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FOR IMMEDIATE RELEASE

MARCH 8, 2007

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NURSING HOME OWNER CONVICTED ON 107 COUNTS OF FAILING TO PAY OVER \$9.6 MILLION IN PAYROLL TAXES TO THE IRS

SAN FRANCISCO – United States Attorney Scott N. Schools announced today that Jack Easterday, of Alameda, was convicted by a federal jury late yesterday afternoon on 107 counts of willful failure to pay employment taxes owed to the government. Mr. Easterday is the owner of numerous nursing home facilities in the East Bay. Easterday was convicted of failing to pay more than \$9.6 million in taxes. However, evidence at trial, which will be considered for sentencing purposes, showed that the defendant failed to pay more than \$16 million in payroll taxes from 1998 to 2005. These charges are the result of an investigation by the Internal Revenue Service - Criminal Investigation.

Evidence at trial showed that Mr. Easterday, 51, the President of Employee Equity Administration, Inc., and its subsidiaries and Skilled Logic, Inc., willfully failed to pay over to the IRS federal taxes withheld from his employees at the following nursing homes from 1998 to 2005:

- Brookvue Care Center a.k.a. S.P. Facility, Inc.
- Eden West Convalescent Hospital a.k.a. EWCH, Inc.
- Homewood Care Center a.k.a. S.J. Facility Inc.
- Oakland Care Center a.k.a. Oak Facility, Inc.
- Pleasant View Convalescent Hospital, Inc.
- Sunrise Healthcare Center a.k.a. R.V. Facility, Inc.

Mr. Easterday was initially charged on March 11, 2005, with 47 counts of willfully failing to truthfully account for and pay over taxes of \$3,008,311 from the years 1998 to 2002 that he withheld from his employees. On February 9, 2006, an Oakland jury convicted Mr. Easterday on all 47 counts. On May 31, 2006, the judge reversed the conviction citing a problem with the jury instructions. The superseding information, which was filed on January 10, 2007, included additional allegations of Easterday failing to pay taxes for the years 2003 to 2005.

Evidence at trial showed the IRS had attempted to collect the taxes from the defendant for years before the charges were filed. However, the defendant thwarted the efforts of the IRS to collect the taxes by, among other things, paying himself and his wife exorbitant salaries and directors fees, while he was pleading poverty to the IRS collection agents.

Mr. Easterday is scheduled to be sentenced on June 13, 2007, in San Francisco by U.S. District Court Judge Charles R. Breyer.

The maximum statutory penalty for each count of 26 U.S.C. § 7202 is 5 years and a 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.

Jay Weill and Cynthia Stier are the Assistant U.S. Attorneys who are prosecuting the case with the assistance of Kathy Tat. Thomas Moore is the Assistant U.S. Attorney who convicted Easterday in the first trial. The prosecution is the result of a four year investigation by the Internal Revenue Service - Criminal Investigation.

Further Information:

A copy of this press release may be found on the U.S. Attorney's Office's website at 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.

All press inquiries to the U.S. Attorney's Office should be directed to Luke Macaulay at (415) 436-6757 or by email at Luke.Macaulay@usdoj.gov.

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