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**PRESS RELEASE
FOR IMMEDIATE RELEASE**
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FORMER DURHAM BUSINESS OWNER SENTENCED FOR FRAUD, TAX EVASION
STEVEN EUGENE EDWARDS TO SERVE 12½ YEAR FEDERAL SENTENCE

GREENSBORO, NC – United States Attorney Anna Mills Wagoner for the Middle District of North Carolina and Special Agent in Charge, Charles E. Hunter, Internal Revenue Service-Criminal Investigation, Charlotte Field Office, and Ann L. Combs, Assistant Secretary of Labor for Employee Benefits Security announced that STEVEN EUGENE EDWARDS, 51, formerly of Durham, North Carolina, and Chanute, Kansas, was sentenced in Federal District Court in Greensboro, North Carolina, on June 13, 2006, on fraud and tax charges.

EDWARDS was sentenced by United States District Judge William L. Osteen to twelve and half years imprisonment, followed by three years supervised release. EDWARDS was also ordered to pay \$ 4.4 million in restitution to his victims, to forfeit \$3,897,470 as proceeds traceable to the scheme, and was fined \$100,000. Parole has been abolished in the federal correctional system.

On February 21, 2006, EDWARDS plead guilty to charges of mail fraud, embezzlement from a health care benefit program, and tax evasion. Those counts charged that in 1999 and 2000, EDWARDS was an officer and manager of Magna Corporation, Nations Group, and Integrity Group, professional employer organizations located in Durham, North Carolina and Topeka, Kansas. A professional employer organization, or PEO, provides personnel services to client companies through

employee leasing agreements. The leasing agreement makes the PEO responsible for paying the employees, collecting and transmitting federal and state taxes, providing workers compensation insurance and administering employee benefits such as healthcare. Client companies reimburse the PEO for employee-related expenses and pay the PEO for performing those services.

EDWARDS pled guilty to collecting millions of dollars in healthcare and workers' compensation insurance premiums from client companies, then failing to obtain or continue such insurance coverage leaving many thousands of workers with unpaid insurance claims. EDWARDS used the premiums he collected to purchase homes and motorcycles and concealed the premiums he was diverting by depositing them in financial accounts held in nominee names. EDWARDS failed to report the monies on his federal income tax returns.

“One of the Department of Labor's highest priorities is to protect the benefits of workers and their families,” said Ann L. Combs. “This defendant deprived workers of their health benefits, leaving them without health coverage at a time when they needed it most. Today's criminal action demonstrates the government's commitment to use its collective enforcement authority to protect the benefits of workers from abuse.”

EDWARDS was taken into federal custody on June 9, 2006, for violating the terms of his pre-trial release.

The case was prosecuted by the United States Attorney's Office for the Middle District of North Carolina and the United States Department of Justice Tax Division, and investigated by agents from the Internal Revenue Service – Criminal Investigation Division and the U.S. Department of Labor Employee Benefits Security Administration.

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