

CISNEROS TAX RETURNS
TAX YEARS 1989-1993
INFORMATION AVAILABLE TO ACC

FORM 1040

Tax Year	1989	1990	1991	1992	1993
Date Filed	10/11/90	1/21/92	8/20/92	2/15/93	4/14/94
Tax Preparer	Garza/ Gonzalez & Assoc., CPA	Garza/ Gonzalez & Assoc., CPA	Luis Hernandez, CPA	Luis Hernandez, CPA	Luis Hernandez, CPA
Wages (Line 7)	\$ 43,216	\$ 62,557	\$ 51,837	\$ 50,000	\$ 150,891
Schedule C Income (Line 12)	\$ 213,539	\$ 225,385	\$ 61,014	\$ 109,195	\$ 59,702
Schedule D - Capital Gain or (Loss) (Line 13)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 103,085
Total IRA Distributions (Line 16)	\$ 2,618	\$ 0	\$ 0	\$ 0	\$ 12,896
Total Pensions & Annuities (Line 17)	\$ 0	\$ 0	\$ 25,000	\$ 0	\$ 52,340
Schedule E - Rents, royalties, etc. (Line 18)	- \$ 803	- \$ 364	\$ 2,627	\$ 2,376	\$ 3,936
Less: Keogh Retirement Plan & Self- Employed SEP Deduction (Line 27)	\$ 3,546	\$ 3,500	\$ 0	(\$30,000)	\$ 0
Adjusted Gross Income (Line 31)	\$ 256,531	\$ 285,669	\$ 142,040	\$ 130,471	\$ 382,344
Less: Itemized Deductions From Schedule A - Line 26 (Line 34)	\$ 12,582	\$ 11,070	\$ 25,781	\$ 50,372	\$ 10,396
Taxable Income (Line 37)	\$ 233,949	\$ 264,349	\$ 105,509	\$ 68,599	\$ 371,948
Less: Total Tax (Line 53)	\$ 69,443	\$ 76,888	\$ 30,151	\$ 23,461	\$ 118,386

Tax Year	1989	1990	1991	1992	1993
Net Disposable Income (Taxable Income Less Total Tax)	\$ 164,506	\$ 187,461	\$ 75,358	\$ 45,138	\$ 253,562
Less: Payments to Medlar (Based on information available to ACC by 3/27/97)	\$ 11,180 [REDACTED]	\$ 44,500 [REDACTED]	\$ 73,024.21 [REDACTED]	\$ 67,580 [REDACTED]	\$ 78,218.45 [REDACTED]
Amount Left to Feed Family	\$ 153,326	\$ 142,961	\$ 2,333.79	- \$ 22,442 (Negative)	\$ 175,343.55
Less: Non-Medlar Non-Deductible Personal Expenditures			\$ 70,769.41 (SAR-1991 HGC Quicken P&L) OR \$ 100,358 (SAR-Non-Hernandez)	\$211,166.65 (SAR -1992 Hernandez P&L/I&E) OR \$ 167,041.88 (SAR - Non-Hernandez)	
Amount Left Over			- \$ 68,435.62 (Negative) (SAR - 1991 HGC Quicken P&L) OR - \$ 98,024.21 (Negative) (SAR - Non-Hernandez)	- \$ 233,608.65 (Negative) (SAR -1992 Hernandez P&L/I&E) OR - \$ 189,483.88 (Negative) (SAR - Non-Hernandez)	

FORM 1040 REPORTED TAXABLE INCOME	OMITTED TAXABLE INCOME	SOURCE	EVIDENCE IN SAR
371,948.00	19,786.25	Mass Mutual (annuity cashed)	<ul style="list-style-type: none"> • <u>W1-4</u> 1040 Tax Return p. 2 line 37. • <u>SAR p. 13 ¶ 11, pp. 35, 36 & 55</u> discussion of Mass Mutual • <u>W22-1, 2, 3, 4</u> 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. • <u>W33-2 & 3</u> copies of Mass Mutual checks endorsed by Cisneros • <u>SAR p. 35 ¶ 11 - 13 & W24-3 pp. 2-3</u> HGC tape disc. of tax effect of liquidating annuities with Medlar on 2/6/93
371,948.00	13,745.50	Mass Mutual (annuity cashed)	• “ ”
371,948.00	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

CISNEROS TAX RETURNS
TAX YEARS 1988-1993
SCHEDULE A - ITEMIZED DEDUCTIONS

Tax Year	1988	1989	1990	1991	1992	1993
Real Estate Taxes (Line 6)	\$ 763	\$ 1,713	\$ 2,141	\$ 2,141	\$ 794	\$ 2,167
Other Taxes (Line 7)	\$ 0	\$ 0	\$ 0	\$ 8,229 "See statement"	\$ 49,635	\$ 0
Total Taxes (Line 8)	\$ 763	\$ 1,713	\$ 2,141	\$ 10,370	\$ 50,429	\$ 2,167
Total Itemized Deductions (Line 26) [same as Form 1040, Line 34]	\$ 13,117	\$ 12,582	\$ 11,070	\$ 25,781	\$ 50,372	\$ 10,396

SCHEDULE C
PROFIT OR LOSS FROM BUSINESS (SOLE PROPRIETORSHIP)

Tax Year	1988	1989	1990	1991	1992	1993
Gross Income (Line 5 or 7)	\$ 210,084	\$ 320,203	\$ 537,995	\$ 456,381	\$ 371,085	\$ 4,500
Total Expenses (Line 28, 29, or 30)	\$ 43,465	\$ 106,664	\$ 312,610	\$ 395,367	\$ 261,890	\$ 2,298
Net Profit or (Loss) (Line 29, 30, or 31) [same as Form 1040, Line 12]	\$ 166,619	\$ 213,539	\$ 225,385	\$ 61,014	\$ 109,195	\$ 2,202

SUMMARY

- Schedule C:
- 1991 (Quicken P&L): Schedule C is 42% of what spent; Spent 58% more than reported on Schedule C
 - 1991 (SAR - Non-Hernandez): Sched. C is 35% of what spent; Spent 65% more than reported on Sched. C
 - 1992 (P&L/I&E): Schedule C is 39% of what spent; Spent 61% more than reported on Schedule C
 - 1992 (SAR - Non-Hernandez): Sched. C is 47% of what spent; Spent 53% more than reported on Sched. C

- Taxable Income:
- 1991 (Quicken P&L): Reported Taxable Income 73% of what spent; Spent 27% more than reported Taxable Income
 - 1991 (SAR - Non-Hernandez): Reported Taxable Income 61% of what spent; Spent 39% more than reported Taxable Income
 - 1992 (P&L/I&E): Reported Taxable Income 25% of what spent; Spent 75% more than reported Taxable Income
 - 1992 (SAR - Non-Hernandez): Reported Taxable Income 29% of what spent; Spent 71% more than reported Taxable Income

- Disposable Income:
- 1991 (Quicken P&L): Expenditures exceeded disposable income by 48%
 - 1991 (SAR - Non-Hernandez): Expenditures exceeded disposable income by 57%
 - 1992 (P&L/I&E): Expenditures exceeded disposable income by 84%
 - 1992 (SAR - Non-Hernandez): Expenditures exceeded disposable income by 81%