



United States Attorney's Office District of Connecticut Press Release

February 2, 2007 **FAIRFIELD COUNTY PLASTIC SURGEON INVOLVED IN TAX AND HEALTH CARE FRAUD SCHEMES IS SENTENCED TO PRISON**

Kevin J. O'Connor, United States Attorney for the District of Connecticut, announced that STEVEN HERMAN, M.D., age 63, of 295 Saugatuck Avenue, Westport, Connecticut, was sentenced today by United States District Judge Janet C. Hall in Bridgeport to 20 months of imprisonment, followed by two years of supervised release. On September 18, 2006, HERMAN waived indictment and pleaded guilty to charges of tax evasion, illegal structuring of financial transactions, and health care fraud. In addition to the imposed term of imprisonment, Judge Hall ordered HERMAN to pay a fine in the amount of \$60,000, to pay approximately \$150,000 in restitution to the Oxford Insurance Company for his health care fraud offense, and to forfeit \$236,117 to the Government for his financial structuring offense. Also, HERMAN has paid more than \$800,000 in a civil settlement with the Internal Revenue Service.

According to documents filed with the Court and statements made in court, HERMAN operated a plastic surgery practice with offices in Norwalk, Connecticut, and Manhattan. From January 1998 through April 2003, HERMAN skimmed more than \$883,000 in cash receipts from his medical practice, and did not declare this money on his income tax returns. In order to conceal his tax evasion, HERMAN used the skimmed cash to purchase money orders at area United States Post Offices, or he gave the cash to his household employees and directed them to purchase money orders for him. Typically, the money orders were purchased four at a time in amounts of exactly \$700 in order to avoid the requirement that financial institutions report purchases of money orders in denominations of more than \$3,000.

In addition to the tax and structuring charges, HERMAN also admitted that, from January 2000 through September 2003, he billed Oxford Health Plans for elective cosmetic surgical procedures, but submitted the bills stating that the procedures were medically necessary biopsies and other procedures.

"I want to commend the IRS, FBI and U.S. Postal Inspection Service for smoothly conducting a coordinated and far-reaching investigation that identified all of the fraudulent activity in which this doctor was involved," U.S. Attorney O'Connor stated. "Hopefully, this case and all the penalties imposed on this defendant send an appropriate and important message as we enter tax season. Tax fraud schemes, health care fraud schemes, any fraud schemes, simply aren't worth the risk."

This matter was investigated by the Internal Revenue Service – Criminal Investigation Division, the United States Postal Inspection Service and the Federal Bureau of Investigation. The case was prosecuted by Assistant United States Attorney David J. Sheldon.

CONTACT: U.S. ATTORNEY'S OFFICE
Tom Carson
(203) 821-3722
thomas.carson@usdoj.gov

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