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Department of Justice

U.S. Attorney's Office

Eastern District of Virginia

FOR IMMEDIATE RELEASE

Thursday, September 11, 2014

Former Defense Contractor Sentenced To Prison For Theft Of Employee Payroll Taxes And 401(k) Contributions

ALEXANDRIA, Va. – The former head of a Virginia-based defense contracting company was sentenced today to serve 18 months in prison for failing to collect and pay more than \$2.2 million in employee payroll taxes and engaging in theft of more than \$186,000 from an employee pension plan.

U.S. Attorney Dana J. Boente for the Eastern District of Virginia; Deputy Assistant Attorney General Ronald Cimino for the Justice Department's Tax Division; Special Agent in Charge Thomas J. Kelly for the Internal Revenue Service-Criminal Investigation (IRS-CI) Washington, D.C. Field Office; and Assistant Secretary Phyllis C. Borzi of the U.S. Department of Labor-Employee Benefits Security Administration made the announcement after sentencing.

William P. Danielczyk Jr., 53, formerly of Oakton, Virginia, was ordered to serve three years of supervised release after his prison sentence and to pay more than \$1.6 million in restitution to the IRS. U.S. District Judge James C. Cacheris imposed the sentence, and it will be served consecutively to the 28 months in prison the defendant is already serving for committing campaign finance violations during the 2008 presidential primary and a 2006 U.S. Senate campaign.

Danielczyk pleaded guilty on June 10, 2014. According to court documents, from March 2009 until December 2011, Danielczyk was the executive chairman of Innolog Holdings Corporation, which acquired Innovative Logistics Technology Inc. in March 2009. Innovative operated in the government services industry and provided technology-supported logistics services to the U.S. military and various defense organizations. The principal offices for Innovative and Innolog were located in McLean, and later in Fairfax, Virginia.

From mid-2009 through the end of 2011, Danielczyk was responsible for collecting, accounting for and paying appropriate payroll tax amounts to the IRS. Although payroll taxes were withheld from the wages of Innovative's employees, Danielczyk failed to pay both the employee withholdings amounts and the employer's matching portions to the IRS. The total tax loss during this time period was \$2,232,781.

According to court documents, Innovative's employees were allowed to contribute money from their bi-weekly paychecks to a qualified pension plan that was administered by an asset custodian (initially Prudential Bank & Trust and later Fidelity Investments). Under the 401(k) plan, Innovative withheld its employees' elected contribution amounts from their regular paychecks and the employee withholdings were

to be sent to Prudential or Fidelity. Danielczyk was the person responsible for authorizing payments to the asset custodian, and he failed to send these payments over the course of three years. From 2009 through 2011, this conduct led to a total loss of \$186,263.

According to court records, instead of paying Innovative's employment taxes and pension plan contributions, Danielczyk made a variety of purchases from company accounts. Those purchases included \$505,871 for the use of an executive suite in the FedEx Field football stadium in Landover, Maryland, along with \$40,000 to sponsor the Virginia Gold Cup, a series of Steeple Chase horse races held in northern Virginia.

Danielczyk was sentenced in Alexandria federal court on May 31, 2013 to serve 28 months in prison for engaging in a campaign finance scheme in which he conspired to illegally reimburse more than \$186,000 in contributions to the senate and presidential campaign committees of a candidate for federal office, engaged in obstruction of justice, and caused the candidate's campaign committee to unwittingly file Federal Election Commission reports that contained false information. Court records show that Danielczyk continued to fail to pay Innovative's employee taxes and pension plan contributions even after he was indicted in the campaign finance case in February 2011.

The tax and pension fraud case was investigated by IRS-CI and the U.S. Department of Labor-Employee Benefits Security Administration's Philadelphia Regional Office. Assistant U.S. Attorney Mark D. Lytle for the Eastern District of Virginia and Trial Attorney Tracy L. Gostyla of the Tax Division prosecuted the case.

A copy of this press release may be found on the website of the [U.S. Attorney's Office](#) for the Eastern District of Virginia. Related court documents and information may be found on the website of the [U.S. District Court](#) for the Eastern District of Virginia or on [PACER](#) by searching for Case No. 1:14-cr-146.

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