Million Cash-skimming Scheme

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NEWARK – Furniture retailer Anthony Mehran, the owner, president and CEO of Huffman Koos, pleaded guilty today to filing a false tax return, admitting he engaged in a \$3.8 million cash-skimming scheme over a five-year period to avoid paying income taxes, Acting U.S. Attorney Ralph J. Marra, Jr. announced.

Mehran, 39, of Fort Lee, pleaded guilty before U.S. District Judge Katharine S. Hayden to a one-count criminal Information that charges him with subscribing to a false tax return. Judge Hayden released the defendant on a \$250,000 unsecured bond pending sentencing, which is scheduled for Jan.4.

At his plea hearing, Mehran admitted that from 2000 through 2005 he engaged in a cash diversion scheme whereby he skimmed roughly \$3.8 million in cash received by two of his furniture stores, then named Moda Furniture and Moda Fairfield. As part of his scheme, Mehran admitted, he instructed his bookkeepers not to deposit cash sales proceeds into the stores' corporate bank accounts. Instead, Mehran personally collected cash sales proceeds from the stores on a periodic basis and did not report the income on his corporate tax filings, he admitted.

Mehran admitted that he withheld information about the cash sales from his accountant when he sent the corporate bank account records to the accountant. This conduct, Mehran admitted, caused false corporate and individual tax returns to be submitted to the IRS.

With respect to the false tax return count charged in the Information, Mehran specifically admitted that in April 2004 he signed and filed a personal tax return with the IRS which stated his gross income for tax year 2003 totaled approximately \$909,991. Mehran admitted this return was false in that it failed to report additional income that he received in the form of cash through sales at Moda Furniture and Moda Fairfield.

The defendant faces a maximum statutory penalty of three years in prison and a fine of \$250,000 or twice the gross gain or loss caused by his offense, whichever is greatest. In addition, Judge Hayden may order Mehran to pay the costs of his prosecution.

In determining the actual sentence, Judge Hayden will consult the advisory United States Sentencing Guidelines, which provide appropriate sentencing ranges that take into account the severity and characteristics of the offense, the defendant's criminal history, if any, and other factors. The Judge, however, is not bound by those guidelines in determining a sentence. Parole has been abolished in the federal system. Defendants who are given custodial terms must serve nearly all that time.

Marra credited Special Agents of the IRS Criminal Investigation, under the direction of Special Agent in Charge William P. Offord, for the investigation leading to the guilty plea.

The government is represented by Assistant U.S. Attorney Scott B. McBride of the U.S. Attorney's Office Government Fraud Unit.

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Defense Attorneys: Lawrence S. Horn, Esq.; Richard J. Sapinski, Esq., and Robin Countee Pistorius, Esq., Newark