



U.S. Department of Justice

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EVENT: Guilty Plea

**Defendant: Jay Wolcott
Lori Wolcott**

**Houghton Lake Car Sales Manager and Wife Plead Guilty
To Conspiracy to Defraud the IRS**

Jay Wolcott, 54, of Houghton Lake, Michigan, and his wife, Lori, 48, pleaded guilty to a conspiracy to defraud the Internal Revenue Service, United States Attorney Stephen J. Murphy announced today.

Murphy was joined in the announcement by Maurice M. Aouate, Special Agent in Charge of the Internal Revenue Service, Criminal Investigation Division in Detroit.

According to court records, from 1999 to 2002, the Wolcotts were employed at Lakeside Motors. While employed, they converted cash and checks belonging to Lakeside Motors for their own use and failed to report over \$290,000 in income on their 1999, 2000, and 2001 tax returns. As part of their conspiracy, Mr. Wolcott would under-report the price of a sold vehicle to Lakeside Motors' bookkeepers, causing them to falsify records with the Michigan Secretary

of State, while keeping the difference. He persuaded customers to make cash deposits or make checks payable to "cash" or him personally, which were not recorded with Lakeside Motors and were for personal use. Mr. Wolcott also acquired property for Lakeside Motors, including snowmobiles, boats, motorcycles, travel trailers, all terrain vehicles, and pick-up toppers, and sold them at a profit, but failed to report these transactions on the books and records. Mr. Wolcott used his manager's position to issue Lakeside Motor checks to himself, his wife and to cash. Often these checks would be endorsed by Mrs. Wolcott and deposited into her personal bank and credit union accounts. The Wolcotts used this money to remodel their kitchen and purchase children's play equipment, satellite dishes, a life insurance policy, and a new water pump for their home, among other items.

According to the court records, the Wolcotts also owned several rental properties in the Houghton Lake area and failed to report the income from their rentals on their federal income tax return.

United States Attorney Murphy stated, "All Americans who enjoy the benefits of our government also have the duty to pay taxes if they make enough income. Whenever a citizen falsifies his tax returns or hides income to avoid tax obligations, this is a violation of federal law that can result in federal prosecution."

"In this case, husband and wife schemed together to hide income, willfully decided that they were not going to claim it, and signed the false tax returns," said Aouate. "Now, they both must answer to the known legal duty that you must pay your taxes."

Sentencing is scheduled for June 14, 2007, at 2:30 pm and 3:00 pm, respectively.

United States Attorney Murphy thanked the IRS Criminal Investigation Division for their efforts that lead to this successful prosecution.