



THE UNITED STATES ATTORNEYS OFFICE

EASTERN DISTRICT *of* PENNSYLVANIA

## Allentown Couple Sentenced For Tax Fraud Conspiracy

FOR IMMEDIATE RELEASE

July 10, 2012

PHILADELPHIA – Paul F. Basile, 55, and Barbara Basile, 54, both of Allentown, PA, were sentenced today for their conspiracy to defraud the United States by attempting to conceal their income and failing to pay their federal income taxes. Paul Basile was sentenced to 78 months in prison; Barbara Basile was sentenced to 63 months in prison, and U.S. District Court Judge Paul S. Diamond ordered the couple to pay restitution to the IRS in the amount of \$1,417,916.

The couple was convicted by a jury on December 22, 2011. In addition to the conspiracy count, Paul Basile was convicted of five counts of tax evasion and two counts of filing false returns, and Barbara Basile was convicted of two counts of tax evasion, two counts of filing false returns and two counts of failing to file tax returns. Both defendants have been in custody since their convictions.

The Basiles, who for more than 15 years challenged the legitimacy of the tax laws, owned a chiropractic business called Lehigh Valley Non-Surgical, Inc. ("LVNS") and earned income through payments from patients and from health insurance companies. According to evidence introduced at trial, between early 2003 and December 31, 2005, Paul and Barbara Basile removed themselves from LVNS's payroll system and paid themselves with weekly checks from LVNS or another entity they controlled called Hamilton Health Management in order to avoid paying income and payroll taxes. Paul Basile also earned income from tutoring and coaching work that he performed as a consultant for a company called Breakthrough Coaching, LLC, as well as for consulting services he provided to a company called Corporate Health of America, LLC. Payments from Breakthrough Coaching and Corporate Health of America were paid to another entity the Basiles controlled called Nylad, Ltd. Between 2002 and 2005, the evidence at trial demonstrated that the Basiles owed approximately \$150,000 in taxes.

The evidence also showed that between October 18, 2004 and January 4, 2005, Paul Basile attempted to defraud the IRS by issuing checks totaling \$1,351,380 from a closed bank account to cover tax liabilities that he and his wife owed for tax years 1995 through 2001. He also submitted a series of fictitious documents titled, "Prepaid Foreign Bills of Exchange," totaling approximately \$2,293,847.76 as purported payment of his own and his wife's income tax liabilities.

This case was investigated by the Internal Revenue Service Criminal Investigation Division, and was prosecuted by Assistant U.S. Attorney Terri Marinari and Tax Division trial attorney David I. Sharfstein.

