

# ***NEWS RELEASE***

---

---



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

***United States Attorney  
Karen P. Hewitt***

***For Further Information Contact:***

---

---

***U.S. Department of Justice, Tax Division Trial Attorneys,  
Christopher J. Maietta & Nicholas D. Dickinson (619) 557-7845***

---

---

***For Immediate Release***

**NEWS RELEASE SUMMARY** - June 21, 2007

Karen P. Hewitt, United States Attorney for the Southern District of California, Eileen J. O'Connor, Assistant Attorney General for the Tax Division, U.S. Department of Justice, and Debra King, Special Agent-In-Charge, Internal Revenue Service, Criminal Investigation (IRS-CID), announced that today a federal jury in San Diego convicted Richard D. Corona, a San Diego attorney, and his wife, Tracy D. Corona, of federal criminal tax offenses, including charges of conspiracy to defraud the United States, income tax evasion, and failure to pay income tax.

According to the indictment and evidence introduced at trial, Richard and Tracy Corona conspired to defraud the United States from May 1997 through October 2001, by filing false tax returns with the IRS, as well as by mailing frivolous letters to the IRS claiming they were not U.S. citizens, that the IRS had no authority and jurisdiction to collect income tax from them, and that they earned no income and owed no income taxes. The evidence at trial showed that between 1997 and 2001, the Coronas had a combined

income of more than \$3 million and owed more than \$900,000 in combined income taxes, but refused to pay the taxes to the U.S. Government.

In letters sent to the IRS, which were introduced at trial, Richard Corona claimed that the IRS lacked authority to collect income taxes and 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 with the IRS. The evidence at trial showed that Richard and Tracy Corona were U.S. citizens, and that they filed these “Nonresident” returns in an effort to obstruct the collection efforts of the IRS.

The evidence at trial further showed that in furtherance of the conspiracy to defraud the United States, Tracy Corona instructed tenants of property owned by Richard Corona not to honor IRS levies that required the tenants to make their rental payments to the IRS instead of Richard Corona.

Richard Corona was also convicted of one count of tax evasion for the tax year 1997, a year for which he filed two 1997 false tax returns, both of which reported no income and no taxes owed. However, the evidence showed that in 1997 Richard Corona in fact earned more than \$800,000 and owed income taxes of more than \$200,000, which he did not pay.

Richard and Tracy Corona were also found guilty of three counts of failure to pay income tax due for the years 1998, 1999, and 2000 (Counts Three through Five of the indictment). The evidence at trial showed that the Coronas 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, all of which the Coronas refused to pay.

United States Attorney Karen P. Hewitt said, “Tax evaders who use frivolous arguments and fraudulent schemes to intentionally dodge their responsibilities are cheating every honest, taxpaying citizen of this country.”

“Today’s guilty verdicts clearly show that individuals who use fraudulent methods to conceal income and intentionally evade income taxes will be prosecuted,” said Ronald Krajewski, Assistant Special Agent in Charge, IRS-CID, Los Angeles Office. “Conspiring to impede the lawful collection of taxes is a serious

crime and IRS Special Agents will continue to use their financial expertise to investigate these types of sophisticated tax crimes.”

This case was investigated by Special Agents with the Internal Revenue Service, Criminal Investigation, and prosecuted by U.S. Department of Justice, Tax Division, Trial Attorneys Christopher J. Maietta 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](http://www.irs.gov), and click on the link “Individuals,” and then “Frivolous Tax Arguments.”

### **DEFENDANTS**

Richard D. Corona

Tracy D. Corona

### **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