



March 5th, 2008

Memphis Business Owner Pleads Guilty to Tax Evasion

Memphis, TN – Thoeun Chan, 52, of Germantown, Tennessee, pled guilty before U.S. District Judge Bernice B. Donald to one count of income tax evasion announced David Kustoff, United States Attorney for the Western District of Tennessee. Chan faces a maximum penalty of 5 years in prison and a fine of \$250,000 when he is sentenced on June 2, 2008.

An information filed for the plea hearing charges that Chan filed a false federal income tax return with the Internal Revenue Service for calendar year 2002. This return reported income that was substantially lower than what Chan actually earned during the year.

During the plea hearing, Chan, owner and operator of Handiworks Jewelry and Winchester Pawn and Jewelry in Memphis, admitted that he failed to report approximately \$274,875 in income for 2001 and approximately \$277,277 in income for 2002. These false returns resulted in a tax loss to the United States of approximately \$207,142.30.

It was stated at the hearing that Chan utilized an accountant to prepare his tax returns; however, he failed to provide the accountant with a large amount of the business revenues, namely cash receipts. On his 2001 return, Chan reported \$0 taxable income for 2001 and only \$40,524 in taxable income for 2002. During this time Chan enjoyed a lifestyle inconsistent with these reported levels of income and he acquired assets without a proportionate increase in liabilities. Evidence revealed during the plea hearing showed that Chan had approximately \$312,000 in out of pocket expenditures in 2001 and approximately \$604,000 in out of pocket expenditures in 2002.

"When taxpayers avoid their share of the tax burden, they not only shift the burden to all other taxpayers, but they also undermine the public's confidence in the integrity of the tax system," stated Christopher R. Pikelis, Special Agent in Charge, IRS Criminal Investigation-Nashville Field Office. "This is not a victimless crime and IRS will investigate those who abuse the tax system to avoid paying their fair share," stated Pikelis.

This investigation was conducted by IRS Criminal Investigation. Assistant U.S. Attorney Stuart J. Canale represented the government.

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