

Owner of Service Company Sentenced in Tax Evasion Scheme

The owner of a service company was sentenced to three years in prison and two years supervised release following a guilty plea to structuring financial transactions to evade reporting requirements. An officer of the company pleaded guilty to filing a false tax return and was sentenced to 18 months in prison and one year of supervised release.

Clients of the company were instructed to issue multiple checks in amounts under \$10,000 to the company. The owner of the company admitted that during a nearly four-year period, over 800 checks were cashed at various check cashing outlets. The structured checks amounted to approximately \$3 million.

The tax returns filed by the company showed that it received gross receipts of tens of thousands of dollars in one year when in fact the company had received gross receipts of nearly \$2 million. In a second year, the company similarly underreported gross receipts.

Most of the employees of the company were paid in cash and their wages were not reported to the Internal Revenue Service nor were required taxes reported or withheld. In one quarter, the company reported to the Internal Revenue Service that it had paid wages of several thousand dollars when in fact the company had paid wages of over several hundred thousand dollars.

This case originated with the filing of a Suspicious Activity Report and was investigated by Internal Revenue Service-Criminal Investigation.

(Source: Internal Revenue Service)

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