



PRESS RELEASE

Internal Revenue Service - Criminal Investigation
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Date: Thursday, August 29, 2013

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CI Release #: CINFO-2013-05

BUSINESS OWNER PLEADS GUILTY IN EMPLOYMENT TAX FRAUD AND OBSTRUCTION CASE

COLUMBUS –John H. Gregory, 57, of Reynoldsburg, Ohio pleaded guilty to one count of failing to account for and pay over employment taxes to the Internal Revenue Service (IRS) and to one count of obstruction of federal investigations. The total tax loss in this case is approximately \$1,136,292.34. Gregory faces a maximum of 20 years in prison 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 (IRS) announced the guilty plea entered before U.S. District Judge Gregory L. Frost.

According to court documents, between July 2007 and October 2010 Teach Tec was a corporation doing business in Columbus, Ohio. Gregory exercised control over all of Teach Tec's business affairs, including approving payments made by Teach Tec and having control over Teach Tec's bank accounts. Gregory was responsible for collecting, truthfully accounting for, and paying over Teach Tec's payroll taxes to the IRS.

Teach Tec withheld payroll taxes from its employees' paychecks, including federal income taxes and Federal Insurance Contributions Act taxes (FICA), but made only one small payment to the IRS, despite such payments being required on a quarterly basis.

Gregory willfully failed to account for and pay over to the IRS nearly all of the payroll taxes due and owing on behalf of Teach Tec and its employees. Specifically, Gregory failed to pay any of the payroll taxes due and owing to the IRS for the Second Quarter of 2010. Records reflect that for that quarter, Teach Tec owed \$17,148.37 in Tax due and owing, however Teach Tec made no payment of taxes for that quarter. As a result of this scheme, the Department of Treasury, Internal Revenue Service, suffered a total tax loss of \$1,136,292.34.

In December 2011 Gregory knowingly falsified and made a false entry in the employment records with the intent to impede, obstruct, and influence the investigation and the proper administration of a grand jury investigation.

Gregory provided false documents to the grand jury pursuant to a subpoena request in the investigation of Kevin Hightower. The false documents Gregory provided to the grand jury purported to explain several payments totaling \$66,865.00 from Teach Tec to several entities controlled by Kevin Hightower and his associates. The records provided to the Grand Jury fraudulently claimed Teach Tec was paying Hightower and his associated companies for employing Teach Tec clients. In fact, none of the individuals named on the documents produced by Gregory to the Grand Jury were ever employed by Kevin Hightower or his related entities. Gregory in fact falsified these records to conceal the fact that he had assisted Kevin Hightower in withdrawing funds from the Fred D. Hightower Charitable Trust for his own personal use, rather than for charitable purposes.

"Business owners have an inescapable obligation to withhold income taxes for employees and remit those taxes to the IRS," said Kathy A. Enstrom, Special Agent in Charge, IRS, Criminal Investigation, Cincinnati Field Office. "The failure to pay over withheld taxes is a serious offense. IRS Criminal Investigation vigorously pursues anyone who collects taxes and fails to timely remit those taxes."

This case is being prosecuted by Assistant U.S. Attorney Laura M. Fulton and was investigated by special agents of IRS-Criminal Investigation.

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