



# United States Department of Justice

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FOR IMMEDIATE RELEASE  
JUNE 22, 2007  
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## **CEO OF START UP COMPANY PLEADS GUILTY TO TAX EVASION**

### *Failed To Report More Than \$1.1 Million Of Income*

OAKLAND – United States Attorney Scott N. Schools announced that yesterday afternoon John Frances Griffin pleaded guilty to two counts of tax evasion. These charges are the result of an investigation by the Internal Revenue Service Criminal Investigation and the Federal Bureau of Investigation.

John Frances Griffin, 44, of Orinda, California, was indicted by a federal Grand Jury on May 18, 2006, and charged with three counts of mail fraud. On November 30, 2006, a superseding indictment was filed charging Mr. Griffin with two counts of tax evasion, in connection with a scheme in which he allegedly lied to investors and employees about making significant loans to the company that he was running. On April 26, 2007, a second superseding indictment charged Griffin with fifteen counts of mail fraud, one count of wire fraud, and two counts of tax evasion. In the plea agreement, Mr. Griffin pled guilty to both counts of tax evasion.

According to the plea agreement, Mr. Griffin was the Chief Executive Officer of VaporTech, Inc., a start-up company located in Livermore, California, involved in the research and development of technology which converts fuel to hot water, high quality steam, or superheated water vapor. As CEO, Mr. Griffin recruited investors and ran the day-to-day operations of VaporTech. He received a monthly salary and had possession of the corporate debit card and bank account. Mr. Griffin also raised over \$2.5 million from investors. During the calendar years 2004 and 2005, Mr. Griffin received taxable income in excess of \$1,198,700 yet failed to file federal income tax returns. Mr. Griffin admitted that he evaded the assessment and payment of his income taxes by paying for personal items with cash, cashier's checks, and the company's debit card. He also cashed his salary checks instead of depositing them.

Mr. Griffin has agreed to forfeit numerous items, including \$75,000, expensive jewelry, including a \$30,359 diamond ring and a \$3,425 gold tennis bracelet, electronic equipment, and thousands of dollars worth of clothing and wine.

The maximum statutory penalty for each count of tax evasion, in violation of 26 U.S.C. § 7201, is five years imprisonment and fine of \$250,000. However, any sentence following conviction would be imposed by the court after consideration of the U.S. Sentencing Guidelines and the federal statute governing the imposition of a sentence, 18 U.S.C. § 3553.

Maureen Bessette is the Assistant U.S. Attorney who is prosecuting the case with the assistance of Cynthia Daniel. The prosecution is the result of an investigation by IRS-CI and the FBI.

**Further Information:**

Case #: CR06-00365

A copy of this press release may be found on the U.S. Attorney's Office's website at [www.usdoj.gov/usao/can](http://www.usdoj.gov/usao/can).

Electronic court filings and further procedural and docket information are available at <https://ecf.cand.uscourts.gov/cgi-bin/login.pl>.

Judges' calendars with schedules for upcoming court hearings can be viewed on the court's website at [www.cand.uscourts.gov](http://www.cand.uscourts.gov).

All press inquiries to the U.S. Attorney's Office should be directed to Natalya LaBauve at (415) 436-7055 or by email at [Natalya.LaBauve@usdoj.gov](mailto:Natalya.LaBauve@usdoj.gov).

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