



NEWS RELEASE

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**KENAI DENTIST SENTENCED TO FIVE YEARS
IN FEDERAL PRISON FOR TAX EVASION**

Anchorage, Alaska – United States Attorney Karen L. Loeffler announced today, March 3, 2009, that Glenn E. Lockwood, a resident of Kenai, Alaska, was sentenced in federal court in Anchorage to five years in prison for his conviction on four counts of tax evasion. In addition to prison, Mr. Lockwood was ordered to pay a \$10,000 criminal fine and an additional \$42,000 for the costs of prosecution. Mr. Lockwood was also ordered to serve three years of supervised release upon his release from prison.

Chief United States District Court Judge John W. Sedwick imposed the sentence on Lockwood, age 61.

According to information presented to the court by Assistant United States Attorney Tom Bradley and DOJ Tax Division Attorney Katie Bagley, Lockwood was a practicing dentist who owned the Kenai Dental Clinic and attempted to evade over \$575,000 in federal income taxes for the years 2000 through 2003. As set forth in the indictment, Lockwood improperly leased his professional services to an Irish entity, which leased his services to a Nevada company, which, in turn, leased Lockwood's services back to his professional corporation, Glenn E. Lockwood, DDS, PC.

The evidence presented at trial established that Lockwood used nominees, offshore accounts, and a sham trust to disguise his interest in assets. He hid his money offshore, funneling it through Ireland and the Caribbean island of Nevis and the Bahamas. Lockwood created a corporation for his dental practice in 2000. This corporation then "leased" the business to an Ireland company that paid Lockwood a relatively small salary while funneling the dental practice's income into accounts over which the dentist had control. He also hid income through other tax shelters and a "sham" trust. He then claimed large deductions on the smaller income so that his tax bill all but disappeared.

Evidence at trial also showed that Lockwood deducted practically every expense in his life from the relatively little income he did report. He deducted his clothes, groceries, gas, his vacation home's utilities, and a \$1,504 charge to Mabel's House of Prostitution in Nevada, as business expenses. He claimed purchases at Dress Barn, David's Big and Tall Store, and Big Dog Sportswear as "uniforms" for the dental practice. Additionally, he claimed "advertising" expenses to companies called Latin Magic, Introductions, Our Best Friends and Friend Finder and claimed "continuing education" expenses to massage parlors.

Prior to imposing sentence, Judge Sedwick noted that, “Tax evasion is a serious crime, which strikes at the basis on which our government operates.” He stressed the importance of deterring others who might be considering cheating on their taxes, and warned that greed, like crime, doesn’t really pay. Judge Sedwick also admonished people who cheat on their taxes that they might think that the worst thing that will happen is that they will have to pay the money back, “But far worse things can happen, like going to jail for a long time.”

“Getting high-income earners to pay their income taxes shouldn't be like ‘pulling teeth’,” said Kenneth J. Hines, the IRS Special Agent in Charge of Alaska. “The use of phony lease arrangements, offshore accounts and sham trusts to hide your income from taxation, particularly in a period of significant federal budget shortfalls, amounts to a financial attack on those Americans who rely on the services that income taxes provide. Our agents in Alaska, in concert with the U. S. Attorney's Office, will always be there to hold such cheaters accountable.”

Ms. Loeffler commended the Internal Revenue Service–Criminal Investigations for the investigation leading to the successful prosecution of Lockwood.

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