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FOR IMMEDIATE RELEASE

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**TAX FRAUD SCHEME EARNS NEW YORK MAN
56 MONTHS IN PRISON**

PHILADELPHIA – Richard J. Frase, 64, of Schoharie, NY, was sentenced today to 56 months in prison for his conviction in a tax obstruction and evasion scheme, announced United States Attorney Michael L. Levy. Frase and his trial co-defendants, Bernard Bagdis and Dr. Bertram R. Russell, along with nine other defendants, concealed income totaling more than \$24 million, with \$4.9 million in taxes owed to the Internal Revenue Service.

Frase and Bagdis created a shell corporation to receive the income earned by Frase from the Chrysler Corporation, in order to evade taxes. Frase also attempted to evade his individual income taxes for the years 1998 through 2006. Frase had his salary paid to him through the Personnel Department, Inc., a company controlled by Bagdis, which then paid Frase a nominal amount of income per year. The remainder of Frase's income went into bank accounts controlled by Bagdis in the name of the Administar Corporation, and ultimately to a bank account held by Frase's shell corporation. During the years 1998 through 2006, Frase received approximately \$1,388,314 in income, resulting in a tax due and owing of approximately \$426,000. He was convicted of all charges on April 22, 2009.

In addition to the prison term, U.S. District Court Judge Curtis J. Joyner ordered Frase to pay restitution in the amount of \$429,702, and a \$15,000 fine. Bagdis' sentencing is scheduled for March 19, 2010. Russell will be sentenced on December 2, 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.

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