



# Department of Justice

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Southern District of Ohio

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## **DAYTON PAYROLL COMPANY OWNER CHARGED WITH EMBEZZLING MORE THAN \$26.7 MILLION**

DAYTON – A federal grand jury returned a 67-count indictment charging Robert R. Sacco, the owner and chairman of the board of Dayton-based Paysource, with defrauding the Internal Revenue Service out of \$26,729,098.79 by withholding money to pay federal employment taxes from employees' paychecks and keeping the money instead of paying it to the IRS.

Carter M. Stewart, United States Attorney for the Southern District of Ohio and Jose A. Gonzalez, Special Agent in Charge, Internal Revenue Service, Criminal Investigation announced the indictment returned October 26, 2010.

IRS and Customs agents arrested Sacco at the Orlando International Airport on Monday evening as he returned to the United States from Costa Rica where he was vacationing. He will have an initial appearance in federal court in Orlando today.

Sacco, 59, now lives in Orlando and formerly lived in Huber Heights until 2007. He was the owner of Paysource, a Dayton-based professional employer organization. Paysource provided services that enabled business owners to cost-effectively outsource the management of human resources, employee benefits, payroll and workers' compensation and other strategic services. It did this by hiring a client company's employees, thus becoming their employer of record for tax and insurance purposes. This practice is known as co-employment.

The indictment alleges that between October 2007 and April 2009, Sacco and a co-conspirator withheld money from employees' paychecks in order to pay federal taxes and conspired to avoid paying the taxes to the IRS. The conspiracy allegedly included filing fraudulent documents with the IRS claiming that the wages paid by the company and the resulting tax liabilities were significantly lower than the wages the company actually paid.

The indictment charges Sacco with one count of conspiracy to defraud the United States by impeding and impairing the Internal Revenue Service, punishable by up to five years imprisonment, and one count of conspiracy to commit mail fraud, wire fraud and money laundering, which is punishable by up to 30 years imprisonment.

The indictment also charges Sacco with ten counts of wire fraud, each punishable by up to 30 years imprisonment, 39 counts of money laundering, each punishable by up to ten years imprisonment, and 16 counts of tax evasion, each punishable by up to five years imprisonment.

The indictment seeks a money judgment of \$26,729,098.79, representing the amount of proceeds obtained as a result of the offenses.

At its height, Paysource had more than 190 client companies located throughout the United States and achieved annual revenues of \$120 million.

Paysource Chief Executive Officer Charles C. Painter pleaded guilty in February 2010 to one count of aiding the preparation of a false federal employment tax return. He is scheduled for sentencing on December 16 by U.S. District Judge Michael Barrett.

Stewart commended the investigation by IRS Criminal Investigation agents, and Assistant U.S. Attorney Dwight Keller, who is prosecuting the case.

An indictment is merely an accusation. A defendant should be presumed innocent unless and until proven guilty in court.

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