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**TWO DOCTORS AND AN ORTHODONTIST PLEAD GUILTY IN
FEDERAL TAX EVASION CASE INVOLVING CONCEALMENT OF INCOME
THROUGH OFF-SHORE BANK ACCOUNTS**

SACRAMENTO—United States Attorney John K. Vincent announced today that three medical professionals from Northern California, DANIEL BULLOCK, 50, an orthopedic surgeon from Mount Shasta, California; RICHARD D. PFEIFFER, 67, an orthodontist from Yreka, California; and RICHARD SHEARER, 49, an ear, nose and throat specialist from Mt. Shasta, California, each pleaded guilty in U.S. District Court in Sacramento to one count of defrauding the Internal Revenue Service and one count of filing a false tax return. Sentencing before U.S. District Court Judge Frank C. Damrell is scheduled for January 7, 2002, at 9:00 am.

The fourth defendant in the case, LONNIE D. CROCKETT, 52, of Bountiful, Utah, pleaded guilty to one count of conspiracy to defraud the IRS on August 27, 2001. He is scheduled to be sentenced on November 30, 2001.

According to Assistant United States Attorneys Benjamin B. Wagner and Robin R. Taylor, who are prosecuting the case together with Lori Hendrickson of the Tax Division of the U.S. Department of Justice, each of the three defendants by their pleas of guilty admitted that they participated in a scheme marketed by defendant CROCKETT, in which they cycled income from their medical practices through domestic and foreign bank accounts and then back to accounts in Northern California which they controlled, all in a manner intended to conceal the funds from the IRS. BULLOCK, PFEIFFER and SHEARER paid CROCKETT a fee for using his "offshore program." The scheme, which began in 1996 and continued through the date of their indictment in August, 2000, used false invoices, code names, and other means to conceal the movement of the funds. CROCKETT's clients, including BULLOCK, PFEIFFER and SHEARER, then filed federal income tax returns in which they failed to disclose the income that had been routed through the offshore accounts.

In their plea agreements, the defendants agreed that, through their own conduct and that of other co-conspirators of whom they were aware, they were responsible for significant tax losses to the federal Government. Those amounts ranged from \$200,000 to \$325,000 in unpaid federal taxes in the case of defendants BULLOCK and PFEIFFER, to \$120,000 to \$200,000 in the case of defendant SHEARER. Each of the three defendants who pleaded guilty today faces a

maximum possible sentence of eight years in prison, although under federal sentencing guidelines applicable in this case, they are likely to receive sentences of less than two years in prison. Each defendant also faces a fine of up to \$250,000 and a three year term of supervised release. In their plea agreements, each defendant also agreed to pay \$5,000 restitution to the IRS, as a down payment against the federal taxes they owe.

Defendant CROCKETT faces up to five years in prison, a \$250,000 fine, and a three year term of supervised release. CROCKETT is currently on probation as a result of a 1996 federal conviction in the District of Utah for aiding and assisting in the filing of false tax returns. A petition alleging that he has violated the terms of probation has been filed in the U.S. District Court in Utah, and CROCKETT faces additional consecutive time in prison if found to have committed the violation.

Assistant U.S. Attorney Wagner stated that the IRS is cracking down on schemes involving abusive and sham trusts, and that other investigations into similar tax evasion schemes using bogus trusts are underway. The IRS maintains a web site which contains a warning notice to the public concerning abusive trust programs. The web site address is www.trea.gov/irs/ci.

The case was the product of an extensive investigation by the Criminal Investigation Division of the Internal Revenue Service.

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