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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA
November 1990 Grand Jury

UNITED STATES OF AMERICA,	)	Criminal Case No. _____
)	
Plaintiff,	)	<u> I N D I C T M E N T </u>
)	
v.	)	Title 18, U.S.C., Sec. 201 -
	)	Bribery of Public Officials;
	)	Title 18, U.S.C., 371 -
MARIO SAIKHON,	)	Conspiracy; Title 18, U.S.C.,
	)	Sec. 1956(a)(1) - Laundering
Defendant.	)	Monetary Instruments;
	)	Title 26, U.S.C., Sec. 7201 -
	)	Tax Evasion; Title 26, U.S.C.,
	)	Sec. 7206(1) - False Return;
	)	Title 26, U.S.C.,
	)	Sec. 7206(2) - Assisting in
	)	Preparation of False Return;
	)	Title 18, U.S.C., Sec. 2 -
	)	Aiding and Abetting
_____)	

The grand jury charges:

Count 1

INTRODUCTORY ALLEGATIONS

1. Article 1, Section 8 of the Constitution of the United States grants the Federal Government the "Power to lay and collect Taxes, Duties, Imposts and Excises." This power is augmented through the 16th Amendment which approves the institution of a federal income tax. Pursuant to this taxing power, the Department

1 of the Treasury is authorized to collect and monitor the
2 collection of income taxes. The Internal Revenue Service
3 (hereinafter referred to as the "IRS") is an agency of the
4 Department of Treasury specifically assigned this task.

5 2. At all times relevant hereto, defendant MARIO SAIKHON
6 was, among other things, one of the largest farmers in the
7 Imperial Valley. In addition to property in the valley, he leased
8 large tracts of land and owned interests in numerous other farming
9 operations. Between 1985 and 1989, the income from defendant's
10 farming operations alone grossed in excess of one hundred and
11 thirty million dollars (\$130,000,000).

12 3. At all times relevant hereto, Robert A. Morales, Sr.
13 (hereinafter generally referred to as "Agent Morales"), a resident
14 of El Cajon, California, was employed by the IRS as a Revenue
15 Agent. Between 1981 and 1990, Morales, Sr. acquired control over
16 20 different tax returns related to defendant MARIO SAIKHON.

17 4. As a Revenue Agent, Morales was required to routinely
18 conduct individual, business, partnership and corporate audits of
19 various taxpayers in San Diego and Imperial counties to determine
20 if their returns were in compliance with Internal Revenue laws.
21 The purpose of such examinations and audits was to determine a
22 taxpayer's correct Federal tax liability.

23 5. In performing this function, Agent Morales was
24 responsible for, among other things, reviewing assigned tax
25 returns to determine if they had audit potential. In making this
26 decision, he was required to perform pre-audit analyses of these

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1 returns in order to determine which ones were most likely to
2 result in revealing any additional tax liability.

3 6. When a Revenue Agent determines that a complete audit is
4 not likely to result in additional tax, IRS policy and procedures
5 allow the Revenue Agent to "survey" the return. This results in
6 the case being closed without any adjustment of the tax due and
7 the file being returned to the appropriate IRS Service Center. On
8 the other hand, if a pre-audit analysis suggested any
9 irregularities, the Revenue Agent is responsible for setting the
10 potential scope of the examination, correctly identifying the
11 necessary records, and completing the audit.

12 7. When an audit results in adjustments, an income tax
13 examination change form (Form 4549) is prepared (hereinafter
14 referred to as an "audit change form"). In addition to recording
15 the adjustments, the audit change form indicates the corrected tax
16 liability. This new tax computation may reflect an additional tax
17 liability, a reduction in a previously determined tax liability,
18 or in no change to the tax liability.

19 8. At all times relevant hereto, Mario Saikhon, Inc. was a
20 corporation headquartered in Holtville, California. Although it
21 performed a variety of farm related functions on behalf of
22 defendant MARIO SAIKHON, its principle duty entailed the payment
23 of defendant SAIKHON's payroll and related employee expenses.

24 9. At all times relevant hereto, J.B. Farms, J.F. Farms,
25 JB Farms and JF Farms (hereinafter generally referred to as J.B.
26 Farms) and Cendejas Farms were sham corporations utilized by
27 defendant MARIO SAIKHON to: (1) make hundreds of thousands of
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1 dollars in bribe payments to Agent Morales; and (2) generate
2 millions of dollars in false deductions on his personal tax
3 return. Neither J.B. Farms nor Cendejas Farms conducted any
4 legitimate business (farming or otherwise).

5 10. At all times relevant hereto, defendant MARIO SAIKHON
6 utilized a nominee bank account in the name of his uncle, Rodolfo
7 Perez Gutierrez, opened at the Bank of America, El Centro,
8 California. This account had no legitimate purpose. To the
9 contrary, it was used by defendant SAIKHON to: (1) disguise and
10 enjoy the use of over ten million dollars in tax evaded income;
11 and (2) assist in evading the payment of millions of dollars in
12 income tax.

13 11. At all times relevant hereto, taxpayers were prohibited
14 from offering or giving IRS Revenue Agents anything of value in
15 order to induce an agent to do, or omit to do, acts in violation
16 of their official duties.

