



Department of Justice

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CHIROPRACTOR SENTENCED FOR TAX FRAUD

Ninety Percent of Business Income Attributed to Fake Partner

ATLANTA, GA - MICHAEL J. FALITE, 42, of Cumming, Georgia, was sentenced today by United States District Judge Beverly Martin to serve two years in federal prison on charges of filing a false tax return.

United States Attorney David E. Nahmias said: "This successful chiropractor, operating a lucrative practice, decided he no longer wanted to pay his lawful income taxes. He chose instead to file a fraudulent tax return, falsely stating that 90-percent of his income went to a non-existent 'partner' company. He used his ill-gotten gains to pay the balance on his mortgage, purchase automobiles, and open investment accounts. Those who would commit tax fraud should take heed: a felony conviction and a prison term, rather than an affluent lifestyle, may well be the consequences of your criminal activity."

FALITE was sentenced to two years in prison to be followed by one year of supervised release. He was ordered to pay \$216,038 in restitution. FALITE was convicted of this charge on June 9, 2009 upon his plea of guilty.

According to United States Attorney Nahmias and other information presented in court: FALITE owned and operated "Falite Family Chiropractic," based in Alpharetta, which was incorporated as an LLC in 2000. In 2002, FALITE, acting against the advice of his longtime accountant, filed a tax return for the chiropractic practice using a fraudulent trust scheme. The 2002 tax return attributed 90-percent of the income from the chiropractic clinic to a non-existent company known as "Abundance Investments." No tax return was filed by or on behalf of Abundance Investments, and no tax was paid on the income attributed to that company on the Falite Family Chiropractic tax return.

Bank account records showed that FALITE wrote checks from the chiropractic practice to Abundance Investments and other non-existent companies, which he then endorsed and deposited into bank accounts in names other than his own or Falite Family Chiropractic. The non-existent companies other than Abundance Investments to which FALITE wrote checks had names that were designed to make it appear that the checks

were for legitimate business expenses, such as “Sunshine Personnel,” “Chiro Equipment Leasing,” “Quantum Office Equipment Leasing” and “World Travel Leasing.” Bank account records established that the monies from the checks made payable to the sham companies and deposited into these accounts were actually used to pay off the Falites’ home mortgage, to purchase or make payments on automobiles, to open a Vanguard investment account and to pay other personal expenses.

This case was investigated by Special Agents of the Internal Revenue Service, Criminal Investigation Division.

Assistant United States Attorney Teresa D. Hoyt and Jenny L. Grus, a trial attorney with the Department of Justice Tax Division, prosecuted the case.

For further information please contact David E. Nahmias (pronounced NAH-me-us), United States Attorney, or Charysse L. Alexander, Executive Assistant United States Attorney, through Patrick Crosby, Public Affairs Officer, U.S. Attorney's Office, at (404) 581-6016. The Internet address for the HomePage for the U.S. Attorney's Office for the Northern District of Georgia is www.usdoj.gov/usao/gan.