



**U.S. Department of Justice**

United States Attorney

*Northern District of Iowa*

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## **PRESS RELEASE**

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### **LAW ENFORCEMENT AGENCIES ANNOUNCE GUILTY PLEAS IN TAX AND PENSION THEFT CASES**

On April 15, 2003, tax filing day, Charles W. Larson, Sr., United States Attorney for the Northern District of Iowa, Mike E. Yasofsky, Jr., Acting Special Agent in Charge of the St. Louis Field Office of IRS Criminal Investigations, and J.D. Nichols, Special Agent in Charge of the Chicago Regional Office of the United States Department of Labor, Office of Labor Racketeering and Fraud Investigations, Corporal Thomas Schaefer of the Dubuque Police Department announced guilty pleas in two criminal prosecutions resulting from the joint investigative efforts of the Internal Revenue Service, the United States Department of Labor and the Dubuque Police Department.

In the first matter, RODNEY FOSTER, age 46, of Waterloo, Iowa, pled guilty to two counts of collecting and then failing to pay over employee payroll taxes. FOSTER admitted that, in total, he withheld and failed to pay over more than \$1,000,000 in taxes from the paychecks of the employees of his Waterloo business, Scotland Yard Lawn Care. FOSTER also pled guilty to embezzlement of over \$25,000 from his employees' pension benefit plan. FOSTER further admitted that he deducted employee health plan payments and employee child support obligations from his employees' paychecks, and then kept the money for himself. (See accompanying press release for additional details).

In the second matter, DAVID LONEY, age 55, of Dubuque, Iowa, pled guilty to aiding and assisting in the filing of false tax returns, and making a false statement within the jurisdiction of the United States Department of Labor. LONEY's guilty plea stemmed from his operation of a Dubuque consulting business in which he assisted business clients in obtaining federal tax credits based on their employment of members of identified groups of job seekers, including qualified veterans, qualified at-risk youth and long-term welfare recipients. LONEY admitted to using several different methods

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of improperly inflating his business clients' tax credits and, as a result, improperly inflating the fees he collected from those clients. (See accompanying press release for additional details).

In announcing the guilty pleas on tax filing day, United States Attorney Larson noted that, "Honest, faithful and timely payment of our tax obligations is at the core of our Nation's foundation. The United States Attorney's Office has and will continue to diligently bring criminal tax violators to justice."

"The Internal Revenue Service has a responsibility to aggressively investigate and pursue prosecution of individuals who intentionally violate the Nation's tax laws," said Acting Special Agent in Charge Mike E. Yasofsky, Jr. "Our tax system treats these offenses seriously since non-compliance increases the tax burden for the majority of taxpayers that fully comply in meeting their tax obligations."

Special Agent in Charge J.D. Nichols said, "The guilty pleas announced today demonstrate the Department of Labor's strong commitment to pursuing those who attempt to cheat the United States' employment programs and those who jeopardize American employees' retirements by stealing from pension plans."

Corporal Thomas Schaefer described the LONEY case as "an excellent example of federal and local law enforcement working together to efficiently investigate and prosecute crime."