17 12. At all times relevant hereto, taxpayers were prohibited
18 from offering or giving IRS Revenue Agents anything of value in
19 order to influence an agent to commit, or aid in committing any
20 fraud on the United States.

21 THE CONSPIRACY

22 13. Beginning at a time unknown to the grand jury and
23 continuing up to and including September 1990, within the Southern
24 District of California, and elsewhere, defendant MARIO SAIKHON did
25 knowingly and willfully combine, conspire and agree with

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1 coconspirator Robert A. Morales, Sr., and others, to commit
2 offenses and to defraud the United States by:

3 a. Corruptly giving, offering and promising hundreds
4 of thousands of dollars in illegal bribes to IRS Agent Robert A.
5 Morales, Sr. in exchange for Morales assisting the defendant to
6 evade the assessment and payment of income taxes, in violation of
7 Title 18, United States Code, Section 201(b)(1); and

8 b. Impairing, impeding, obstructing and defeating the
9 lawful functions of the IRS in the ascertainment, computation,
10 assessment, and collection of income taxes.

11 **THE METHODS OF THE CONSPIRACY**

12 14. As a part of the conspiracy, defendant MARIO SAIKHON
13 paid \$647,518.87 in illegal bribes to IRS Revenue Agent Robert A.
14 Morales, Sr.

15 15. As a further part of the conspiracy, defendant MARIO
16 SAIKHON paid the illegal bribes to Agent Morales utilizing a
17 variety of different methods, including payroll checks issued to
18 fictitious employees, payments to sham corporations, loans to sham
19 corporations, and gifts of cash and personal property.

20 16. As a further part of, and in order to conceal and
21 disguise the conspiracy, defendant MARIO SAIKHON placed the name
22 of Agent Morales' brother-in-law, Reynaldo Cendejas, on the
23 payroll of Mario Saikhon, Inc. (even though he performed no work).

24 17. As a further part of, and in order to conceal and
25 disguise the conspiracy, defendant MARIO SAIKHON arranged to have
26 \$170,870.68 in payroll checks issued to this "ghost" employee.

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1 18. As a further part of the conspiracy, defendant MARIO
2 SAIKHON caused the payroll checks issued to Reynaldo Cendejas
3 (hereinafter referred to as the "Reynaldo Cendejas payroll
4 checks") to be mailed to the Morales residence.

5 19. As a further part of the conspiracy, defendant MARIO
6 SAIKHON caused the issuance of fraudulent "W-2 Wage and Tax
7 Statements" that falsely indicated Reynaldo Cendejas was employed
8 by the corporation.

9 20. As a further part of the conspiracy, defendant MARIO
10 SAIKHON falsely claimed the Reynaldo Cendejas payroll checks as
11 legitimate business expenses on the corporate tax returns of Mario
12 Saikhon, Inc.

13 21. As a further part of the conspiracy, defendant MARIO
14 SAIKHON paid at least \$6,600 in illegal cash bribes to Agent
15 Morales.

16 22. As a further part of the conspiracy, defendant MARIO
17 SAIKHON purchased a new Nissan truck for Agent Morales.

18 23. As a further part of the conspiracy, defendant MARIO
19 SAIKHON utilized the sham corporations J.B. Farms and Cendejas
20 Farms to facilitate the payment of bribes to Agent Morales.

21 24. As a further part of the conspiracy, J.B. Farms and
22 Cendejas Farms were formed in Arizona and California respectively,
23 in order to disguise and conceal their true activity and
24 ownership.

25 25. As a further part of and in order to conceal and
26 disguise the conspiracy, defendant MARIO SAIKHON issued \$2,298,477
27 in checks to J.B. Farms and Cendejas Farms. These checks were
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1 issued by Mario Saikhon, Inc. and defendant MARIO SAIKHON between
2 June 22, 1987 and December 31, 1988.

3 26. As a further part of the conspiracy, defendant MARIO
4 SAIKHON falsely claimed the \$2,298,477 in checks as legitimate
5 business expenses on his personal and corporate tax returns.

6 27. As a further part of the conspiracy, defendant MARIO
7 SAIKHON falsely deducted the checks issued to J.B. and Cendejas
8 Farms as growers payments and machine work.

9 28. As a further part of the conspiracy, Agent Morales
10 retained \$303,464.23 from the J.B. and Cendejas Farms checks as
11 direct bribe payments.

12 29. As a further part of the conspiracy, Agent Morales
13 retained \$151,655.49 in interest generated from the \$1,995,012.77
14 repaid to defendant as indirect bribe payments.

15 30. As a further part of the conspiracy, defendant MARIO
16 SAIKHON received \$1,995,012.77 in repayments from the checks
17 issued to J.B. and Cendejas Farms.

18 31. As a further part of the conspiracy, defendant MARIO
19 SAIKHON failed to declare \$1,835,012.77 in repayments ("tax-evaded
20 income") derived from checks issued by J.B. and Cendejas Farms.

