



Department of Justice

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06/09/09

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CHIROPRACTOR PLEADS GUILTY TO FILING FALSE TAX RETURN

Defendant Hid Income from the IRS by Writing Checks to Fake Companies

ATLANTA, GA - MICHAEL J. FALITE, 41, of Cumming, Georgia, pleaded guilty today in federal district court to filing a false income tax return.

United States Attorney David E. Nahmias said, "This successful chiropractor, operating a lucrative practice, decided he no longer wanted to pay his lawful income taxes. He chose instead to file a fraudulent tax return, falsely stating that 90 percent of his income went to a non-existent 'partner' company. He hid his fraudulent conduct by writing checks from the chiropractic practice to the phony partner, as well as checks disguised as business expenses made payable to other sham entities. He now is a convicted felon and soon will face time in a federal prison."

IRS-Criminal Investigation Special Agent in Charge Reginael McDaniel said, "The prosecution of individuals who intentionally conceal their income is a vital element in maintaining public confidence in our tax system. We should not expect the honest taxpayer to foot the bill for those who choose not to pay their fair share."

According to United States Attorney Nahmias and the information presented in court: FALITE owns and operates a chiropractic practice in Alpharetta, Georgia, known as "Falite Family Chiropractic," which was incorporated as an LLC in 2000. In 2002, FALITE, acting against the advice of his longtime accountant, filed a federal tax return for the chiropractic practice using a fraudulent trust scheme. The 2002 tax return attributed 90 percent of the income from the chiropractic clinic to a non-existent company known as "Abundance Investments." No tax return was filed by or on behalf of Abundance Investments, and no tax was paid on the income attributed to that company on the Falite Family Chiropractic tax return.

Bank account records showed that FALITE wrote checks from the chiropractic practice to Abundance Investments and other non-existent companies, which he then endorsed and deposited into bank accounts in names other than his own or Falite Family Chiropractic. The non-existent companies other than Abundance Investments to which

FALITE wrote checks had names that were designed to make it appear that the checks were for legitimate business expenses, such as “Sunshine Personnel,” “Chiro Equipment Leasing,” “Quantum Office Equipment Leasing,” and “World Travel Leasing.” Bank account records established that the monies from the checks made payable to the sham companies and deposited into these accounts were actually used to pay off FALITE’s home mortgage, to purchase or make payments on automobiles, to open a Vanguard investment account, and to pay other personal expenses.

FALITE was charged in a Criminal Information in May 2009 with one count of filing a false income tax return. He pleaded guilty today to that count. He could receive a maximum sentence of three years in prison and a fine of up to twice the amount of tax loss to the Internal Revenue Service, in this case, \$315,258. In determining the actual sentence, the Court will consider the United States Sentencing Guidelines, which are not binding but provide appropriate sentencing ranges for most offenders.

Sentencing is scheduled for August 18, 2009, at 10 a.m., before United States District Judge Beverly B. Martin.

This case is being investigated by Special Agents of the Internal Revenue Service, Criminal Investigation Division.

Assistant United States Attorney Teresa D. Hoyt and Trial Attorney Jenny L. Grus, United States Department of Justice, Tax Division, are prosecuting the case.

For further information please contact David E. Nahmias (pronounced NAH-me-us), United States Attorney, or Charysse L. Alexander, Executive Assistant United States Attorney, through Patrick Crosby, Public Affairs Officer, U.S. Attorney's Office, at (404) 581-6016. The Internet address for the HomePage for the U.S. Attorney's Office for the Northern District of Georgia is www.usdoj.gov/usao/gan.