



# United States Department of Justice

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## **NURSING HOME OWNER SENTENCED TO 30 MONTHS IN PRISON FOR FAILING TO PAY MILLIONS IN PAYROLL TAXES TO THE IRS**

SAN FRANCISCO – United States Attorney Scott N. Schools announced that Jack Easterday was sentenced today to 30 months in prison and ordered to pay \$8,710,795.84 in restitution and a special assessment of \$10,700 for his willful failure to pay employment taxes owed to the government. This sentence is the result of an investigation by the Internal Revenue Service, Criminal Investigation.

During sentencing, Judge Charles Breyer emphasized that the defendant had stolen trust fund monies from his employees and used them for his own personal and business purposes. In sentencing the defendant to 30 months, Judge Breyer stated that he wanted to send a message to other employers that trust fund payroll taxes had to be paid to the government and not used for any other purpose, and that the payroll tax system of withholding was an essential part of our tax system which would collapse if employers used the withholding taxes for their own purposes.

On March 7, 2007, Mr. Easterday was convicted by a federal jury on 107 counts of failing to pay \$9.6 million in payroll taxes. Evidence at trial showed that Mr. Easterday, 52, the President of Employee Equity Administration, Inc., and its subsidiaries and Skilled Logic, Inc., willfully failed to pay to the IRS federal taxes withheld from his employees at the following nursing homes from 1998 to 2005:

Brookvue Care Center a.k.a. S.P. Facility, Inc.

Eden West Convalescent Hospital a.k.a. EWCH, Inc.

Homewood Care Center a.k.a. S.J. Facility Inc.

Oakland Care Center a.k.a. Oak Facility, Inc.

Pleasant View Convalescent Hospital, Inc.

Sunrise Healthcare Center a.k.a. R.V. Facility, Inc.

Mr. Easterday was initially charged on March 11, 2005, with 47 counts of willfully failing to truthfully account for and pay taxes of \$3,008,311 from the years 1998 to 2002 that he withheld from his employees. On February 9, 2006, an Oakland jury convicted Mr. Easterday on all 47 counts. On May 31, 2006, the judge reversed the conviction citing a problem with the jury instructions. The superseding information, which was filed on January 10, 2007, included additional allegations of Easterday failing to pay taxes for the years 2003 to 2005.

Evidence at trial showed the IRS had attempted to collect the taxes from the defendant for years before the charges were filed. However, the defendant thwarted the efforts of the IRS to collect the taxes by, among other things, paying himself and his wife exorbitant salaries and directors fees, while he was pleading poverty to the IRS collection agents.

Jay Weill and Cynthia Stier are the Assistant U.S. Attorneys who are prosecuting the case with the assistance of Kathy Tat. The prosecution is the result of a four year investigation by the Internal Revenue Service - Criminal Investigation.

**Further Information:**

Case #: CR 05-00150-CRB

A copy of this press release may be found on the U.S. Attorney's Office's website at [www.usdoj.gov/usao/can](http://www.usdoj.gov/usao/can).

Electronic court filings and further procedural and docket information are available at <https://ecf.cand.uscourts.gov/cgi-bin/login.pl>.

Judges' calendars with schedules for upcoming court hearings can be viewed on the court's website at [www.cand.uscourts.gov](http://www.cand.uscourts.gov).

All press inquiries to the U.S. Attorney's Office should be directed to Natalya LaBauve at (415) 436-7055 or by email at [Natalya.LaBauve@usdoj.gov](mailto:Natalya.LaBauve@usdoj.gov).

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