

PRESS RELEASE

Medford Contractor Sentenced for Tax Evasion and Filing False Loan Applications

Thursday, October 19, 2023

For Immediate Release

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

BOSTON – The owner of a local excavation and plowing company was sentenced today 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, was sentenced by U.S. District Court Judge Allison D. Burroughs to two years of supervised release and 240 hours of community service. Tufts was also ordered to pay a \$50,000 fine, forfeiture of \$450,000 and restitution of \$551,941. On July 13, 2023, Tufts pleaded guilty to one count of tax evasion and two counts of submitting false loan applications.

Tufts is the owner of Tufts Construction, Inc., a construction company in Everett. For tax years 2015 through 2021, Tufts cashed check payments from customers and did not report the income from those checks in his tax filings, resulting in an income tax loss of more than \$465,000. Instead, Tufts used the proceeds of his income tax evasion scheme to fund an off-the-books, under-the-table cash payroll that he used to avoid employment taxes, causing a payroll tax loss of more than \$539,000.

Additionally, 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, 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.

Acting United States Attorney Joshua S. Levy; Harry Chavis, Jr., 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. Attorneys Kriss Basil and James R. Drabick of the Securities, Financial & Cyber Fraud Unit prosecuted the case.

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