



U.S. Department of Justice

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Northern District of New York*

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March 18, 2008

NEWS RELEASE

Glenn T. Suddaby, United States Attorney for the Northern District of New York, announces that a grand jury indictment unsealed today charges STEVEN F. SHAW, 47, of Lake George, New York, with making a false loan application, tax evasion, failing to file tax returns, and embezzling money from a health care benefit program. The Indictment contains mere accusations, and the defendant is presumed innocent unless and until proven guilty beyond a reasonable doubt in a court of law.

The Indictment alleges that:

- ▶ SHAW was the President and Chief Executive Officer of Tougher Industries, Inc., a heating and air conditioning contractor based in Albany.
- ▶ SHAW made and caused to be made false statements and made and caused to be submitted false documents overstating his personal assets and net worth, including falsifying a personal financial statement, a personal biography, tax returns, and supporting documentation, in support of an application on behalf of Tougher Industries, Inc., for a loan from Berkshire Bank, personally guaranteed by SHAW, in the total amount of approximately \$6.1 million, in violation of Title 18, United States Code, Sections 1014 and 2 (Count 1).

- ▶ SHAW willfully attempt to evade and defeat a large part of the income tax due and owing by him to the United States for calendar years 2004 (Count 2) and 2005 (Count 4), by failing to make an income tax return, failing to pay the income tax due and owing, and by affirmative acts of evasion, including attempting to conceal his true income for the year by use of an incorrect social security number and otherwise, in violation of Title 26, United States Code, Section 7201, though he had taxable income and tax due in the following amounts:

| | <u>Taxable Income</u> | <u>Tax Due</u> |
|------|-----------------------|----------------|
| 2004 | \$ 93,995 | \$ 5,991 |
| 2005 | \$239,102 | \$51,869 |

- ▶ SHAW willfully failed to make income tax returns for calendar years 2004 (Count 3), 2005 (Count 5), and 2006 (Count 6), in violation of Title 26, United States Code, Section 7203, though he had gross income in the following amounts:

| | |
|------|-----------|
| 2004 | \$105,644 |
| 2005 | \$264,357 |
| 2006 | \$289,480 |

- ▶ SHAW embezzled and converted to the use of a person other than the rightful owner approximately \$31,200 of the Capital District Physicians' Health Plan for Tougher Industries, Inc., a health care benefit program, in violation of Title 18, United States Code, Section 669 (Count 7).

If there is a conviction, the charges carry the following statutory maximum penalties:

| <u>Count(s)</u> | <u>Imprisonment</u> | <u>Fine</u> |
|-----------------|---------------------|-------------|
| 1 | 30 years | \$1,000,000 |

| | | |
|-----------|----------|------------|
| 2 & 4 | 5 years | \$ 100,000 |
| 3, 5, & 6 | 1 year | \$ 25,000 |
| 7 | 10 years | \$ 250,000 |

The investigation was conducted by the Albany Office of the Internal Revenue Service Criminal Investigation Division, the United States Secret Service, and the United States Department of Labor Employee Benefits Security Administration, following a referral by the Office of the United States Trustee. The case is being prosecuted by Supervisory Assistant United States Attorney Grant C. Jaquith, to whom inquiries may be directed at (518) 431-0247.