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Service out of nearly \$2 million by lying on corporate tax forms about how many workers he employed, according to the U.S. Attorney's Office.

Jan. 15, 2013

A Massachusetts man was convicted today of defrauding the Internal Revenue Service out of nearly \$2 million by lying on corporate tax forms about how many workers he employed, according to the U.S. Attorney's Office.

Dracut businessman Tom Seng, 70, pleaded guilty to 20 counts of making and subscribing a false tax return. Seng faces up to three years in prison on each count to be followed by up to three years of supervised release and a maximum fine of \$250,000, the U.S. Attorney's Office said.

Seng must also pay the costs of prosecution, and full restitution to the U.S. Treasury.

Starting around 2006, S&T Industrial Service Inc., a company owned and operated by Seng, began providing temporary employees to several companies in the Boston area. Yet Seng failed to list these employees on S&T's quarterly and yearly corporate tax returns to avoid paying Social Security and Medicare taxes on employee wages and withholding federal income taxes, the U.S. Attorney's Office said.

Overall, Seng failed to pay and withhold federal taxes on about \$12 million in wages, resulting in losses to the U.S. Treasury of about \$2 million.

At least one company working with S&T also placed its permanent workers on S&T's payroll, instead of keeping them on the company's books, to hide the fact that the workers were permanent employees of the company and therefore avoided paying taxes on the employees' wages, the U.S. Attorney's Office said.

Sentencing is scheduled for April 16.

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