

PRESS RELEASE

Medford Contractor Charged with Tax Evasion and Filing False Loan Applications

Thursday, June 29, 2023

For Immediate Release

U.S. Attorney's Office, District of Massachusetts

BOSTON – The owner of a local excavation and plowing company has been charged and has agreed to plead guilty in connection with a multi-year scheme to underreport income on his tax returns and to obtain loans based on false loan applications.

Peter Tufts, 55, of Medford, has agreed to plead guilty to one count of tax evasion and two counts of submitting false loan applications. A plea hearing has not yet been scheduled by the Court.

According to the charging document, Tufts, the owner of Tufts Construction, Inc. underreported income on his corporate and personal tax returns for tax years 2015 through 2021, resulting in an income tax loss of more than \$465,000. In addition, Tufts used the proceeds of his income tax evasion scheme to fund an off-the-books cash payroll that Tufts used to avoid employment taxes, causing a payroll tax loss of more than \$539,000.

It is further alleged that, while perpetrating his tax evasion scheme, Tufts obtained loans from a local community bank and from the Small Business Administration (SBA) based on false loan applications. In his loan applications, and associated loan documents, Tufts falsely told the bank and the SBA that he had never declared bankruptcy, owed no back taxes, and was not involved in litigation. In fact, as alleged, Tufts was involved in ongoing bankruptcy proceedings when he obtained his loans and was engaging in a multi-year income and employment tax evasion scheme.

The charge of tax evasion provides for a sentence of up to five years in prison, up to three years of supervised release and a fine of \$250,000 or twice the gross gain or loss, whichever is greater. The charge of false loan applications provides for a sentence of up to 30 years in prison, up to five years of supervised release and a fine of \$1 million or

twice the gross gain or loss, whichever is greater. Sentences are imposed by a federal district court judge based upon the U.S. Sentencing Guidelines and statutes which govern the determination of a sentence in a criminal case.

Acting United States Attorney Joshua S. Levy; Joleen D. Simpson, Special Agent in Charge of the Internal Revenue Service's Criminal Investigations in Boston; and Ketty Larco-Ward, Inspector in Charge of the United States Postal Inspection Service in Boston made the announcement today. The United States Postal Inspection Service, Office of the Inspector General; the United States Department of Labor, Office of Inspector General; the Massachusetts Department of Revenue, Criminal Investigations Bureau; and the Massachusetts Office of the Inspector General provided valuable assistance. Assistant U.S. Attorney Kriss Basil of Levy's Securities, Financial & Cyber Fraud Unit is prosecuting the case.

The details contained in the charging document are allegations. The defendant is presumed innocent unless and until proven guilty beyond a reasonable doubt in a court of law.

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