



Department of Justice

R. Booth Goodwin II, United States Attorney

Southern District of West Virginia

FOR IMMEDIATE RELEASE
July 1, 2010
<http://www.usdoj.gov/usao/wvs/>

CONTACT: Tracy Dorsey Chapman
800-659-8726*(304)345-2200
Tracy.Chapman@usdoj.gov

FORMER BUSINESS EXECUTIVE SENTENCED TO TWO YEARS IN PRISON FOR TAX EVASION

CHARLESTON, W. VA. – A former business executive for an outdoor adventure company operating in Oak Hill, West Virginia was sentenced yesterday to two years in prison for tax evasion. Carl Steward, 60, of Asheville, North Carolina previously pleaded guilty in February 2010, admitting that he failed to file income tax returns for the 2000 and 2001 tax years, and that he filed false income tax returns for the 2002 and 2003 tax years.

From approximately 2000 to 2003, Steward was the vice president of marketing for American Canadian Expeditions (“ACE”), an outdoor adventure company operating in Oak Hill, Fayette County, West Virginia. During this time, Steward received “commissions” from ACE marketing vendors even though he was a salaried, W-2 employee and not entitled to receive such commissions.

In an effort to disguise the illegal income, Steward directed vendors to make commission payments to the Society for the Preservation of Vaudeville and Variety Arts, Inc. (“SPVVA”), a charitable entity operating in Florida. Steward opened a local bank account up in the name of SPVVA, directed commission payments be made to that account, and then used the SPVVA account for personal use.

ACE brought a civil suit against Steward for, among other things, his unreported receipt of the commissions. During the course of that litigation, Steward produced income tax returns that he falsely represented had been filed with the Internal Revenue Service for the calendar years 2000 through 2003. During an October 2003 deposition in that civil proceeding, Steward admitted to not reporting all of his income for the 1999 to 2003 tax years. ACE ultimately received a \$2.3 million jury verdict against Steward.

In May 2006, Steward lied to an IRS agent by stating that he had filed accurate tax returns for the 2000 through 2003 tax years. Actually, Steward had never filed an income tax return for the calendar years 2000 and 2001. With respect to the 2002 and 2003 tax years, Steward did file delinquent returns, but only reported income that he was confronted with by the IRS agent during the May 2006 interview. Further, Steward under reported commissions income he had earned from other ACE vendors.

The Internal Revenue Service, Criminal Investigation Division conducted the investigation. Assistant United States Attorney Thomas C. Ryan handled the prosecution. United States District Judge John T. Copenhaver, Jr. presided over the proceedings.

###