



U.S. Department of Justice

*United States Attorney
District of Nevada*

Gregory A. Brower
United States Attorney

333 Las Vegas Blvd. South
Suite 5000
Las Vegas, NV 89101

(702) 388-6336
FAX (702) 388-6296

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PRESS CONTACTS:
Natalie Collins, Public Affairs Specialist

(702) 388-6508

**JURY CONVICTS LAS VEGAS BUSINESS OWNER ROBERT KAHRE AND THREE OTHERS
OF TAX FRAUD**

LAS VEGAS - - Following a three-month trial and about two days of deliberations, a federal jury found Las Vegas businessman Robert Kahre and three others guilty today of multiple felony tax crimes, including conspiracy to defraud the IRS, tax evasion, and hiding assets from the IRS, announced Greg Brower, United States Attorney for the District of Nevada.

Robert D. Kahre and his sister Lori A. Kahre were each convicted of intentionally and knowingly conspiring to defraud the federal government by deceit, craft, trickery and dishonest means for the purpose of impeding the IRS in its collection of income and employment taxes. Robert Kahre was also convicted of 49 counts of failure to collect or pay employment taxes, two counts of attempts to interfere with the administration of IRS laws, four counts of tax evasion, and one count of wire fraud. Lori Kahre was also convicted of two counts of attempts to interfere with the administration of IRS laws, one count of making a false statement to a bank, and seven counts of tax evasion. Robert Kahre faces up to 296 years in prison and fines of up to \$14 million. Lori Kahre faces up to 71 years in prison and fines of up to \$2.75 million.

Robert Kahre's business consultant, Alexander C. Loglia, was convicted of one count of filing a false income tax return and 10 counts of tax evasion. Loglia faces up to 53 years in prison and fines of up to \$2.75 million.

Robert Kahre's girlfriend, Danille Cline, was convicted of one count of attempts to interfere with the administration of IRS laws and one count of wire fraud. Cline faces up to 23 years in prison and fines of up to \$500,000.

Sentencings for all defendants are scheduled for November 17, 2009, at 9:00 a.m. The defendants are released on personal recognizance bonds pending sentencing.

"As this case makes clear, all of us are required to follow the law when it comes to paying federal taxes," said U.S. Attorney Brower. "The Department of Justice, along with the Department of the Treasury, will continue to aggressively prosecute those who try to cheat the system. I want to recognize the outstanding efforts of all of the investigators and prosecutors who have worked tirelessly on this case for years, and congratulate each of them on a job well done. I also want to thank the members of the jury, as well as Judge Ezra, and the U.S. Marshals Service for their extraordinary devotion to duty during a very long and difficult trial."

"Robert Kahre put his own self interest above the well being of his employees," said Paul A. Camacho, IRS Special Agent in Charge of the Las Vegas Field Office. "Robert Kahre enjoyed the benefits of everything this country has to offer, including the right to due process, which he used as a venue to raise frivolous, unsupported constitutional arguments. Now the jury has spoken. Mr. Kahre is not a legal expert as some may have believed, but rather a convicted felon who cheated the federal government, his employees and every honest taxpayer who pays their fair share of taxes. Let this be a lesson to those hiding behind frivolous legal positions: you can not fool the IRS and you can not fool juries."

Between 1997 and 2003, Kahre owned and operated six construction businesses in the Las Vegas area: Wright Painting and Drywall, Production Plumbing, Production Air Conditioning, Production Electric, Union Pacific Construction and Sherman Tile and Marble. These businesses employed hundreds of employees, many of them laborers, but the exact number is unknown because of the way in which Robert Kahre operated his businesses. Additionally, Kahre provided a payroll service to approximately 35 other construction contractors, which employed thousands of employees.

The jury found that Robert and Lori Kahre devised and used a payroll scheme that concealed and disguised the true amount of income received by his employees and the employees of the companies for which he

provided payroll services. Robert Kahre maintained an office at 6270 Kimberly Avenue in Las Vegas where he claimed to pay employees in gold or silver coins, but which were actually immediately exchanged for pre-determined envelopes of cash. The face amount of the coins was one-eighth the amount of pay that the employee actually earned and received in the cash envelope. The defendants told the employees that the income was either not taxable or that they should falsely report to their income to the IRS as the face amount of the gold and silver coins.

During the course of the scheme, cash wage payments of at least \$25 million were paid to Robert Kahre's employees and cash payments of approximately \$95 million were paid to the employees of the other contractors. No federal tax withholdings were made from the paychecks, and the wages were not reported to the IRS. The defendants told the employees not to discuss the scheme with any outside agencies. The defendants also took steps to prevent the dissemination of information that might reflect the correct amount of income paid to the employees, such as by using false invoices, keeping two sets of books, using false names on payroll records, making false statements on mortgage applications, and using nominees to conceal assets.

Robert Kahre was found guilty of attempt to evade personal income tax on income of approximately \$12 million for the years 1999 through 2002. Lori Kahre was found guilty of attempt to evade personal income tax on income of approximately \$242,882 for the years 1998 and 2000 through 2005. Loglia was found guilty of attempt to evade personal income tax on income of approximately \$318,736 for the years 1998 through 2003.

The jury found that Robert Kahre took steps to conceal his income for the years 1996 through 2005 by using straw buyers to purchase various pieces of real property, and by placing the properties in the names of Cline, his mother, his sister, and step-father. The jury found that Lori Kahre made false statements to Bank of America to obtain a mortgage for a Las Vegas residence, solely for the purpose of hiding Robert Kahre's asset. The properties include commercial property at 6049 Boulder Highway in Las Vegas; a ranch at 62436 Mink Lane, in Summerville, Oregon; homes at 6385 and 6295 North Grand Canyon Drive in Las Vegas; a home at 5680 Ruffian Road in Las Vegas; and a home at 590 Sugar Leo Circle in St. George, Utah.

The case was investigated by Special Agents with IRS Criminal Investigation, and prosecuted by Assistant United States Attorney J. Gregory Damm and Trial Attorney Christopher Maietta of the U.S. Department of Justice Tax Division.

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