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CHIPLEY AND NEW YORK PHYSICIANS INDICTED ON ILLEGAL MONEY TRANSMITTING BUSINESS AND TAX FRAUD CHARGES

Tallahassee, Florida - Gregory R. Miller, United States Attorney for the Northern District of Florida, today announced that a Federal Grand Jury has returned an indictment charging a Chipley physician and a New York physician with conspiracy to operate an unlicensed money transmitting business, conspiracy to defraud the United States for the purpose of impeding the lawful government functions of the Internal Revenue Service in the collection of revenue, operating an unlicensed money transmitting business, filing false tax returns, failing to file a tax return, and making false statements.

In a ten count indictment, a Federal Grand Jury in Tallahassee charged Dr. Muhammad Ishaq Zafar, 63, Chipley, Florida, and Dr. Mohammed Tariq Randhawa, 64, Hornell, New York, with utilizing an alleged tax-exempt charitable organization, "Pak-American Islamic Cultural Corporation, Inc." (PAICCI), as an unlicensed money transmitting business to transfer funds from the United States to Pakistan for the benefit of family members, organizations operated by family members, and friends of individuals who contributed monies to PAICCI, and with filing false tax return forms on behalf of PAICCI. The indictment alleges that Zafar would receive from conspirators checks made payable to PAICCI for various sums of money, and would transmit those sums of monies to conspirators in Pakistan for disbursement to individuals and entities designated by the conspirators – often minus an approximate 10% fee. The indictment further alleges that monies contributed to PAICCI were disguised as charitable donations, and that alleged donors falsely claimed the money transfers as tax deductions. According to the charges, Zafar annually filed with the Internal Revenue Service (IRS) a fraudulent form to disguise the PAICCI's true activities and to make it appear as if PAICCI donations were charitable donations. The indictment alleges that Randhawa caused more than \$300,000 to be contributed to PAICCI that was transferred at Randhawa's request to a Pakistani organization in which his brother held a controlling interest. The indictment charges that Zafar caused more than \$500,000 to be contributed to PAICCI, and transferred approximately that same amount to alleged donors' family members, organizations operated by family members, and friends. According to the charges, Zafar and Randhawa created a sham donation to PAICCI of real property owned by Randhawa, and then attempted to conceal the nature of the real property donation. The indictment alleges that both Zafar and Randhawa made false statements and representations to agents of the Internal Revenue Service concerning the nature of the contributions made to PAICCI, the transfer of those monies to specific individuals or entities in Pakistan, how PAICCI contributions were distributed and to whom, and the true circumstances of the real property contributions to PAICCI.

Randhawa was arrested by federal agents in Hornell, New York. Arraigned in United States

District Court in Panama City, Florida, his trial has been scheduled for July 7, 2008. He is charged in Counts 1, 2, 3, and 10 of the indictment. If convicted of those counts, Randhawa faces a total maximum of 20 years imprisonment and \$1,000,000 in fines.

Zafar is currently a fugitive. He is charged in Counts 1 through 9 of the indictment. If convicted of those counts, Zafar faces a total maximum of 33 years imprisonment and \$2,100,000 in fines.

This indictment is the result of a multi-year joint Federal and State investigation conducted by the Internal Revenue Service, the Federal Bureau of Investigation, U.S. Immigration and Customs Enforcement, the Florida Department of Law Enforcement, and the Panama City (Florida) Police Department. This case is being prosecuted by Assistant United States Attorney Stephen M. Kunz of the Tallahassee Division.

An indictment is merely a formal charge by the grand jury. Each defendant is presumed innocent unless and until proven guilty in United States District Court.