

Former Idaho Construction Company President Sentenced to Prison for Fraud Scheme

The former president and majority stockholder of a construction company was sentenced to five years in prison today following her plea of guilty to filing a false tax return and her conviction by a jury of conspiracy to defraud the United States, wire fraud, mail fraud, false statements, interstate transportation of property taken by fraud, conspiracy to obstruct justice and obstruction of justice, announced Acting Assistant Attorney General Caroline D. Ciralo of the Justice Department's Tax Division and U.S. Attorney Wendy J. Olson for the District of Idaho.

Elaine Martin, 69, of Meridian, Idaho, was the president of MarCon Inc., a construction company based in Meridian. In September 2013, after a 26-day jury trial, Martin was convicted of tax and fraud charges and sentenced to 84 months in prison. In August 2015, the U.S. Court of Appeals for the Ninth Circuit vacated Martin's sentence and her tax conviction and remanded for resentencing and further proceedings on the tax charge. Today, Martin pleaded guilty to filing a false tax return and U.S. District Judge B. Lynn Winmill of the District of Idaho sentenced her to 60 months in prison on both the tax and fraud charges. In addition to the prison term, Judge Winmill ordered Martin to pay restitution to the Internal Revenue Service (IRS) and Idaho Department of Transportation in the amount of \$131,400.48, costs of prosecution in the amount of \$22,859.60 and a forfeiture money judgment of \$3,084,038.05, amounts Martin previously paid.

In the plea agreement, Martin admitted that she willfully signed false and fraudulent corporate income tax returns for Marcon Inc. for tax years 2005 and 2006. Martin also admitted that she caused these tax returns to be false and fraudulent by keeping the unreported income off of the books and that she falsely told an IRS revenue agent, who was conducting a civil audit of Marcon, that all of Marcon's gross receipts were deposited into its Wells Fargo operating account, when in fact, Martin was diverting and depositing gross receipts into Marcon's Bank of Cascades account. Martin withheld the records for Marcon's Bank of Cascades from the individual who prepared her and Marcon's tax returns for tax years 2005 and 2006. Martin admitted that the total tax loss was \$73,678.

Martin also admitted to conspiring to defraud the SBA 8(a) Program and the U.S. Department of Transportation, Disadvantaged Business Enterprise (DBE) Program, by submitting fraudulent tax returns and making false statements concerning her finances that caused Marcon to qualify and/or remain eligible for these programs. Martin further admitted that her behavior affected the award of contracts pursuant to the 8(a) Program and DBE Programs. For example, Marcon's status as an Idaho DBE affected how and what DBE goals were set for particular construction projects and helped Marcon maintain a virtual monopoly in its geographic region between 2000 and 2006. Marcon participated in the SBA 8(a) Program pursuant to direct negotiations with the awarding agency, rather than through fair and open competition. Martin admitted that during the relevant time period, she would not have been awarded the 33 contracts at issue in the case but for the fraud.

As part of the plea agreement that Martin entered into today, she waived her right to further appeal.

Assistant Attorney General Ciralo and U.S. Attorney Olson thanked special agents of IRS-Criminal Investigation, the FBI, the Office of Inspector General for the U.S. Small Business Administration and the Office of Inspector General for the U.S. Department of Transportation, who investigated the case and Trial Attorney Gregory Bernstein and former Trial Attorney Katherine Wong of the Tax Division and Assistant U.S. Attorney Raymond Patrico of the District of Idaho, who prosecuted the case.

Today's announcement is part of efforts underway by President Obama's Financial Fraud Enforcement Task Force (FFETF), which was created in November 2009 to wage an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes. With more than 20 federal agencies, 94 U.S. attorneys' offices and state and local partners, it's the broadest coalition of law enforcement, investigatory and regulatory agencies ever assembled to combat fraud. Since its formation, the task force has made great strides in facilitating increased investigation and prosecution of financial crimes; enhancing coordination and cooperation among federal, state and local authorities; addressing discrimination in the lending and financial markets and conducting outreach to the public, victims,

financial institutions and other organizations. Over the past three fiscal years, the Justice Department has filed more than 10,000 financial fraud cases against nearly 15,000 defendants including more than 2,700 mortgage fraud defendants. For more information on the task force, visit www.stopfraud.gov.