

News Release

For Release: July 16, 2009

U.S. Department of Justice

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William J. Edwards, United States Attorney for the Northern District of Ohio, announced today that Daniel L. French was sentenced to 8 months imprisonment, followed by 3 years of supervised release for attempting to evade his personal income taxes for the year 2003. The sentence was imposed by United States District Judge James S. Gwin, who also ordered French to perform 300 hours of community service during his supervised release. According to court records, French resides in Akron, Ohio. French previously pleaded guilty to the charge pursuant to a written plea agreement in which he also acknowledged that he attempted to evade his 2002 taxes and filed false 2002 and 2003 S Corporation returns for a corporation he previously owned and operated under the name D.L. French, Co., Inc. In imposing sentence, Judge Gwin found, as stipulated by the parties, that French had failed to report and pay income taxes totaling \$63,359 for 2002 and 2003.

According to the factual statement in the plea agreement, French filed false S Corporation returns (Form 1120S) on behalf of D.L. French Co., Inc., for the years 2002 and 2003, which claimed cost of goods sold deductions for purported corporate payments for “shop supplies and parts” and “subcontract labor,” which were actually disbursements for his personal benefit. Part of these disbursements were checks payable to a fictitious entity, NRB Co., which were deposited into a nominee bank account French controlled under that name. As a result of the overstatement of costs, the corporate returns also understated the corporations’ income, which was reportable on French’s personal returns as distributive (flow-through) income. French attempted to evade his personal income taxes for 2002 and 2003 by filing false personal tax returns on which he understated his income and tax liabilities by reporting his falsely understated business income from the D.L. French Co. corporate returns.

The government’s case was prosecuted by Assistant United States Attorney John M. Siegel, following an investigation by the Internal Revenue Service, Criminal Investigation Division, Cleveland, Ohio.

Under existing tax law, a person convicted of a criminal tax offense, in

addition to whatever sentence is imposed, is also required to pay the tax determined to be due as well as interest and civil penalties that may be assessed.

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