21 32. As a further part of the conspiracy, defendant MARIO
22 SAIKHON diverted the J.B. and Cendejas Farm tax-evaded income to,
23 among other things, a: (1) nominee bank account in the name
24 Rodolfo Perez Gutierrez; (2) Wells Fargo Certificate of Deposit;
25 (3) Mario Saikhon Merrill Lynch Account; and (4) Carol Saikhon
26 brokerage account.

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1 33. As a further part of the conspiracy, defendant MARIO
2 SAIKHON also received tax-evaded income through cash payments and
3 deposits in Mexican bank accounts.

4 34. As a further part of the conspiracy, defendant MARIO
5 SAIKHON also received tax-evaded income through cash payments from
6 Sonora Diesel, a Mexican corporation owned by Agent Morales'
7 brother.

8 35. As a further part of the conspiracy, defendant MARIO
9 SAIKHON caused Agent Morales to abuse his position with the IRS by
10 failing to properly audit Mario and Dora SAIKHON's 1978 through
11 1987 personal tax returns.

12 36. As a further part of the conspiracy, defendant MARIO
13 SAIKHON caused Agent Morales to abuse his position with the IRS by
14 failing to properly audit MARIO SAIKHON, Inc.'s corporate tax
15 returns for the fiscal years ending February 1981, 1982, 1984,
16 1985, 1986 and 1987.

17 37. As a further part of the conspiracy, defendant MARIO
18 SAIKHON caused Agent Morales to abuse his position with the IRS by
19 assuming "control" of various tax returns filed by defendant's
20 children.

21 38. As a further part of the conspiracy, defendant MARIO
22 SAIKHON defrauded the United States by depriving it of its right
23 to the conscientious, loyal, honest and unbiased services of IRS
24 Agents free from corruption, willful omission, dishonesty,
25 conflict of interest, misconduct and fraud.

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OVERT ACTS

In furtherance of said conspiracy and to effect the objects thereof, the following overt acts, among others, were committed within the Southern District of California:

1. In or about April, 1981, Agent Morales received for audit Mario and Dora SAIKHON's personal tax return (hereinafter referred to as "SAIKHON's personal tax return") for the year 1978.
2. On or about May 6, 1981, Agent Morales began charging time to an audit of SAIKHON's corporate return for the fiscal year ending February 1979.
3. On or about May 12, 1981, Agent Morales executed an audit change form granting a refund of \$2,384 on SAIKHON's corporate return for the fiscal year ending February 1979.
4. On or about October 9, 1981, Agent Morales requested control of SAIKHON's corporate tax return for the fiscal year ending February 1981.
5. On or about July 27, 1982, Agent Morales requested control of SAIKHON's personal tax return for 1981.
6. On or about October 27, 1982, Agent Morales executed an audit change form granting a refund of \$46,000 on SAIKHON's corporate return for the fiscal year ending February, 1981.
7. On or about October 27, 1982, Agent Morales was assigned the audit of SAIKHON's corporate tax return for the fiscal year ending February, 1982.

- 1 8. On or about October 27, 1982, Agent Morales surveyed
- 2 SAIKHON's corporate return for the fiscal year ending
- 3 February, 1982 indicating it had no audit potential.
- 4 9. On or about May 31, 1983, Agent Morales executed an
- 5 audit change form reducing the proposed additional tax
- 6 liability on SAIKHON's 1978 personal tax return from
- 7 \$741,605 to \$272,291.
- 8 10. On or about May 31, 1983, Agent Morales executed an
- 9 audit change form reflecting that he accepted without
- 10 change a claimed net operating loss of \$1,496,272,
- 11 reported on SAIKHON's 1981 personal tax return.
- 12 11. On or about June 4, 1984, Agent Morales received for
- 13 audit SAIKHON's personal tax return for 1982.
- 14 12. On or about June 4, 1984, Agent Morales surveyed
- 15 SAIKHON's 1982 personal tax return indicating that it
- 16 had no audit potential.
- 17 13. On or about June 28, 1984, Agent Morales requested
- 18 control of SAIKHON's personal tax return for 1983.
- 19 14. On or about December 4, 1984, Agent Morales, after being
- 20 reassigned SAIKHON's 1982 personal tax return for a
- 21 complete line item audit, executed an audit change form
- 22 granting SAIKHON a \$65,296 refund.
- 23 15. On or about December 4, 1984, Agent Morales executed an
- 24 audit change form assessing SAIKHON \$205 in additional
- 25 tax due on his 1983 personal tax return.
- 26 16. On or about December 4, 1984, defendant MARIO SAIKHON
- 27 purchased a 1985 Nissan pick-up for Agent Morales.
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17. On or about August 14, 1986, Agent Morales requested control of defendant MARIO SAIKHON's 1985 personal tax return by falsely stating that he had a continuing issue from 1984.
18. On or about August 19, 1986, Agent Morales was assigned the audit of defendant MARIO SAIKHON's 1984 personal tax return.
19. On or about September 11, 1986, defendant MARIO SAIKHON caused Rodolfo Perez Gutierrez to open a checking account (number 01880-01912) at the Bank of America, El Centro, California, utilizing SAIKHON's post office box and phone number.
20. On or about September 22, 1986, defendant MARIO SAIKHON, Inc. issued check (number 43778) payable to Reynaldo Cendejas, purportedly of 1925 Murray Rancho Road, El Cajon, California (the Morales residence).
21. Between September 22, 1986 and March 27, 1990, defendant MARIO SAIKHON caused 181 Reynaldo Cendejas payroll checks totalling \$170,870.68 to be issued in the name of Reynaldo Cendejas.
22. On or about October 24, 1986, Agent Morales requested control of defendant MARIO SAIKHON's corporate tax returns for the fiscal years ending February 1985 and February 1986.

