



*United States Attorney  
District of New Jersey*

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**FORMER TELKITE TECHNOLOGIES PRESIDENT AND CEO PLEADS GUILTY TO  
FAILING TO PAY MONEY WITHHELD FROM EMPLOYEES TO THE IRS**

TRENTON, N.J. – The former owner, president, and CEO of a Bedminster, New Jersey, information technology company admitted today that he failed to pay the IRS taxes that the company withheld from its employees' wages, instead using that money for personal and business expenses, United States Attorney Paul J. Fishman announced.

Subrat Patnaik, 47, of Basking Ridge, New Jersey, pleaded guilty to a count of willful failure to truthfully account for and pay over taxes withheld by his former company, Telkite Technologies, Inc. ("Telkite"). Patnaik entered his plea before United States District Judge Freda L. Wolfson in Trenton federal court.

According to the Information to which Patnaik pleaded guilty, other documents filed in this case, and statements made in court:

Telkite was an information technology company that provided IT personnel to its clients. Telkite treated the IT personnel as employees of Telkite, withholding federal income and FICA taxes from their wages and providing them with IRS Forms W-2 at the end of the year. Patnaik controlled the finances of Telkite, including writing payroll checks to Telkite's employees.

Telkite used the services of an accountant, who calculated the payroll tax deductions for withholding from employees' wages and prepared payroll tax returns for Telkite to account for the payroll taxes withheld. Patnaik admitted that though the taxes were withheld, from early 2004 through the end of the third quarter of 2006, Telkite did not file any payroll tax returns or pay any of the withheld taxes over to the IRS. According to the Information, Telkite withheld and failed to pay over \$238,447.77 in payroll taxes. Patnaik admitted that he used money from Telkite to pay personal expenses – including mortgage payments and payments for his and his spouse's BMW vehicles – and advanced money to other businesses that he controlled.

The count to which Patnaik pleaded guilty carries a maximum potential penalty of five years in prison and a maximum fine of \$250,000. He was released on a \$50,000 bond pending sentencing, scheduled for November 5, 2010.

U.S. Attorney Fishman credited special agents of the IRS – Criminal Investigations in Edison, New Jersey, under the direction of Special Agent in Charge William P. Offord, with the investigation leading to today's guilty plea.

The government is represented by Assistant U.S. Attorney Eric M. Schweiker of the United States Attorney's Office Criminal Division in Trenton.

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Defense counsel: Richard C. Antonelli, Esq., East Brunswick, N.J.  
Glenn H. Ripa, Esq., New York, N.Y.