



Department of Justice

U.S. Attorney's Office
Southern District of Texas

FOR IMMEDIATE RELEASE

Jan. 13, 2015

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Corporation Owner/CEO Sentenced to Statutory Maximum for Federal Income Tax Fraud

HOUSTON - Robert Earl Carter, 65, a resident of Fresno and the former owner/CEO of Enterprise Advisory Services Inc. (EASI), has been ordered to federal prison as a result of being convicted for making false statements in a federal income tax return, announced U.S. Attorney Kenneth Magidson. Carter pleaded guilty Sept. 9, 2014.

Today, U.S. District Judge Keith P. Ellison, who accepted the guilty plea, handed Carter the statutory maximum of 36 months in federal prison to be immediately followed by a year of supervised release. At the hearing, additional evidence was presented including testimony from a Texas Southern University (TSU) representative who informed the court TSU had never received the half-million-dollar African Art donation Carter reported in his 2005 federal income tax return. Carter had also claimed the art, via carryover charitable donation deductions, in his 2007 to 2010 tax returns. He was further ordered to pay a \$75,000 fine. In handing down the sentence, Judge Ellison concluded Carter had not accepted responsibility for his criminal conduct and found his sworn assertion regarding the art not credible.

At the time of his plea, Carter admitted he willfully made a materially false statement in his 2009 personal federal income tax return by under reporting the total income he earned that year. Carter reported a total income of \$276,270, failing to disclose an additional \$309,821 in bonus income he received during that year. The investigation established that he had those bonus monies converted into a check payable directly to another company controlled by a family member. Approximately one month later, \$286,821 was returned directly to Carter via a cashier's check.

EASI also issued Carter another bonus check for \$195,000 on Dec. 22, 2009, which he deposited into his personal savings account. EASI reported this \$195,000 payment as executive variable pay (a financial incentive program recognizing the contribution employees make to EASI's success). EASI did not report the income in Carter's W-2 form or issue a form 1099-MISC because EASI recorded this bonus payment as a reimbursement payment to Carter.

Carter did not, as required, report this \$195,000 personal income on his 2009 individual federal income tax return.

In sum, Carter willfully and intentionally failed to report personal income totaling \$504,821 on his 2009 tax return.

Previously released on bond, Carter was permitted to remain on bond and voluntarily surrender to a U.S. Bureau of Prisons facility to be determined in the near future.

The investigation was conducted by Internal Revenue Service – Criminal Investigation and NASA - Office of Inspector General. Assistant U.S. Attorney Daniel C. Rodriguez is prosecuting.