



United States Attorney
Southern District of New York

FOR IMMEDIATE RELEASE
SEPTEMBER 24, 2009

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

IRS
JOSEPH FOY
PUBLIC INFORMATION OFFICE
(212) 436-1032

**ARMONK CPA SENTENCED TO 3 YEARS IN PRISON FOR TAX FRAUD
AND MAKING FALSE STATEMENTS ON LOAN APPLICATION**

PREET BHARARA, the United States Attorney for the Southern District of New York, announced that DENNIS PILOTTI, a Certified Public Accountant ("CPA"), was sentenced today in White Plains federal court to 3 years in prison for 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, which were CPA firms located in Valhalla and Armonk, New York ("the accounting firms").

PILOTTI engaged in a scheme to evade his income taxes in connection with his operation of the accounting firms and a health club owned by his wife and son 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 that owned and operated the health club to the accounting firms and the shell companies, and thereafter failing to report that money as income; 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 plead 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 PILOTTI'S wife and son. PILOTTI's wife and son owned two corporations, which in turn owned and operated the now defunct Peak Health Club located on Long Island. PILOTTI created and submitted numerous false documents to Merrill Lynch in connection with the loan application submitted to Merrill Lynch, including tax returns he prepared for his wife, son, and the corporations that owned the health club, all of which falsely and fraudulently overstated their income.

PILOTTI, age 56, was directed by United States District Judge STEPHEN C. ROBINSON to begin serving his sentence on January 11, 2010, and was ordered to pay \$318,000 in restitution.

Mr. BHARARA praised the investigative work of the Internal Revenue Service, Criminal Investigation Division, and the Federal Bureau of Investigation and thanked them for their assistance in this case.

Assistant United States Attorneys STANLEY J. OKULA, JR. and PERRY CARBONE are in charge of the prosecution.

09-315

###