



U.S. Department of Justice

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PRESS RELEASE
BERGSTROM PLEADS GUILTY
TO CONSPIRACY TO COMMIT WIRE FRAUD,
FAILURE TO PAY OVER EMPLOYMENT TAXES

SALT LAKE CITY -- Neal R. Bergstrom, age 42, of Sandy, pleaded guilty this afternoon in federal court in Salt Lake City to one count of conspiracy to commit wire fraud and willful failure to pay over employment taxes in connection with charges involving a payroll servicing company called Advantius, Inc.

Bergstrom entered the plea in U.S. District Judge Tena Campbell's court. Sentencing is set for June 21, 2007, at 3 p.m. Bergstrom faces up to five years in prison and a fine of \$250,000 for the conviction. The case is being investigated by the IRS and FBI.

Bergstrom, who was the chief executive officer of Advantius, Inc., and responsible for signing contracts with clients, was indicted in April 2006 along with Robert J. Stevens, 49, of Salt Lake City, who was chairman of the board, shareholder and primary owner of Advantius, Inc., and Kevin T. Anderson, 33, of Salt Lake City, who was controller, vice president of finance and accounting and chief financial officer. The three were charged in a 58-count indictment with conspiracy, wire fraud, and willful failure to pay over employment taxes. Cases against Anderson and Stevens are pending.

The indictment alleged that Advantius, Inc., which operated in Salt Lake City and American Fork, contracted with numerous companies to perform payroll services which involved taking the payroll of their clients and making the proper distributions for federal and state taxes, FICA, Medicare, federal and state withholdings, retirement accounts, health benefits, and other items. Having

collected millions of dollars from their clients for the purpose of paying taxes, the indictment alleged the defendants failed to pay the IRS the payroll and FICA taxes. The indictment alleged the defendants defrauded approximately 37 clients. The two largest clients were MyFamily.com and Sapers & Wallack Insurance Company.

As a part of his plea agreement with federal prosecutors filed in court today, Bergstrom admitted that he and the other defendants promised clients that the federal payroll tax money the company collected would be paid to the IRS.

He admitted that Advantius contracted with MyFamily.com to provide payroll services. During contract negotiations with the company, Bergstrom said he and Stevens promised MyFamily.com that Advantius would make payroll tax deposits to the IRS on behalf of MyFamily.com. Those deposits were to be made from funds that Advantius collected from MyFamily.com via interstate wire transfers.

Bergstrom admitted that in January 2003, in the course of meetings with himself, Stevens, and Anderson, it was decided that Advantius would collect funds from MyFamily.com for the purported satisfaction of their payroll tax liability, but they would not pay those funds to the IRS. From about January 15, 2003, and continuing through at least June, 30, 2003, at the direction of the defendants, Advantius collected funds for payment of MyFamily.com's payroll tax liability through the use of interstate wire transfers. Advantius failed to pay MyFamily.com's payroll taxes over to the IRS. Instead, Bergstrom, admitted today, the funds were used to pay the operating costs of Advantius.

The fraud loss caused by their conduct, Bergstrom admitted, was more than \$2.5 million but less than \$7 million. The tax loss caused by the conduct was more than \$2.5 million but less than \$7 million.

As a part of the plea agreement, Bergstrom agreed to pay \$2,341,374.06 to MyFamily.com and \$648,497.73 to Sapers & Wallack Insurance Company.

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