



# Department of Justice

United States Attorney Melinda Haag  
Northern District of California

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**EL BALAZO RESTAURANT OWNERS PLEAD GUILTY TO FRAUDULENT MISUSE OF SOCIAL SECURITY NUMBERS, EMPLOYING ILLEGAL ALIENS AND TAX FRAUD**

OAKLAND, Calif. – Marino Sandoval, 58, and his wife, Nicole Sandoval, 50, of Pleasanton, Calif., pleaded guilty Wednesday to various immigration, social security and tax charges related to the operation of their San Francisco Bay area restaurant chain, El Balazo, U.S. Attorney Melinda Haag announced.

The Sandovals were charged in a criminal Information filed on Nov. 29, 2010, alleging that they harbored and employed illegal aliens, knowingly misused employees' social security numbers and engaged in tax fraud between 2003 and 2005.

In pleading guilty, the Sandovals admitted to owning and operating the El Balazo Restaurants, along with Marino Sandoval's brother, Francisco Sandoval, who pled guilty to tax charges on Aug. 30, 2010. Marino and Nicole Sandoval acknowledged that they were responsible for withholding federal taxes, including employment and unemployment taxes, from their employees' pay. Nicole Sandoval admitted that she underreported the employees correct wages to the payroll company the defendants used to prepare the tax returns. Marino and Nicole Sandoval admitted that, based upon their actions, the amount of employment taxes paid to the Internal Revenue Service was understated.

At the hearing, Marino Sandoval also admitted to hiring employees he knew were not legally authorized to work in this country. According to the plea agreement, between August 2007 and August 2008, Marino Sandoval employed more than 100 illegal aliens as employees, many of whom were born outside the United States. In May of 2008, agents with U.S. Immigration and Customs Enforcement's (ICE) Homeland Security Investigations (HSI) conducted a search of several El Balazo Restaurants during which ICE HSI agents determined there were approximately 63 employees who were unauthorized to work in the United States. After being informed by ICE in writing of the identity of the unauthorized employees, Marino Sandoval rehired more than 10 of these employees.

Beside the tax charge, Nicole Sandoval also pled guilty to misusing El Balazo employees' social security numbers that were provided to the Social Security Administration and the Internal Revenue Service (IRS). Between 2002 and 2007, Nicole Sandoval submitted, on behalf of El Balazo, the employer's quarterly contribution and wage reports to the Social Security Administration. The reports included the names of undocumented alien employees receiving wages from their employment. In court, Nicole Sandoval admitted that she was aware that the social security numbers submitted were false in that they were not the social security numbers assigned to the employees as she reported.

Francisco Sandoval, 55, of Alameda, Calif., was sentenced on Dec. 8, 2010, to three years probation for failure to account and pay over payroll taxes and harboring illegal aliens for financial gain. Francisco Sandoval was the partner and manager of two El Balazo restaurants located in San Francisco. He was also ordered to pay restitution in the amount of \$50,000 to the Internal Revenue Service.

Marino and Nicole Sandoval are scheduled to be sentenced on Dec. 14, 2011.

The maximum statutory penalty for Failure to Account for and Pay Over Taxes, in violation of Title 26, United States Code § 7202 is five years in prison and a fine of \$10,000; Conspiracy to Commit Tax Evasion, in violation of Title 18, United States Code § 371 is five years in prison and a fine of \$250,000; Hiring for Employment at Least 10 Unauthorized Aliens over a 12-month Period in violation of Title 8, United States Code § 1324(a)(3)(A) is five years in prison and a fine of \$250,000 and False Representation of Social Security Numbers in violation of Title 42, United States Code § 408(a)(7)(B) is five years in prison and a fine of \$250,000. However, any sentence following conviction would be imposed by the court after consideration of the U.S. Sentencing Guidelines and the federal statute governing the imposition of a sentence, 18 U.S.C. § 3553.

Thomas Newman and Stephen Corrigan are the Assistant U.S. Attorneys prosecuting the case with the assistance of Kathleen Turner. The prosecution is the result of a lengthy investigation by the Internal Revenue Service, Criminal Investigation; U.S. Immigration and Customs Enforcement's Homeland Security Investigations; and the Social Security Administration, Office of Inspector General.

Further Information:

Case #: 10-00866 CW

A copy of this press release may be found on the U.S. Attorney's Office's website at [www.usdoj.gov/usao/can](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 [www.cand.uscourts.gov](http://www.cand.uscourts.gov).

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