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Pennsylvania Man Pleads Guilty to Tax Evasion

Stephen Thomas of York, Pa., pleaded guilty today in U.S. District Court for the District of Columbia to tax evasion, the Justice Department and Internal Revenue Service (IRS) announced today.

According to court records, between 2002 and 2004, in the District of Columbia, Thomas formed multiple entities whose names contained the acronym ECG, which stood for ESOP Capital Group. ECG purported to provide financial, business and other management services to companies that were interested in creating ESOPs, which are employee stock ownership plans. In or about 2005 and 2006, Thomas, through ECG, contracted to provide such services to two companies in Maine.

As part of his guilty plea, Thomas admitted that he failed to file his 2005 through 2007 individual income tax returns and failed to file 2005 through 2007 corporate income tax returns for ECG. Thomas further admitted that he engaged in a series of affirmative acts of evasion during 2005 through 2007, including concealing his income by moving earnings from the Maine companies into bank accounts in the name of his wife, withdrawing cash on a weekly basis which totaled more than \$400,000, using cashier's checks, and titling his primary residence in the name of his wife. Thomas further admitted that he failed to report at least \$573,785 of income and that his tax evasion during 2005 through 2007 resulted in a tax loss to the IRS of at least \$154,362.

Thomas faces a potential maximum sentence of five years in prison and a fine of up to \$250,000. U.S. District Judge Amy Berman Jackson, who is presiding over the matter, set a sentencing date of Dec. 3, 2012.

This case was investigated by a special agent of IRS-Criminal Investigation and an investigator from Department of Labor, Employee Benefits Security Administration, and is being prosecuted by Trial Attorneys Jessica Moran and Jeffrey Bender of the Justice Department's Tax Division.

12-1098

Tax Division