

Department of Justice

U.S. Attorney's Office

Central District of California

FOR IMMEDIATE RELEASE

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Owner of Mexican Seafood Restaurants Pleads Guilty to Charges of Obstructing Investigation into Wage Violations and Federal Tax Fraud

SANTA ANA, California – The owner of a chain of Mexican seafood restaurants pleaded guilty this afternoon to criminal charges for obstructing a federal investigation into his failure to pay minimum wage and overtime to his employees.

Victor Hugo Guzman, 49, of La Habra, pleaded guilty this afternoon to one count of obstruction of a federal investigation and one count of filing a false tax return.

Guzman was the owner and operator of the Ostioneria Colima restaurant chain, which had locations in Orange and Los Angeles counties. Guzman admitted in a plea agreement that he failed to pay overtime wages to employees. For some employees, Guzman also paid them less than the minimum wage.

Guzman admitted that, from 2011 through 2014, some employees worked 12 hours a day, six days a week, but he only paid them a flat weekly salary of \$320 – or only \$4.44 per hour, well below California's then-minimum wage of \$8 per hour.

According to the plea agreement, when federal investigators began to probe suspected overtime wage violations and violations of the Fair Labor Standards Act, Guzman obstructed that investigation by hiring someone who fabricated records and by instructing employees to lie to the federal investigators about the number of hours they had worked. Guzman caused fabricated timecards to be submitted to the Department of Labor, which showed that employees had worked a maximum of only 40 hours per week, when in fact, those employees had been working 60 to 72 hours per week.

In addition to obstructing the Labor Department's investigation, Guzman admitted he caused the filing of false payroll tax returns with the IRS for several years. Those filings underreported the amount of wages he was paying his employees, which resulted in the underpayment of federal payroll taxes. Guzman admitted that the tax loss from those false tax returns was approximately \$79,000.

In addition to agreeing to pay back taxes to the IRS, Guzman agreed in his plea agreement to pay more than \$200,000 in back wages to employees.

United States District Judge Josephine L. Staton scheduled a sentencing hearing on April 23, 2021, at which time Guzman will face a statutory maximum sentence of eight years in federal prison.

This matter was investigated by the U.S. Department of Labor – Office of the Inspector General and IRS Criminal Investigation. The U.S. Department of Labor, Wage and Hour Division, provided substantial assistance.

This case is being prosecuted by Assistant United States Attorney Charles E. Pell of the Santa Ana Branch Office.