



Department of Justice

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MEDICAL PRACTICE OFFICE MANAGER PLEADS GUILTY TO MAIL FRAUD, TAX CRIME IN CONNECTION WITH THEFT FROM EMPLOYER

CINCINNATI – Karen S. Schmidt, 44, of Amberley Village pleaded guilty in United States District Court here today to one count of mail fraud and one count of filing a false tax return in connection with stealing money from the medical practice where she worked as office manager.

Gregory G. Lockhart, United States Attorney for the Southern District of Ohio, Jose Gonzalez, Special Agent in Charge, Internal Revenue Service Criminal Investigation (IRS), and Gerald A. O'Farrell, Assistant Inspector in Charge, U.S. Postal Inspection Service announced the plea entered today before Senior U.S. District Judge Herman J. Weber.

According to court documents, between May 2005 and November 2007, Schmidt charged personal purchases on company-owned credit cards, pocketed cash received from patients, and created false invoices which she sent to the company and paid them using company checks. As office manager, she attempted to conceal the fraud from auditors.

As part of the plea, Schmidt agreed to make restitution to her employer, Ohio Valley Orthopaedics. The plea agreement says the loss exceeds \$120,000 but is less than \$200,000. A more specific amount will be determined prior to sentencing.

Schmidt admitted that she failed to report \$38,298.09 taken from her employer on her 2005 federal income tax returns.

Mail fraud is punishable by up to 20 years imprisonment. Filing a false tax return carries a maximum penalty of not more than three years imprisonment, plus payment of any taxes owed plus penalties and interest. Judge Weber will set a date for her sentencing.

Lockhart commended the joint investigation by FBI and IRS agents, and Assistant U.S. Attorney Richard Chema, who is prosecuting the case.

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