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## **FORMER ASSISTED LIVING FACILITY CHAIN CEO PLEADS GUILTY TO TAX FRAUD CHARGES**

WASHINGTON - Ronald E. Burrell, former Chief Executive Officer of Caremerica, Inc., pleaded guilty today to conspiring to defraud the Internal Revenue Service (IRS), the Justice Department and Thomas G. Walker, United States Attorney for the Eastern District of North Carolina, announced. His sentencing hearing is scheduled for April 9, 2012. Burrell is a resident of Wilmington, N.C.

According to the charging document, Burrell co-owned and operated a chain of assisted living facilities (ALFs) in North and South Carolina. The ALFs were managed by Caremerica, Inc., a company based in Leland, N.C. that Burrell also partly owned and operated. Burrell was the President and CEO for Caremerica, the Caremerica ALFs, and other related companies. As a corporate officer, Burrell was responsible for ensuring that the Caremerica companies collected, reported, and paid over federal employment taxes to the IRS. However, with Burrell at the helm, the Caremerica companies accrued more than \$4.5 million in employment tax liabilities between approximately 2003 and 2006. Among other things, Burrell filed, or caused to be filed, false IRS forms that reported full payment of the employment taxes due, when in fact only a small fraction of the taxes, or none at all, were paid.

The charging document further alleges that in 2003, Burrell acquired partial ownership of Partners Pharmacy Services, Inc. (PPS), which provided prescription drug and related services to the Caremerica ALFs. In April 2005, Burrell sold PPS to a subsidiary of Omnicare, Inc. At the closing, Burrell received \$1.6 million. The PPS sale proceeds were disbursed at a time when the IRS was attempting to collect unpaid employment taxes from the Caremerica companies, as well as from Burrell personally. To prevent the IRS from discovering the PPS proceeds, Burrell took active steps to conceal them.

At his hearing before Judge James C. Fox, sitting in Wilmington, N.C., Burrell agreed that he should be ordered to pay restitution of \$4.8 million.

United States Attorney Thomas G. Walker said the case, "was yet another example of a fraudster being brought to justice."

This case was investigated by IRS Criminal Investigation. It is being prosecuted by Trial Attorneys Adam Hulbig, Todd Ellinwood, and Kevin Lombardi of the Justice Department's Tax Division.

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