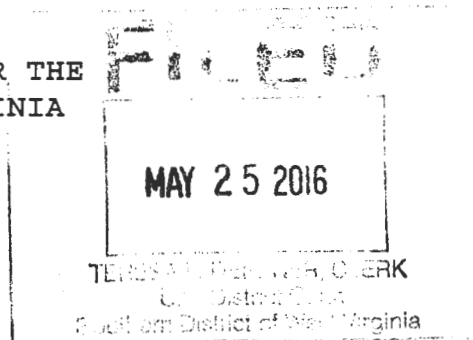


UNITED STATES DISTRICT COURT FOR THE
SOUTHERN DISTRICT OF WEST VIRGINIA
CHARLESTON GRAND JURY 2015
May 24, 2016 SESSION



UNITED STATES OF AMERICA

v.

CRIMINAL NO. 3:16-00105
18 U.S.C. § 371
26 U.S.C. § 7202

MICHAEL TAYLOR
JEANETTE TAYLOR

I N D I C T M E N T

The Grand Jury Charges:

At times material to this Indictment:

Introductory Allegations

Parties and Entities

1. Defendants MICHAEL TAYLOR and JEANETTE TAYLOR resided in Wayne County, West Virginia, within the Southern District of West Virginia.
2. MICHAEL TAYLOR and JEANETTE TAYLOR operated a construction business, with its principal place of business in Wayne, Wayne County, West Virginia, that transported steel and sold concrete and gravel throughout West Virginia and Kentucky. From 2004 to 2010, the construction business was operated as a sole proprietorship under the name Taylor

Contracting/Taylor Ready Mix, LLC ("Taylor Contracting"). In 2010, the business was operated as a sole proprietorship under the name Bluegrass Aggregates, LLC ("Bluegrass"). Defendants MICHAEL TAYLOR and JEANETTE TAYLOR ran the day to day operations and both exercised decision-making authority regarding the business activity of both companies.

3. The Internal Revenue Service ("IRS") was an agency of the United States Department of Treasury responsible for administering the federal tax laws of the United States.

Payroll Taxes

4. The Federal Insurance Contribution Act ("FICA") requires employers to withhold from employees' paychecks Medicare and Social Security taxes. The Internal Revenue Code also requires employers to withhold federal income taxes. Collectively, these withheld taxes will be referred to as "payroll taxes."
5. Employers are required to pay over the payroll taxes to the IRS on a periodic basis. In addition, most employers are required to file with the IRS, on a quarterly basis, an Employer's Quarterly Federal Income Tax Return (Form 941). The Form 941 is due at the end of the month following the end of each calendar quarter and reports the total amount of

wages and other compensation subject to withholding, the total amount of income tax withheld, the total amount of FICA taxes due, and the total tax deposits. Employers whose annual liability for payroll taxes is \$1,000 or less file an Employer's Annual Federal Tax Return (Form 944) instead of a quarterly Form 941, and the Form 944 is due by January 31st following the end of the calendar year.

6. Defendants MICHAEL TAYLOR and JEANETTE TAYLOR were each responsible to withhold payroll taxes from their employees' paychecks and to pay over to the IRS the payroll taxes for Taylor Contracting and Bluegrass.
7. For the quarter ending September 30, 2007 through the quarter ending December 31, 2009, defendants MICHAEL TAYLOR and JEANETTE TAYLOR withheld payroll taxes from their employees' paychecks but failed to pay over fully to the IRS payroll taxes for Taylor Contracting.
8. For the quarter ending September 30, 2007 through the quarter ending December 31, 2009, defendants MICHAEL TAYLOR and JEANETTE TAYLOR failed to timely file with the IRS Forms 941 for Taylor Contracting.
9. For the calendar year 2010, defendants MICHAEL TAYLOR and JEANETTE TAYLOR withheld payroll taxes from their employees'

paychecks but failed to pay over fully to the IRS payroll taxes for Bluegrass.

