

News Release

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U.S. Department of Justice

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Ohio*

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William J. Edwards, United States Attorney for the Northern District of Ohio, today announced that an Indictment was unsealed charging Elias (“Louie”) Kafantaris with 24 counts of Tax Evasion and four counts of ERISA Fraud.

The Indictment states that Kafantaris, of Strongsville, Ohio, was the owner of Allstate Painting and Contracting Company and CH-IK Painting, Inc. with principal places of business in Brunswick, Ohio. The Indictment alleges that Kafantaris sought to evade and defeat a large part of the Federal Insurance Contributions Act (“FICA”) taxes owing with respect to the taxable wages of Allstate and CH-IK employees (also known as Social Security and Medicare taxes) and the federal income taxes required to be withheld from those wages by preparing, signing, and filing false Employer’s Quarterly Federal Tax Returns (Form 941) with the Internal Revenue Service. The Indictment alleges that the Form 941s falsely understated the actual wages paid to employees and the employment taxes that were due. The Indictment alleges that Kafantaris paid the unreported income to his employees by cash, operating account checks, and inflated travel allowances without any withholding of the taxes. In total, the Indictment alleges that Kafantaris understated the actual wages paid to employees by approximately \$1,021,541.16 and employment taxes due by approximately \$289,098.16.

The Indictment further alleges that Kafantaris engaged in Employee Retirement Income Security Act of 1974 (“ERISA”) Fraud by falsely under-reporting, in documents required by Title I of ERISA to be published and kept as part of the records of several benefit plans, the number of hours worked by union employees, covered by collective bargaining agreements, in order to minimize employer contribution liability. The Indictment alleges that Kafantaris did this with respect to four different benefit plans: the International Painters and Allied Trades Industry Pension Plan, the Painting Industry Insurance Fund, the Painters Allied Trades District Council 12 Profit Sharing Annuity Plan, and the Local 1275 Health & Welfare Fund.

If convicted, the defendant's sentence will be determined by the Court after review of factors unique to this case, including the defendant's prior criminal record, if any, the defendant's role in the offense and the characteristics of the violation. In all cases the sentence will not exceed the statutory maximum and in most cases it will be less than the maximum.

This case is being prosecuted by Assistant U.S. Attorney Justin J. Roberts, following investigation by the Cleveland offices of the Internal Revenue Service, Criminal Investigation Division and the U.S. Department of Labor, OIG Office of Labor Racketeering and Fraud Investigations.

An Indictment is only a charge and is not evidence of guilt. A defendant is entitled to a fair trial in which it will be the government's burden to prove guilt beyond a reasonable doubt.

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