

For Immediate Release

The Federal District Court for the District of Hawaii yesterday acquitted James Pflueger, a retired automobile dealer, on all of the four counts of the indictment alleging tax fraud and conspiracy following a two and one half week trial. At the Government's request the Court previously dismissed the additional count against him alleging a willful failure to file a foreign bank account reporting form (FBAR).

The criminal indictment centered around IRS allegations that Mr. Pflueger engaged in conspiracies with his accountant and others to defraud the Government relating to his personal taxes as well as those of his son and his former auto dealership, including the use of a foreign bank account and a foreign trust. Others included in the indictment previously pled guilty; his former accountant testified at trial as a cooperating witness for the Government.

The District Court found that the Government failed to establish the evidence supporting the allegations and acquitted Mr. Pflueger of all charges.

Mr. Pflueger's defense trial team was led by Steven Toscher of Hochman, Salkin Rettig Toscher and Perez, PC in Beverly Hills, CA and included Edward M. Robbins, Jr., Lacey Strachan, Kurt Kawafuchi, Richard Speier, and Gary Howard, CPA. Mr. Robbins is the former Chief of the U.S. Attorney's Tax Division in Los Angeles, CA. Mr. Kawafuchi is the former Director of the State of Hawaii Department of Taxation. Mr. Speier, who served as the expert summary witness, is the former Deputy Chief of the Criminal Investigation Division of the Internal Revenue Service in Washington, DC. Mr. Howard was the testifying forensic accountant on behalf of Mr. Pflueger.

The defense team praised the Court for not being persuaded by unsupported allegations and innuendos presented by the Government during the trial. Steven Toscher, speaking on behalf of the defense team and James Pflueger stated "Mr. Pflueger is innocent of all the charges. The verdict acquitting Mr. Pflueger of all charges is a tribute to our system of justice demonstrating that notwithstanding the almost unbridled power and unlimited resources of the federal government to accuse, they sometimes wrongly accuse without sufficient evidence."

Mr. Toscher acknowledged that the Government rarely loses criminal tax prosecutions. This is believed to be the first unsuccessful prosecution relating to the use of foreign bank accounts in the Government's ongoing international enforcement efforts. The Government must objectively and carefully select the cases to prosecute - the mere presence of a foreign bank account and foreign trust does mean there has been a tax crime - an assumption which seemed to blindly guide the prosecution of Mr. Pflueger, an innocent man.

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