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FOR IMMEDIATE RELEASE

Valley Restaurant Owners Indicted for Fraud, Conspiracy

(Phoenix, Ariz. – Aug. 21, 2008) Attorney General Terry Goddard today announced the indictment of three restaurant owners for allegedly failing to pay more than \$25,000 in back wages to employees as required in a settlement with the U.S. Department of Labor.

Martin David Gonzales, 38, of Anthem, was indicted on two counts of fraud, two counts of conspiracy and one count of theft. Leonard R. Gallardo, Jr., 68, of Scottsdale, and Frances Lucy Gallardo, 67, of Scottsdale, were charged with one count of fraud, two counts of conspiracy and one count of theft. The charges are all Class 2 felonies.

The defendants own and manage Pinata Nueva, a Valley restaurant chain. This indictment and a U.S. Department of Labor settlement address the defendants' conduct with respect to the Anthem location of Pinata Nueva as well as the recently-closed Scottsdale location of Pinata Nueva.

According to court documents, between July 2006 and October 2006, the defendants presented the U.S. Department of Labor with documents, including photocopies of checks, receipts and bank transaction records, as proof that employees had been paid in accordance with the settlement. In fact, employees never received those funds.

In October 2006, the defendants allegedly told employees that the back wages owed to them belonged to the businesses owned by the defendants. Furthermore, when the defendants paid a portion of the back wages owed to employees, they allegedly required the employees to deposit the proceeds back into the defendants' company bank accounts.

This indictment is the result of a joint investigation by the U.S. Department of Labor and the Arizona Attorney General's Office. Assistant Attorney General Todd Lawson is prosecuting this case.

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