



PRESS RELEASE

Internal Revenue Service - Criminal Investigation *Chief Richard Weber*

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Contact: *CI-HQ-COMMUNICATIONSEDUCATION@ci.irs.gov
IRS – Criminal Investigation

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Former Arrow Trucking Executive Sentenced in Multi-Million Dollar Fraud Scheme

A Dallas resident and former chief executive officer and president of Arrow Trucking Company was sentenced today to serve seven and one-half years in prison for conspiracy to defraud the United States, bank fraud and tax evasion, announced Acting Assistant Attorney General Caroline D. Ciraolo of the Justice Department's Tax Division and U. S. Attorney Danny C. Williams Sr. of the Northern District of Oklahoma.

"Today's sentencing sends a strong message to corporate executives, officers, and business owners, that employment tax violations are a serious matter and will be vigorously pursued," said Chief Richard Weber of IRS Criminal Investigation (CI). "Mr. Pielsticker and his co-conspirators had a duty to pay more than \$9 million in taxes withheld from Arrow Trucking employees yet they intentionally failed to do so. IRS CI will aggressively pursue employment tax cases as these crimes not only hurt the government and local economy, they also hurt the employees and can have adverse effects on future social security or Medicare benefits."

"Corporate officers who willfully fail to report and pay over employment taxes and use that money for their own benefit are violating their obligations to their employees and the United States, stealing from the U.S. Treasury, and giving their companies an unfair advantage over competitors that comply with the law," said Acting Assistant Attorney General Ciraolo. "Today's sentence is a warning to those individuals who refuse to carry out their fiduciary duties that the United States will investigate them, prosecute them, and seek lengthy prison sentences for their crimes."

"Today's sentencing reflects the Northern District's strong commitment to ensuring that justice is served," said U.S. Attorney Williams. "Along with our law enforcement partners we will aggressively pursue financial crimes. Mr. Pielsticker conspired to defraud millions of dollars in part for his personal benefit including a wedding and Bentley and Maserati automobiles."

James Douglas Pielsticker, 47, formerly of Tulsa, Oklahoma, pleaded guilty earlier this year to a two-count superseding information charging him with one count of a dual-object conspiracy to defraud the United States and to commit bank fraud and one count of willfully attempting to evade his individual income taxes for the year 2009. Chief U.S. District Court Judge Gregory K. Frizzell of the Northern District of Oklahoma also sentenced Pielsticker to serve three years of supervised release following his 90 month prison term and ordered him to pay \$21,026,682.03 in restitution to the Internal Revenue Service (IRS) and the Transportation Alliance Bank (TAB).

According to the plea agreement and other court records, in 2009, Pielsticker and others conspired to defraud the United States by failing to account for and pay federal withholding taxes on behalf of Arrow Trucking Company and by making payments to Pielsticker outside the payroll system. Pielsticker and

others withheld Arrow Trucking Company employees' federal income tax withholdings, Medicare and social security taxes, but did not report or pay over these taxes to the IRS, despite knowing they had a duty to do so.

The conspirators paid for Pielsticker's personal expenses with money from Arrow Trucking Company and submitted fraudulent invoices to TAB to induce the bank to pay funds to Arrow Trucking Company that were not warranted. In total, the conspiracy caused a loss to the United States totaling more than \$9.562 million.

Pielsticker also tried to evade his and his wife's 2009 income taxes by causing Arrow Trucking Company to pay personal expenses on his behalf, causing his employer to underreport his wages and other compensation on his W-2 form, and by preparing a fraudulent draft joint 2009 U.S. Individual Income Tax Return.

"Mr. Pielsticker abdicated his responsibility as the CEO of Arrow Trucking, and concocted a fraudulent scheme to mask his illegal activities," said Special Agent in Charge Scott Cruse of the FBI. "In doing so Pielsticker chose his own personal extravagances over the needs of his employees, which ultimately led to Arrow Trucking closing its doors during the Christmas holidays, a time when all of us count on our paychecks the most. Today's sentencing and monetary judgment is a reminder the FBI will pursue all criminals to the fullest extent of the law."

Acting Assistant Attorney General Ciruolo and U.S. Attorney Williams commended the special agents of the IRS-CI and FBI, who investigated this case, and Assistant U.S. Attorneys Jeffrey A. Gallant and Catherine Depew of the Northern District of Oklahoma and Special Assistant U.S. Attorney and Trial Attorney of the Tax Division Charles A. O'Reilly, who prosecuted the case on behalf of the United States.

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