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by Catholic News Service

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FRESNO, Calif. — August 27, 2018

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U.S. District Judge Dale Drozd on Aug. 13 sentenced Michael Galloway, owner and operator of the Catholic Online website, to 21 months in prison for tax evasion, according to an announcement by U.S. Attorney McGregor Scott.

Galloway, 63, of Bakersfield, was ordered to surrender to serve his sentence beginning Nov. 14.

On March 21, a jury in Fresno returned a guilty verdict, convicting Galloway on four counts of tax evasion. According to court documents, the Catholic media entrepreneur generated revenue by selling advertising and hosting to faith-based businesses.

Galloway's 26-year-old media enterprise Catholic Online carries international, national and local news, finance, health, family, arts and entertainment features, columns, features on saints, an assortment of videos on faith and other topics, Scripture readings, as well as Catholic Church news from Catholic News Agency/EWTN and other sources. It includes a portal called Catholic Online Singles. It also carries advertising and promotes pilgrimages and other Catholic tours.

The site says it has "unique users" numbering 150,000 daily and 4 million monthly and has 2.5 million followers on Facebook.

"No matter what the source of income, all income is taxable," said Tara Sullivan, special agent in charge with the IRS Criminal Investigation division. "Mr. Galloway received income from many sources, however, he failed to disclose his true income to the IRS. This sentence should send a clear message: Tax evasion is a violation of federal law and can have severe consequences that can result in jail time."

For tax years 2003 through 2006, Galloway improperly deducted personal expenses as business expenses, including his homeowner's association fees for his personal residence, car payments and insurance, utilities and cable service for his personal residence, tile work, and personal legal fees.

For the four charged years, Galloway reported an income of \$13,241 (2003); \$28,846 (2004); \$60,438 (2005); and \$23,053 (2006), according to court documents. During this time he owned a 4,600-square-foot residence on a golf course in Bakersfield that he had purchased for \$850,000. He made mortgage payments those years totaling \$81,943 (2003); \$78,694 (2004); \$79,372 (2005); and \$80,411 (2006).

"For the four years in question, these figures amounted to a claim by the defendant that he earned only \$4,702 and yet was able to make \$320,420 in mortgage payments," the documents said.

Cumulatively, he under-reported his and his spouse's taxable income during those years by at least \$671,755, resulting in an additional tax due and owing of over \$102,000, according to the IRS.

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The jury also found that he falsely claimed to IRS agents during a 2010 interview that he made his mortgage payments from cash that he had saved over 40 years. The jury found that this statement was an attempt to evade income tax.

In June 2007, a civil case was filed against Galloway by John Mitchell, then deputy district attorney for Kern County, which includes Bakersfield. Galloway was accused of involvement in a host of unlawful, unfair and fraudulent business acts and practices.

Among its many claims, the civil suit accused Galloway of diverting funds sought for charitable causes and using the money "for purposes other than those for which they were solicited or contributed."

Galloway agreed to settle the suit and to pay \$200,000 in penalties, fees and restitution individuals and Catholic nonprofit organizations who claimed they were owed money. He also agreed to drop a lawsuit he had filed against the Monastery of the Glorious Cross (a convent for disabled nuns) in Branford, Connecticut, one of the organizations he paid restitution.

Galloway claimed the suit against him was an attempt by disgruntled former clients and "agenda-driven anti-Catholic bigots" to use the courts to discredit the "good Christian services" he provides to a faithful worldwide audience.

In an interview with Catholic News Service at the time, Mitchell categorically disputed claims the lawsuit was anti-Catholic in nature and pointed out that all of the complaints came from people and organizations affiliated somehow with a Catholic mission.