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Accu-Pay clients won't face state penalties, comptroller, Harford delegate say

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Harford County Del. Mary-Dulany James said Tuesday she received a pledge from the state comptroller he will not to penalize businesses who have become victims of alleged financial fraud by a the Bel Air payroll company Accu-Pay.

Accu-Pay is being investigated for collecting payroll taxes but allegedly not directing those taxes to the state and federal governments, according to prior news reports by *The Aegis* and *The Baltimore Sun*.

After hearing from a large number of her constituents concerned that back taxes unpaid by the payroll company would be pursued for collection by the State of Maryland, James said in a news release she has been working with numerous state officials, including Comptroller Peter Franchot, to potential victims are protected from further financial burden.

"We must make sure that our state protects those honest hardworking small businesses that might have had their payroll tax payments misdirected or delayed," James said in her news release. "Comptroller Franchot indicated his office will not be pursuing back taxes or penalties and will not be pressing charges against small businesses deceived or misled by Accu-Pay."

Franchot's office later confirmed the comptroller would not pursue Accu-Pay victims for liabilities that have arisen "through no fault of the taxpayer."

"Comptroller Franchot has instructed his office to waive interest and penalties, without undue delay, in the Accu-Pay cases where there is a liability through no fault of the taxpayer," Christine Feldmann, deputy communications director for the Comptroller's Office, wrote in an e-mail Tuesday.

Last month, Maryland U.S. Sen. Barbara A. Mikulski urged the Internal Revenue Service to quickly investigate potential fraud at Accu-Pay and called for the agency to protect "honest small businesses" that might have had their payroll tax payments misdirected or delayed. In a letter sent to IRS acting commissioner Steven T. Miller, Mikulski said at least 10 businesses have filed complaints about Accu-Pay, "and the late fees resulting from misdirected or delayed state and federal taxes could be very damaging to Maryland's small businesses."

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Bel Air Police are investigating whether Accu-Pay Inc. allegedly kept years of tax payments rather than sending them to tax collectors on behalf of clients.

In addition to as many as 10 complaints received by the Bel Air Police Department, Accu-Pay is being sued by five clients making similar allegations and claiming losses of more than \$465,000, according to state records.

The company, with an estimated 500 to 600 clients, abruptly closed its doors in late February. Last month Accu-Pay filed for federal Chapter 7 bankruptcy protection, a process that allows for an orderly liquidation of a company's assets to pay off creditors.

James said she and Franchot agreed it is important to work closely with law enforcement officials to ensure that any criminal activity is prosecuted fully and the victims are fairly compensated for any loss they have suffered.

"It is very important the state recognizes my constituents have already been penalized once... and it remains a top priority for me to see that these companies are not penalized a second time," James comments added.

Bel Air police are investigating whether the reported amounts of state and federal tax withholdings of Accu-Pay's clients coincide with the amounts paid, and whether money withdrawn from businesses' accounts to pay taxes were the amounts remitted to the IRS and Maryland comptroller, according to previous news reports.

Police have not determined how many clients Accu-Pay had, but said potential victims could number in the hundreds.

Aegis staff member David Anderson contributed to this article.

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