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MARYLAND CARDIOLOGIST SENTENCED TO ALMOST 4 YEARS FOR EVADING MORE THAN $16 MILLION IN INCOME TAXES

Did Not Report More Than $40 Million in Profits from Stock Trading

GREENBELT, Maryland - U.S. District Judge Roger W. Titus sentenced Pradeep Srivastava, age 50, of Potomac, Maryland, a cardiologist who maintained offices in Greenbelt and Oxon Hill, to 46 months in prison, followed by three years of supervised release, for evading more than $16 million dollars in income taxes for the 1998 and 1999 tax years, and filing a false tax return for 2000. Judge Titus also entered an order of restitution against Srivastava in the amount of $16,110,160. Srivastava was convicted by a federal jury on October 8, 2009.

The sentence was announced United States Attorney for the District of Maryland Rod J. Rosenstein; Acting Assistant Attorney General John DiCicco of the Department of Justice Tax Division; Special Agent in Charge C. André Martin of the Internal Revenue Service’s Criminal Investigation Division; Special Agent in Charge Nicholas DiGiulio of the Department of Health and Human Services - Office of Inspector General; Special Agent in Charge Richard A. McFeely of the Federal Bureau of Investigation; and Special Agent in Charge Jill Maroney of the Office of Personnel Management - Office of Inspector General. United States Attorney Rod J. Rosenstein said, “Dr. Pradeep Srivastava’s prosecution should serve as an example for anyone who considers cheating on their taxes.”

“No one is above the law,” said Assistant Attorney General John A. DiCicco. “Doctors and professionals, like workers from all walks of life, have to pay their fair share of income taxes. People who break these laws face serious felony charges, prison time and having to pay back all the taxes owed with interest and penalties.”

“Tax evasion is not a victimless crime; we all pay when others swindle the government,” stated C. André Martin, Internal Revenue Service-Criminal Investigation Special Agent in Charge. “This sentence should send a clear message; schemes to evade taxes are a violation of the federal tax laws and the consequences of such schemes can and will result in jail time.”

According to evidence presented at the six day trial, Srivastava conducted a huge volume of trading in stocks and stock options. During the “bull market” of the late 1990s, the evidence showed that he earned more than $40 million in short-term capital gains, much of them from trading in stock options involving high-technology stocks such as America Online, Dell Computer, Yahoo, Qualcomm and Inktomi. In preparation for filing his tax returns for 1998 and 1999, Srivastava provided his accountant with information about those trades that generated capital losses, but omitted providing information relating to the vast majority of his short-term capital gains. Srivastava then filed tax returns which omitted those capital gains and, according to trial testimony, understated his tax due by $164,756 in 1998 and $16,179,567 in 1999.

The evidence proved that in 2000, the value of Srivastava’s portfolio collapsed and he incurred massive capital losses. Disclosure of the full extent of those losses, however, would have potentially alerted the Internal Revenue Service to his massive, undisclosed short-term capital gains for 1998 and 1999, therefore, trial testimony showed that Srivastava filed a false tax return which understated his capital losses for 2000.

In a related investigation, in August 2007, Srivastava agreed to pay the United States $476,000 to settle claims that he fraudulently billed Medicare and the Federal Health Employees Health Benefits Program (“FEHBP”) over a three and a half year period. According to the settlement agreement, the government contended that Srivastava committed multiple billing abuses from November 1, 1999 to May 31, 2003, including billing for services not rendered; “unbundling,” a practice where a provider bills for multiple component parts of a procedure as opposed to billing one comprehensive CPT code; and upcoding, or billing for a service at a higher level than that which was furnished. Assistant U.S. Attorney Thomas F. Corcoran, handled the case.

Mr. Rosenstein and Mr. DiCicco thanked Assistant U.S. Attorney Stuart A. Berman and Trial Attorney John E. Sullivan, of the Department of Justice Tax Division, who prosecuted the tax case.

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