



May 17, 2011

About Nonpayment of Taxes

Blytheville Owes IRS \$2 Million

The City of Blytheville is in debt to the IRS by at least \$2 million due to unpaid payroll taxes in 2009 and 2010. This figure is set to balloon even more when penalties and interests are included. City Mayor James Sanders, who took over the post from Barrett Harrison in 2011, said he was contacted by the IRS over 'possible discrepancies' with its payroll taxes in March. When investigations were conducted by the city, it was discovered that they owed at least \$2 million but they haven't received a bill from the IRS.

Strangely, Shirley Overman, the city's Finance and Purchasing Committee chairman admits she does not know how this could have happened. She said, "We don't feel it was just an oversight. It could be that it was not having the money to make payroll and payroll taxes at the same time, and then it just kind of ballooned," adding that, "We'll just keep investigating this."

According to Overman, when the IRS initially contacted the city, it told city officials that the city owed for payroll taxes from 2007-2010. But Overman

adds that the 'proper paperwork' was not submitted for the years 2007 to 2008 and when it was finally filed, the city only owed taxes for 2009 and 2010. The city is current on its payroll taxes in 2011.

Currently an audit is being conducted on the city and it is unclear when the issue with the IRS would be resolved. The city has hired a law firm to represent it in negotiations with the IRS. "The only thing I can tell you is that we place safeguards in this administration to oversee and make sure all withholdings are done," Sanders said.

Roof Repair Expert in Tax Trouble for Underreporting Taxes

Philip Hines, 38, who runs Hines Roofing in Lebanon pleaded guilty before Senior US District Judge Herman J. Weber in District Court in Cincinnati of underreporting his taxes. Lying about how much he really earned, Hines claimed to have made just \$663,000 between 2003 and 2006 when in actual fact, he made in excess of \$1.2 million in that period, underreporting by more than \$546,000.

Hines instructed some of his customers to pay him in cash or in checks made out to his personal name rather than his business. If paid by check, he would cash them at his customers' banks and not his own to circumvent paper trails of how much he earned. Certain invoices were tagged 'Cash No Taxes' to indicate which income was to be concealed from the IRS.

Hines faces up to 3 years in prison and a fine of up to \$250,000.