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ROOFING COMPANY OWNER CHARGED IN PAYROLL TAX SCHEME

BOSTON, MA - A West Roxbury man was charged today in federal court with filing false payroll tax returns for his family-owned roofing company.

United States Attorney Michael J. Sullivan and Douglas Bricker, Special Agent in Charge of the Internal Revenue Service - Criminal Investigation Division, Boston Field Office, announced today that HAROLD GRABERT, age 55, of 46 Eastwood Court, West Roxbury, has entered a plea agreement in connection with a one-count information charging him with filing false payroll tax returns.

The Information alleges that GRABERT operated Leading Way Construction Company, Inc. ("Leading Way"), a Milton-based roofing company. GRABERT was responsible for the company's finances, and utilized a payroll service to administer Leading Way's payroll. Beginning in approximately 2001 and continuing through 2004, GRABERT engaged in a scheme to evade payroll tax payments by concealing the overtime wages of Leading Way's employees from the company's tax preparer so that they would not be reported to the Internal Revenue Service. During this period, GRABERT paid Leading Way's employees regular time wages through the payroll service by check each week drawn from a company operating account. GRABERT paid their overtime wages, however, by check drawn from a separate account. GRABERT personally wrote the overtime checks, often addressing them to fictitious employees as a means of concealing the identity of the recipients. Realizing that banks generally will not cash a check made payable to someone other than its bearer, GRABERT directed employees to cash the overtime checks at the Hyde Park Pub, a tavern located in Hyde Park, Massachusetts, whose owner agreed to cash the checks. GRABERT told his employees that he would "take care of the taxes" on their overtime wages. Although GRABERT reported the regular wages to his tax preparer, he concealed the overtime checks and the existence of the overtime account, which he held in a fictitious name. In so doing, GRABERT caused the payroll service to file quarterly payroll tax returns (IRS Forms 941), that under-reported wages by approximately \$1.2 million, thereby evading payment of payroll taxes on these wages.

GRABERT also evaded income tax payments by deliberately mischaracterizing various personal expenditures as business expenses on Leading Way's income tax returns, while omitting to report such expenditures on his personal income tax returns as income. These expenditures included personal expenses such as a health club membership, routine living expenses for his wife, children and girlfriend, as well as vacations and casino gambling expenditures. For the tax years 2001 to 2005, GRABERT deprived the United States of a total of approximately \$556,037 in payroll and personal income tax payments.

GRABERT faces a maximum of five years imprisonment, to be followed by three years of supervised release, and a \$250,00 fine. The plea agreement is subject to approval by the court.

The case was investigated by the Internal Revenue Service - Criminal Investigation, Boston Field office. It is being prosecuted by Assistant U.S. Attorney Jonathan F. Mitchell of Sullivan's Economic Crimes Unit.

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