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- 23. On or about February 12, 1987, defendant MARIO SAIKHON and his accountant met with Agent Morales to discuss the preparation of defendant SAIKHON's 1986 personal tax return.
- 24. On or about February 14, 1987, Agent Morales picked up defendant SAIKHON's 1986 personal tax return from George Cossolias and personally delivered it to defendant SAIKHON.
- 25. On or about March 6, 1987, defendant MARIO SAIKHON gave a \$1,250 cash bribe to Agent Morales.
- 26. On or about June 22, 1987, defendant MARIO SAIKHON gave a \$3,450 cash bribe to Agent Morales.
- 27. Between January 1 and June 22, 1987, defendant MARIO SAIKHON gave an additional \$1,900 in cash bribes to Agent Morales.
- 28. On or about June 22, 1987, Mario Saikhon, Inc. issued a check in the amount of \$28,850 to J.B. Farms which was falsely claimed as a deduction relating to the growing of cantaloupes.
- 29. On or about July 31, 1987, Mario Saikhon, Inc. issued a check in the amount of \$89,627 to J.B. Farms which was also falsely claimed as a deduction relating to the growing of cantaloupes.
- 30. On or about October 2, 1987, defendant MARIO SAIKHON issued a check in the amount of \$119,000 to J.B. Farms which was falsely claimed as a growers payment.

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31. On or about November 9, 1987, defendant MARIO SAIKHON issued a check in the amount of \$238,000 to J.B. Farms which was also falsely claimed as a growers payment.
32. On or about December 30, 1987, defendant MARIO SAIKHON issued a check in the amount of \$438,000 to J.B. Farms which was once again falsely claimed as a growers payment.
33. On or about December 30, 1987, defendant MARIO SAIKHON issued a check in the amount of \$50,000 to Sonora Diesel which was falsely claimed as fuel.
34. Between January and June 29, 1988, defendant MARIO SAIKHON received \$38,000 in cash from Agent Morales in repayment of the \$50,000 check issued to Sonora Diesel.
35. On or about June 2, 1988, Agent Morales completed a form requesting control of defendant MARIO SAIKHON's 1986 personal tax return.
36. On or about June 27, 1988, Agent Morales received for audit defendant MARIO SAIKHON's corporate tax returns for the fiscal years ending in February 1981, 1982, 1984, 1985, 1987, and July, 1987.
37. On or about September 13, 1988, a J.B. Farms check in the amount of \$131,000 was issued to defendant MARIO SAIKHON's daughter, Carol Saikhon.
38. On or about November 3, 1988, defendant MARIO SAIKHON issued a check in the amount of \$225,000 to J.B. Farms which was falsely claimed as machine work.

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39. On or about November 7, 1988, defendant MARIO SAIKHON issued a check in the amount of \$350,000 to Cendejas Farms, Inc. which was once again falsely claimed as machine work.
40. On or about November 11, 1988, Agent Morales stated; that: (1) it would be improper to audit anyone he knows; and (2) he was currently providing free advice to a large Imperial Valley farmer who has two homes in La Jolla.
41. On or about December 6, 1988, defendant MARIO SAIKHON issued a check in the amount of \$525,000 to J.B. Farms which was falsely claimed as machine work.
42. On or about December 31, 1988, defendant MARIO SAIKHON issued a check in the amount of \$285,000 to J.B. Farms which was falsely claimed as machine work.
43. On or about March 1, 1989, Agent Morales forwarded defendant SAIKHON's 1988 personal tax return to the IRS Fresno Service Center to which he attached a routing slip indicating "Taxpayer is under audit for prior years," ensuring that if the 1988 return was identified for audit it would be assigned to him.
44. Between December 30, 1988 and April 5, 1989, defendant MARIO SAIKHON received \$86,000 in cash from Agent Morales as part of the \$1,995,012.77 repaid from checks issued to J.B. and Cendejas Farms.

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45. On or about May 24, 1989, Agent Morales requested control of defendant MARIO SAIKHON's 1986 and 1987 personal tax return.

46. On or about September 29, 1989, Agent Morales opened a Banca Serfin account in defendant MARIO SAIKHON's name (but with Morales' home address) with a \$121,000 cashier's check purchased with funds withdrawn from J.B. Farms account number 003-218-5464.

47. On or about November 19, 1989, Agent Morales surveyed defendant SAIKHON's corporate tax return for the fiscal year ending July 1987 indicating that it had no audit potential.

48. On or about March 16, 1990, Robert A. Morales, Jr. purchased a \$25,000 cashier's check payable to defendant MARIO SAIKHON's son, Jeffery Saikhon, with funds withdrawn from a Mexican bank account.

49. Between January 1986 and March 27, 1990, approximately 225 phone calls were made from the Morales residence to phones relating to defendant MARIO SAIKHON.

