



Press Release

CONSTRUCTION COMPANY OWNER PLEADS GUILTY TO FEDERAL PAYROLL TAX EVASION CONSPIRACY

August 22, 2008

FOR IMMEDIATE RELEASE

R. Alexander Acosta, United States Attorney for the Southern District of Florida, and Michael E. Yasofsky, Special Agent in Charge, Internal Revenue Service, Criminal Investigation Division ("IRS-CID"), announced that defendant **Leroy Edward Felt, Jr.**, 43, formerly of Palm Beach County, FL, pled guilty today for his participation in a long-term federal payroll tax evasion scheme in the operation of his business, Woody's Construction, Inc. Specifically, Felt pled to Count 1 of an Indictment, dated February 28, 2008, which charged him with conspiring to evade payroll taxes and to cause financial institutions to file false currency transaction reports ("CTRs"), in violation of Title 18, United States Code, Section 371. A sentencing date has not yet been scheduled. Felt faces a maximum term of five years' imprisonment.

According to documents filed in court and statements made during the plea, Felt was the owner of Woody's Construction, Inc. ("Woody's"), previously located at 5301 NW 15th Street Unit D25 Margate, FL 33063. From 1997 through at least 2003, Felt conspired with others, including William Stephens and James Monahan, to defraud the IRS by paying cash wages to many of Woody's employees, causing financial institutions to file false CTRs with the IRS, and under-reporting Woody's payroll tax liability to the IRS.

To execute the fraud, Felt issued corporate checks to various individuals and entities, including Anthony Sauls and Northeast Custom Builders, for fictitious subcontracting expenses. These individuals/entities would, in turn, cash the corporate checks at financial institutions, retaining a portion of the cash as a check cashing fee, and return the remaining cash to Felt for use in paying wages. When cashing the checks, the individuals/entities did not disclose to the banks that the checks were being cashed for the benefit of Woody's, causing the financial institutions to file CTRs that did not contain accurate information about the purpose of the checks.

Between 1997 and 2003, Felt failed to report to the Internal Revenue Service that Woody's had paid \$14,521,082.39 in actual payroll wages. As a result of this understatement, Felt knowingly failed to pay at least \$2,178,162 in federal payroll taxes to the Internal Revenue Service.

U.S. Attorney Acosta stated, "When a company engages in tax evasion, it not only defrauds the public fisc, but also gains an unfair business advantage over law-abiding competitors. By paying cash wages, Woody's illegally saved millions of dollars in payroll taxes, and avoided corporate responsibility for its employees. The U.S. Attorney's Office will continue to enforce the tax laws and help ensure a level playing field for all businesses."

Michael E. Yasofsky, Special Agent in Charge of the IRS's South Florida Office, said, "Employers are required by law to withhold employment taxes from their employees. Paying employees in cash in order to evade payroll taxes is a violation of federal law, and employers who practice this method of paying salaries will be prosecuted."

This case is being prosecuted by Assistant United States Attorney Stephen Carlton. Mr. Acosta commended the investigative efforts of the IRS-CID for their work on this case.

A copy of this press release may be found on the website of the United States Attorney's Office for the Southern District of Florida at <http://www.usdoj.gov/usao/fls>. Related court documents and information may be found on the website of the District Court for the Southern District of Florida at <http://www.flsd.uscourts.gov> or on <http://pacer.flsd.uscourts.gov>.

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