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**Cranston doctor found guilty
accused of diluting vaccines, false reports, and tax fraud**

**Wallace Gonsalves diluted vaccines for immigrant patients, falsified reports
submitted to Immigration officials, and hid income from the IRS**

A federal jury today found **Wallace Gonsalves**, a doctor who practiced in Cranston, guilty of product tampering and drug adulteration, finding that he diluted vaccines administered to immigrant patients. The jury also convicted Gonsalves of falsifying vaccine and lab test reports submitted to the Immigration and Naturalization Service and of evading income taxes.

The office of the United States Attorney announced the verdict, which the jury returned today after about five hours of deliberation and a three-week trial that was presided over by Senior U.S. District Court Judge Ronald R. Lagueux. After the guilty verdicts were returned, Judge Lagueux ordered Gonsalves detained in federal custody, pending sentencing, which is scheduled for June 2. Gonsalves had been free on unsecured bond.

Separate charges

Gonsalves, 62, of 2 Sandy Brook Court, Warwick, is also under indictment for allegedly selling pharmaceutical company drug samples to **Anthony Albanese**, the owner of Cameron's Pawtuxet Pharmacy. Those charges are pending against Gonsalves and Albanese.

Vaccines diluted

During the trial, Assistant U.S. Attorneys Luis M. Matos and Lisa Dinerman presented evidence from Gonsalves' former patients and employees, federal agents and state health

officials. The evidence indicated that Gonsalves, whose practice included examining and vaccinating immigrant patients, diluted vaccines that were administered to immigrant patients for measles, mumps, rubella, and for the varicella virus. The evidence also showed that Gonsalves directed his staff to falsify reports to the INS about the vaccines and about tests that had been purportedly performed on patients for HIV and syphilis.

Assistant U.S. Attorney Matos told the jury at the start of the trial that Gonsalves failed the patients who came to him for treatment. “He failed them because he certified to INS that they had tested negative for HIV and (syphilis), when, in fact, he had not performed the tests for those diseases. He failed them when he took their money for vaccines that were diluted and ineffective.”

The government also presented evidence that Gonsalves evaded taxes by not reporting cash income from immigrant patients as well as income that he received for treating patients who were parties to personal injury lawsuits. Rather than deposit those payments in his corporate account, he diverted them to personal accounts, including one in the name of his mother, who had died in 1997.

The jury found Gonsalves guilty of two counts of tampering with a consumer product, two counts of adulterating a drug, 23 counts of making a materially false statement to a federal official, two counts of tax evasion and two counts making false statements on an income tax return.

The statutory maximum penalties for the offenses are: tampering with a consumer product – ten years imprisonment and a \$250,000 fine; adulteration of a drug – three years imprisonment and a \$50,000 fine; making false statements to a federal official – five years imprisonment and a \$250,000 fine; income tax evasion – five years imprisonment and a

\$100,000 fine; making false statements on a corporate income tax return – three years imprisonment and a \$500,000 fine.

Gonsalves' sentence will be determined on the basis of federal sentencing guidelines, which take into account such factors as the specific nature and impact of an offense and a defendant's criminal background, if any.

The following agencies participated in the Gonsalves investigation: the **U.S. Food and Drug Administration, Office of Criminal Investigations**; the **U.S. Department of Health and Human Services, Office of Inspector General, Office of Investigations**; the **U.S. Immigration and Customs Enforcement** (formerly the Immigration and Naturalization Service), the **U.S. Postal Inspection Service**; the **Internal Revenue Service, Criminal Investigations**; the **Rhode Island Attorney General's Medicaid Fraud Control Unit**; and the **Rhode Island Department of Health**.

Assistant U.S. Attorneys Matos and Dinerman are prosecuting the case.