

The United States Attorney's Office

Southern District of Florida

Press Release

CONSTRUCTION COMPANY OWNER SENTENCED FOR FEDERAL PAYROLL TAX EVASION

December 5, 2008

FOR IMMEDIATE RELEASE

R. Alexander Acosta, United States Attorney for the Southern District of Florida, and Betty N. Stewart, Acting Special Agent in Charge, Internal Revenue Service, Criminal Investigation Division ("IRS-CID"), announced today that defendant **Leroy Edward Felt, Jr.**, 43, formerly of Palm Beach County, FL, was sentenced to 48 months' imprisonment, to be followed by 36 months' of supervised release after pleading guilty to participating in a long-term federal payroll tax evasion scheme in the operation of his business, Woody's Construction, Inc. Specifically, Felt pled to Count 1 of an Indictment, dated February 28, 2008, which charged him with conspiring to evade payroll taxes and to cause financial institutions to file false currency transaction reports ("CTRs"), in violation of Title 18, United States Code, Section 371. Felt was ordered to self surrender on January 5, 2009 to the U.S. Marshals Service in Orlando, Florida.

According to documents filed in court and statements made during the plea, Felt was the owner of Woody's Construction, Inc. ("Woody's"), previously located at 5301 NW 15th Street Unit D25 Margate, FL 33063. From 1997 through at least 2003, Felt conspired with others, including William Stephens and James Monahan, to defraud the IRS by paying cash wages to many of Woody's employees, causing financial institutions to file false CTRs with the IRS, and under-reporting Woody's payroll tax liability to the IRS.

To execute the fraud, Felt issued corporate checks to various individuals and entities, including Anthony Sauls and Northeast Custom Builders, for fictitious subcontracting expenses. These individuals/entities would, in turn, cash the corporate checks at financial institutions, retaining a portion of the cash as a check cashing fee, and return the remaining cash to Felt for use in paying wages. When cashing the checks, the individuals/entities did not disclose to the banks that the checks were being cashed for the benefit of Woody's, causing the financial institutions to file CTRs that did not contain accurate information about the purpose of the checks.

Between 1997 and 2003, Felt failed to report to the Internal Revenue Service that Woody's had paid \$14,521,082.39 in actual payroll wages. As a result of this understatement, Felt knowingly failed to pay at least \$2,178,162 in federal payroll taxes to the Internal Revenue Service.

This case is being prosecuted by Assistant United States Attorney Stephen Carlton. Mr. Acosta commended the investigative efforts of the IRS-CID for their work on this case.

A copy of this press release may be found on the website of the United States Attorney's Office for the Southern District of Florida at <http://www.usdoj.gov/usao/fls>. Related court documents and information may be found on the website of the District Court for the Southern District of Florida at <http://www.flsd.uscourts.gov> or on <http://pacer.flsd.uscourts.gov>.

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