

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

UNITED STATES OF AMERICA : **CRIMINAL NO.** _____
v. : **DATE FILED:** _____
DENNIS GLICK : **VIOLATIONS**
: **26 U.S.C. § 7212(a) (corruptly**
: **endeavoring to obstruct and impede**
: **the due administration of the Internal**
: **Revenue laws - one count)**
: **26 U.S.C. § 7206(2) (aiding and**
: **abetting the preparation and filing of**
: **false tax returns - 4 counts)**

INDICTMENT

COUNT ONE

THE GRAND JURY CHARGES THAT:

At all times material to this indictment:

1. Defendant DENNIS GLICK, a resident of Huntingdon Valley, Pennsylvania, was a certified public accountant operating through an accounting firm named Dennis W. Glick & Associates, P.C.
2. From at least 1999 until 2003, Jonathon Felix, charged elsewhere, was the owner and President of United Professional Plans, Inc. (“UPPI”), a corporation organized in 1973 under the laws of the Commonwealth of Pennsylvania. He also managed the day-to-day operations of the corporation.
3. UPPI was a third-party administrator of dental plans for labor union health and welfare funds. In this role, UPPI processed dental claims and resolved disputes between

labor union members and dental providers, receiving a management fee from the health and welfare funds for its services.

4. P.F., a person known to the grand jury, was Jonathon Felix's father. P.F., a dentist, formed UPPI in 1973 and operated the company for many years. In the mid-1980s, he brought Jonathon Felix into the business, gradually giving him more responsibility and increasing his ownership interest in UPPI. By the time that P.F. died in or about November 2000, P.F. owned approximately 50% of UPPI and Jonathon Felix owned the remainder.

5. M.F., a person known to the grand jury, was Jonathon Felix's mother. When P.F. died, she received his ownership interest in UPPI.

6. The Internal Revenue Code (the "Code") and associated regulations permitted a corporation to elect to be treated as a "pass through" entity for federal tax purposes, which eliminates the requirement that the corporation pay corporate income taxes on any income earned. Instead of requiring the corporation to pay corporate income taxes, the Code and associated regulations allowed the corporate income to "pass through" or flow to the owners of the corporation. A corporation that elected to be treated as a pass-through entity was known as an "S corporation" and was required to file a U.S. Income Tax Return for an S Corporation, also known as Form 1120S. Because of the S corporation's pass-through nature, no taxes were owed by an S corporation.

7. The Code and associated regulations required the owner of an S corporation to report the corporation's ordinary income as personal income on a U.S. Individual Income Tax Return, Form 1040, in proportion to the owner's respective ownership share.

8. At some point prior to 1998, UPPI elected to be treated as an S corporation. As a result, each fiscal year it was required to file a U.S. Income Tax Return for an S Corporation, Form 1120S. In addition, its owners, first P.F. and Jonathon Felix and later Jonathon Felix and M.F., were required to report their proportionate share of income from UPPI on their own U.S. Individual Income Tax Return, Form 1040.

9. From in or about 2000 through in or about 2005, in the Eastern District of Pennsylvania and elsewhere, defendant

DENNIS GLICK

did corruptly endeavor to obstruct and impede the due administration of the Internal Revenue laws by, among other things, preparing false and fraudulent individual income tax returns for Jonathon Felix for tax years 1999 through 2002 and by making misrepresentations to criminal law enforcement agents who were investigating the falsity of Jonathon Felix's tax returns for these years. More specifically, defendant DENNIS GLICK corruptly endeavored to obstruct and impede the Internal Revenue laws by, *inter alia*, committing the acts described in paragraphs 10 through 25 below.

10. In or about 1998 or 1999, P.F. hired defendant DENNIS GLICK and his firm, Dennis W. Glick & Associates, P.C., to provide accounting services for UPPI. P.F. informed defendant GLICK that UPPI had become delinquent in paying the dental providers that it was obligated to pay. Accordingly, P.F. asked defendant GLICK to perform a financial analysis of UPPI. Defendant GLICK subsequently prepared one to two corporate income tax returns for UPPI, Forms 1120S, which were never filed.

11. Defendant DENNIS GLICK performed accounting services for UPPI. Many non-payroll checks payable to Jonathon Felix had been drawn on UPPI's business bank accounts. Jonathon Felix also had charged substantial personal expenses to UPPI's corporate credit card. Defendant GLICK advised Jonathon Felix that these non-payroll checks and personal credit card expenditures were income to Jonathon Felix and that he should report this income on his tax returns and pay taxes on these amounts.

12. Defendant DENNIS GLICK also advised Jonathon Felix that he needed to increase his income tax withholdings from his paychecks to cover the tax liability that he would owe to the IRS based on the unreported funds that he was removing from UPPI over and above his reported paychecks.

13. Throughout this process, defendant DENNIS GLICK had limited access to the records of UPPI. As a result, for the tax years 1998 through 2002, no corporate income tax returns, Forms 1120S, were filed for UPPI, as required by law. Despite this, defendant GLICK did prepare individual income tax returns for P.F. and M.F. for the years 1998 through 2001. These returns reported specific amounts of flow-through income and losses from UPPI.

