



Department of Justice

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NORTH DAKOTA EXECUTIVE PLEADS GUILTY TO NINE COUNTS OF TAX FRAUD ON EVE OF TRIAL

WASHINGTON - Michael Fisher, owner of Fisher Sand & Gravel Co. Inc. (FSG), based in Dickinson, N.D., today pleaded guilty to nine felony counts of tax fraud, the Justice Department and Internal Revenue Service (IRS) announced. Fisher, who was supposed to begin trial on Monday, pleaded guilty in Bismarck, N.D., before Judge Daniel L. Hovland.

Fisher pleaded guilty to one count of conspiracy to defraud the United States by impeding the IRS, four counts of aiding in the filing of false federal tax returns for FSG and four counts of filing false individual tax returns. The conspiracy charge has a statutory maximum penalty of five years in prison and a \$250,000 fine. Each of the other eight tax fraud charges has a statutory maximum penalty of three years in prison and a \$250,000 fine.

FSG's chief financial officer, Amiel Schaff, pleaded guilty to one count of conspiracy to defraud the United States in October 2008. Clyde Frank, FSG's comptroller, pleaded guilty to one count of conspiracy to defraud the United States earlier this week. FSG was also charged in the superseding indictment with conspiracy to defraud the United States. Earlier this month, the United States reached a deferred prosecution agreement with FSG in which the company admitted responsibility for defrauding the United States. The agreement requires FSG to pay a total of \$1.16 million in restitution, penalties, and fines, implement measures to prevent future fraud at the company and cooperate with the IRS in audits of its tax returns. Under that agreement, prosecution against FSG is deferred until December 2011.

According to court documents, Michael Fisher caused FSG to pay for personal expenses such as construction expenses and furnishings for his personal residence and a recreation building, construction expenses for improvements to Tiger Discount, a gas station owned and controlled by Fisher through a nominee entity, as well as household and utility bills, vacations, credit card bills and legal expenses. According to court documents, these payments for Fisher were never reported to the IRS, but were deducted on the FSG corporate income tax returns, and Fisher failed to report all of his income on his individual income tax returns.

Michael Fisher pleaded guilty to the nine counts of tax fraud without a plea agreement. Fisher's sentencing is set for Aug. 17, 2009. Frank's sentencing is also set for Aug. 17, 2009. Schaff's sentencing is set for July 13, 2009.

"U.S. taxpayers who honestly report their income and pay their taxes can rest assured that those who do not, those who secretly conceal their income and assets to avoid paying their fair share, will be investigated and prosecuted by the IRS and Department of Justice," said John A. DiCicco, Acting Assistant Attorney General of the Justice Department's Tax Division.

"IRS Criminal Investigation directs its efforts at the portion of American taxpayers who willfully and intentionally file false tax returns, said Eileen Mayer, Chief, IRS Criminal Investigation. "The prosecution of these individuals is a vital element in maintaining public confidence in our tax system. We should not expect the honest taxpayer to foot the bill for those who circumvent the system to avoid paying their fair share."

This case was prosecuted by Tax Division Trial Attorneys Christopher S. Strauss and Michael J. Watling, with the support of the U.S. Attorney's Office for the District of North Dakota. This prosecution resulted from a long-term investigation conducted by special agents of the Criminal Investigation Division of the Internal Revenue Service.

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