

Department of Justice

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Western District of New York

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WAYLAND MAN PLEADS GUILTY TO LAUNDERING PROCEEDS OF TAX FRAUD

ROCHESTER, N.Y.-- U.S. Attorney William J. Hochul, Jr. announced today that Jeffrey Sykes, 51, of Wayland, New York, pleaded guilty before U.S. District Judge Daivid G. Larimer, to engaging in monetary transactions, using the proceeds of a tax fraud. The money laundering charge carries a maximum penalty of 10 years in prison, a fine of \$250,000, or both, and the tax fraud charge carries a maximum penalty of five years in prison, a fine of \$100,000, or both.

Assistant U.S. Attorney Bradley E. Tyler, who is handling the case, stated that between 2008 and 2009, the defendant was the President of Paybooks, Inc., a payroll service business in Rochester, New York, that provided payroll services to approximately 1,100 clients. Sykes was responsible for paying withholding employment taxes over to the Internal Revenue Service on behalf of clients. However, the defendant fraudulently represented to his clients that he made payments to the IRS, when in fact, he used the funds to operate Paybooks and to make personal expenditures.

The plea is the culmination of an investigation on the part of Special Agents of the Internal Revenue Service, under the direction of Special Agent-in-Charge Charles R. Pine, the United States Postal Inspection Service, under the direction of Inspector-in-Charge Robert Bethel, and the New York State Attorney General's Office under the direction of Assistant Attorney General Debra Martin.

Sentencing is scheduled for January 31, 2012 at 3:00 p.m. before Judge Larimer.