

**DEPARTMENT OF JUSTICE**

**NEWS RELEASE**

*John F. Walsh*

United States Attorney, District of Colorado

**FOR IMMEDIATE RELEASE**

November 16, 2011

**DENVER MAN FOUND GUILTY FOR FAILURE TO PAY IRS EMPLOYMENT TAXES AND THEFT FROM 401k PLAN**

DENVER - John C. Walshe, age 66, of Denver, Colorado, was found guilty Monday by a jury for failure to pay taxes and theft from an employee benefit plan, the U.S. Attorney's Office, IRS-Criminal Investigation, and the U.S. Department of Labor Employee Benefits Security Administration announced. The guilty verdict was the result of a 5-day trial before U.S. District Court Judge Marcia S. Krieger. Walshe was immediately taken into custody by the United States Marshals and is scheduled to be sentenced on February 27, 2012.

Walshe was indicted by a federal grand jury in Denver on April 5, 2010. He was found guilty of all eleven counts of failure to pay taxes and all seven counts of theft from an employee benefit plan. The guilty verdicts were handed down on November 14, 2011.

According to evidence presented at trial, the indictment and other documents from the prosecution, John Walshe was the owner and principal officer of Finzer business Systems of Colorado, Inc. d/b/a Finzer Imaging Systems ("Finzer") located in Denver, Colorado. Walshe was required to withhold from payroll checks issued to his employee's amounts corresponding to federal income taxes on their taxable wages and salaries, Social Security taxes and Medicare taxes. Walshe and his company, Finzer, were required to aggregate and pay over these amounts to the Internal Revenue Service. Furthermore, Walshe was required to pay the employers matching portion of social security and Medicare which he failed to pay over to the IRS.

During the period of quarters ending June 30, 2005, through December 31, 2007, Walshe deducted and collected from the taxable wages of the Finzer employees, federal income taxes, Social Security taxes, and Medicare taxes totaling over \$912,286. Walshe willfully failed to pay the Internal Revenue Service the \$912,287 in federal income taxes, Social Security taxes, and Medicare taxes withheld from the paychecks of Finzer employees. The employer matching portion he failed to pay to the IRS was \$418,047 making the grand total of over \$1.3 million in taxes owed to the IRS.

Furthermore, John C. Walshe, did unlawfully and willfully abstract and convert to his own use money in the approximate amount of \$18,853 of Finzer Business Systems of Colorado, Inc. 401(k) Plan, an employee pension benefit plan subject to Title I of the Employee Retirement

Income Security Act of 1974, and a fund connected with such plan. Specifically, from June 15, 2006 through December 31, 2006, Walshe withheld money from employees pay checks that the employee elected to be paid to their 401(k) Plan; however, Walshe failed to pay this money over plan.

“Thanks to the team work of the multiple agencies involved, the defendant has been brought to justice for taking money meant to provide benefits for his employees,” said U.S. Attorney John Walsh.

“Business owners who steal employment tax withholdings victimize their employees,” said Sean Sowards, Special Agent in Charge, IRS Criminal Investigation, Denver Field Office. “IRS Criminal Investigation will continually investigate any criminal activity which threatens the future employment benefits earned by the American taxpayer.”

James Purcell, Regional Director of the U.S. Department of Labor’s Employee Benefits Security Administration’s Kansas City Regional Office, said, “The case shows the Labor Department is committed to ensuring that justice is served for those who steal from their workers. We continue to aggressively investigate those who steal retirement plan contributions through our Contributory Plans Criminal Project.”

Walshe faces not more than 5 years imprisonment and up to a \$10,000 fine for failure to pay taxes and not more than 5 years imprisonment, and up to a \$250,000 fine for theft from an employee benefit plan.

This case was investigated by the Internal Revenue Service Criminal Investigation (IRS-CI) and the Department of Labor Employee Benefits Security Administration (DOL-EBSA), with support from TIGTA.

The case was prosecuted by Assistant U.S. Attorney Suneeta Hazra with assistance from Department of Justice Trial Attorney John Scully.

For further information, the United States Attorneys’ Annual Statistical Reports can be found on the internet at [http://www.justice.gov/usao/reading\\_room/foiamanuals.html](http://www.justice.gov/usao/reading_room/foiamanuals.html)[http://www.justice.gov/usao/reading\\_room/foiamanuals.html](http://www.justice.gov/usao/reading_room/foiamanuals.html)

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