

IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF NORTH CAROLINA

UNITED STATES OF AMERICA	:	
	:	
v.	:	1:24CR228-1
	:	
RONALD JAMES MCMURPHY	:	

FACTUAL BASIS FOR A GUILTY PLEA

NOW COMES the United States of America, by and through Sandra J. Hairston, United States Attorney for the Middle District of North Carolina, and states that the factual basis for a guilty plea is as follows:

From on or about the first quarter of 2016 up to and including the third quarter of 2022, Ronald James McMurphy has resided in Concord, North Carolina. During this same period, he served as the president of McMurphy Hydraulics, Inc. which was in the business of repairing and manufacturing hydraulics equipment.

From on or about the fourth quarter of 2019 up to and including the third quarter of 2022, McMurphy served as the president of Powertek Equipment, Inc. Powertek Equipment, Inc. was in the business of manufacturing heavy equipment for construction and forestry businesses. Powertek Equipment, Inc. and McMurphy Hydraulics, Inc. (collectively “the Companies”) shared a Concord business address.

Pursuant to the Internal Revenue Code and associated statutes and regulations, employers are required to withhold amounts from their employees' gross pay including Federal Insurance Contribution Act ("FICA") taxes, which represent Social Security and Medicare taxes, and federal income taxes, referred to herein collectively as "trust fund taxes" because employers hold the withheld amounts in trust until paid over to the United States. Employers are required to remit these withheld, trust fund amounts to the Internal Revenue Service ("IRS") on a quarterly basis, no later than the last day of the month following the end of the quarter.

In addition to the trust fund taxes that must be withheld from pay, employers are separately required to make contributions under FICA for Social Security and Medicare in amounts matching the amounts withheld from their employees' pay for those purposes. Such employer contributions are likewise required to be remitted to the IRS no later than the last day of the month following the end of the quarter.

Collectively, these five components required to be remitted quarterly are commonly referred to as "employment taxes," made up of the trust fund taxes withheld (individual income, Social Security, and Medicare taxes) and the matching amounts contributed by the employer.

Employers are required to file, one month after the conclusion of the calendar quarter, an Employer's Quarterly Federal Tax Return, Form 941 ("Form 941"), setting forth the total amount of income taxes withheld, the total amount of Social Security and Medicare taxes due, and the total tax deposits.

A person is responsible for collecting, accounting for, and paying over the employment taxes if he or she has the authority required to exercise significant control over the employer's financial affairs, regardless of whether the individual exercised such control in fact.

McMurphy exercised control over the Companies' financial affairs by, among other acts, serving and executing duties as the president of the corporation; exercising authority to hire and fire employees; and having and exercising signatory authority on checks drawn on the corporate bank accounts.

Thus, he was a person responsible for collecting trust fund taxes, accounting for the employment taxes by filing Forms 941 with the IRS and paying over to the IRS the employment taxes for the Companies' employees.

On or about the tax periods listed in the table entitled "Condensed Summary of Forms 941 Provided by Ronald James McMurphy, Analysis of Employment Tax Liabilities for Tax Years 2016-2022" and attached as Exhibit A, McMurphy willfully failed to truthfully account for and pay over the trust

fund taxes and employer matching taxes due and owing to the IRS on behalf of the Companies' employees.

The total employment tax liability from the first quarter of 2016 through the third quarter of 2022 for which McMurphy is accountable is \$712,017.00.

This the 8th day of August, 2024.

Respectfully submitted,

SANDRA J. HAIRSTON
United States Attorney

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CERTIFICATE OF SERVICE

I hereby certify that on August 8, 2024, the foregoing was electronically filed with the Clerk of the Court using the CM/ECF system which will send notification of such filing to the following:

Stacey D. Rubain, Esq.

Respectfully submitted,

SANDRA J. HAIRSTON
UNITED STATES ATTORNEY

/S/ LAURA J. DILDINE
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Exhibit A

**CONDENSED SUMMARY OF FORMS 941 PROVIDED BY RONALD JAMES MCMURPHY
ANALYSIS OF EMPLOYMENT TAX LIABILITIES FOR TAX YEARS 2016-2022
MCMURPHY HYDRAULICS INC. (MH) AND POWERTEK EQUIPMENT INC. (PE)
MH EIN: / PE EIN:**

Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I
			Employee	Employee	Employer	Employee + Employer	Adjustment for	Employer
Item	Tax Period	Entity	Wages	Total Trust Fund	Total Match	Total Withholdings	Fraction Cents	Total Emp. Tax Liability
1	2016/03	MH	\$80,721.29	\$14,897.18	\$6,175.18	\$21,072.36	(\$0.02)	\$21,072.34
2	2016/06	MH	\$73,588.02	\$12,878.49	\$5,629.49	\$18,507.98	\$0.02	\$18,508.00
3	2016/09	MH	\$81,627.26	\$13,954.49	\$6,244.49	\$20,198.98	\$0.01	\$20,198.99
4	2016/12	MH	\$94,701.28	\$16,092.65	\$7,244.65	\$23,337.30	-\$0.02	\$23,337.28
5	2017/03	MH	\$87,482.05	\$14,651.38	\$6,692.38	\$21,343.76	-\$0.01	\$21,343.75
6	2017/06	MH	\$81,692.57	\$13,887.48	\$6,249.48	\$20,136.96	\$0.06	\$20,137.02
7	2017/09	MH	\$100,371.62	\$17,464.43	\$7,678.43	\$25,142.86	\$0.00	\$25,142.86
8	2017/12	MH	\$95,664.45	\$15,486.33	\$7,318.33	\$22,804.66	\$0.00	\$22,804.66
9	2018/03	MH	\$66,253.10	\$9,862.36	\$5,068.36	\$14,930.72	\$0.00	\$14,930.72
10	2018/06	MH	\$46,454.22	\$5,746.75	\$3,553.75	\$9,300.50	\$0.01	\$9,300.51
11	2018/09	MH	\$76,426.65	\$10,049.64	\$5,846.64	\$15,896.28	\$0.03	\$15,896.31
12	2018/12	MH	\$83,185.85	\$11,163.71	\$6,363.71	\$17,527.42	-\$0.04	\$17,527.38
13	2019/03	MH	\$85,276.90	\$11,732.69	\$6,523.69	\$18,256.38	\$0.01	\$18,256.39
14	2019/06	MH	\$90,381.06	\$12,706.16	\$6,914.16	\$19,620.32	-\$0.02	\$19,620.30
15	2019/09	MH	\$106,737.53	\$16,092.42	\$8,165.42	\$24,257.84	\$0.02	\$24,257.86
16	2019/12	MH	\$114,999.50	\$17,991.46	\$8,797.46	\$26,788.92	-\$0.01	\$26,788.91
17	2020/03	MH	\$27,389.40	\$4,464.29	\$2,095.29	\$6,559.58	-\$0.02	\$6,559.56
18	2020/06	MH	\$98,758.68	\$15,492.04	\$7,555.04	\$23,047.08	\$0.04	\$23,047.12
19	2020/09	MH	\$126,492.85	\$20,252.71	\$9,676.71	\$29,929.42	-\$0.04	\$29,929.38
20	2020/12	MH	\$30,306.18	\$5,285.42	\$2,318.42	\$7,603.84	\$0.03	\$7,603.87
21	2021/03	MH	\$26,638.69	\$4,475.86	\$2,037.86	\$6,513.72	\$0.02	\$6,513.74
22	2021/06	MH	\$30,369.55	\$4,941.27	\$2,323.27	\$7,264.54	-\$0.02	\$7,264.52
23	2021/09	MH	\$24,718.49	\$4,029.97	\$1,890.97	\$5,920.94	\$0.01	\$5,920.95
24	2021/12	MH	\$28,553.80	\$4,963.59	\$2,184.37	\$7,147.96	\$0.00	\$7,147.96
25	2022/03	MH	\$31,233.69	\$5,512.73	\$2,389.38	\$7,902.11	\$0.00	\$7,902.11
26	2022/06	MH	\$31,431.83	\$5,359.55	\$2,404.53	\$7,764.08	\$0.00	\$7,764.08
27	2022/09	MH	\$38,895.64	\$6,750.29	\$2,975.52	\$9,725.81	\$0.00	\$9,725.81
28	2016/03	PE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
29	2016/06	PE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
30	2016/09	PE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
31	2016/12	PE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
32	2017/03	PE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
33	2017/06	PE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
34	2017/09	PE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
35	2017/12	PE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
36	2018/03	PE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
37	2018/06	PE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
38	2018/09	PE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
39	2018/12	PE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
40	2019/03	PE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
41	2019/06	PE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
42	2019/09	PE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
43	2019/12	PE	\$15,100.05	\$2,067.15	\$1,155.15	\$3,222.30	-\$0.01	\$3,222.29
44	2020/03	PE	\$129,783.51	\$20,964.44	\$9,928.44	\$30,892.88	-\$0.02	\$30,892.86
45	2020/06	PE	\$59,454.11	\$9,301.23	\$4,548.23	\$13,849.46	\$0.04	\$13,849.50
46	2020/09	PE	\$40,296.35	\$6,366.67	\$3,082.67	\$9,449.34	-\$0.04	\$9,449.30
47	2020/12	PE	\$140,293.83	\$22,481.48	\$10,732.48	\$33,213.96	\$0.05	\$33,214.01
48	2021/03	PE	\$91,692.71	\$15,041.49	\$7,014.49	\$22,055.98	-\$0.01	\$22,055.97
49	2021/06	PE	\$94,067.17	\$15,606.13	\$7,196.13	\$22,802.26	\$0.02	\$22,802.28
50	2021/09	PE	\$85,357.15	\$14,140.82	\$6,529.82	\$20,670.64	-\$0.03	\$20,670.61
51	2021/12	PE	\$105,623.45	\$17,551.19	\$8,080.19	\$25,631.38	\$0.01	\$25,631.39
52	2022/03	PE	\$107,508.49	\$17,997.40	\$8,224.40	\$26,221.80	\$0.00	\$26,221.80
53	2022/06	PE	\$140,254.70	\$26,300.04	\$10,729.48	\$37,029.52	0.03	\$37,029.55
54	2022/09	PE	\$116,298.03	\$19,578.92	\$8,896.80	\$28,475.72	(\$0.06)	\$28,475.66
55			\$2,986,081.70	\$483,582.30	\$228,435.26	\$712,017.56		\$712,017.60