

DEPARTMENT OF JUSTICE
PRESS RELEASE

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United States Attorney, District of Colorado

FOR IMMEDIATE RELEASE
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DENVER MAN SENTENCED FOR FAILURE TO PAY THE IRS \$1,300,000 AND FOR THEFT FROM
401(k) PLAN

DENVER -- John C. Walshe, age 66, of Denver, Colorado, was sentenced today by U.S. District Court Judge Marcia S. Krieger to serve 46 months in federal prison for failure to pay taxes and theft from an employee benefit plan, the United States Attorney's Office, the Internal Revenue Service -- Criminal Investigation, and the U.S. Department of Labor Employee Benefits Security Administration announced. Following his prison sentence, Walshe was ordered to serve 3 years on supervised release. He was also ordered to pay restitution totaling \$1,330,333 to the IRS. Judge Krieger ordered Walshe to report to a facility designated by the U.S. Bureau of Prisons after designation.

Walshe was indicted by a federal grand jury in Denver on April 5, 2010. He was found guilty following a five-day jury trial on November 14, 2011. He was sentenced on April 4, 2012.

According to court records, including the government's sentencing statement, as well as evidence presented at trial, Walshe was the owner and principal officer of Finzer Business Systems of Colorado, Inc., d/b/a Finzer Imaging Systems (Finzer). The company was located in Denver. Walshe was required to withhold from payroll checks issued to his employees federal income taxes on their taxable wages and salaries, Social Security taxes and Medicare taxes. Walshe and his company, Finzer, were required to pay the employer's matching portion of Social Security and Medicare taxes which he failed to pay to the IRS.

During the period of quarters ending June 30, 2005, through December 31, 2007, Walshe deducted and collected from the taxable wages of the Finzer employees, federal income taxes, Social Security taxes, and Medicare taxes totaling over \$900,000. Walshe willfully failed to pay the IRS the money due to the federal government.

Furthermore, Walshe did unlawfully and willfully abstract and convert to his own use money in the approximate amount of \$18,853 of Finzer Business Systems of Colorado, Inc. 401(k) Plan, an employee pension benefit plan subject to Title I of the Employee Retirement Income Security Act of 1974, and a fund connected with such plan. Specifically, from June 15, 2006 through December 31, 2006, Walshe withheld money from employees' pay checks that the employees elected to be paid to their 401(k) plan; however, Walshe failed to pay this money over to the plan.

"Employers who withhold their employees' wages for retirement plans, taxes, Social Security and Medicare, but convert those funds to their own use, are

stealing from their employees and from the United States, and will face the consequences of that criminal conduct, including prison time," said U.S. Attorney John F. Walsh.

"Theft of employees' pension plan contributions jeopardizes the retirement of workers. The Labor Department is committed to aggressively investigating plan theft under our Contributory Plans Criminal Project," said James Purcell, Regional Director of the U.S. Department of Labor's Employee Benefit Security Administration's Kansas City Regional Office.

"There are detrimental consequences of failing to collect and turn over all IRS withholding taxes, including the loss of tax revenue to the United States government and the loss of future Social Security or Medicare benefits for the employees," said Sean Sowards, Special Agent in Charge, IRS Criminal Investigation, Denver Field Office. "Those who fail to collect and turn over these withholdings will be prosecuted to the fullest extent of the law."

This case was investigated by the Internal Revenue Service -- Criminal Investigation (IRS-CI) and the Department of Labor Employee Benefits Security Administration (DOL-EBSA).

Walshe was prosecuted by Assistant U.S. Attorney Suneeta Hazra and Special Assistant U.S. Attorney John Scully.

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