



3 restaurant chain executives indicted on federal immigration, tax charges

Joint ICE, IRS probe alleges Chuy's hired illegal alien workers and paid them 'off the books'

PHOENIX – The father and son owners of a regional Mexican restaurant chain, along with the company's accountant, will be arraigned in federal court in Tucson Thursday on tax and immigration violations contained in a 19-count indictment stemming from a lengthy probe by U.S. Immigration and Customs Enforcement's (ICE) Homeland Security Investigations (HSI) and the Internal Revenue Service (IRS).

Mark Evenson, 58, of Paradise Valley, Ariz.; his son, Christopher Evenson, 39, of Oro Valley, Ariz., owners of Chuy's Mesquite Broiler restaurants with outlets in Arizona and California; and an accountant for the chain, Diane Strehlow, 47, of Tempe, Ariz., are charged with a variety of criminal violations, including the unlawful hiring and harboring of illegal aliens, conspiracy to defraud the IRS and tax evasion. If convicted of all the charges, Mark Evenson faces up to 86 years in prison and a \$5.33 million fine; Christopher Evenson faces up to 81 years in prison and a \$5.08 million fine; and, Strehlow faces a maximum prison term of 40 years and a \$2 million fine.

"For nearly two years, these defendants are alleged to have knowingly dodged hundreds of thousands of dollars in taxes in order to maintain an illegal workforce," said U.S. Attorney Dennis K. Burke. "That deceitful practice, which hurts all law-abiding tax payers and employers, must stop. There should be no place in our economy for employers who cynically exploit and defy the U.S. tax code to take advantage of illegal labor."

"Employers who knowingly hire an illegal workforce encourage illegal immigration, take jobs away from legal workers and gain an unfair advantage over their competitors," said Matt Allen, special agent in charge of ICE HSI in Arizona. "This case should be a reminder about the consequences facing employers who exploit illegal alien labor and violate our nation's laws. No employer, regardless of size, industry, or location is above the law."

According to the indictment, the Evensons hired undocumented aliens to work in the kitchens of their restaurants; while individuals authorized to work in the United States were hired as servers or in other restaurant jobs. It is alleged the defendants then used two different methods to compensate company employees. The undocumented workers were purportedly paid under the table with no taxes withheld or reported to the IRS. The

authorized workers were paid using normal payroll practices, with taxes properly itemized and submitted to the IRS.

“Employment tax evasion undermines public confidence in our tax system and businesses that don’t follow the rules have an unfair advantage over their competitors. Tax evasion is not a victimless crime and results in the loss of future Social Security or Medicare benefits for the employees and loss of tax revenue to the United States government,” stated Dawn Mertz, special agent in charge, IRS Criminal Investigation. The latest tax gap report shows the employment tax gap for the Federal Insurance Contribution Act (FICA) and the Federal Unemployment Tax Act (FUTA) is approximately \$20 billion in underreporting and \$5 billion in underpayment.

The Evensons and Strehlow were arrested Wednesday after HSI, IRS and Department of Labor agents executed 20 search warrants related to the case, including 15 at Chuy’s restaurants in Arizona and California.

According to the court document, the Evensons engaged in a pattern and practice of hiring aliens knowing they were not authorized for employment in the United States. On multiple occasions, Mark Evenson stands accused of personally directing employees not to run personal information for illegal aliens through the government, because the government would “kick it back” or would “come and pick them up.” When he received a complaint about illegal aliens working at a restaurant in Lake Havasu City, Mark Evenson allegedly told an employee that “throwing some American people in there,” might stop the complaints. When Christopher Evenson was advised by an employee that a person Christopher Evenson wanted to hire (who was working at another restaurant) was an illegal alien, Christopher Evenson replied that the other restaurant did “the same thing.”

The indictment states that, sometime prior to January 2008, the defendants began filing fraudulent Forms 941 (the Employer’s Quarterly Federal Tax Return) with the IRS, and did so every three months through January 2010. Consequently, the restaurant’s management companies underreported and failed to pay at least \$400,000 in Federal Insurance Contribution Act (Social Security and Medicare) taxes throughout the course of the conspiracy.

The case is being prosecuted by the U.S. Attorney’s Office District of Arizona.

Since its establishment in 2003, ICE has dramatically enhanced its efforts to combat the unlawful employment of unauthorized workers in this country. [ICE’s comprehensive strategy](#) for worksite enforcement is aimed at promoting national security and public safety, protecting critical infrastructure, and ensuring fair labor standards.

In fiscal year 2010, worksite cases initiated by ICE Homeland Security Investigations resulted in the filing of criminal charges against a record 180 owners, employers, managers and/or supervisors - up from 135 in fiscal year 2008. Criminal prosecutions are just one of many tools the agency is using to reduce the demand for illegal employment

and protect job opportunities for the nation's lawful workforce. That enforcement strategy also includes expanded use of civil penalties, debarment and employer audits. In fiscal year 2010, ICE Homeland Security Investigations conducted more than 2,200 audits of employers nationwide.