



PRESS RELEASE

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For Information Contact Public Affairs

HARRIET BERNICK

Telephone: (602) 514-7736

Pager: (602) 356-0004

FOUR INDICTED ON CONSPIRACY, TAX CHARGES, AND FALSE LOAN STATEMENTS

PHOENIX, ARIZONA -- The United States Attorney's Office for the District of Arizona announced that on December 18, 2003, a federal grand jury at Phoenix, Arizona, returned indictments against MICHAEL J. RUZECKI, (DOB 11/12/1966), GARY E. HIRTH, (DOB 11/13/1953), DAMIEN KNIGHT, (DOB 9/27/1964), and EDWARD LACHOWICZ, (DOB 4/3/1955), all of Phoenix, Arizona.

RUZECKI was indicted on two counts of Conspiracy, one count of Making and Subscribing to a False Tax Return, one count of Failure to File an Individual Tax Return and four counts of supplying False Statements on a Loan and Credit Applications.

HIRTH was indicted on three counts of Conspiracy, two counts of Aiding and Abetting the Preparation of a False Tax Return and four counts of supplying False Statements on a Loan and Credit Applications.

KNIGHT was indicted on one count of conspiracy and four counts of supplying False Statements on a Loan and Credit Applications.

(MORE)

LACHOWICZ was indicted on one count of Conspiracy, one count of Making and Subscribing to a False Tax Return, and one count of Failure to File an Individual Tax Return.

The indictments allege that RUZECKI, and LACHOWICZ conspired with HIRTH in order to avoid income tax and understate their income on their personal 1997 Income Tax Returns. HIRTH is alleged to have provided accounting and tax preparation services for companies owned by RUZECKI and LACHOWICZ, and to have counseled both on methods to hide assets, and personal expenses from the IRS. HIRTH allegedly advised LACHOWICZ on methods to place assets in the names of nominees, and recommended assets be secreted to off-shore havens. The indictments also allege HIRTH had advised both individuals to pay personal expenses through business accounts and that HIRTH prepared fraudulent documents and tax returns for 1997 on behalf of both individuals. The indictments also allege RUZECKI and LACHOWICZ failed to file their Individual Income Tax Returns for 1998, even though RUZECKI and LACHOWICZ had gross incomes of approximately \$80,669.98 and \$146,688.48 respectively. Finally the indictments allege HIRTH prepared false W-2s "Wage and Tax Statements" for RUZECKI and KNIGHT. These forms listed monthly income for RUZECKI and KNIGHT of \$12,750.00 and \$9,378.00 respectively. This information was allegedly provided in separate Uniform residential Loan Applications, which were submitted to the lender in order to secure financing for a residence both allegedly agreed to jointly purchase.

The federal indictment charges these individuals with violating Title 18 of the United States Code, Section 371, Conspiracy, Title 26 of the United States Code, Section 7206(1), Making and Subscribing to a False Tax Return, Title 26 of the United States Code, Section 7206(2), Aiding and Abetting the Preparation of a False Tax Return Title 26 of the United States Code, Section 7203, Failure to File an Individual Tax Return and Title 18 of the United States Code, Section 1014, False Statements on Loan and Credit Applications.

(MORE)

A conviction for Conspiracy carries a maximum penalty of five years, a \$250,000.00 fine or both. A conviction for Making and Subscribing and Aiding and Abetting in the Preparation of a False Return carries a maximum penalty of three years, a \$250,000.00 fine or both. A conviction for Failure to File carries a maximum penalty of up to one year, a \$100,000.00 fine or both. A conviction for False Statements on Loan and Credit Applications carries a maximum penalty of 30 years, a \$1,000,000.00 fine, or both

An indictment is simply the method by which a person is charged with criminal activity and raises no inference of guilt. An individual is presumed innocent until competent evidence is presented to a jury that establishes guilt beyond a reasonable doubt.

The investigation preceding the indictment was conducted by the Arizona Telemarketing Fraud Task Force which includes special agents of the Criminal Investigation at the Internal Revenue Service, Federal Bureau of Investigation, the United States Postal Inspection Service and the Phoenix Police Department. The prosecution was handled by Peter Sexton, Assistant United States Attorney, District of Arizona, Phoenix, Arizona.

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