



PRESS RELEASE

Internal Revenue Service - Criminal Investigation *Chief Richard Weber*

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

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Virginia Man Pleads Guilty to Employment Tax Fraud

An Ashland, Virginia, man who operated two masonry contractor construction companies pleaded guilty today in the U.S. District Court for the Eastern District of Virginia to one count of failing to collect, account for and pay over employment taxes to the Internal Revenue Service (IRS), announced Acting Assistant Attorney General Caroline D. Ciralo of the Justice Department's Tax Division and U.S. Attorney Dana J. Boente of the Eastern District of Virginia.

According to court documents, Michael Manning, 52, was the President of Manning Construction and Manning-Carhen Construction. Manning controlled the businesses' finances and was responsible for filing the Employer's Quarterly Federal Tax Returns, Forms 941 and paying over to the IRS the federal income, social security and Medicare taxes withheld from the wages of the businesses' employees. For the third and fourth quarters of 2014, Manning willfully failed to comply with these legal obligations by failing to pay over more than \$800,000 in withheld taxes to the IRS. Additionally, as part of his plea, Manning admitted that Manning Construction, regularly and deliberately created false financial statements for submission to financial institutions in order to comply with that business's existing loan covenants, to encourage banks to lend new funds to the company, or to enable the renewal of existing loans.

Manning faces a statutory maximum sentence of five years in prison and a fine of \$250,000. As part of his plea agreement, Manning also agreed to pay restitution to the IRS. The sentencing hearing is set for May 31.

Acting Assistant Attorney General Ciralo and U.S. Attorney Boente commended special agents of IRS-Criminal Investigation, who investigated the case and Trial Attorney Melanie Smith of the Tax Division and Assistant U.S. Attorneys Jasmine Yoon and Thomas Garnett of the Eastern District of Virginia, who are prosecuting the case.

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