NEWS RELEASE

Internal Revenue Service – Criminal Investigation

San Diego Field Office

Date: IMMEDIATE RELEASE

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CI Release #: 33-2003-03

EIGHT INDICTED IN SAN DIEGO ON FELONY TAX CHARGES

San Diego - July 29, 2003

Denise L. Rubin, IRS Criminal Investigation Special Agent in Charge for San Diego announced today that a federal grand jury in San Diego has handed up an 78-count Indictment charging Susan O'Brien, Richard Evans, Jeffrey Barber, Violet Negrete-Jauregui, and Kathy L. Hill with conspiracy and tax related charges for their role in a tax evasion scheme to conceal their income and the income and assets of others from the Internal Revenue Service. Tax clients Stephen Maranto, Forest Buckmaster, and William Cook were also indicted on felony tax charges today.

According to the Indictment, Susan O'Brien owned and operated The O'Brien Group, a San Diego business that held itself out as providing tax related services to clients. The tax related services provided by The O'Brien Group included tax preparation, tax planning, and audit representation before the Internal Revenue Service. The O'Brien Group operated under several different nominee names including VHF Aries & Associates, Limited Liability Company and CUN-OBBA, Limited Liability Company. In addition to operating The O'Brien Group using nominee names, Susan O'Brien also personally received income and held bank accounts using nominee names.

According to the Indictment, Jeffrey Barber, Violet Negrete-Jauregui, and Kathy Hill worked at The O'Brien Group and performed various functions including the preparation of income tax returns. Richard Evans was closely associated with The O'Brien Group and shared clients with Susan O'Brien. Evans promoted, sold and managed domestic and foreign trusts, which Evans called "Massachusetts business trusts" or "unincorporated business organizations". Evans provided training on how to use the abusive trusts to conceal income and assets and evade the payment of income taxes. The defendants and others, established fictitious business names through which they received income and assets in order to defraud the United States by concealing their income and the income of their clients from the Internal Revenue Service.

According to the Indictment, William Cook, along with his former girlfriend Kevin Marie Scoggin, purchased an abusive trust from Evans in the name of Venice Enterprises. Scoggin owned and operated Grand Animal Hospital in San Diego. Cook worked at Grand Animal Hospital as the office manager, handling the financial matters for the business until 2001. Cook and Scoggin held income and assets in the name of Venice Enterprises and ran Grand Animal Hospital finances through the trust. O'Brien, Evans, and Cook are charged with income tax evasion for the tax years 1996 through 2000. The defendants evaded income taxes by utilizing a

trust, receiving income in a fictitious name, concealing assets and income by maintaining domestic and offshore bank accounts in nominee names, skimming cash receipts, and making false statements to an agent of the Internal Revenue Service.

Kevin Scoggin was charged separately and pled guilty to income tax evasion in federal court on July 24, 2003. Scoggin admitted in the plea agreement that she failed to report over 2.2 million in gross receipts generated by Grand Animal Hospital from 1996 through 2000.

Based on allegations in the Indictment and admissions made in court, Charles Lloyd Matich operated a business closely associated with Susan O'Brien. Matich sold tax evasion packages that used limited liability companies, trusts and offshore bank accounts to conceal income and assets for the purpose of evading the payment of income taxes. Matich conspired with O'Brien and Barber by using abusive trust arrangements and false federal income tax returns to defraud the Internal Revenue Service. Matich transmitted and caused the transmission of more than $18 million in funds for himself and at least 49 clients to domestic and offshore trust entities created for the purpose of evading federal taxes. Matich conducted business from an office in his home in Escondido, California. Match has been charged separately and pled guilty to conspiracy and income tax evasion in federal court on December 11, 2001.

Denise L. Rubin, IRS Criminal Investigation Special Agent in Charge for San Diego, stated, " Those who attempt to conceal their true income from the Internal Revenue Service through sham transactions using trusts run a very high risk of being criminally prosecuted. IRS Criminal Investigation will agressively pursue promoters as well as clients who are knowingly involved in abusive tax schemes."

This case was investigated jointly by IRS Criminal Investigation and the United States Department of Justice, Tax Division, Criminal Enforcement Section.

For additional information on abusive trust schemes visit *www.ustreas.gov/irs/ci*.

DEFENDANTS' CHARGES

Susan Ellen O'Brien, Lemon Grove, CA
Title 18, USC, Section 371; Title 18, USC, Section 2; Title 26, USC Section 7201; Title 26, USC Section 7206(1); Title 26, USC Section 7206(2)

Robert Richard Evans, Spring Valley, CA
Title 18, USC Section 371, Title 18, USC Section 2, Title 26, USC Section 7201, Title 26, USC Section 7206(2)

Jeffrey Christopher Barber, Ocean Beach, CA
Tile 18, USC, Section 371, Title 26, USC Section 7206(2)

Violet Maria Negrete-Jauregui, Menifee, CA
Title 18, USC Section 371; Title 26, USC Section 7206(1); Title 26, USC Section 7206(2)

Kathy Lynne Hill, El Cajon, CA
Title 18, USC Section 371, Title 26, USC Section 7206(1); Title 26, USC Section 7206(2)

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Stephen Paul Maranto, San Diego, CA
Title 26, USC Section 7206(1)

William Dean Cook, San Diego, CA
Title 18, USC Section 2
Title 26, USC Section 7201

Forest Lorn Buckmaster, San Diego, CA
Title 26, USC Section 7201
Title 26, USC Section 7206 (1)

SUMMARY OF CHARGES

Title 18, U.S.C. Section 371 - Conspiracy to Defraud the United States (Count 1)
Maximum sentence of five years in prison and a fine not to exceed $250,000.

Title 26, U.S.C. Section 7201 - Tax Evasion (Counts 2 -13)
Maximum sentence for each count is five years in prison and a fine not to exceed $250,000

Title 18, U.S.C. Section 2 - Aiding and Abetting (Counts 8 -13)

Title 26, U.S.C. Section 7206(1) - Subscribing and Filing a Materially False Income Tax Return (Counts 14 - 33)
Maximum sentence for each count is three years in prison and a fine not to exceed $100,000

Title 26, U.S.C. Section 7206(2) - Aiding in the Preparation of a False Income Tax Return (Counts 34 - 78)
Maximum sentence for each count is three years in prison and a fine not to exceed $100,000

An indictment itself is not evidence that the defendants committed the crimes charged. The defendants are presumed innocent until the Government meets its burden in court of proving guilt beyond a reasonable doubt.

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