10. For calendar year 2010, defendants MICHAEL TAYLOR and JEANETTE TAYLOR failed to file with the IRS employment tax returns, either Forms 941 or a Form 944, for Bluegrass.
11. From the quarter ending September 30, 2007 through the quarter ending December 31, 2009, defendants MICHAEL TAYLOR and JEANETTE TAYLOR caused Taylor Contracting to make expenditures for their personal benefit while, at the same time, failing to pay over to the IRS payroll taxes. For example, defendants MICHAEL TAYLOR and JEANETTE TAYLOR caused Taylor Contracting to make expenditures for their personal credit cards, vehicles, a horse farm, and other personal expenditures.
12. During the calendar year 2010, defendants MICHAEL TAYLOR and JEANETTE TAYLOR caused Bluegrass to make expenditures for their personal benefit while, at the same time, failing to pay over fully to the IRS payroll taxes.

COUNT ONE
(Conspiracy)

13. The Grand Jury hereby repeats and re-alleges paragraphs 1-12 of this Indictment as if fully set forth herein.

14. Beginning on or about July 1, 2007, and continuing until on or about April 1, 2011, in Wayne County, in the Southern District of West Virginia and elsewhere, defendants MICHAEL TAYLOR and JEANETTE TAYLOR, did unlawfully, voluntarily, intentionally and knowingly conspire, combine, confederate and agree together, with each other and with others known and unknown to the Grand Jury to defraud the United States for the purpose of impeding, impairing, obstructing and defeating the lawful government functions of the IRS in the ascertainment, computation, assessment and collection of revenue: to wit, payroll taxes.

Object of the Conspiracy

15. The object of the conspiracy was for the defendants MICHAEL TAYLOR and JEANETTE TAYLOR to unjustly enrich themselves by withholding payroll taxes from their employees' paychecks and using the withheld funds for their own personal benefit instead of paying over the payroll taxes to the IRS.

Manner and Means

16. It was part of the conspiracy that defendants MICHAEL TAYLOR and JEANETTE TAYLOR would and did withhold payroll taxes from employees' paychecks.

17. It was further part of the conspiracy that defendants MICHAEL TAYLOR and JEANETTE TAYLOR would and did fail to fully pay over payroll taxes to the IRS.
18. It was further part of the conspiracy that defendants MICHAEL TAYLOR and JEANETTE TAYLOR would and did fail to timely file employment tax returns.
19. It was further part of the conspiracy that defendants MICHAEL TAYLOR and JEANETTE TAYLOR would and did cause Taylor Contracting and Bluegrass to make expenditures for their personal benefit instead of paying over to the IRS all of the payroll taxes due.

Overt Acts

20. To effect the objects of this conspiracy, defendants MICHAEL TAYLOR and JEANETTE TAYLOR would and did commit the following overt acts within the Southern District of West Virginia, including but not limited to:
 - a. Beginning on or about July 1, 2007, defendants MICHAEL TAYLOR and JEANETTE TAYLOR withheld payroll taxes from Taylor Contracting employees' paychecks in the approximate amounts set forth in the table below, for each of the following quarters set forth in the table

below, but failed to fully and timely pay over those funds to the IRS:

Quarter Ending	Payroll Taxes Withheld (approx.)
September 30, 2007	\$97,254
December 31, 2007	\$120,425
March 31, 2008	\$110,305
June 30, 2008	\$117,670
September 30, 2008	\$123,980
December 31, 2008	\$113,544
March 31, 2009	\$78,976
June 30, 2009	\$84,068
September 30, 2009	\$78,924
December 31, 2009	\$77,246

- b. On or about April 11, 2008, defendant MICHAEL TAYLOR signed, or caused to be signed, a check in the amount of \$1,500 from Taylor Contracting made payable to 7th Heaven Farms for "Board-Studs."
- c. On or about September 12, 2008, defendant JEANETTE TAYLOR signed, or caused to be signed, a check in the amount of \$50,000 from Taylor Contracting made payable to Barbara May for a "1999 Jamestown Houseboat."
- d. On or about October 17, 2008, defendant JEANETTE TAYLOR signed, or caused to be signed, a check in the amount of \$3,518 from Taylor Contracting made payable to 7th Heaven Farm for "Boarding Breeding Fees."

