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**CONSTRUCTION COMPANY OWNER PLEADS GUILTY IN
MANHATTAN FEDERAL COURT TO PAYROLL
TAX EVASION FOR OFF-THE-BOOKS WORKERS**

PREET BHARARA, the United States Attorney for the Southern District of New York, and PATRICIA J. HAYNES, the Special Agent-in-Charge of the New York Field Office of the Internal Revenue Service ("IRS"), announced that MICHAEL LYNCH, a construction company owner in New York City, pleaded guilty today in Manhattan federal court to conspiracy to evade payroll taxes by paying employees "off-the-books" in cash, and to file false currency transaction reports ("CTRs") at the time the cash was obtained to pay his employees.

According to the Information filed in connection with today's guilty plea:

LYNCH owned several construction companies -- High Tower Inc., High Tower Construction, Inc., and High Tower Corporation, Inc. -- that were located in Maspeth, Queens, specializing in concrete and masonry. From at least 2001 through 2003, LYNCH paid his construction employees in cash so he could avoid withholding required taxes, including the employer and employee components of Social Security and Medicare taxes, and so that his employees could themselves evade these and other taxes. LYNCH paid his employees over \$1 million in cash from 2001 through 2003, and failed to remit over \$155,729 in federal payroll taxes due on those wages.

To obtain the necessary cash, LYNCH used a Manhattan check-cashing company to cash a large number of checks, usually in amounts well above \$10,000, purportedly payable from his construction companies to various subcontractors. Financial

institutions, including check-cashing companies, are required to file CTRs with the IRS to identify the parties to any cash transaction of \$10,000 or more. However, to disguise LYNCH's role in the transactions, LYNCH and an officer of the check-cashing company agreed to file CTRs that falsely reported that the checks in question had been cashed by an individual who in fact had no involvement in the transactions. False CTRs covering nearly \$1 million in cash were filed with the IRS in connection with LYNCH's cash transactions.

LYNCH, 47, of Maspeth, New York, pleaded guilty before United States Magistrate Judge JAMES C. FRANCIS IV to a one-count Information charging him with conspiracy to defraud the IRS, to commit tax fraud, and to evade currency reporting requirements. He faces a maximum term of 5 years in prison. In addition, the Information contains a forfeiture allegation of at least \$95,321, representing a portion of the funds LYNCH obtained in connection with the filing of false CTRs. LYNCH has also agreed to pay at least \$155,729 to the IRS in restitution for the lost tax revenue. LYNCH is scheduled to be sentenced on February 4, 2010.

Mr. BHARARA praised the investigative work of the IRS in this case.

This case is being handled by the Complex Frauds Unit of the United States Attorney's Office. Assistant United States Attorney HARRY A. CHERNOFF is in charge of the prosecution.

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