



PRESS RELEASE

Internal Revenue Service - Criminal Investigation
Cincinnati Field Office
Special Agent in Charge Kathy A. Enstrom

Date: Thursday, August 21, 2013

Contact: Craig Casserly
IRS – Criminal Investigation
401 N. Front Street
Columbus, Ohio 43215
(614) 744-3130
Craig.casserly@ci.irs.gov
CI Release #: CINFO-2013-02

OWNER OF EAST FORK CONSTRUCTION PLEADS GUILTY TO INCOME TAX EVASION

Cincinnati, Ohio – Micheal J. Scott, 58, of Cincinnati, Ohio, pleaded guilty to two counts of income tax evasion relative to claiming \$283,346 in false business expenses on his 2007 and 2008 federal income tax returns that were filed with the Internal Revenue Service (IRS). Scott faces a maximum prison sentence of 5 years and a fine of up to \$250,000.

Carter M. Stewart, United States Attorney for the Southern District of Ohio and Kathy A. Enstrom, Special Agent in Charge, Internal Revenue Service Criminal Investigation, Cincinnati Field Office announced the guilty plea entered before Senior U.S. District Judge Herman J. Weber.

According to court documents, Micheal Scott is the owner of East Fork Construction which is based in Williamsburg, Ohio. East Fork Construction was incorporated on March 4, 1998.

Scott provided 2007 and 2008 income and expense summaries for East Fork Construction to his income tax preparers. Scott prepared these summaries and knew that these summaries would be relied upon by his income tax preparers for the preparation of his income tax returns. The business income and expenses for East Fork Construction were reported on a Schedule C, Profit and Loss from Business.

For both the 2007 and 2008 income tax years, Scott willfully included personal gambling expenses in the Cost of Goods Sold section of the Schedule C. By doing so, Scott was able to inflate the business expenses for East Fork Construction; thereby, reducing the amount of taxable income and the income tax liability for the 2007 and 2008 income tax years.

Pursuant to an IRS Audit of his 2007 and 2008 income tax years, Scott provided the IRS Revenue Agent conducting the audit with checks that Scott had altered in order to substantiate the personal gambling expenses that he had reported as business expenses. Scott changed the payee information on the checks from the names of casinos to names of false, but legitimate-sounding, building supply companies.

For the 2007 and 2008 income tax years, Scott intentionally included \$283,346 of fraudulent expenses in East Fork Construction's Cost of Goods Sold section of the Schedule C. This resulted in a tax loss to the IRS in the amount of \$65,402.28

Scott was released on bond and a sentencing date was set for January 8, 2014.

"Tax evasion is not a victimless crime," said Kathy A. Enstrom, Special Agent in Charge, IRS Criminal Investigation, Cincinnati Field Office. "We all pay when others swindle the government. Tax evasion and tax fraud of this magnitude and with this degree of trickery, dishonesty and deceit, deserves to be punished."

This case is being prosecuted by Senior Litigator Anne L. Porter and was investigated by special agents of IRS-Criminal Investigation.

###