

JUSTICE NEWS

Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

Tuesday, January 23, 2018

Virginia Business Owners Convicted of Tax Evasion Used Business Accounts to Evade Paying Their Income Tax Liability

A jury in the Western District of Virginia convicted two business owners of tax evasion and conspiring to structure currency transactions, announced Principal Deputy Assistant Attorney General Richard E. Zuckerman of the Justice Department's Tax Division.

According to the evidence presented at trial, Jeffrey and Karen Dalton owned Blue Ridge Stainless Inc. (BRS), a subcontracting business that provided labor to renovate large retail department and grocery stores. The Daltons operated BRS out of their home in Hillsville, Virginia. The Daltons filed their 2009 through 2014 personal tax returns with the Internal Revenue Service (IRS) reporting the income earned from BRS, but failed to pay the taxes, penalties, and interest owed. Despite an IRS revenue officer repeatedly contacting the Daltons over a period of years about their delinquent taxes and pending IRS liens, the Daltons refused to pay their outstanding tax liabilities, used nominees to conceal their ownership of property, and filed false documents with the IRS. After the IRS levied the Daltons' personal bank accounts, they used funds from the BRS business bank account to start a cattle business and pay their children's wedding expenses.

The evidence at trial also proved that during a six-month period in 2015 the Daltons repeatedly withdrew cash from BRS's business bank account in amounts less than \$10,000 to evade federal bank-reporting requirements, thereby structuring more than \$250,000 in withdrawals.

U.S. District Court Judge James P. Jones scheduled sentencing for April 24. Jeffrey and Karen Dalton face a statutory maximum sentence of five years in prison on the tax evasion and conspiracy charges. They also face a period of supervised release, restitution, and monetary penalties.

Principal Deputy Assistant Attorney General Zuckerman thanked special agents of IRS Criminal Investigation, who conducted the investigation, and Trial Attorneys Daniel McGraw and Sean Beaty of the Tax Division, who prosecuted the case.

Additional information about the Tax Division and its enforcement efforts may be found on the division's [website](#).

Topic(s):
Tax

Component(s):
[Tax Division](#)

Press Release Number:

18-69

Updated January 23, 2018