



News Release

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Tax Recovery and Criminal Enforcement (TRaCE) Task Force

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**Contact: California Department of
Tax and Fee Administration
Office of Public Affairs
(916) 327-8988**

It's \$7.6 Million or 17 Years in Prison for Tax-Evading Clothing Retailer

Los Angeles – A two-year investigation led by the Tax Recovery and Criminal Enforcement (TRaCE) Task Force, with assistance from the Department of Insurance, ended with a Southern California clothing retailer pleading guilty on four counts of sales tax evasion, filing false state tax returns, failure to pay taxes on employee wages, workers compensation fraud, and admitted to two special enhancements: white collar crime enhancement and excessive taking.

Jeong Hwan Kim, 59, of Los Angeles County, entered the plea in Los Angeles County Superior Court, Norwalk Branch, on July 18, 2017. Kim owned and operated more than 50 retail clothing stores such in Los Angeles, Orange, San Diego, and Ventura counties.

From 2010 through 2016, the TRaCE investigation revealed Kim failed to report more than \$29 million in sales, more than \$39 million in taxable income, more than \$8 million in wages, and evaded payment of \$5.7 million in sales, income, and payroll tax. Kim also failed to report more than \$7 million in wages to his insurance carriers, and evaded payment of more than \$350,000 in workers' compensation insurance.

Kim's plea agreement states that he must pay more than \$7.6 million in restitution for tax and associated costs and serve two years in county jail. If he fails to pay full restitution within six months, he will receive a 17-year prison sentence.

The California Attorney General's Office prosecuted the case in coordination with the California Department of Justice, California Department of Tax and Fee Administration, Department of Insurance, Employment Development Department, and Franchise Tax Board.

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The TRaCE Task Force is made up of investigators and special agents from the California Department of Justice, California Department Tax and Fee Administration, California Attorney General's Office, Franchise Tax Board, Employment Development Department, Department of Motor Vehicles, Federal Bureau of Investigation, Internal Revenue Service and U.S. Immigration and Customs Enforcement's Homeland Security Investigations. The partnership was formed in 2014 to investigate criminal elements of the underground economy engaged in manufacturing, importation, distribution, and the sale of pirated intellectual property, as well as other crimes resulting from the evasion of business and income taxes.

The mission of the TRaCE Task Force is to combat organized elements of the underground economy engaged in the manufacture, importation, distribution, and sale of pirated intellectual property, and other economic crimes resulting in the evasion of business, payroll and/or income taxes.

TRaCE's central intake system for reporting a crime related to tax evasion, labor fraud, piracy, counterfeiting, and human trafficking is accessible via the Web or any mobile device instantly. Help TRaCE take down the underground economy – Report it, don't ignore it!

For more information on other taxes and fees in California, visit TRaCE's home page.

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