

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

most of the past 10 years, they worked together at Jones' business, which performed inventory services for large companies.

Feb. 22, 2013

Greg Moore and Irvin "Jim" Jones Jr. have been friends for more than 40 years. For most of the past 10 years, the Norfolk, Virginia residents worked together at Jones' business, which performed inventory services for large companies.

But a rift with the Internal Revenue Service landed both in federal court, on opposite sides, fighting each other over who owes the government nearly half a million dollars.

Federal tax law holds company leaders or their accountants personally liable if they fail to pay payroll taxes or are late in filing. Such violations cost the government \$2.4 billion in 2011, and the IRS is aggressive in pursuing offenders. (By comparison, individual taxpayers cost the government \$12 billion that year.)

The IRS said most offenders settle out of court, but in rare cases the dispute ends up before a jury. A two-day trial that played out before U.S. District Judge Arenda Wright Allen ended Thursday with a civil judgment against Jones. The jury cleared Moore of wrongdoing.

The problem began about seven years ago when Jones operated a Virginia Beach company called Omnicount. In 2007, he shut down that company and formed a new one called OmniData, which performed the same inventory services as Omnicount. He also moved the operation to Waynesboro.

Jones shut down Omnicount in part because of a similar rift with the IRS over unpaid payroll taxes. Jones said in court that he took responsibility for the error and cut a deal to pay back about \$400,000 in back payroll taxes and penalties.

Moore, a Norfolk resident and a Certified Public Accountant (CPA) since 1974, began

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

whose decision was final. Moore's attorney, Anne Dibeau, asked him on the witness stand.

"Mr. Jones'," Moore said.

"Why didn't you just pay it?" she continued.

"There wasn't any money," Moore answered.

Jones, who represented himself, told the jury that he was constantly traveling for business and relied on Moore to take care of all the accounting issues, including paying the taxes.

"I hired people to do what I didn't know how to do," he said. "I depended on our CPA."

He blamed Moore for failing to communicate with him frequently enough.

"I don't think you'll see anything from me that says, 'Absolutely, do not pay those taxes,'" he said.

But Moore's attorney produced an email from Jones to one of his employees that read:

"When it comes to the IRS, I approve who does what and who delivers and when."

The government argued that both men should be held accountable.

"Mr. Moore put his head in the sand and did not stand up to Mr. Jones," said Tom Jaworski, a Department of Justice tax attorney representing the IRS.

At the same time, "Jones knew taxes were not being paid," he said.

In the end, after about 1-1/2 hours of deliberations, the jury agreed with Moore,

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

As they left the courtroom, the two old friends shook hands and parted ways.

---

Copyright 2013 – The Virginian-Pilot

IRS • Payroll • Payroll Taxes

CPA Practice Advisor is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors.

© 2024 Firmworks, LLC. All rights reserved