

# NEWS

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United States Department of Justice  
U.S. Attorney, District of New Jersey  
402 East State Street, Room 430  
Trenton, New Jersey 08608

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***Christopher J. Christie, U.S. Attorney***

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***More Information?*** Contact the Assistant U.S. Attorney or other contact listed below to see if more information is available.

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stoc1120.rel  
FOR IMMEDIATE RELEASE  
Nov 20, 2008

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Owner of Defunct Stafford Township Payroll Services Company  
Pleads Guilty to Embezzlement of \$1.8 Million in FICA Taxes

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(More)

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TRENTON – The owner of a defunct Stafford Township payroll services company pleaded guilty today to embezzling \$1.8 million in FICA taxes that client companies owed to the IRS and converted that money to his own use, U.S. Attorney Christopher J. Christie announced.

Robert Stockton, 48, of Stafford Township, entered his plea in U.S. District Court in Trenton before Judge Freda L. Wolfson, who scheduled sentencing for Feb. 27. Stockton was release on a \$50,000 bond pending sentencing.

At his plea hearing, Stockton stated that in 1985 he created and established a business called The Business Office (“TBO”) in Stafford Township to provide payroll services to client businesses. In August 2003, Stockton came to an agreement with the principals of Online Business Services (“OBS”) based in San Antonio, Texas, including Joshua Schechter, who owned and operated OBS, to sell TBO to OBS. OBS was also in the payroll services business. The agreement was never finalized and ultimately, TBO filed for bankruptcy.

From 2003 through 2005, TBO and OBS contracted with business clients to process the client’s payroll each pay period; with included paying all federal and state payroll taxes accurately and consistently; prepare and file quarterly payroll tax returns; and prepare all IRS forms W-2, W-3, and 1099, according to Stockton.

In December 2003, Stockton, along with Schechter and others, intentionally filed and cause to be filed numerous false IRS Form 941s which indicated that the victims were responsible for paying only a fraction of the tax actually due, Stockton admitted. Stockton admitted that he and other OBS employees and principals did not forward to the IRS the actual amount of payroll tax for each victim as contractually required and instead kept the money in OBS accounts to be used for illegal purposes.

Stockton agreed that the total amount of money improperly withheld by him from payment to the IRS was \$1.8 million. Furthermore, Stockton admitted that he was aware that this money was the property of the Internal Revenue Service and United States Treasury Department.

Schechter pleaded guilty before Judge Wolfson on Oct. 31, 2008, to two counts of filing a false federal tax return. At his plea hearing, Schechter admitted the total amount of money improperly withheld from payment to the IRS from client accounts was at least \$2.65 million. Schechter is scheduled to sentenced on Feb. 6.

The charge to which Stockton plead, theft of government property, carries a maximum statutory penalty of 10 years in prison and a fine of \$250,000; or twice the gross amount

of any pecuniary gain by any persons derived from the crime; or twice the gross amount of any pecuniary loss sustained by any victims of the crime, which ever is greatest

Schechter faces a statutory maximum prison sentence of three years and a fine of \$100,000, along with the costs of prosecution, on each of the two counts of filing a false federal tax return.

In determining an actual sentence, Judge Wolfson will consult the advisory U.S. Sentencing Guidelines, which provide appropriate sentencing ranges that take into account the severity and characteristics of the offense, the defendant's criminal history, if any, and other factors. The judge, however, is not bound by those guidelines in determining a sentence.

Parole has been abolished in the federal system. Defendants who are given custodial terms must serve nearly all that time.

Christie credited Special Agents of the IRS Criminal Investigation, under the direction of Special Agent in Charge William P. Offord in Newark and Treasury Inspector General for Tax Administration, Washington, DC Field Division, under the direction of Special Agent in Charge Martin Kenney, with investigation of the case.

The Government is represented by Assistant U.S. Attorney Peter N. Katz, of the U.S. Attorney's Criminal Division in Trenton.

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Defense Attorney:

Stockton - Steven D. Cundra, Esq. Washington, DC

Schechter - Nicholas Nastasi, Jr., Esq. Philadelphia