



MAINE TAX ALERT

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OAKLAND WOMAN SENTENCED FOR NOT PAYING TAXES, PASSING BAD CHECKS

Maine Attorney General Steve Rowe has announced the conviction and sentencing of Kathleen Thompson of Oakland, Maine for failure to pay over collected fuel tax to the State of Maine, and for negotiating worthless instruments. Thompson operated the now defunct business Petroleum Products Cooperative of Maine, Inc., also known as PPCOM, Inc.

In June, Thompson plead guilty to three felony counts of negotiating worthless checks and three misdemeanor counts of failing to pay collected fuel taxes to the Maine State Tax Assessor. She was sentenced August 20, 2007 to three years in jail, with all but seven months suspended, to be followed by three years of probation. She was sentenced by Justice Nancy Mills in Kennebec County Superior Court. Thompson was also ordered to pay \$268,000 of restitution to the State of Maine and ordered to perform 600 hours of community service work during her period of probation. Thompson will serve her 7 months of incarceration at the Kennebec County Jail, beginning August 24, 2007.

Thompson was the President, Treasurer and majority stockholder of PPCOM, Inc., an oil distribution company that provided gasoline, diesel fuel and heating oil to retailers and large institutional customers such as municipalities and school districts. Pursuant to audits conducted in 2005 and 2006, Maine Revenue Services discovered that PPCOM had failed to pay nearly \$3 million in fuel taxes to the State that it had collected from its customers during a four year period running from 2001 to 2005. A subsequent criminal investigation revealed that in order to try to keep the company afloat, Thompson had also written a number of large, but worthless checks from an account that had no money, knowing that the checks would not be honored. Assistant Attorney General William Baghdoyan, the prosecutor in the case, characterized these checks as a type of "check-kiting" scheme to make PPCOM's bank account appear to have sufficient funds to pay its bills.

"Ms. Thompson took deliberate, criminal action to try and save her failing enterprise," stated Assistant Attorney General Bill Baghdoyan. "Her actions withheld millions of dollars from the State's general fund and left many consumers without the heating fuel they had purchased." A few months after the large fuel tax liability was discovered, PPCOM declared bankruptcy and went out of business, leaving a number of customers who had entered into pre-paid fuel delivery contracts without needed fuel for vehicles and for heating.

OTHER CRIMINAL TAX CASES

The following tax cases were recently prosecuted by the Attorney General's Office with assistance by the Maine Revenue Services' Criminal Investigations Unit:

Criminal Convictions:

On April 12, 2007, Robert G. Murphy of Thomaston, Maine, was convicted of five counts of Failure to Make and File Maine Income Tax Returns (Class D) regarding tax years 2000 through 2004. Mr. Murphy was sentenced to the Knox County Jail for a period of six months, with all but 10 days suspended and a total of two years of probation. He was also ordered to pay restitution in the amount of \$7,939 and fines in the amount of \$600.

On May 14, 2007, Richard Newcomb of Peaks Island, Maine, was convicted of five counts of Failure to Make and File Maine Income Tax Returns (Class D) regarding tax years 2000 through 2004. Mr. Newcomb was sentenced to the Cumberland County Jail for a period of six months, with all but 10 days suspended and a total of two years of probation. He was also ordered to pay restitution in the amount of \$17,911.

On May 14, 2007, Charles Adams of Sebago, Maine, was convicted of five counts of Failure to Make and File Maine Income Tax Returns and one count of Failure to Pay Maine Income Tax (Class D) regarding tax years 2000 through 2005. Mr. Adams was sentenced to the Cumberland County Jail for a period of six months, with all but 15 days suspended and a total of two years of probation. He was also ordered to pay restitution in the amount of \$20,370 and fines in the amount of \$600.

On June 8, 2007, Christopher Swormstead of South Portland, Maine, was convicted of two counts of Failure to Pay Maine Income Tax (Class C) regarding tax years 2003 and 2004. These were second offense convictions for Mr. Swormstead, resulting in felony-level convictions. Because Mr. Swormstead had brought himself into full compliance with Maine tax law prior to sentencing, including payment of \$5,069 in restitution, he was sentenced to a 20-day concurrent commitment to the Cumberland County Jail on each charge.

On July 12, and July 27, 2007, Matthew Sands of Caribou, Maine, and **Jean Beaulieu** of Biddeford, Maine, were convicted of Theft by Deception (Class D) and Theft by Deception (Class C), respectively, regarding tax year 2003. These convictions relate to fraudulent income tax refunds that the defendants obtained while they were inmates at the Maine State Prison. Because Mr. Sands was already in execution of a sentence and Mr. Beaulieu was already being held for court on other matters, the court interrupted their current detentions and imposed an additional respective 15 and 45 days of incarceration. Restitution was ordered in the amount of \$665 (Sands) and \$145 (Beaulieu). Additional prosecutions are pending in approximately nine other related cases.