50. Between January 1986 and March 27, 1990, approximately 207 phone calls were made from phones relating to defendant MARIO SAIKHON to phones relating to Agent Morales.

All in violation of Title 18, United States Code, Section 371.

1 to assist defendant SAIKHON in evading the payment of taxes; in
2 violation of Title 18, United States Code, Section 201(b)(1)(B).

3 Counts 4 through 22

4 **INTRODUCTORY ALLEGATIONS**

5 1. At all times relevant hereto, defendant MARIO SAIKHON
6 reported the vast majority of his farming income and expenses on
7 his personal tax returns (Schedule "F"). On these returns, he
8 failed to report all of his income and claimed numerous fraudulent
9 deductions. In this manner, defendant evaded over ten million
10 dollars in tax that was properly owed to the Government.

11 2. Among the false deductions were over five million
12 dollars in checks issued to Rodolfo Perez Gutierrez. These checks
13 were claimed as "machine hire" - a legitimate business expense.
14 In fact, the checks were not used to pay for farming expenses.
15 Rather, they were deposited into a nominee bank account in the
16 name of defendant MARIO SAIKHON's uncle. As previously stated,
17 this account main purpose was to assist defendant SAIKHON in
18 disguising and enjoying tax-evaded income.

19 3. Defendant also claimed false deductions based on over
20 one million dollars in checks written to one of his employees,
21 George Hopelian. These checks were once again claimed as "machine
22 hire," but were not used to pay for farming expenses. Rather,
23 they were, in fact, used for defendant's personal benefit.

24 4. Although the checks were deposited into bank accounts in
25 Hopelian's name, defendant retained control over the use of the
26 funds. For his assistance disguising the tax-evaded income,
27 defendant allowed Hopelian to keep a share of the interest
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1 generated in the bank account. In addition to claiming the false
2 deduction, defendant failed to declare his share of the interest
3 income.

4 5. Defendant also claimed false deductions based on over
5 two million dollars in checks written to J.B. Farms and Cendejas
6 Farms. These checks were once again claimed as "machine work,"
7 but were not used to pay for farming expenses. Rather, they were,
8 in fact, used to bribe Agent Morales. As previously stated,
9 neither J.B. Farms nor Cendejas Farms conducted any legitimate
10 business (farming or otherwise).

11 6. Defendant also claimed false deductions based on over
12 three million dollars in checks written to Rio Farms. These
13 checks were claimed as "harvesting costs and machine hire," but
14 were not used to pay for farming expenses. Rather, they were, in
15 fact, used for defendant's personal benefit.

16 7. Rio Farms was an Arizona corporation set up by the
17 defendant. Although originally incorporated to assist with
18 harvesting, Rio Farms has conducted no legitimate business since
19 1984. To the contrary, it has operated as a sham corporation
20 whose only purpose was assist defendant in evading the payment of
21 income tax.

22 8. Defendant also claimed false deductions based on over
23 six million dollars in checks written to his children. These
24 checks were claimed as "growers payments," but were not used to
25 pay for farming expenses. Rather, they were, in fact, used to
26 disguise gifts given by defendant to his children.

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1 9. Defendant also claimed false deductions based on over
2 one million dollars in checks written to Magna Carta Insurance,
3 Ltd. (hereinafter referred to as "MCI"). These checks were
4 claimed as "insurance" - a legitimate farming expense. In fact,
5 the checks were negotiated in a joint off-shore escrow account in
6 Hamilton, Bermuda. This account was in the name of MCI and
7 defendant MARIO SAIKHON.

8 10. The funds in the joint off-shore escrow account were not
9 utilized by MCI. Rather, they simply accrued interest while on
10 deposit. Subsequently, the initial deposit (plus interest income,
11 but minus a modest service fee) was transferred to an off-shore
12 bank account in the name of "Holtsville Trust," or directly
13 expended at the direction of the defendant.

14 11. Defendant MARIO SAIKHON opened the Holtsville Trust bank
15 account at the Bank of Butterfield, Hamilton, Bermuda. Although
16 he controlled this account, defendant failed to declare over six
17 million dollars maintained in this account on his personal tax
18 return. Moreover, defendant failed to even indicate, as required,
19 that he controlled a foreign bank account on his federal tax
20 returns.

21 12. Among the items defendant failed to include as income
22 was over one million dollars in interest generated on funds
23 maintained in the Rodolfo Perez Gutierrez nominee bank account and
24 a variety of rebates related to defendant's farming operation.

25 13. At all times relevant hereto, Mario Saikhon, Inc. was a
26 California corporation wholly owned by the Saikhon family.
27 Although set up to perform a variety of legitimate farm related
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1 functions, defendant also utilized Mario Saikhon, Inc. to assist
2 him in evading millions of dollars in taxes.

3 14. Among others, defendant MARIO SAIKHON issued over one
4 million dollars in corporate checks to J.B. Farms, Rodolfo Perez
5 Gutierrez, MCI, Saikhon family members and Reynaldo Cendejas
6 (bribe payments). These checks were once again improperly claimed
7 as legitimate business expenses. To the contrary all of these
8 checks were utilized for Saikhon's personal benefit.

