



U.S. Department of Justice

Terrence Berg
United States Attorney
Eastern District of Michigan

*Suite 2001
211 West Fort Street
Detroit, Michigan 48226-3277*

For Immediate Release:

Contact: Gina Balaya (313) 226-9758
Stephen Moore – IRS CI (313) 234-2410

Feb 11, 2009

Event: Sentenced

Defendant: Richard Blanchard

**Warren Businessman Sentenced for Failing to Pay Over
Construction Company's Withholding Taxes to IRS**

Richard Blanchard, 52, of Warren, Michigan, was sentenced to 22 months in prison, announced Acting United States Attorney Terrence Berg. United States District Court Judge Paul D. Borman also ordered him to pay restitution to the IRS in the amount of \$195,000.00 . Upon his release from prison, Mr. Blanchard will be under the supervision of the court for a period of three years. This sentence was imposed as the result of an August 2007 federal jury guilty verdict on 18 counts of failure to account for and pay over employee withholding taxes.

Mr. Berg was joined in the announcement by Special Agent in Charge Maurice Aouate, Internal Revenue Service Criminal Investigation Division.

According to court records, during 1997 through 2003, Blanchard and his wife, Karen Blanchard, 44, operated R. Blanchard Construction Company in Warren, Michigan, which provided excavation and snow removal services. Karen was the company's bookkeeper. They were responsible for deducting and collecting, from the wages of their employees, federal

income withholding and FICA taxes. The total unpaid withholding taxes amounted to over \$195,000.

Karen was sentenced to two months' in prison followed by three years of supervised release as a result of her pleading guilty for her failure to account for and pay over employee withholding taxes.

Acting U.S. Attorney Berg said, "The fair assessment of withholding taxes would be impossible without honest and voluntary compliance by American employers. When this obligation is willfully shirked, the employer cheats the system and misleads its employees."

"All employers are required by law to withhold, account and pay over employment taxes from their employees," said Aouate. "When they knowingly fail to properly handle these important responsibilities, while enriching themselves, they are creating financial problems for their employees and breaking the law."

Mr. Berg commended the special agents of the Internal Revenue Service Criminal Investigation. Assistant United States Attorney Richard L. Delonis is prosecuting the case.