- e. On or about December 22, 2008, defendant MICHAEL TAYLOR signed, or caused to be signed, a check in the amount of \$1,359.96 from Taylor Contracting made payable to himself for the pay period December 7, 2008 through December 13, 2008.
- f. On or about February 26, 2009, defendant JEANETTE TAYLOR signed, or caused to be signed, a check from Taylor Contracting made payable to Mark Ratcliff in the amount of \$40,000 for a down payment on Bolts Fork Farm.
- g. On or about May 7, 2009, defendant JEANETTE TAYLOR signed, or caused to be signed, a check from Taylor Contracting made payable to defendant MICHAEL TAYLOR in the amount of \$40,000.
- h. On or about June 1, 2009, defendants MICHAEL TAYLOR and JEANETTE TAYLOR untimely filed, or caused to be untimely filed, Forms 941 for Taylor Contracting for the quarter ending September 30, 2007 through the quarter ending March 31, 2009 without full remittance of payroll taxes.
- i. Beginning on or about January 1, 2010, and continuing through the calendar year 2010, defendants MICHAEL

TAYLOR and JEANETTE TAYLOR withheld payroll taxes from Bluegrass employees' paychecks in the approximate amount of \$161,218 for the calendar year 2010 but failed to fully and timely pay over those funds to the IRS.

- j. On or about March 31, 2010, defendant MICHAEL TAYLOR submitted, or caused to be submitted, a check from Bluegrass made payable to Carolina Shavings in the amount of \$4,644.90 for "Perfect Spot Farm Invoice 21013."
- k. On or about October 15, 2010, defendant JEANETTE TAYLOR submitted, or caused to be submitted, a check from Bluegrass made payable to Cardmember Service, First Sentry Bank, Inc. in the amount of \$2,010 for account number XXXXXXXXXXXX9275.
- l. On or about October 28, 2010, defendant MICHAEL TAYLOR submitted, or caused to be submitted, an electronic payment from the Bluegrass to Metlife Home Lns in the amount of \$2,214.24 for a mortgage payment on Bolts Fork Farm.

- m. On or about November 18, 2010, defendant MICHAEL TAYLOR caused Bluegrass to sell assets and equipment to The Wells Group, LLC for a total of \$1,200,000.
- n. On or about February 1, 2011, defendants MICHAEL TAYLOR and JEANETTE TAYLOR untimely filed, or caused to be untimely filed, Forms 941 for Taylor Contracting for the quarter ending June 30, 2009 through the quarter ending December 31, 2009 without full remittance of payroll taxes.
- o. On or about April 1, 2011, defendant MICHAEL TAYLOR signed, or caused to be signed, a check from Bluegrass made payable to People's Bank in the amount of \$2,300.41 for account number XXXXXX5991.

In violation of Title 18, United States Code, Section 371.

**COUNT TWO
(Failing to Pay over Payroll Taxes)**

- 21. The Grand Jury hereby repeats and re-alleges paragraphs 1-12 of this Indictment as if fully set forth herein.
- 22. Defendants MICHAEL TAYLOR and JEANETTE TAYLOR operated Taylor Contracting, as a sole proprietorship with its principal place of business in Wayne, Wayne County, West Virginia. During the fourth quarter of the year 2009, ending December 31, 2009, defendants MICHAEL TAYLOR and JEANETTE TAYLOR

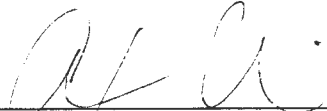
deducted and collected from the total taxable wages of Taylor Contracting employees' federal income taxes and FICA taxes in the approximate amount of \$77,246.

23. On or about January 31, 2010, at or near Wayne, Wayne County, West Virginia, MICHAEL TAYLOR and JEANETTE TAYLOR did willfully fail to timely account for and pay over to the IRS the federal income taxes and FICA taxes withheld and due and owing to the United States for the quarter ending December 31, 2009.


In violation of Title 26, United States Code, Section 7202.

CAROLINE D. CIRAOLO
Acting Assistant Attorney General

By:



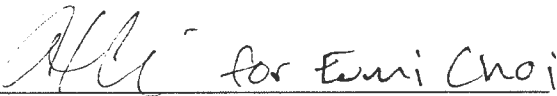
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