9 15. At all times relevant hereto, Evergreen Harvesting Inc.
10 was an Arizona corporation set up by defendant MARIO SAIKHON. Its
11 sole legitimate purpose was to harvest Arizona lettuce for joint
12 ventures involving defendant and other growers. However,
13 Evergreen was also used by the defendant to evade the payment of
14 income tax.

15 16. At various times relevant hereto, defendant MARIO
16 SAIKHON directed Evergreen to issue over one million dollars in
17 checks to Rodolfo Perez Gutierrez. These checks were falsely
18 claimed by Evergreen as farming expenses. In truth, they were
19 simply a means of diverting taxable income to one of defendant's
20 nominee bank accounts.

21 17. At all times relevant hereto, Dogtooth Ranches was a
22 California partnership set up by defendant MARIO SAIKHON. Its
23 sole legitimate purpose was to grow bermuda grass for defendant
24 and his partners. Once again, Dogtooth was also used to assist
25 defendant in evading the payment of income tax.

26 18. At various times relevant hereto, defendant MARIO
27 SAIKHON directed Dogtooth Ranches to issue over two hundred
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1 thousand dollars in checks to Rodolfo Perez Gutierrez. These
2 checks were falsely claimed by Dogtooth as farming expenses. In
3 truth, they were once again a means of diverting income to one of
4 defendant's nominee bank accounts.

5 Count 4

6 1. Paragraphs 1 through 18 of the introductory allegations
7 to this Count are hereby realleged and incorporated by reference
8 as if set forth in full herein.

9 2. On or about April 15, 1986, within the Southern District
10 of California, defendant MARIO SAIKHON did willfully attempt to
11 evade and defeat his lawful income tax due and owing for 1985, by
12 preparing, signing and filing with the IRS, a false and fraudulent
13 joint U.S. Individual Income Tax Return (1985 Form 1040), in which
14 he falsely stated that his taxable income was \$781,669 and that
15 the tax due and owing thereon was \$321,986; whereas, as he then
16 knew, his taxable income for 1985 was in excess of \$2,000,000 and
17 therefore there was additional income tax due and owing; all in
18 violation of Title 26, United States Code, Section 7201, and
19 Title 18, United States Code, Section 2.

20 Count 5

21 1. Paragraphs 1 through 18 of the introductory allegations
22 to this Count are hereby realleged and incorporated by reference
23 as if set forth in full herein.

24 2. On or about April 15, 1987, within the Southern District
25 of California, defendant MARIO SAIKHON did willfully attempt to
26 evade and defeat his lawful income tax due and owing for 1986, by
27 preparing, signing and filing with the IRS, a false and fraudulent
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1 joint U.S. Individual Income Tax Return (1986 Form 1040), in which
2 he falsely stated that his taxable income was \$134,878 and that
3 the tax due and owing thereon was \$65,555; whereas, as he then
4 knew, his taxable income for 1986 was in excess of \$3,400,000 and
5 therefore there was additional income tax due and owing; all in
6 violation of Title 26, United States Code, Section 7201, and
7 Title 18, United States Code, Section 2.

8 Count 6

9 1. Paragraphs 1 through 18 of the introductory allegations
10 to this Count are hereby realleged and incorporated by reference
11 as if set forth in full herein.

12 2. On or about April 15, 1988, within the Southern District
13 of California, defendant MARIO SAIKHON did willfully attempt to
14 evade and defeat his lawful income tax due and owing for 1987, by
15 preparing, signing and filing with the IRS, a false and fraudulent
16 joint U.S. Individual Income Tax Return (1987 Form 1040), in which
17 he falsely stated that his taxable income was \$407,603 and that
18 the tax due and owing thereon was \$146,867; whereas, as he then
19 knew, his taxable income for 1987 was in excess of \$6,700,000 and
20 therefore there was additional income tax due and owing; all in
21 violation of Title 26, United States Code, Section 7201, and
22 Title 18, United States Code, Section 2.

1 therefore there was additional income tax due and owing; all in
2 violation of Title 26, United States Code, Section 7201, and
3 Title 18, United States Code, Section 2.

4 Count 9

5 1. Paragraphs 1 through 18 of the introductory allegations
6 to this Count are hereby realleged and incorporated by reference
7 as if set forth in full herein.

8 2. On or about May 15, 1987, in the Southern District of
9 California, defendant MARIO SAIKHON did willfully make, subscribe
10 and file with the IRS, a U.S. Corporation Income Tax Return (Form
11 1120) for Mario Saikhon, Inc., for the fiscal year ending
12 February 28, 1987, verified by a written declaration that it was
13 made under the penalties of perjury, which he knew was materially
14 false in that, among other things, it claimed over \$800,000 in
15 fraudulent business expenses; all in violation of Title 26, United
16 States Code, Section 7206(1), and Title 18, United States Code,
17 Section 2.

18 Count 10

19 1. Paragraphs 1 through 18 of the introductory allegations
20 to this Count are hereby realleged and incorporated by reference
21 as if set forth in full herein.