14. For tax years 1999 through 2002, while defendant DENNIS GLICK was UPPI's outside accountant, Jonathon Felix failed to file his individual income tax returns, Forms 1040, on a timely basis. In these years, Jonathon Felix realized income, in various forms, as a result of his management and control of UPPI. This income included money spent on personal expenditures that he diverted from UPPI's bank accounts—money that was being held, in part, in trust for the dental providers that UPPI was obligated to pay on behalf of the unions. In addition to money taken from UPPI's bank accounts, Jonathon Felix also converted into cash sporting

events tickets that UPPI had purchased for distribution to its clients.

15. At some point before late 2003, defendant DENNIS GLICK told Jonathon Felix that he did not want to continue to provide accounting services to UPPI because he did not have access to the necessary UPPI records.

16. In late 2003, the Internal Revenue Service (“IRS”) contacted Jonathon Felix regarding his and UPPI’s unfiled tax returns. Jonathon Felix, in turn, contacted defendant DENNIS GLICK and requested assistance.

17. In response to the request from Jonathon Felix, defendant DENNIS GLICK asked another accountant, R.F., a person known to the grand jury, to prepare UPPI’s delinquent corporate income returns, which were necessary to prepare Jonathon Felix’s delinquent tax returns accurately. R.F. began to do this using limited UPPI bank records but was unable to finish.

18. Jonathon Felix returned to defendant DENNIS GLICK, who agreed in or about early 2004 to prepare Jonathon Felix’s delinquent individual income tax returns.

19. In or about February 2004, defendant DENNIS GLICK informed the IRS that he would prepare the delinquent returns for Jonathon Felix.

20. On or about March 10, 2004, defendant DENNIS GLICK prepared, signed, and caused to be signed and filed under penalties of perjury Jonathon Felix’s 1998 federal individual income tax return, Form 1040, which defendant GLICK knew to be materially false because it included a fabricated management fee figure on line 21 (Other Income) of the Form 1040 and did not report all of Jonathon Felix’s income, specifically his flow-through income from UPPI.

21. On or about May 17, 2004, defendant DENNIS GLICK prepared, signed, and caused to be signed and filed under penalties of perjury Jonathon Felix's 1999, 2000, and 2001 federal individual income tax returns, Forms 1040, which defendant GLICK knew to be materially false because each included a fabricated management fee figure on line 21 (Other Income) of the Form 1040 and did not report all of Jonathon Felix's income, including his flow-through income from UPPI and the money that Jonathon Felix diverted from UPPI for personal use.

22. On or about July 20, 2004, defendant DENNIS GLICK prepared, signed, and caused to be signed and filed under penalties of perjury Jonathon Felix's 2002 and 2003 federal individual income tax returns, Forms 1040, which defendant GLICK knew to be materially false because each included a fabricated management fee figure on line 21 (Other Income) of the Form 1040 and did not report all of Jonathon Felix's income, including his flow-through income from UPPI and the money that Jonathon Felix diverted from UPPI for personal use.

23. In or about 2004, federal authorities in the Eastern District of Pennsylvania initiated a grand jury investigation into Jonathon Felix's activities while operating UPPI.

24. On or about August 30, 2004, defendant DENNIS GLICK falsely told investigating law enforcement agents that Jonathon Felix had given him the management fee figures that he had placed on Jonathon Felix's delinquent tax returns for the years 1999 through 2002.

25. On or about January 14, 2005, defendant DENNIS GLICK again falsely

told investigating law enforcement agents that Jonathon Felix had given him the management fee figures that he placed on Jonathon Felix's federal individual income tax returns for the years 1999 through 2002.

In violation of Title 26, United States Code, Section 7212(a).

COUNTS TWO THROUGH FIVE

1. Paragraphs 1 through 8 and 10 through 25 of Count One are incorporated here.

2. On or about the dates set forth below, in the Eastern District of Pennsylvania, defendant

DENNIS GLICK

willfully aided and assisted in, and procured, counseled, and advised the preparation and presentation to the Internal Revenue Service, of joint U.S. Individual Income Tax Returns, Forms 1040, for Jonathon Felix, charged elsewhere, and his wife for the calendar years listed below. The returns were false and fraudulent as to material matters, in that the returns represented that Jonathon Felix had earned total income (line 22) and management fees (line 21), in the amounts set forth below, whereas, as defendant Dennis Glick then and there knew, the total income and management fees reported were false, and the income amounts that Jonathon Felix realized in each of the respective years set forth below was greater than the amounts that were reported on these returns.

COUNT	DATE OF OFFENSE	TAX YEAR	FALSELY CLAIMED ITEMS	AMOUNTS CLAIMED
2	May 17, 2004	1999	<ul style="list-style-type: none">• Management fee (line 21)• Total income (line 22)	\$125,000 \$280,017
3	May 17, 2004	2000	<ul style="list-style-type: none">• Management fee (line 21)• Total income (line 22)	\$150,000 \$207,163
4	May 17, 2004	2001	<ul style="list-style-type: none">• Management fee (line 21)• Total income (line 22)	\$165,000 \$235,637
5	July 20, 2004	2002	<ul style="list-style-type: none">• Management fee (line 21)• Total income (line 22)	\$180,000 \$256,500

In violation of Title 26, United States Code, Section 7206(2).

A TRUE BILL:

GRAND JURY FOREPERSON

**ZANE DAVID MEMEGER
UNITED STATES ATTORNEY**