



*United States Attorney  
Southern District of New York*

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**ACCOUNTANT GETS 27-MONTH FEDERAL PRISON  
TERM FOR TAX EVASION SCHEMES**

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, announced that STANLEY JOSEPH, an accountant and tax preparer, was sentenced today in Manhattan federal court to 27 months in prison on charges that he had conspired with JAY KATZ, operator of four MRI facilities in the metropolitan New York area, to evade at least approximately \$1.4 million in taxes owed to the Internal Revenue Service from calendar years 1996 through 1998. United States District Judge LAURA TAYLOR SWAIN also imposed a \$6,000 fine.

On November 3, 2003, JOSEPH pled guilty to one count of conspiring to file false tax returns with the IRS and evade payment of at least \$1.4 million. JOSEPH's co-defendant, KATZ, had pled guilty on July 31, 2000, to conspiring to evade approximately \$3.2 million in taxes and file false tax returns for taxpayer years 1996, 1997 and 1998. KATZ was sentenced to 37 months in prison.

According to the Indictment, which jointly charged KATZ and JOSEPH, KATZ caused the MRI facilities that he controlled to pay millions of dollars in "billing" and "management fees" to various KATZ-owned shell corporations of approximately \$11,837,549, \$18,183,863, and

\$25,749,604, respectively, from 1996 through 1998. It was further alleged that the tax returns that JOSEPH, KATZ's accountant, prepared and filed on behalf of the KATZ-owned shell corporations, failed to report income and also reported personal expenses as business expenses and as costs of goods sold. Among those personal expenses that the Indictment alleged were false tuition payments for the private schools in New York City that KATZ's son and nephew attended, as well as the costs of landscaping for KATZ's second home located in Sag Harbor, Long Island.

JOSEPH lives in Pomona, Rockland County, New York, according to court records.

Mr. KELLEY praised the outstanding efforts of the Federal Bureau of Investigation, the Criminal Investigation Division of the Internal Revenue Service, and the U.S. Department of Health and Human Services, which jointly conducted the investigation of the two cases.

Assistant United States Attorney MIRIAM H. BAER is in charge of the prosecution.