



U.S. Department of Justice

*United States Attorney
District of Maryland
Northern Division*

*Allen F. Loucks
United States Attorney*

*Vickie E. LeDuc
Public Information Officer*

*36 South Charles Street
Fourth Floor
Baltimore, Maryland 21201*

*410-209-4800
TTY/TDD:410-962-4462
410-209-4885
FAX 410-962-3091
Vickie.LeDuc@usdoj.gov*

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**FOR FURTHER
INFORMATION CONTACT
VICKIE E. LEDUC, AUSA
410-209-4885**

OWNERS OF DYNAMIC WOMEN PLEAD GUILTY TO TAX CHARGES

BALTIMORE, Maryland - Allen F. Loucks, United States Attorney for the District of Maryland, announced that on February 9, 2005, Keith Paul Vazquez, age 40, of Bel Air, Maryland, pleaded guilty to tax evasion, and today his wife, Rene Christou Vazquez, age 36, also of Bel Air, Maryland, pleaded guilty to failure to file a tax return.

The Vazquez' were the founders of Fitness & Nutrition, Inc., which traded as "Dynamic Women." "Dynamic Women" licensed women's fitness centers. The first center opened in 1990 at 6247 Kenwood Avenue, Rosedale, Maryland. By 1996, there were Dynamic Women clubs in Towson, Glen Burnie, Catonsville, and Randallstown/Owings Mills and expanded to Dundalk, Cockeysville, and Bel Air. Club owners were obligated to pay "Dynamic Women" 10 percent of gross receipts each month or \$1000, whichever was greater.

According to the statement of facts made in court at the time of the guilty pleas, the Vazquez' under-reported their income on their tax returns for 1996. For 1997, Rene Christou Vazquez did not file a tax return, and Keith Vazquez reported only \$14,694 in income. The income was under-reported by some \$135,271 for the 1997 tax year. For 1998, neither Rene nor Keith

Vazquez filed a tax return although they had income in excess of \$191,000 from license fees and \$10,000 commission on the sale of a lot at Todd Lakes. For 1999, neither Rene nor Keith Vazquez filed a tax return although the couple had income in excess of \$183,500 from license fees.

For 1998 and 1999, the Vazquez' diverted membership dues from the Rosedale Dynamic Women club and caused the Rosedale Fitness corporate tax return to be false. Membership dues received on behalf of the Cockeysville and Dundalk clubs were also not reported to the IRS in 1998 and 1999. Tax liability calculated at the corporate rates for the diverted Rosedale, Cockeysville and Dundalk membership fees for 1998 and 1999 is over \$41,000.

The total criminal tax liability of the Vazquez' for tax years 1996 through 1999 is \$176,879.

Sentencing before U.S. District Court Judge Marvin J. Garbis is scheduled for May 3, 2005 at 9:30 a.m. The maximum penalty for tax evasion is 5 years imprisonment and/or \$250,000. The maximum statutory penalty for failure to file an income tax return is 1 year imprisonment and/or \$25,000.

The case was prosecuted by Assistant United States Attorneys Joyce McDonald and Christopher Romano and was investigated by the Internal Revenue Service.