Probation Violations:

On May 8, 2007, Andrew Roberts of Portland, Maine, appeared in the Portland District Court for hearing on his having violated the terms of his probation. Upon finding a violation, the court imposed six months of the suspended portion of the sentence and terminated the probation. Payment of the restitution balance will be enforced through motion under Title 17-A, section 1329.

On May 9, 2007, William Laverdiere of Peaks Island, Maine, appeared in the Cumberland County Superior Court for probation revocation proceedings. Upon finding that Mr. Laverdiere had violated the terms of his probation, the court ordered a partial revocation and imposed 37 days of the suspended portion of the sentence, with probation to continue.

On May 29, 2007, John Rummler of Kittery Point, Maine, appeared in the York County Superior Court for hearing on his having failed to make any restitution payments as part of his probation. Because Mr. Rummler paid the full restitution amount (\$15,000) prior to the hearing, no additional incarceration was ordered.

On July 2, 2007, the probation of **Robert Blethen** of Yarmouth, Maine, was partially revoked for nonpayment of restitution. The court imposed 5 days of incarceration and his \$5,000 cash bail was applied against his restitution balance. His probation continues.

On July 23, 2007, the probation of **David Townsend** of Bath, Maine, was amended to require restitution payment at the rate of \$500 per month. Mr. Townsend's \$2,000 cash bail was applied against his restitution balance and the matter was continued for 6 months.

Enforcement (Contempt) Motions:

The State's Motion to Enforce Payment of Restitution against **Brian Bartley, James Bartley and B&B Coastal Enterprises, Inc.**, all of Kennebunk, Maine, was withdrawn upon the Defendants' payment of \$78,000, which was the remaining balance of restitution relating to taxes owed.

<u>Department</u>	<u>Telephone Numbers</u>	<u>FAX Numbers</u>	<u>E-mail Addresses</u>
Taxpayer Service Center	(207) 287-2076	(207) 287-5855	
Appellate	(207) 624-9854	(207) 287-3294	
Central Registration	(207) 621-5129	(207) 287-3733	division.uctax@maine.gov
Collections & Compliance	(207) 624-9595	(207) 287-6627	compliance.tax@maine.gov
Corporate Tax	(207) 624-9670	(207) 624-9694	corporate.tax@maine.gov
Economic Research	(207) 624-9789	(207) 287-3618	
E-file Help Desk (1040 ONLY)	(207) 624-9730	(207) 624-9740	efile.helpdesk@maine.gov
Electronic Funds Transfer	(207) 287-8276	(207) 287-6627	efunds.transfer@maine.gov
Estate Tax	(207) 626-8480	(207) 624-9694	estatetax@maine.gov
Fuel Tax	(207) 624-9609	(207) 287-6628	fuel.tax@maine.gov
Forms Request Line	(207) 624-7894	(207) 622-3517	
Income Tax Assistance	(207) 626-8475	(207) 624-9694	income.tax@maine.gov
Insurance Premium Tax	(207) 624-9753	(207) 624-7729	
NexTalk (TTY Service)	(888) 577-6690		
Payment Plan/Income Tax	(207) 621-4300	(207) 621-4328	compliance.tax@maine.gov
Payment Plan/Other	(207) 624-9595	(207) 287-6627	compliance.tax@maine.gov
Practitioners' Hotline	(207) 626-8458	(207) 624-9694	
Property Tax	(207) 287-2013	(207) 287-6396	prop.tax@maine.gov
Public Communications	(207) 626-8478	(207) 624-9694	
Sales Tax	(207) 624-9693	(207) 287-6628	sales.tax@maine.gov
Tax Clearance Letters	(207) 624-9628	(207) 287-6627	
Taxpayer Advocate	(207) 624-9649	(207) 287-3618	taxpayer.advocate@maine.gov
Withholding Tax	(207) 626-8475	(207) 624-9694	withholding.tax@maine.gov
Tax Violations Hot Line	(207) 624-9600		

This publication is designed to keep taxpayers, tax practitioners and the general public informed of developments, problems, questions and matters of general interest concerning Maine tax law, policy and procedure. The articles in this newsletter are not designed to address complex issues in detail, and they are not a substitute for Maine tax laws and/or regulations.

STATE OF MAINE

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Suggestions for the Tax Alert?

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