

For Immediate Release
August 31, 2011

**HOBBS FARMER SENTENCED TO FIVE YEARS IN PRISON FOR TAX FRAUD,
FRAUDULENTLY COLLECTING FARM SUBSIDIES**

Ordered to Pay \$18 Million in Restitution to the Internal Revenue Service

ALBUQUERQUE – **Bill Melot**, a Hobbs, New Mexico farmer, was sentenced to five years in prison yesterday to be followed by three years of supervised release for tax evasion, program fraud and other crimes, the Justice Department, Internal Revenue Service (IRS) and U.S. Department of Agriculture's (USDA) Office of Inspector General announced today.

Melot was previously convicted of tax evasion, failure to file tax returns, making false statements to the USDA, and impeding the IRS following a four-day jury trial in Albuquerque, N.M. According to the indictment and evidence presented at trial and at sentencing, Melot owes the IRS more than \$25 million in federal taxes and more than \$7 million in taxes to the state of Texas. Melot has not filed a personal income tax return since 1986. In addition, Melot has improperly collected more than \$225,000 in federal farm subsidies from USDA by furnishing false information to the agency. Specifically, Melot provided the USDA with a false Social Security number (SSN) and fictitious employer identification number (EIN) to collect federal farm aid.

According to the indictment and evidence presented at trial, Melot took numerous steps to conceal his ownership of 250 acres in Lea County, including notarizing forged deeds and titling the property in the name of nominees. The evidence also showed that Melot used false SSNs and fictitious EINs to hide his assets from the IRS. Additionally, Melot maintained a bank account with Nordfinanz Zurich, a Swiss financial institution, which he set up in Nassau, Bahamas, in 1992. Melot failed to report the Swiss bank account to the U.S. Treasury

Department as required by law.

Melot was also ordered to pay \$18,493,099 in restitution to the IRS and \$226,526 in restitution to the USDA.

Kenneth J. Gonzales, U.S. Attorney for the District of New Mexico, and John A. DiCicco, Principal Deputy Assistant Attorney General of the Justice Department's Tax Division, commended the investigative efforts of IRS Criminal Investigation and the USDA's Office of Inspector General, as well as Tax Division Trial Attorney Jed Silversmith and Assistant U.S. Attorney George Kraehe, who prosecuted the case. Principal Deputy Assistant Attorney General DiCicco and U.S. Attorney Gonzales also thanked the Criminal Investigation Division of the Texas Comptroller of Public Accounts for its assistance in prosecuting this matter.

More information about the Justice Department's Tax Division and its enforcement efforts is available at www.usdoj.gov/tax/.

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