



U.S. Department of Justice

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FOR IMMEDIATE RELEASE

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PRESS RELEASE

**OWNERS OF BROOKLYN PLUMBING COMPANY INDICTED FOR
EVADING TAXES ON MORE THAN \$10 MILLION IN INCOME**

***Defendants Allegedly Falsely Claimed That Personal Expenses, Including Disney World
Vacation, Clothing, Purchase of Homes and a Yacht, Were Business Expenses***

An indictment was unsealed earlier today in federal court in Brooklyn charging Alexander Figliolia, Jr., and Kenneth Sutherland, the owners of Liberty Water & Sewer (Liberty Water), a Brooklyn-based plumbing company which they operate as a partnership, with tax evasion and conspiracy to defraud the United States. Figliolia, Jr., and Sutherland were arrested earlier today, and their initial appearances are scheduled for this afternoon before United States Magistrate Judge James R. Cho.

Breon Peace, United States Attorney for the Eastern District of New York, Thomas Fattorusso, Special Agent-in-Charge, Internal Revenue Service Criminal Investigation, New York (IRS-CI), James Smith, Assistant Director-in-Charge, Federal Bureau of Investigation, New York Field Office (FBI), and Jocelyn E. Strauber, Commissioner, New York City Department of Investigation (DOI), announced the arrests and charges.

“Business owners like everyone else have an obligation to pay their fair share of taxes,” stated United States Attorney Peace. “As alleged, the defendants made millions of dollars repairing water and sewer lines for New York City residents, but instead of dutifully paying the taxes they owed, they improperly classified more than \$10 million of personal expenses as business expenses. Their greed drained the government’s coffers of nearly \$4 million in tax revenue.”

“Figliolia and Sutherland were living the lavish life while allegedly failing to report more than ten million dollars in income. The yachts, jewelry and family trips were all paid for with money owed to the federal government. Today’s indictment is a message to all those who choose to evade taxes, one day your extravagant lifestyle on the taxpayer dime will come to an end, and you will be prosecuted for your actions.”

“The defendants, as charged, evaded taxes on millions of dollars of income from the business they conducted in New York City, by misclassifying lavish personal expenses as business expenses to reduce their tax burden. I thank our federal law enforcement partners for their commitment to hold corrupt contractors in this City accountable,” stated DOI Commissioner Strauber.

As alleged in the indictment and other court filings, between January 2017 and June 2020, the defendants evaded personal income taxes by issuing checks and wiring money from Liberty Water’s bank account to pay for personal expenses. The defendants classified these payments of their personal expenses as business expenses of Liberty Water, thereby reducing Liberty Water’s profits and reducing the defendants’ personal income tax burdens. For example, Figliolia, Jr., and Sutherland classified more than \$1.75 million of personal credit card expenses, including home renovations, a family trip to Disney World, jewelry, clothing and veterinary expenses, as business expenses. As another example, Figliolia, Jr., and Sutherland obtained loans of more than \$2.8 million on personal life insurance policies, and repaid the loans using Liberty Water funds, allowing them to siphon that money out of the business without paying taxes. As still another example, Figliolia, Jr., issued more than \$4 million in checks from Liberty Water’s bank account to a law firm for the payment of personal expenses, including the purchase of multiple properties and a yacht, but classified them as business expenses of Liberty Water.

In total, Figliolia, Jr., and Sutherland intentionally diverted approximately \$10,225,213 from Liberty Water between tax years 2017 and 2019, resulting in the evasion of approximately \$3,933,046 in federal taxes.

The charges in the indictment are allegations, and the defendants are presumed innocent unless and until proven guilty. If convicted, the defendants each face a maximum sentence of five years’ imprisonment on each count.

The government’s case is being handled by the Office’s Public Integrity Section. The government’s case is being prosecuted by Assistant United States Attorneys Philip Pilmar and Dana Rehnquist.

The Defendants:

ALEXANDER FIGLIOLIA, JR.
Age: 50
Staten Island, NY

KENNETH SUTHERLAND
Age: 62
Staten Island, NY

E.D.N.Y. Docket No. 23-CR-498