



Department of Justice

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Northern District of California

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FORMER SAN JOSE RESIDENT SENTENCED TO PRISON FOR 30 MONTHS FOR TAX EVASION

Failed To Report \$8.8 Million In Stock Gains, Used Trusts and Nominee Names to Hide Assets

SAN JOSE, Calif. – Gary Linn Packer was sentenced yesterday to 30 months in prison, followed by three years of supervised release for tax evasion, United States Attorney Melinda Haag and Special Agent in Charge, Internal Revenue Service, Criminal Investigation, Marcus Williams announced. The court also ordered Packer to pay restitution in the amount of \$1,808,079.

Packer pleaded guilty on Nov. 28, 2011, to one count of tax evasion, in violation of Title 26, United States Code, Section 7201. According to the plea agreement, between, 1994 and 2001, Packer was employed by Network Appliance, Inc. (NA) in Sunnyvale, Calif. He received a portion of his income in NA stock options. In 2000, Packer liquidated his NA stock, which resulted in a taxable gain of \$8,844,949. He did not file a tax return for the 2000 tax year and did not pay the IRS the \$1,795,740 of income taxes owed. In order to evade the payment of the income taxes, Packer concealed his assets from the IRS by placing them in nominee names, including several trusts, and used false identification numbers.

According to court documents, on Aug. 2, 2000, Packer purchased a home in Morgan Hill, Calif., for \$1,205,000 with stock sale proceeds. He took title to this property in the name of

The Little Bear Home Trust, which he purchased from We the People Trusts. Packer did not register The Little Bear Home Trust with the IRS and did not obtain a taxpayer identification number for this trust. Also in 2000, Packer purchased another trust from We the People Trust and named it The Good Life Investment Trust (GLIT). He transferred approximately \$655,000 from his Lehman Brothers brokerage account to the GLIT account at Bank of America. To conceal stock sale proceeds from the IRS, Packer transferred approximately \$6 million to the GLIT account at Citibank/Bear Stearns. Continuing his attempts to conceal stock proceeds he transferred approximately \$2.2 million from the GLIT account at Citibank/Bear Stearns to another GLIT account at Emmett Larkin Co., Inc. Court documents further show that, from the GLIT, Packer paid personal expenses in cash, including purchasing an Audi TT, a BMW X-5 and a Volkswagen Cabriolet. He also paid cash for a condo in Nashville, Tenn., which was placed in a nominee's name. In October 2006, Packer sold his residence in Morgan Hill. From the proceeds, he wire transferred \$760,258.34 to the GLIT and wire transferred \$579,950 into an escrow account for the purchase of a home located in Lodi, Calif., which was placed in a nominee's name. Packer lived in that house until March, 2010. From the sale proceeds of the Morgan Hill residence, he also wire transferred \$25,000 to a nominee.

Packer, 51, currently of Cheyenne, Wyo., was charged on March 4, 2010, with two counts of tax evasion. He pleaded guilty to one count. Packer has been in custody since his arrest in Wyoming on Feb. 2, 2011.

Thomas Moore is the Assistant U.S. Attorney who is prosecuting the case with the assistance of Kathy Tat. The prosecution is the result of an investigation by the Internal Revenue Service, Criminal Investigation.

Further Information:

Case #: CR 10-0161-EJD

A copy of this press release may be found on the U.S. Attorney's Office's website at <http://www.usdoj.gov/usao/can>.

Electronic court filings and further procedural and docket information are available at <https://ecf.cand.uscourts.gov/cgi-bin/login.pl>.

Judges' calendars with schedules for upcoming court hearings can be viewed on the court's website at <http://www.cand.uscourts.gov>.

All press inquiries to the U.S. Attorney's Office should be directed to Jack Gillund at (415) 436-6599 or by e-mail at Jack.Gillund@usdoj.gov.

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