



PRESS RELEASE

FOR IMMEDIATE RELEASE
August 22, 2001

For Information Contact Public Affairs
Mike Johns (602) 514-7566

FORMER DEPUTY DIRECTOR FOR ARIZONA DEPARTMENT OF REVENUE AND BUSINESS PARTNER SENTENCED FOR FILING FALSE TAX RETURNS

PHOENIX, ARIZONA -- The United States Attorney's Office for the District of Arizona, announced today that RUSSELL H. RITCHIE, appointed Deputy Director for the Arizona Department of Revenue in 1988 by Governor Evan Mecham, and DALE E. KIPP, his business partner, were each sentenced August 21, 2001, by U.S. District Judge Paul G. Rosenblatt for failing to report their portion of over \$2 million in income they received in 1994 and 1995. RITCHIE received a sentence of 12 months in prison, followed by 1 year of supervised release. KIPP received a sentence of probation for 5 years. Each was fined \$40,000 and ordered by the Court to pay all taxes due and owing plus any interest and penalties.

According to the plea agreements, RITCHIE and KIPP were majority shareholders in Multi-Micro, Inc. which purchased and sold wireless cable frequencies. In 1994, Multi-Micro, Inc. sold wireless cable frequency rights to American Telecasting, Inc. (ATI) for \$2,019,000, paid in installments through 1995. RITCHIE and KIPP directed ATI to make these payments to a corporation named Conference Management Services, Inc. (CMS) which was purportedly a

(MORE)

Panamanian corporation. In actuality, CMS was nothing more than a number of bank accounts controlled by RITCHIE and KIPP located in Arizona in which RITCHIE and KIPP deposited the payments from ATI and then used the proceeds for personal expenses and other personal benefits.

Neither RITCHIE nor KIPP reported this income in their individual income tax returns, Form 1040s, for the tax years 1994 and 1995, thereby understating their individual income taxes due and owing. Both were indicted with filing false income tax returns for the tax years 1994 and 1995.

For the tax year 1994, RITCHIE failed to report approximately \$221,673.52 and understated income tax due of \$21,756. For the tax year 1995, RITCHIE failed to report \$533,539 and additional taxes due in the amount of \$197,842. For the tax year 1994, KIPP under-reported income of \$221,673.52 and understated his income taxes of approximately \$64,587. For the tax year 1995, KIPP failed to report \$169,295 and understated additional taxes due of \$52,590.

RITCHIE and KIPP could have received sentences of up to 3 years in prison and fines of \$250,000 or both on each count.

This investigation was conducted by Special Agents of the IRS Criminal Investigation Phoenix Field Office, and the prosecution was handled by Stephen Laramore, Deputy Chief of the Criminal Section, United States Attorney's Office, District of Arizona, Phoenix, Arizona.

RELEASE NUMBER: 2001-088

#