

NEWS

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FOR IMMEDIATE RELEASE

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Two Federal Inmates Convicted in Scheme to Defraud the IRS of \$360,000

(More)

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TRENTON – Two federal inmates – one of them a nephew of the late New York Yankee Babe Ruth – were convicted by a federal jury today for their scheme to defraud the Internal Revenue Service of approximately \$360,000 through the filing of 178 false individual income tax returns which contained fraudulent claims for refunds, U.S. Attorney Christopher J. Christie announced.

After approximately four hours of deliberations, which began Jan. 24th, a jury convicted George Herman Ruth, 54, (nephew of Major League Baseball Hall of Famer George Herman “Babe” Ruth, Jr.) and William Robert Pilkey, 63, on one count of conspiracy to file false claims and 60 counts of filing false claims. U.S. District Judge Anne E. Thompson, who presided over the three-week trial, scheduled sentencing for May 2.

The case was tried by Assistant U.S. Attorneys Peter N. Katz and Christine Magdo.

During the trial, the jury heard the testimony of 48 government witnesses and viewed hundreds of pieces of evidence regarding the defendants’ scheme to defraud the IRS, which they operated from January 2003 to December 2004 while they were inmates being held at the Ft. Dix Federal Correctional Institution. Ruth had been serving a 33-month sentence for mail fraud, and Pilkey was serving a 10-year sentence on a drug conviction.

Ruth, who is from Indianapolis, Ind., and Pilkey, who is from Killeen, Texas, were in federal custody during the trial and were returned to custody following the convictions.

In convicting the defendants, the jury found that the two defendants, along with others, conspired to prepare false United States Individual Income Tax Returns in their names and the names of others, including the names of other inmates and former inmates, for tax years 2000 through 2003.

According to testimony and evidence presented at trial, the fraudulent tax returns included false information and documentation, which included false addresses, false forms 4852 (substitute for Form W-2), false statements and information concerning income earned, false information on federal tax withheld and false claims for refunds.

In convicting the defendants, the jury found that Ruth and Pilkey mailed the false returns to third parties, who then mailed the returns to various IRS service centers. According to trial evidence, the false returns demanded a total of approximately \$360,000 in fraudulent tax refunds. The actual loss from processed returns totaled approximately \$60,000.

According to trial testimony and evidence, Ruth and Pilkey instructed the third parties to deposit the refunds into various bank accounts and then transfer a portion of the funds into their commissary accounts at the prison.

Count One, charging conspiracy to file false claims, carries a maximum statutory sentence of 10 years in prison and a fine of up to \$250,000. Counts Two through 61, which charge false claim, each carry a maximum penalty of five years in prison and a fine of up to \$250,000 on each count.

Christie credited Special Agents of the IRS Criminal Investigation Division, under the direction of Special Agent in Charge William P. Offord, and the U.S. Postal Inspection Service, under the direction of Inspector in Charge David L. Collins, with the investigation leading to the conviction.

The government is represented by Assistant U.S. Attorneys Peter N. Katz and Christine Magdo of the U.S. Attorney's Office Criminal Division in Trenton and Newark, respectively.

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Defense Attorneys:

Ruth – Jim Murphy, Esq. Princeton

Pilkey – David Schroth, Esq. Trenton