22 2. On or about October 15, 1987, within the Southern
23 District of California, defendant MARIO SAIKHON did willfully make
24 subscribe and file with the IRS, a U.S. Corporation Income Tax
25 Return (Form 1120s) for Mario Saikhon, Inc., for the fiscal year
26 ending July 31, 1987, verified by a written declaration that it
27 was made under the penalties of perjury, which he knew was
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1 materially false in that, among other things, it claimed over
2 \$560,000 in fraudulent business expenses; all in violation of
3 Title 26, United States Code, Section 7206(1), and Title 18,
4 United States Code, Section 2.

5 Count 11

6 1. Paragraphs 1 through 18 of the introductory allegations
7 to this Count are hereby realleged and incorporated by reference
8 as if set forth in full herein.

9 2. On or about October 15, 1988, within the Southern
10 District of California, defendant MARIO SAIKHON did willfully
11 make, subscribe and file with the IRS, a U.S. Corporation Income
12 Tax Return (Form 1120S) for Mario Saikhon, Inc., for the fiscal
13 year ending July 31, 1988, verified by a written declaration that
14 it was made under the penalties of perjury, which he knew was
15 materially false in that, among other things, it claimed over
16 \$530,000 in fraudulent business expenses; all in violation of
17 Title 26, United States Code, Section 7206(1), and Title 18,
18 United States Code, Section 2.

19 Count 12

20 1. Paragraphs 1 through 18 of the introductory allegations
21 to this Count are hereby realleged and incorporated by reference
22 as if set forth in full herein.

23 2. On or about October 15, 1989, within the Southern
24 District of California, defendant MARIO SAIKHON did willfully
25 make, subscribe and file with the IRS, a U.S. Corporation Income
26 Tax Return (Form 1120S) for Mario Saikhon, Inc., for the fiscal
27 year ending July 31, 1989, verified by a written declaration that
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1 it was made under the penalties of perjury, which he knew was
2 materially false in that, among other things, it claimed over
3 \$180,000 in fraudulent business expenses; all in violation of
4 Title 26, United States Code, Section 7206(1), and Title 18,
5 United States Code, Section 2.

6 Count 13

7 1. Paragraphs 1 through 18 of the introductory allegations
8 to this Count are hereby realleged and incorporated by reference
9 as if set forth in full herein.

10 2. On or about April 15, 1988, within the Southern District
11 of California, defendant MARIO SAIKHON did willfully make,
12 subscribe and file with the IRS, a U.S. Partnership Return of
13 Income (Form 1065) for Dogtooth Ranches, for the fiscal year
14 ending December 31, 1987, verified by a written declaration that
15 it was made under the penalties of perjury, which he knew was
16 materially false in that, among other things, it claimed over
17 \$140,000 in fraudulent business expenses; all in violation of
18 Title 26, United States Code, Section 7206(1), and Title 18,
19 United States Code, Section 2.

20 Count 14

21 1. Paragraphs 1 through 18 of the introductory allegations
22 to this Count are hereby realleged and incorporated by reference
23 as if set forth in full herein.

24 2. On or about April 15, 1989, within the Southern District
25 of California, defendant MARIO SAIKHON did willfully make,
26 subscribe and file with the IRS, a U.S. Partnership Return of
27 Income (Form 1065) for Dogtooth Ranches, for the fiscal year
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1 ending December 31, 1988, verified by a written declaration that
2 it was made under the penalties of perjury, which he knew was
3 materially false in that, among other things, it claimed over
4 \$130,000 in fraudulent business expenses; all in violation of
5 Title 26, United States Code, Section 7206(1), and Title 18,
6 United States Code, Section 2.

7 Count 15

8 1. Paragraphs 1 through 18 of the introductory allegations
9 to this Count are hereby realleged and incorporated by reference
10 as if set forth in full herein.

11 2. On or about February 15, 1987, within the Southern
12 District of California and elsewhere, defendant MARIO SAIKHON did
13 willfully aid and assist in the preparation and filing with the
14 IRS of a U.S. Corporation Income Tax Return (Form 1120) for
15 Evergreen Harvesting, Inc., for the fiscal year ending November
16 31, 1986, which he knew to be materially false in that, among
17 other things, it claimed over \$ 330,000 in fraudulent business
18 expenses; all in violation of Title 26, United States Code,
19 Section 7206(2), and Title 18, United States Code, Section 2.

20 Count 16

21 1. Paragraphs 1 through 18 of the introductory allegations
22 to this Count are hereby realleged and incorporated by reference
23 as if set forth in full herein.

24 2. On or about February 15, 1988, within the Southern
25 District of California and elsewhere, defendant MARIO SAIKHON did
26 willfully aid and assist in the preparation and filing with the
27 IRS of a U.S. Corporation Income Tax Return (Form 1120) for
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1 Evergreen Harvesting, Inc., for the fiscal year ending
2 November 31, 1987, which he knew to be materially false in that,
3 among other things, it claimed over \$400,000 in fraudulent
4 business expenses; all in violation of Title 26, United States
5 Code, Section 7206(2), and Title 18, United States Code,
6 Section 2.

7 Count 17

8 1. Paragraphs 1 through 18 of the introductory allegations
9 to this Count are hereby realleged and incorporated by reference
10 as if set forth in full herein.

