



*United States Attorney
Southern District of New York*

FOR IMMEDIATE RELEASE
APRIL 4, 2008

CONTACT: U.S. ATTORNEY'S OFFICE
HERBERT HADAD, YUSILL SCRIBNER,
REBEKAH CARMICHAEL
PUBLIC INFORMATION OFFICE
(914) 993-1900
(212) 637-2600

**WESTCHESTER CPA PLEADS GUILTY IN U.S. COURT TO TAX
EVASION, MAKING FALSE STATEMENTS ON LOAN APPLICATION**

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, announced that DENNIS PILOTTI, a Certified Public Accountant ("CPA"), pleaded guilty today in White Plains federal court to evading his income taxes for the years 2001 through 2004 and making false statements to Merrill Lynch Business Financial Services, Inc. ("Merrill Lynch") in connection with a \$5.1 million loan.

According to Court records and his guilty plea, PILOTTI owned and operated Pilotti, Cunzio and Associates, LLP and its successor firm, Pilotti and Company, PLLP, both CPA firms located in Valhalla and Armonk, New York ("the accounting firms"). PILOTTI's wife and son owned companies that in turn owned a health club on Long Island.

According to the Information filed today, PILOTTI engaged in a scheme to evade his income taxes by: (1) falsely classifying business receipts to the accounting firms as loans and falsely inflating his capital accounts to offset the payment of his personal expenses by the firm; (2) setting up two shell companies that had no business purpose into which he diverted business receipts from the accounting firms and then used the money to pay personal expenses; (3) diverting money from the corporate entities which owned and operated the health club to the accounting firms and the shell companies which he then failed to report; and (4) filing false corporate, partnership and individual tax returns with the Internal Revenue Service.

As a result of his tax evasion scheme, PILOTTI understated his taxable income by more than \$1,226,284 in total, and understated his tax liability by approximately \$365,000 for the years 2001 through 2004.

PILOTTI also pleaded guilty to making false statements on a loan application for a \$5.1 million loan made by Merrill Lynch

Business Financial Services, Inc. a wholly owned subsidiary of Merrill Lynch Bank, USA, to one of the companies that owned the Long Island health club. As charged in the Information, PILOTTI created and submitted numerous false documents to Merrill Lynch in connection with the loan application, including false tax returns he prepared for his wife, son and the corporations which owned the health club, all of which falsely overstated their income.

As a result of his guilty plea, entered before United States Magistrate Judge GEORGE A. YANTHIS, PILOTTI, age 56, faces a maximum sentence of 30 years in prison on the charge of making false statements to a bank and 5 years in prison on the tax evasion charge. He also faces a maximum fine of the greater of \$1 million or twice the gross gain or loss from the offenses, as well as imposition of the costs of prosecution. Sentencing is scheduled for July 8, 2008, at 12 noon before United States District Judge STEPHEN C. ROBINSON.

Mr. GARCIA praised the investigative work of the Internal Revenue Service, Criminal Investigation Division, the Federal Bureau of Investigation and the Westchester County District Attorney's Office and thanked them for their assistance in this case.

Assistant United States Attorney PERRY CARBONE is in charge of the prosecution.

08-083

###