

NEWS

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Christopher J. Christie, U.S. Attorney

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FOR IMMEDIATE RELEASE
Feb. 9, 2007

Bergen Construction Consultant Admits Evading Tax on \$1 Million

(More)

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NEWARK – A Bergen County construction consultant pleaded guilty today to tax evasion, admitting he used employees at a construction company to hide more than \$1 million in consulting fee checks, U.S. Attorney Christopher J. Christie announced.

John Hegarty, 70, of Edgewater, pleaded guilty to a one-count Information charging him with attempting to evade payment of personal federal income taxes. Following the guilty plea, U.S. District Judge Joseph E. Irenas scheduled sentencing for June 1.

Judge Irenas set bail at \$100,000. Among the bail conditions set by Irenas was that Hegarty get treatment for an admitted gambling problem. The defendant faces a maximum statutory prison sentence of five years and a \$250,000 fine on the sole count of the Information, charging income tax evasion.

Hegarty admitted having an outstanding tax obligation, including penalties and interest, of approximately \$486,000 in March 2000. According to Hegarty, from March 2000 through December 2004, he was employed as an independent consultant for Northeast Commonwealth, a construction company in Toms River, and received approximately \$1,117,000 in consulting fee checks.

Hegarty admitted giving those checks to Northeast employees and receiving cash in return, which he failed to report as income. In fact, Hegarty failed to file any federal individual income tax returns during this time period. Hegarty admitted that he employed the scheme with the Northeast employees to evade payment of both his outstanding tax obligation of roughly \$486,000 and any taxes owed on the roughly \$1,117,000 in consulting income earned during the five-year period.

Under an Information, a defendant waives the right to have his case presented to a grand jury and, instead, pleads guilty directly to charges presented by the government.

In determining an actual sentence, Judge Irenas will consult the advisory U.S. Sentencing Guidelines, which provide appropriate sentencing ranges that take into account the severity and characteristics of the offense, the defendant's criminal history, if any, and other factors. The judge, however, is not bound by those guidelines in determining a sentence. Parole has been abolished in the federal system. Defendants who are given custodial terms must serve nearly all that time.

Christie credited Special Agents of the IRS Criminal Investigation Division, under the direction of Special Agent in Charge Patricia J. Haynes, with developing the case against Hegarty.

The case is being prosecuted by Assistant U.S. Attorney Scott B. McBride.

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Defense Counsel:
Thomas E. Durkin, Jr., Esq., West Caldwell