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PRESS RELEASE

FOR IMMEDIATE RELEASE

**ALLAN J. MACPHEE PLEADS GUILTY TO
WILLFULLY FILING FALSE TAX RETURNS AND STRUCTURING**

United States Attorney Anthony J. Jenkins announced today that ALLAN J. MACPHEE, 48, pleaded guilty in the district court on St. Thomas to four counts of a 20-count Information charging him with willfully filing false tax returns and structuring.

Specifically, MACPHEE pleaded guilty to willfully filing a false U.S. Self-Employment Tax return (Form 1040-SS), willfully filing a false U.S. Individual Income Tax return (Form 1040), willfully filing a false Gross Receipts Monthly Tax return (Form 720 V.I.), and structuring currency transactions to avoid reporting requirements.

According to the Information, during the tax years 2000 through 2005, MACPHEE willfully filed materially false income tax returns, self employment tax returns, and Virgin Islands gross receipts tax returns by omitting income he earned from his sole proprietorship, The Beach Bar, located on St. John. MacPhee kept two sets of books for The Beach Bar, one containing the true and correct gross income of the business, and the other containing a reduced amount of income, which the accountant received to prepare the tax returns. MacPhee consistently under-reported large amounts of income and knowingly gave his accountant false gross income figures to prepare his tax

returns. The end result was that MacPhee paid substantially less federal income, self-employment, and Virgin Islands gross receipts taxes than he should have. The amount of additional taxes MACPHEE should have paid for the tax years 2000-2005 is approximately \$446,002.

The Information also states that between December 2002 and March 2005, MACPHEE made or directed others to make 27 cash deposits into his bank account from The Beach Bar in amounts all below \$10,000 in order to avoid the currency transaction reporting requirements.

The maximum statutory penalty for willfully filing a false U.S. Self-Employment Tax Return is three years imprisonment and a \$100,000 fine. The maximum statutory penalty for willfully filing a false U.S. Individual Income Tax Return and a Virgin Island Gross Receipt Monthly Tax Return is three years imprisonment and a \$5,000 fine. The maximum penalty for structuring currency transactions is 10 years imprisonment, and a \$500,000 fine, if done as part of a pattern of unlawful activity involving more than \$100,000 in a 12-month period, which occurred in this case.

As a part of the plea agreement, MACPHEE has agreed to make full restitution to the Internal Revenue Service and the Virgin Islands Bureau of Internal Return, and to forfeit property involved in the structuring offense, or traceable to the offense.

MACPHEE's sentencing has been scheduled for February 20, 2008.

Internal Revenue Service Special Agent-in-Charge Michael E. Yasofsky stated: "Within IRS Criminal Investigations, our mission is to provide a deterrent effect to tax evasion. IRS CI has increased its investigation of individuals who structure financial transactions to hide their income and ultimately evade taxes."

U.S. Attorney Jenkins commended the joint efforts between the Virgin Islands Bureau of Internal Revenue and the Internal Revenue Service, which resulted in the investigation and prosecution of this case. In addition, U.S. Attorney Jenkins said that his office is devoting additional attention to the prosecution of individuals who fail to file income tax returns with the Virgin Islands Bureau of Internal Revenue and the Internal Revenue Service, or file false returns. Assistant U.S. Attorney Kim L. Chisholm prosecuted this case.