

# NEWS

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United States Department of Justice  
U.S. Attorney, District of New Jersey  
970 Broad Street, Seventh Floor  
Newark, New Jersey 07102

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***Ralph J. Marra, Jr., Acting U.S. Attorney***

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Sept. 29, 2009

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Former Insurance Company Employee Pleads Guilty to  
Tax Evasion in Connection with a Kickback Scheme

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(More)

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NEWARK – A former insurance company employee pleaded guilty today to a charge of attempted tax evasion, admitting her personal income tax returns failed to report income from kickback payments totaling more than \$100,000, Acting U.S. Attorney Ralph J. Marra announced.

Ellen Scharaga, 50, of Melville, N.Y., made her first appearance in federal court and pleaded guilty before U.S. Magistrate Judge Patty Shwartz. Scharaga pleaded guilty to a one-count Information that charges her with attempting to evade and defeat taxes due and owing to the United States. Judge Shwartz released the defendant on a \$50,000 bond pending sentencing, which is scheduled for Jan 6.

At her plea hearing, Scharaga stated that her former job duties included involvement in the process of designating medical service providers into the insurance company's network of providers. Scharaga admitted that in 2003, she agreed that she would use her influence to arrange for the insurance company to designate "E.S.," as a provider in return for kickback payments. Thereafter, Scharaga received kickback payments, which included payments made to her through a company she created called Health Development, Inc. ("HDI"), Scharaga admitted. Scharaga admitted these payments were in return for her influence in having the insurance company designate E.S. as a provider within its network

As a result, Scharaga filed an Individual Income Tax Return, Form 1040, for the tax years 2003, 2004 and 2005, which under reported her income for those years and which consequently understated the amount of tax due and owing. For instance, on April 13, 2004, Scharaga filed an individual income tax return that failed to claim approximately \$123,000 in taxable income, which would have resulted in an additional tax of approximately \$42,000. The total loss in tax revenue to the government arising from the offense exceeds \$80,000.

The charge to which Scharaga pleaded guilty carries a maximum statutory penalty of five years in prison and a fine equal to the greatest of \$100,000 or twice the gain or loss cause by her offense. In addition, the plea agreement requires Scharaga to file accurate amended personal returns for the calendar years 2001 through 2005 and to pay to the IRS all taxes and penalties owed on those returns.

Marra credited Special Agents of the Internal Revenue Service, under the direction of Special Agent in Charge William P. Offord, with the investigation leading to the guilty pleas.

The government is represented by Assistant U.S. Attorney Andrew Kogan of the U.S. Attorney's Office Criminal Division in Newark.

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Defense Counsel: Richard Landes, Esq.,