1991

SCHEDULE C NET INCOME FROM BUSINESS	FORM 1040 REPORTED TAXABLE INCOME	NON-DEDUCTIBLE PERSONAL EXPENDITURES	PURPOSE	EVIDENCE IN SAR
61,014.00				• W1-1 1991 1040 Tax Return, Schedule C line 31
	105,509.00			• W1-1 1991 1040 Tax Return pg. 3 line 37
		73,024.21	Medlar	• W24-8 Schedule of Payments (signed by Medlar)
		82,858.00	wife/household	• W3-15 1991 Analysis of deposits into joint (wife's) household account @ Westside Bank a/c# 125-107-3: (account predominantly funded via checks from Cisneros business account and Cisneros income checks deposited directly into account)
				• SAR p. 40 par. 3c wife got $6,000 to $8,000 per month per Off. Mgr. Garcia (1/26/95 interview) W5-2 par. 16
				• SAR pgs. 15 par. 3, 22 par. 5, 26 par. 8, 54 par. m. Neither Rene Gonzalez, CPA (2/10/95 interview) W20-1 pg. 8 nor Luis Hernandez, CPA (4/4/96 interview) W21-3 pg. 6 were given access to the joint (wife's) acct., Westside Bank a/c # 125-107-3
		17,500.00	Lincoln Benefit annuity	• W25-2 $2,500 monthly debit from bus. acct. (face of each bank stmnt.) & SAR p. 13 par. 11. p. 35 & pp. 36, 55 par. 3b Cisneros knew not deductible and tax and penalty for early withdrawal, Ins. Agent Ornelas (10/3/96, 10/29/96 interviews) W22-1, 2, 3, 4
61,014.00	**105,509.00**	**173,382.21**		

Personal Expenditures	173,382.21	*	Personal Expenditures	173,382.21
LESS:		*	LESS:	
Sched. C Net Income	61,014.00	*	1040 Taxable Income	105,509.00
Difference	112,368.21	*	Difference	67,873.21

- Schedule C is 35% of what spent
- Spent 65% more than reported on Schedule C

- reported taxable income 61% of what spent
- spent 39% more than reported taxable income

EXHIBIT
241
1/15/00

1992A
USING HERNANDEZ'S PROFIT AND LOSS FIGURES

SCHEDULE C NET INCOME FROM BUSINESS	REPORTED TAXABLE INCOME	NON-DEDUCTIBLE PERSONAL EXPENDITURES	PURPOSE	EVIDENCE IN SAR
109,195.00				• W1-3 1992 1040 Tax Return, Schedule C line 31
	68,599.00			• W1-3 1992 1040 Tax Return pg. 3 line 37
		67,580.00	Medlar	• W24-8 Schedule of Payments (signed by Medlar)
		102,348.09	Household Expense	• W21-7 Profit & Loss pg. 2 and Income/Expense Summary (by Hernandez, computer printout of checks from Cisneros business bank accounts)
		9,365.00	Life insurance	• " "
		1,780.50	Medical	• " "
		26,011.28	HGC-Personal	• " "
		22,026.95	Lincoln Benefit	• " " — **($30,000 wrongly deducted Form 1040 line 27)**
		49,634.83	Personal Taxes	• W21-7 P&L pg. 2. Income/Expense Summary pg. 24 (Hernandez's computer printout of checks from Cisneros business bank accounts)
				• 3/20/97 6 pp. fax to ACC from S/A Lange.
109,195.00	**68,599.00**	**278,746.65**		

Personal Expenditures	278,746.65	*	Personal Expenditures	278,746.65
LESS:		*	LESS:	
Sched. C Net Income	109,195.00	*	1040 Taxable Income	68,599.00
Difference	169,551.65	*	Difference	210,147.65

- Schedule C is 39% of what spent
- Spent 61% more than reported on Schedule C

- reported taxable income 25% of what spent
- spent 75% more than reported taxable income

1992B

SCHEDULE C NET INCOME FROM BUSINESS	FORM 1040 REPORTED TAXABLE INCOME	NON-DEDUCTIBLE PERSONAL EXPENDITURES	PURPOSE	EVIDENCE IN SAR
109,195.00				• W1-3 1992 1040 Tax Return, Schedule C line 31
	68,599.00			• W1-3 1992 1040 Tax Return pg. 3 line 37
		67,580.00	Medlar	• W24-8 Schedule of Payments (signed by Medlar)
		30,000.00	Lincoln Benefit	• W25-2 $2,500 monthly debit from bus. acct. (face of each bank stmnt.) & SAR p. 13 par. 11, pp. 36, 55 par. 3b Cisneros knew not deductible and tax and penalty for early withdrawal, Ins. Agent Ornelas (10/3/96, 10/29/96 interviews) W22-1, 2, 3, 4
		49,634.83	Personal Taxes	• W21-7 P&L pg. 2. Income/Expense Summary pg. 24 (Hernandez's computer printout of checks from Cisneros' business bank accounts)
				• 3/20/97 6 pp. fax to ACC from S/A Lange.
		74,625.00	Wife/household	• W3-15 1992 Analysis of deposits into joint (wife's) household account @ Westside Bank a/c# 125-107-3: (account predominantly funded via checks from Cisneros business accounts and Cisneros income checks deposited directly to this account)
				• SAR p. 40 par. 3c wife got $6,000 to $8,000 per month per Off. Mgr. Garcia (1/26/95 interview) W5-2 par. 16)
				• SAR pgs. 15 par. 3, 22 par. 5, 26 par. 8, 54 par. m. Neither Rene Gonzalez, CPA (2/10/95 interview) W20-1 pg. 8 nor Luis Hernandez, CPA (4/4/96 interview) W21-3 pg. 6 were given access to the joint (wife's) acct., Westside Bank a/c # 125-107-3
		12,782.05	Yale - daughter's tuition	• W21-7 Income/Expense Summary PG. 24 (Hernandez's computer printout of checks from Cisneros business bank accounts)
109,195.00	**68,599.00**	**234,621.88**		

Personal Expenditures	234,621.88	*	Personal Expenditures	234,621.88
LESS:		*	LESS:	
Sched. C Net Income	109,195.00	*	1040 Taxable Income	68,599.00
Difference	125,426.88	*	Difference	166,022.88

- Schedule C is 46.5% of what spent
- Spent 53.5% more than reported on Schedule C

- reported taxable income 29% of what spent
- spent 71% more than reported taxable income

1993

FORM 1040 REPORTED TAXABLE INCOME	OMITTED TAXABLE INCOME	SOURCE	EVIDENCE IN SAR
371,948.00			• W1-4 1040 Tax Return pg. 4 line 37
	19,786.25	Mass Mutual (annuity cashed)	• SAR p 13 ¶ 11, pp 35, 36 & 55 discussion of Mass Mutual W22-1, 2, 3, 4 Ins. Agent Ornelas (10/3/96 and 10/29/96 interviews) 2/12/93 letter advising taxability and tendering checks, copies of checks and Fedex repts. W33-2 & 3 copies of Mass Mutual checks endorsed by Cisneros SAR pg. 35 par. 11 - 13 & W24-3 pg. 2 & 3 HGC tape disc. of tax effect of liquidating annuities with Medlar on 2/6/93
	13,745.50	Mass Mutual (annuity cashed)	• " "
	2,836.23	Mass Mutual (annuity cashed)	• " "
371,948.00	**36,367.98**		

1040 Taxable Income	371,948.00
ADD:	
Omitted Income	36,367.98
Corrected Income	408,315.98

9.8% unreported