



U.S. Department of Justice

United States Attorney

Eastern District of Pennsylvania

615 Chestnut Street
Suite 1250
Philadelphia, Pennsylvania 19106-4476
(215) 861-8200

FOR IMMEDIATE RELEASE

May 6, 2010

TAX FRAUD SCHEME EARNS MAIN LINE DOCTOR 66 MONTHS IN PRISON

PHILADELPHIA – Bertram R. Russell, III, 58, of Gladwyne, was sentenced today to 66 months in prison, fined \$50,000, and ordered to pay over a million dollars in restitution for his conviction in a tax obstruction and evasion scheme, announced Acting United States Attorney Michael L. Levy. Russell and his trial co-defendants, Bernard Bagdis and Richard J. Frase, along with nine other defendants, concealed income totaling more than \$24 million, with \$4.9 million in taxes owed to the Internal Revenue Service.

The evidence at trial detailed Russell's participation with Bernard Bagdis in a scheme to defraud the IRS for over a decade. In summary, the plan called for Russell to convince his employer to pay millions of dollars of his salary to a corporation, without any withholdings; in turn, Russell failed to report any of that income to the IRS. He refused to claim any of this money on personal or corporate tax returns. Indeed, even today, he has not filed any personal or corporate tax returns for his income dating back to the early 1990's. Russell then routed these un-taxed funds through a network of corporations to pay his personal expenses. In order to further obscure the connection to Dr. Russell, many of these personal expenses were paid by a payment processing company operated by Bernard Bagdis.

In addition to the prison term, U.S. District Court Judge Curtis J. Joyner ordered Russell to pay restitution in the amount of \$1,158,914.99, and a \$50,000 fine. Bagdis' sentencing is scheduled for June 1, 2010. Co-defendant Richard Frase was sentenced to a term of imprisonment of 56 months on November 3, 2009.

The case was investigated by the Internal Revenue Service-Criminal Investigation Division, the Federal Bureau of Investigation, and the United States Postal Inspection Service. The case was prosecuted by Assistant United States Attorneys David J. Ignall, Stephen A. Miller, and John J. Pease, and Trial Attorney Sean B. O'Connell of the U.S. Department of Justice's Tax Division.

**UNITED STATES ATTORNEY'S OFFICE
EASTERN DISTRICT, PENNSYLVANIA
Suite 1250, 615 Chestnut Street
Philadelphia, PA 19106**

**Contact: PATTY HARTMAN
Media Contact
215-861-8525**