

# IRS Fact Sheet

## Criminal Investigation

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Report suspected tax fraud - 1-800-829-0433

### Medical Profession Fact Sheet March 2002

Tax fraud investigations are the main component of IRS Criminal Investigation's effort to foster compliance with the tax laws. Many of these investigations include white-collar financial crimes in legal industries and involve individuals from all facets of the economy.

White collar financial crimes - especially in the professional community - are an area of concern for the IRS, and the Medical Profession, in particular, shows a high volume of tax and other financial related crimes. Over the past three years, 130 doctors have been convicted on various tax and money laundering financial crimes. Their sentences have ranged from probation to home confinement to 168 months in prison, including penalties and fines. The majority of the convictions are a result of failure to file personal income tax returns, money laundering in connection with Medicare/Medicaid fraud and investing in or 'hiding their income' in abusive offshore and domestic trusts.

*The following summaries are excerpts from public record documents on file in the court records in the judicial district in which the cases were prosecuted.*

**Two Northern California Doctors and An Orthodontist Sentenced to Prison Terms.** Sacramento, CA. On January 7, 2002, three medical professionals were sentenced to significant prison terms in connection with a federal income tax fraud scheme in which they routed income through bank accounts in the name of trusts located in the United States and abroad in order to conceal it from the IRS. Dr. Richard Shearer was sentenced to 24 months in prison, Dr. Richard Pfeiffer was sentenced to 27 months in prison and Dr. Daniel Bullock was sentenced to 18 months in prison. Doctors Shearer and Pfeiffer were each ordered to pay a fine of \$10,000. Dr. Bullock was ordered to pay a fine of \$5,000. In addition, each of the defendants was ordered to pay restitution to the IRS of \$5,000 as a down payment on the back taxes they owe, an assessment of \$200, and prosecution costs of well over \$1,000. Each of the defendants was also sentenced to three years-supervised release to follow their prison term.

**Physician and Husband Sentenced for Failure to File.** Greenbelt, Maryland. On March 21, 2002, Dr. Sakiliba Mines and her husband, Charles Mines, were convicted on federal income tax charges and each sentenced to 21 months in prison. Trial evidence demonstrated that Dr. and Mr. Mines willfully failed to file income tax returns for the years 1990 -95 and 1998 even though both drew regular paychecks from Dr. Mines medical practice, Dupont Medical Associates.

**Former Manhattan Doctor Sentenced in Kickback Scheme.** Manhattan, New York. On November 13, 2001 Geoffrey Richstone, former medical doctor and owner of Diagnostic Medical Associates, was sentenced to three years in prison and a \$430,000 fine after pleading guilty for illegally receiving kickbacks in connection with ordering laboratory services for Medicare patients and referring Medicare patients to another doctor. Richstone also filed false personal income tax returns. Two other doctors and a lawyer involved in the Richstone scheme also pled guilty in this scheme.

**Chiropractor Failed to Report Over \$360,000 in Income.** Sacramento, CA. On February 13, 2002, Mario Alvarado, a licensed chiropractor, was sentenced to 21 months in prison for filing false tax returns from 1994 to 1997. The returns failed to report income of \$360,000. In October 2001, Alvarado pled guilty to one count of filing a false return for 1997; however, for sentencing purposes the judge considered the additional income of \$200,000 Alvarado failed to report for tax years 1994 through 1996. As part of the plea agreement, Alvarado has agreed to cooperate with the IRS and pay all back taxes owed, along with interest and penalties.