11 2. On or about February 15, 1989, within the Southern
12 District of California and elsewhere, defendant MARIO SAIKHON did
13 willfully aid and assist in the preparation and filing with the
14 IRS of a U.S. Corporation Income Tax Return (Form 1120) for
15 Evergreen Harvesting, Inc., for the fiscal year ending
16 November 31, 1988, which he knew to be materially false in that,
17 among other things, it claimed over \$130,000 in fraudulent
18 business expenses; all in violation of Title 26, United States
19 Code, Section 7206(2), and Title 18, United States Code,
20 Section 2.

21 Count 18

22 1. Paragraphs 1 through 18 of the introductory allegations
23 to this Count are hereby realleged and incorporated by reference
24 as if set forth in full herein.

25 2. On or about February 15, 1990, within the Southern
26 District of California and elsewhere, defendant MARIO SAIKHON did
27 willfully aid and assist in the preparation and filing with the
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1 IRS of a U.S. Corporation Income Tax Return (Form 1120) for
2 Evergreen Harvesting, Inc., for the fiscal year ending
3 November 31, 1989, which he knew to be materially false in that,
4 among other things, it claimed over \$160,000 in fraudulent
5 business expenses; all in violation of Title 26, United States
6 Code, Section 7206(2), and Title 18, United States Code,
7 Section 2.

8 Count 19

9 1. Paragraphs 1 through 18 of the introductory allegations
10 to this Count are hereby realleged and incorporated by reference
11 as if set forth in full herein.

12 2. On or about February 15, 1987, within the Southern
13 District of California, and elsewhere, defendant MARIO SAIKHON did
14 willfully aid and assist in the preparation and filing with the
15 IRS of a U.S. Corporation Income Tax Return (Form 1120) for Rio
16 Farms, Inc., for the fiscal year ending November 31, 1986, which
17 he knew to be materially false in that, among other things, it
18 falsely reported: 1) that it was actively engaged in farming,
19 2) its income and expenses associated with farming operations; all
20 in violation of Title 26, United States Code, Section 7206(2), and
21 Title 18, United States Code, Section 2.

22 Count 20

23 1. Paragraphs 1 through 18 of the introductory allegations
24 to this Count are hereby realleged and incorporated by reference
25 as if set forth in full herein.

26 2. On or about February 15, 1988, within the Southern
27 District of California, and elsewhere, defendant MARIO SAIKHON did
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1 willfully aid and assist in the preparation and filing with the
2 IRS of a U.S. Corporation Income Tax Return (Form 1120) for Rio
3 Farms, Inc., for the fiscal year ending November 31, 1987, which
4 he knew to be materially false in that, among other things, it
5 falsely reported: 1) that it was actively engaged in farming,
6 2) its income and expenses associated with farming operations; all
7 in violation of Title 26, United States Code, Section 7206(2), and
8 Title 18, United States Code, Section 2.

9 Count 21

10 1. Paragraphs 1 through 18 of the introductory allegations
11 to this Count are hereby realleged and incorporated by reference
12 as if set forth in full herein.

13 2. On or about February 15, 1989, within the Southern
14 District of California, and elsewhere, defendant MARIO SAIKHON did
15 willfully aid and assist in the preparation and filing with the
16 IRS of a U.S. Corporation Income Tax Return (Form 1120) for Rio
17 Farms, Inc., for the fiscal year ending November 31, 1988, which
18 he knew to be materially false in that, among other things, it
19 falsely reported: 1) that it was actively engaged in farming,
20 2) its income and expenses associated with farming operations; all
21 in violation of Title 26, United States Code, Section 7206(2), and
22 Title 18, United States Code, Section 2.

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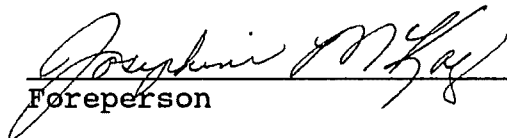
Count 22

1. Paragraphs 1 through 18 of the introductory allegations to this Count are hereby realleged and incorporated by reference as if set forth in full herein.

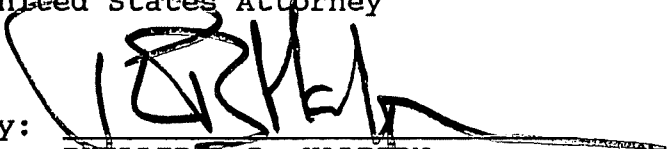
2. On or about February 15, 1990, within the Southern District of California and elsewhere, defendant MARIO SAIKHON did willfully aid and assist in the preparation and filing with the IRS of a U.S. Corporation Income Tax Return (Form 1120) for Rio Farms, Inc., for the fiscal year ending November 31, 1989, which he knew to be materially false in that, among other things, it falsely reported: 1) that it was actively engaged in farming, 2) its income and expenses associated with farming operations; all in violation of Title 26, United States Code, Section 7206(2), and Title 18, United States Code, Section 2.

DATED: April 14, 1991.

A TRUE BILL:


Foreperson

WILLIAM BRANIFF
United States Attorney

By: 
PHILLIP L.B. HALPERN
Assistant U.S. Attorney