



Informational Release

Tax Recovery and Criminal Enforcement Task Force (TRaCE)

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Retailer Sentenced to Prison for \$5.6 Million Fraud Scheme

LOS ANGELES – California Attorney General Xavier Becerra announced today that Jeong Kim, the owner and operator of Fashion Q and Q retail clothing stores throughout Southern California, was sentenced to two years in prison for sales tax evasion, false income tax returns, failure to pay taxes and workers’ compensation fraud. Attorney General Becerra filed a felony complaint against Kim in the Los Angeles Superior Court on June 19, 2017.

“Like the rest of us, businesses must pay their taxes. Tax evasion is a crime,” **said Attorney General Becerra**. “Failing to pay payroll taxes, sales taxes, and workers compensation insurance hurts employees, our local communities, and businesses that are playing by the rules. The California Department of Justice will continue to hold criminals accountable and protect the pockets of Californians who pay their fair share.”

Jeong Kim owned and operated more than fifty retail clothing stores in Los Angeles, Orange, San Diego, San Bernardino and Ventura counties. From 2010 through 2016, Kim failed to report more than \$29 million in taxable sales to the Department of Tax and Fee Administration, more than \$39 million in taxable income to the Franchise Tax Board, more than \$8 million in wages to the Employment Development Department, and evaded payment of \$5.6 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 \$353,792 in workers’ compensation insurance.

The Department of Justice, Department of Tax and Fee Administration, Franchise Tax Board, and Employment Development Department pursued this case in partnership as part of the Tax Recovery and Criminal Enforcement (TRaCE) Task Force. On July 18, 2017, Kim entered a guilty plea to four counts. He has paid \$7,636,725 in restitution, including tax, interest, insurance premiums, and the cost of investigation.

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The Tax Recovery and Criminal Enforcement Task Force (TRaCE) is comprised of officers with the Department of Justice, California Department of Tax and Fee Administration, Franchise Tax Board, Employment Development Department, Federal Bureau of Investigation, Internal Revenue Service, and Homeland Security Investigations. 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. For more information about TRaCE or to report a crime, visit www.boe.ca.gov/trace.