



PRESS RELEASE

Internal Revenue Service - Criminal Investigation *Chief Richard Weber*

Date: March 22, 2017

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

CI Release #: CI-2017-03-22-B

Texas Business Owner Pleads Guilty to Not Paying Approximately \$18 Million in Employment Taxes

Kept Withholdings and Social Security and Medicare Contributions – Spent Funds on Personal Travel and Ranch

A Houston, Texas business owner pleaded guilty today to one count of failing to pay over employment taxes, announced Acting Deputy Assistant Attorney General Stuart M. Goldberg of the Justice Department's Tax Division and Acting U.S. Attorney Abe Martinez for the Southern District of Texas.

According to documents filed with the court, Richard Floyd Tatum Jr., 57, owned Associated Marine & Industrial Staffing Inc. (AMI), an industrial staffing company that provided temporary labor to businesses in Texas and other states. Tatum employed approximately 1,000 people to include internal employees, who worked for AMI, and external employees, who AMI assigned to work on-site at client locations. Tatum was responsible for collecting, accounting for and paying over to the Internal Revenue Service (IRS) the payroll taxes withheld from AMI's employees' wages. Tatum exercised significant control over AMI's finances to include entering into contracts, signing checks, to include payroll, and deciding which creditors to pay. Tatum also signed and filed AMI's employment tax returns.

From March 2008 through December 2009, Tatum filed false and untimely employment tax returns for AMI that did not report AMI's external employees. In May 2013, Tatum filed untimely returns for the quarters ending in March 2010 through December 2012, reporting AMI's external employees but failing to make any payments. Tatum withheld approximately \$12 million in payroll taxes from March 2008 through December 2012, which he did not pay over to the IRS. Tatum also failed to pay \$6 million of AMI's contributing share of social security and Medicare taxes during the same quarters. Instead, he used the money for his personal benefit, including making payments on his ranch and traveling to Las Vegas, Hawaii and France. Tatum admitted that he caused a tax loss of more than \$18 million.

"Failure to pay over employment taxes taken from employee wages is a serious criminal offense," said Chief Richard Weber of IRS Criminal Investigation. "It not only harms the employees' future social security and Medicare benefits, it's stealing from honest taxpayers and the U.S. Treasury. IRS Criminal Investigation will continue to track down those who collect these taxes and use the funds for personal gain."

“Rather than pay over to the IRS his employees’ withholdings and social security and Medicare contributions, Richard Tatum diverted the funds to his personal benefit,” said Acting Deputy Assistant Attorney General Goldberg. “Employment taxes are not a source of funding for ranches or premium travel -- those who keep these funds and use them as a personal piggybank will be prosecuted and face incarceration.”

Sentencing is scheduled for June 1. Tatum faces a statutory maximum sentence of five years in prison, a period of supervised release, restitution and monetary penalties.

Acting Deputy Assistant Attorney General Goldberg and Acting U.S. Attorney Martinez commended special agents of IRS-Criminal Investigation, who conducted the investigation, and Trial Attorneys Grace Albinson and Mara Strier of the Tax Division, who are prosecuting this case.

###