United States Attorney
Southern District of New York

CO-OWNER OF CEMENT AND MASONRY CONTRACTOR SENTENCED TO TWO YEARS IN PRISON IN SCHEME TO FILE FALSE TAX RETURNS AND ILLEGALLY STRUCTURE TRANSACTIONS

PREET BHARARA, the United States Attorney for the Southern District of New York, and CHARLES R. PINE, the Special Agent-in-Charge of the New York Field Office of the Internal Revenue Service, Criminal Investigation Division ("IRS-CID"), announced that GARRY MULLAHY, a former co-owner of A+ RESTORATION CONSULTANTS CORP. ("A+"), was sentenced last week to two years in prison for his role in a conspiracy to file false tax returns and structure cash transactions to evade Department of Treasury reporting requirements. He was also ordered to pay restitution of more than $985,000 to the IRS. The sentence was imposed by U.S. District Judge WILLIAM H. PAULEY III.

According to the Information to which GARRY MULLAHY pled and statements made during GARRY MULLAHY's guilty plea and sentencing proceedings:

GARRY MULLAHY and his brother, THOMAS MULLAHY, owned and operated A+, a Queens-based cement and masonry contractor that operated in the New York City area. Between 2004 and 2007, GARRY and THOMAS MULLAHY engaged in a scheme to generate cash derived from customers of A+ in such a way that the receipt of this revenue was concealed from A+'s accountants and, ultimately, omitted from the corporate income tax returns filed on behalf of the company. The brothers used a portion of the cash generated to pay employees of A+ in cash so they were not subject to withholding tax. In doing so, GARRY and THOMAS MULLAHY evaded the payment of payroll taxes and filed, and caused the filing of, false payroll tax returns. The scheme also involved generating fraudulent business expenses, which, in fact, had not been incurred by A+, so as to reduce A+'s taxable income.

To execute this scheme, GARRY and THOMAS MULLAHY maintained bank accounts that they concealed from their accountants. Accordingly, the activities in these accounts were not reflected on the corporate income tax returns of A+. They also illegally structured cash transactions from the accounts they had concealed, by withdrawing cash or cashing checks in amounts equal to or less than $10,000, in order to evade the filing of Currency Transaction Reports with the Department of the Treasury. Finally, GARRY and THOMAS MULLAHY wrote checks from A+

instead were simply cashed as part of the conspiracy. A+ ceased to do business in approximately late 2007.

During the sentencing proceeding, Judge PAULEY commented that this was not the first such case involving contractors that the Court had seen in its years on the bench, such that "there is a need for deterrence." GARRY MULLAHY had emigrated to the United States from Ireland and, in imposing sentence, Judge PAULEY stated that GARRY MULLAHY "made a very comfortable life here in America." Judge PAULEY further stated that "[w]e welcomed you and gave you all the benefits equivalent to citizenship and you betrayed that trust. You took advantage of it."

THOMAS MULLAHY pled guilty for his role in the conspiracy before U.S. District Judge LAURA TAYLOR SWAIN on October 29, 2010. THOMAS MULLAHY is scheduled to be sentenced on February 3, 2011, at 12:30 p.m. The charge to which THOMAS MULLAHY pled guilty carries a maximum sentence of 5 years in prison and a maximum term of 3 years of supervised release.

THOMAS MULLAHY, age 41, resides in Middle Village, New York. GARRY MULLAHY, age 43, resides in Irvington, New York.

Mr. BHARARA thanked the IRS-CID, which investigated the case, and the U.S. Department of Labor, Office of the Inspector General, which assisted in the investigation.

The case is being handled by the Office's Complex Frauds Unit. Assistant U.S. Attorney DANIEL W. LEVY is in charge of the prosecution.

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