



Department of Justice

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LOCAL BUSINESSWOMAN SENTENCED TO MORE THAN 5 YEARS IN PRISON, FINED \$1.2 MILLION FOR TAX FRAUD

PRESS RELEASE

Susan W. Brooks, United States Attorney for the Southern District of Indiana, announced that SUSAN B. ELLIS, 48, Fortville, Indiana, was sentenced to 63 months imprisonment and fined nearly \$1.2 million dollars today by U.S. District Judge David F. Hamilton following her conviction by a district court jury on February 20, 2007 on 8 counts of Failure to Pay over Employee Withholding Taxes. This case was the result of an investigation by the Internal Revenue Service-Criminal Investigations.

ELLIS has owned and operated Pharmasource Temporary Pharmacy Services, Inc. since 1995. Pharmasource is a temporary staffing service that hires pharmacists to work temporarily at various pharmacies across the country. ELLIS was required to withhold and pay over federal taxes, including income, social security, and medicaid taxes, from Pharmasource's employees' wages. During 2001, 2002, and 2003, ELLIS withheld more than \$2 million dollars in employee taxes, but did not pay the taxes to the Internal Revenue Service. Instead ELLIS used the money for herself, including the construction of a \$2.5 million dollar home, luxury automobiles and frequent trips to Florida. Between 1995 and 2005, ELLIS filed no personal income tax returns.

Calling this case "the most serious, long-term, egregious tax crime I have seen," Judge Hamilton sentenced ELLIS at the top of the advisory Sentencing Guideline range. He described more than \$2 million in withholding ELLIS collected from her employees but failed to pay over to the government as "outright theft on a grand scale." Judge Hamilton further found that ELLIS gave perjured testimony at her trial, claiming that she forgot she had not paid her payroll taxes, but always intended to do so. "The victims here are every honest taxpayer in this country."

Judge Hamilton used a criminal fine to insure that ELLIS did not retain the proceeds of her crime. He deducted an \$850,000 payment ELLIS made during her trial to the IRS from the more than \$2 million in stolen tax monies in order to reach the \$1.2 million dollar fine.

According to Assistant United States Attorneys Steven D. DeBrotta and Timothy M. Morrison, who prosecuted the case for the government, Judge Hamilton imposed 3 years supervised release following ELLIS's term of imprisonment. The Internal Revenue Service may pursue collection of the amount of taxes and penalties due in separate proceedings.

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