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DALLAS BUSINESSMAN SENTENCED TO 3 YEARS IN FEDERAL PRISON FOR FAILING TO PAY OVER \$4.2 MILLION IN PAYROLL TAXES

DALLAS — Bruce Alexander Brown, the former owner of an employee leasing business, Excell Personnel, Inc., was sentenced this morning by U.S. District Judge Ed Kinkeade to 36 months in prison and ordered to pay \$4,235,670.16 in restitution to the Internal Revenue Service (IRS), announced U.S. Attorney Richard B. Roper of the Northern District of Texas. Brown pled guilty in October to one count of willful failure to account for and pay over payroll taxes owed. Judge Kinkeade ordered that Brown surrender to the Bureau of Prisons on February 13, 2008.

Brown is a Dallas resident, according to an 11-count indictment returned in April, 2007 that charged him with failing to file payroll tax returns or pay federal payroll taxes for Excell in 2001 and 2002. The indictment also charged him with failing to file personal tax returns for the years 2000, 2001 and 2002. As part of the plea agreement with the government, Brown specifically admitted failing to account for and pay to the IRS \$297,384.41 in payroll taxes that were owed by Excell for the fourth quarter of calendar year 2002 alone.

According to documents filed in Court, from 1996 through at least 2003, Brown was the owner and sole stockholder of Excell Personnel, Inc., which “leased” employees to companies that did not want to directly hire their own workers. Excell would locate, hire and train employees, and then provide them to the businesses that were Excell’s customers. The customers did not directly pay the employees that Excell provided, but rather paid a fee to Excell that included the gross wages that would be owed to the employees for their labor, plus an administrative fee from which Excell received its profit and out of which Excell was obligated to pay indirect costs of the employees and Excell’s overhead expenses. Excell, in turn, paid the employees their wages, making deductions for the required withholding of income taxes, Federal Insurance Contribution Act (FICA) taxes and Medicare taxes that were required to be paid to the United States.

Brown admitted that he was aware of the legal obligations and that he knowingly and deliberately chose not to pay over to the IRS the required withholding taxes, social security taxes and Medicare taxes. As part of his plea he expressly admitted that during the fourth quarter of 2002, Brown, on behalf of Excell, wilfully failed to pay over to the IRS approximately \$297,384.41 in federal income, FICA and Medicare taxes owed to the United States for Excell’s employees. The Court order that Brown pay a total of \$4,235,670.16 in restitution to the government covered not only the taxes owed for that quarter, but also for payroll taxes owed and unpaid in all quarters of Excell’s operation from 1996 through 2003.

U.S. Attorney Roper praised the investigative efforts of the IRS - Criminal Investigation. The case was prosecuted by Assistant U.S. Attorney Phillip C. Umphres.

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