



The United States Attorney's Office
District of Colorado

March 11, 2009

**COUPLE PLEADS GUILTY TO TAX EVASION FOR FAILING TO PAY THE IRS OVER
\$200,000 IN TAXES**

DENVER – David Yost, age 55, and Paula Yost, age 47, of Osage Beach, Missouri, plead guilty Monday before U.S. District Court Judge Marcia S. Krieger to two counts of tax evasion, Acting U.S. Attorney David M. Gaouette, and IRS Criminal Investigation Denver Field Office Special Agent in Charge Christopher M. Sigerson, announced. Judge Krieger is scheduled to sentence David and Paula Yost, who are husband and wife, on July 31, 2009.

David and Paula Yost were indicted by a federal grand jury in Denver on December 3, 2007 on tax evasion charges. They both pled guilty on March 9, 2009.

According to information contained in the Yost's indictment and plea agreement, David Yost and Paula Yost were residents of Littleton, Colorado, from 1993 until 2002. Between 1988 and 2001, the Yosts operated plumbing businesses through various entities including: Dave's Plumbing, a sole proprietorship, between at least 1988 and 1990; Dave's Plumbing and Heating, a sole proprietorship, in Colorado, between at least 1993 and 1995; Payday Plumbing and Heating Services, Inc., a Colorado corporation, between at least 1995 and 1998; and Dave's Plumbing and Heating Specialists, Inc. ("DPHS"), a Colorado corporation, between at least 1998 and September 27, 2001. The entities controlled by the Yosts employed individuals who were paid wages.

From approximately April 30, 1988 through January 31, 1991, the Yosts filed or caused to be filed twelve Employer's Quarterly Federal Tax Returns (Form 941) on behalf of Dave's Plumbing from the first quarter of 1988 through fourth quarter of 1990. For nine of these twelve quarters, the Yosts made no payments toward these employment tax liabilities. For the remaining three quarters, the Yosts paid only a small portion of the amount owed. The Yosts did willfully attempt to evade and defeat the payment of a large part of the federal employment tax due and owing, in an amount of approximately \$99,488.36.

From approximately July 31, 1999 through at least October 31, 2001, the Yosts filed or caused to be filed eight Employer's Quarterly Federal Tax Returns (Form 941), on behalf of DPHS, for the second through fourth quarters of 1999, the second through fourth quarters of 2000, the second and third quarter of 2001 and one Employer's Annual Unemployment Tax Return (Form 940) for 2001, with the IRS. The Yosts did willfully attempt to evade and defeat the payment of a large part of the federal employment tax due and owing by DPHS, in an amount of approximately \$87,847.63.

Additionally, on or about March 14, 2003, the Yosts filed with the IRS a joint U.S. Individual Income Tax Return (Form 1040) for tax year 2001 reporting only W-2 income from DPHS in the total amount of \$4,600. The defendants did not list as income on this 2001 Form 1040 any of the money from the sale of DPHS that they spent on personal expenses. Accordingly, the defendants under reported his joint income for the tax year 2001 by approximately \$231,132.59. After taking into account the adjustments to income, the defendants' corrected joint taxable income for 2001 is \$203,736.00, resulting in a tax due and owing for tax year 2001 of at least \$37,981, with the government contending the loss was actually \$56,924.00.

"Paying taxes is not optional," said Acting U.S. Attorney David Gaouette. "Those who break the law will be pursued and prosecuted."

"Committing tax fraud increases the tax burden for all honest taxpayers and with April 15th just around the corner, it is important to remind all taxpayers to file complete and accurate tax returns," said Christopher M. Sigerson, Special Agent in Charge for IRS Criminal Investigation Denver Field Office. "IRS CI is committed to investigate individuals who intentionally conceal income and evade taxes."

Tax Evasion carries a penalty of not more than 5 years in federal prison, and a fine up to \$250,000.

This case was investigated by the IRS Criminal Investigation.

The case is being prosecuted by Assistant U.S. Attorney Pegeen Rhyne and U.S. Department of Justice Tax Division Attorney Monica B. Edelstein.

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