

The United States Attorney's Office

## Southern District of Florida

### Press Release

#### FORMER BOCA RATON SALON OWNERS SENTENCED FOR TAX FRAUD

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August 21, 2009

##### FOR IMMEDIATE RELEASE

Jeffrey H. Sloman, Acting United States Attorney for the Southern District of Florida, John A. DiCicco, Acting Assistant Attorney General, United States Department of Justice, Tax Division, and Daniel W. Auer, Special Agent in Charge, Internal Revenue Service, Criminal Investigation Division, announced that defendants **Judith Artzt** and **Norman Artzt** were sentenced today before U.S. District Court Judge Kenneth A. Marra.

Both defendants were sentenced to 18 months of imprisonment, to be followed by 2 years of supervised release. In addition, they were ordered to pay restitution in the amount of \$243,379.50. Both defendants previously pled guilty on April 13, 2009 to a one count Information, charging them with conspiring to defraud the Internal Revenue Service, in violation of 18 U.S.C. § 371.

According to the Information and the written proffers filed with their plea agreements, defendants Judith and Norman Artzt operated a Boca Raton hair salon, which mostly did business under the name "Norman's of New York." The salon employed approximately forty hairdressers. The salon filed federal tax returns under the name "Sasha, Inc." The defendants were the sole officers and directors of Sasha, Inc.

According to the charges and the written proffers, the defendants paid the wages of most of their employees partly by check and partly in cash, and some of their employees exclusively in cash. Although required by law to issue Form W-2 tax documents to their employees that reflected all wages paid to the employees, the defendants issued Forms W-2 that reflected only the wage amounts that the employees were paid by check and did not include the employees' cash wages. The defendants also provided false information to their accountant, telling him only about the wages paid by check and omitting the cash wages paid, causing their payroll and corporate tax returns to significantly understate the amounts paid to their employees. The defendants under-reported the actual wages earned by their employees in order to avoid paying the full federal payroll tax liability due and owing by Sasha, Inc. and on behalf of each of the employees. The defendants agreed they were jointly and severally liable for \$372,713.66 in payroll taxes owed by Sasha, Inc. and its employees for tax years 2000 - 2004.

Mr. Sloman commended the investigative efforts of the Internal Revenue Service, Criminal Investigation Division. This case is being prosecuted by Assistant United States Attorney Carolyn Bell and Tax Division Trial Attorney Tracy Gostyla.

A copy of this press release may be found on the website of the United States Attorney's Office for the Southern District of Florida at <http://www.usdoj.gov/usao/fls>. Related court documents and information may be found on the website of the District Court for the Southern District of Florida at <http://www.flsd.uscourts.gov> or on <http://pacer.flsd.uscourts.gov>.

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