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ROCKFORD DOCTOR PLEADS GUILTY TO FILING A FALSE TAX RETURN

ROCKFORD – PATRICK J. FITZGERALD, United States Attorney for the Northern District of Illinois; BYRAM W. TICHENOR, Special Agent-In-Charge of the Chicago Office of the Internal Revenue Service - Criminal Investigation Division (“IRS-CID”); and ROBERT D. GRANT, Special Agent-In-Charge of the Chicago Office of the Federal Bureau of Investigation (“FBI”), today made the following announcement:

This morning, in federal court in Rockford, Rockford psychiatrist IMAD M. AL-BASHA, 55, pled guilty to one count of filing a materially false federal tax return.

The tax charge that Al-Basha pled guilty to was part of an eight count indictment filed on February 20, 2007. The indictment stated that Al-Basha is the vice president of Edgebrook Dermatology, P.C., a Subchapter S Corporation that is owned by Al-Basha’s wife. The indictment alleged that Al-Basha caused materially false Form 1120-S federal tax returns to be prepared and filed on behalf of Edgebrook Dermatology for the years 2000 through 2003. Specifically, the indictment charged that Al-Basha caused the ordinary income of Edgebrook Dermatology to be substantially under-reported in each of these years.

The indictment further alleged that Al-Basha caused materially false Form 1040 federal income tax returns to be filed on behalf of himself and his wife for the years 2000 through 2003. Specifically, the indictment charged that Al-Basha substantially under-reported his and his wife’s total income for each of these years. In addition, the indictment alleged that Al-Basha substantially under-reported the total taxes owed by Al-Basha and his wife for the years 2000 through 2003.

In the plea agreement filed this morning, Al-Basha admitted that he filed a materially false personal income tax return on behalf of himself and his wife for the year 2001. Specifically, Al-Basha admitted that he provided falsely inflated business expenditure figures for Edgebrook Dermatology to Edgebrook’s tax preparer. As Al-Basha acknowledged, these falsely inflated expenditure figures caused the ordinary income of Edgebrook to be significantly understated. This false income figure from Edgebrook was then carried over to the Al-Bashas’ 2001 personal return, causing the total income and tax figures to be substantially under-reported.

As part of the plea agreement, Al-Basha also admitted that he falsely inflated Edgebrook’s business expenditures in 2000, 2002, and 2003, thereby causing his and his wife’s personal tax returns to be false for each of those years. In addition, Al-Basha admitted that he caused a total tax loss of \$181,059 for the four years charged in the indictment.

Al-Basha will be sentenced on July 9, 2009, at 2:30 p.m. The charge of filing a materially false tax return carries a maximum penalty of up to 3 years imprisonment, a fine of up to \$250,000, and full restitution to the United States. Al-Basha's actual sentence will be determined by the United States District Court, guided by the United States Sentencing Guidelines.

The case was investigated by the Chicago office of the IRS-CID and the Rockford office of the FBI. The case is being prosecuted in federal court by Assistant United States Attorney SCOTT A. VERSEMAN.

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