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PRESS RELEASE

Bethany Massage Center Operator Sentenced to 27 Months for Tax Fraud

Anne Marie Connor, age 60, of Bethany Beach, Delaware, was sentenced late yesterday afternoon to 27 months in prison following her July 2010 conviction for tax evasion and filing false tax returns. Connor was also ordered to pay restitution in the amount of \$117,446 to the United States Treasury.

According to the evidence at trial and statements made during the sentencing, Connor was the owner and operator of Bethany Massage and Healing Arts Center, located in Bethany Beach, from the 1990s through 2009. She continues to practice at the Center. Between 1993 and 2003, she was the co-owner and operator of Wholesome Habits Health Food Store, which was located in the same shopping plaza in Bethany. Over a 6-year period beginning in 1998, Connor used sham "trusts" to hide income from the IRS. Under the scheme, Connor installed the "trusts" as the named members of the limited liability companies through which she operated her businesses. Connor directed all income from the business into the "trust" bank accounts. She also placed the deed to her Bethany residence into one of the "trusts." Connor retained complete control over and made use of the income from her businesses and her residence throughout the five-year period charged in the indictment. Between 2000 and 2004, Connor earned over \$527,000 in income on which she evaded over \$117,000 in federal income taxes.

Principals of the Arizona-based entity promoting the scheme, known as Innovative Financial Consultants, were sentenced to substantial prison sentences in June 2006.

After the imposition of the sentence, United States Attorney David C. Weiss stated, “Ms. Connor participated in an orchestrated scheme to evade taxes. Left unchecked, these schemes threaten to undermine our system of voluntary compliance. Today’s sentence makes it clear that those who scheme to evade taxes face substantial criminal penalties.”

“We continue to see the negative consequences of participating in abusive trusts,” said Eric Hylton, Special Agent in Charge of IRS-Criminal Investigation, Philadelphia Field Office. “Today's sentence is a positive message to honest taxpayers and further exhibits that the IRS and U.S. Attorney’s Office are duty bound to protect the integrity of the U.S. tax administration system, and to make sure everyone complies with their tax obligations.”

This case was investigated by the Internal Revenue Service and was prosecuted by Assistant United States Attorney Edward J. McAndrew.