

TO: Interested Media  
FROM: BUD CUMMINS, United States Attorney  
DATE: March 30, 2004  
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LITTLE ROCK, AR– Little Rock - AR - U.S. Attorney Bud Cummins announced today that Joe Thomas Swaffar, a resident of Pulaski County, Arkansas, pleaded guilty yesterday before U.S. District Judge William R. Wilson, Jr., to conspiracy to commit bankruptcy fraud and one count of income tax evasion for 1998.

Swaffar, a licensed architect, and his wife, Sandra Carol Swaffar, were originally indicted on July 25, 2002, and Mr. Swaffar was further charged in a Superseding Indictment on March 11, 2003, with four counts of tax evasion for calendar years 1996 through 1999.

According to the indictments, the Swaffars filed a Chapter 11 business reorganization bankruptcy on March 1, 1995, which was later converted to a Chapter 7 litigation bankruptcy on May 20, 1997. The indictments state that the Swaffars knowingly concealed property from creditors, the U.S. Trustee, and the Bankruptcy Court; knowingly made false statements and oaths; knowingly made false entries of recorded information in the books, documents, and Operating Reports relating to their property and financial affairs. The indictments also state that the Swaffars also failed to fully disclose their own personal assets and liabilities and continued to

incur personal debt by using undisclosed credit cards and bank accounts for personal expenditures and purchases such as cruises, trips to the Cayman Islands, casinos and other luxuries.

Mr. Swaffar was further charged with attempted tax evasion to defeat the payment of his income taxes by failing to file income tax returns for 1996 through 1999, on taxable income of \$602,782.08. The total tax loss to the government for those years is in excess of \$153,000.

The indictments also state that Swaffar failed to pay the Internal Revenue Service the income tax due by concealing expenditures totaling over \$685,000 for personal and non-business related expenses out of unreported income deposited into several different bank accounts from 1996 through 1999. Swaffar used bank accounts in the names of Swaffar & Associates, J.T. Swaffar, Inc., Architect Planners, Medical Systems & Equipment, Inc., Barbara Harrison & Ashley Swaffar, American Corporation Leasing LLC, and ABS Trust.

As part of his plea agreement Swaffar admitted to incurring new and unreported credit card debt in September and October 1995, and also to purchasing airline tickets in the amount of \$3,176 and a pleasure cruise on Carnival Cruise Line which were not reported. Swaffar faces a maximum statutory sentence of 30 months in prison. Swaffar will also file his individual income tax returns for the 2000, 2001, and 2002 tax years as specified in the plea agreement. The United States dismissed the remaining counts against Mr. Swaffar and all the counts against his wife Sandra Carol Swaffar. The actual sentence Mr. Swaffar will receive will be determined by the Court according to the Federal Sentencing Guidelines. Sentencing is currently scheduled for June 29, 2004.

“IRS and FBI agents did a particularly good job investigating this case and preparing it for trial.” Cummins stated. “When good agents like these go to work, even the craftiest tax cheats look foolish – and pay a heavy price.”

This investigation was conducted by FBI and IRS Criminal Investigation. Assistant U.S. Attorney William C. Adair prosecuted the case for the government.

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