

NEWS

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FOR IMMEDIATE RELEASE
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Owner of Modular Home Brokerage Admits
Filing False Corporate Tax Returns

(More)

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TRENTON – The owner of Factory Direct Modular Homes, Inc. in Brick pleaded guilty today to tax charges for under reporting the business’s income for tax years 2002 and 2003 by a total of approximately \$406,000, Acting U.S. Attorney Ralph J. Marra, Jr., announced.

Janice Pfefferkorn, 54, a.k.a. “Janice Morton,” pleaded guilty before U.S. District Judge Mary L. Cooper, to a two-count Information charging her with two counts of filing a false federal tax return. Judge Cooper released Pfefferkorn on a \$50,000 personal recognizance bond pending sentencing, which is scheduled for June 19.

Factory Direct Modular Homes, Inc. (“FDMH”), which was solely owned and operated by Pfefferkorn, was formed in November 2001 to act as a broker for a particular modular home manufacturer.

At her plea hearing, Pfefferkorn admitted that in March 2004 she intentionally filed a false tax year 2002 IRS Form 1120 (Federal Corporate Tax Return) for FDMH that understated the company’s gross taxable income by approximately \$160,600. Furthermore, Pfefferkorn admitted that in October 2004 she intentionally filed a false tax year 2003 IRS Form 1120 for FDMH which understated the company’s gross taxable income by approximately \$245,400.

According to the Information to which Pfefferkorn pleaded, as a broker for a modular home manufacture, Pfefferkorn would typically collect a 10-20% deposit from modular home buyers. Final payments were due to the modular home manufacturer upon delivery of the home, at which time the manufacturer would pay FDMH a commission on the sale.

Pfefferkorn understated the gross receipts of FDMH by cashing a large number of business checks and then deposit only a fraction of the proceeds back into the FDMH business bank account, according the Information. In 2002, Pfefferkorn cashed approximately \$237,000 in business checks but only deposited \$66,400 in cash back into the FDMH business bank account. In 2003, Pfefferkorn cashed approximately \$292,000 in business checks but only deposited \$47,600 in cash back into the FDMH business bank account.

The total tax loss to the IRS totals approximately \$125,000 for tax years 2002 and 2003.

The charge of tax evasion carries a maximum penalty of 3 years in prison and a fine of \$100,000.

In determining an actual sentence, Judge Cooper will consult the advisory U.S. Sentencing Guidelines, which provide appropriate sentencing ranges that take into

account the severity and characteristics of the offense, the defendant's criminal history, if any, and other factors. The judge, however, is not bound by those guidelines in determining a sentence.

Parole has been abolished in the federal system. Defendants who are given custodial terms must serve nearly all that time.

Marra credited Special Agents with IRS Criminal Investigation, under the direction of Special Agent in Charge William P. Offord in Newark, with the investigation leading to today's plea.

The Government is represented by Assistant U.S. Attorney Peter N. Katz, of the U.S. Attorney's Criminal Division in Trenton.

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Defense Attorney: Frank Agostino, Esq. Hackensack