

Department of Justice
U.S. Attorney's Office
Northern District of Georgia

FOR IMMEDIATE RELEASE

Tuesday, August 11, 2015

Business Owners Charged with Defrauding CDC and IRS

ATLANTA - Cesar Arbelaez Tabares and Juan Carlos Bazantes have been arraigned after being indicted on federal charges of defrauding the IRS and the Centers for Disease Control and Prevention (CDC) by intentionally misrepresenting the employment status of construction workers on a federal contract.

“Employers are required to truthfully account for their employees and withhold federal employment taxes on their behalf,” said U.S. Attorney John Horn. “These defendants allegedly committed fraud in connection with a construction project for the CDC by maintaining a double payroll system that concealed the true employment status of their workers and denied the IRS its collection of employment taxes in the process.”

“Business owners have an inescapable obligation to withhold income taxes for employees and remit those taxes to the Internal Revenue Service,” stated Special Agent in Charge Veronica F. Hyman-Pillot. “Corporate officers, who neglect to withhold payroll taxes and remit them to the IRS in order to gain a competitive advantage, will be prosecuted to the fullest extent of the law.”

“Providing false information to a CDC contract administrator in order to stay in compliance with federal contracting guidelines will not be tolerated,” said Derrick L. Jackson, Special Agent in Charge of the U.S. Department of Health and Human Services, Office of Inspector General in Atlanta. “The integrity of federal projects requires that contractors adhere to a strict code of conduct.”

According to U.S. Attorney Horn, the charges, and other information presented in court: Cesar Arbelaez Tabares was the Chief Executive Officer and Juan Carlos Bazantes was the Secretary and Chief Financial Officer of IWES Contractors, Inc. (“IWES”), a Norcross-based business that supplied drywall laborers to contractors and subcontractors for construction projects. Beginning in 2012, IWES supplied drywall laborers for a construction project with the CDC.

Under the direction of Tabares and Bazantes, IWES allegedly maintained a double payroll system for its workers on the CDC project, which internally classified those workers as either “W2.REAL” or “W2.F.2CHK”. Those workers who were classified as “W2.REAL” received one paycheck each pay period with employment taxes withheld, received an IRS Form W-2 at the end of the calendar year, and were reported on quarterly employment taxes filed by IWES with the IRS.

Those workers who were classified as “W2.F.2CHK” received two paychecks simultaneously each pay period. The first paycheck totaled the worker’s net pay (gross wages minus employment taxes withheld), while the second paycheck received by the worker totaled the employment taxes withheld from the first paycheck so that the worker, in reality, was receiving his or her gross wages with no tax withholdings. Workers classified as “W2.F.2CHK” performed many of the same job duties as those who were classified as “W2.REAL” and should have been likewise treated as employees, but they allegedly did not receive an IRS Form W-2 at the end of the calendar year and were not reported on quarterly employment taxes filed by IWES with the IRS.

In connection with its subcontracting work on the federal project with the CDC, Tabares and Bazantes allegedly caused IWES to submit fraudulent certified payroll forms, signed under penalty of perjury by Tabares, which falsely represented that employment taxes had been withheld for all of the IWES workers on the CDC project, including those whom IWES had internally classified as “W2.F.2CHK” and whose employment tax withholdings were being returned to the employee in the form of a simultaneous second paycheck. Between approximately January 2012 and April 2013, Tabares and Bazantes allegedly caused IWES to fail to report over \$800,000 in wages to the IRS.

Cesar Arbelaez Tabares, 35, of Pembroke Pines, Florida, and Juan Carlos Bazantes, 43, of Miami, Florida, were arraigned today before United States Magistrate Judge Alan J. Baverman. They were indicted by a federal grand jury on July 28, 2015.

Members of the public are reminded that the indictment only contains charges. The defendants are presumed innocent of the charges and it will be the government’s burden to prove the defendants’ guilt beyond a reasonable doubt at trial.

Anyone who has information concerning the allegations described in the indictment is encouraged to contact IRS-Criminal Investigation at 404-338-7543.

This case is being investigated by the Internal Revenue Service Criminal Investigation, the Department of Labor-Office of Inspector General and the Department of Health and Human Services.

Assistant United States Attorney Steven D. Grimberg is prosecuting the case.

For further information please contact the U.S. Attorney’s Public Affairs Office at USAGAN.PressEmails@usdoj.gov

Email links icon

or (404) 581-6016. The Internet address for the U.S. Attorney’s Office for the Northern District of Georgia is <http://www.justice.gov/usao-ndga>.

Financial Fraud

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Updated August 11, 2015