



Department of Justice

United States Attorney Richard S. Hartunian
Northern District of New York

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POTSDAM MAN ENTERS GUILTY PLEA TO FILING A FALSE TAX RETURN

RICHARD S. HARTUNIAN, United States Attorney, Northern District of New York announces that **TIMOTHY M. SCHMIDT (53, of Potsdam, NY)** entered a guilty plea to an Indictment charging him with subscription of a false income tax return for tax year 2005, in violation of Title 26, United States Code, Section 7206(1).

From 2003 through 2010, the Defendant owned and operated a general contracting business named Sylvan Falls Painting and Wallpaper, providing general contracting services in the Potsdam, New York area. Beginning in 2003, **SCHMIDT** was hired by a person with initials D.C. to complete various jobs at her residence, including an addition to her residence. During that time, **SCHMIDT** realized income in the approximate amount of \$894,976.00 from D.C. over and above the income he reported on his personal income tax returns. The Defendant failed to include \$162,362.00 as income on his 2004 personal federal tax return, \$198,063.00 as income on his 2005 personal federal tax return, \$196,995.00 as income on his 2006 personal federal tax return, \$145,555.00 as income on his 2007 personal federal tax return, \$83,520.00 as income on his 2008 personal federal tax return, \$38,341.00 as income on his 2009 personal federal tax return, and \$70,140.00 as income on his 2010 personal federal tax return. Each of these returns were made and signed by him under penalty of perjury. The Defendant knew these tax returns were false because each substantially under reported his income for that year. The foregoing resulted in a tax deficiency to the IRS totaling \$270,802.49.

Pursuant to his plea agreement, the Defendant consented to the entry of an order directing him to pay restitution to the Internal Revenue Service for all back taxes due and owing for the tax years 2004 through 2010, totaling \$270,802.49.

The defendant is facing a statutory maximum sentence of 3 years, a term of supervised release of up to 1 year, and a maximum fine of \$100,000.00.

This prosecution resulted from an investigation conducted by the Internal Revenue Service, Criminal Investigation, New York Field Office, and the Potsdam Police Department. The case is being prosecuted by Assistant United States Attorney Ransom P. Reynolds. Further questions may be directed to Executive Assistant U.S. Attorney John Duncan at (315) 448-0672.