



*United States Attorney  
Southern District of New York*

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FOR IMMEDIATE RELEASE  
SEPTEMBER 15, 2004

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**INVESTMENT BANKER CHARGED BY U.S.**  
**IN MULTI-MILLION-DOLLAR TAX EVASION SCHEME**

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, announced that investment banker RICHARD JOSEPHBERG was arraigned today in White Plains federal court in an eight-count Indictment charging him with engaging in a multi-year scheme to evade the payment of in excess of \$1.5 million of taxes he owed to the IRS as a result of his involvement in certain tax shelter transactions.

According to the Indictment returned yesterday, JOSEPHBERG, the principal of an investment banking firm named Josephberg Grosz & Co., located at 633 Third Avenue, in Manhattan, owed the taxes to the IRS as a result of his participation in certain tax shelter transactions in the 1970s and 1980s. After the IRS informed JOSEPHBERG in 1993 of the tax debt, JOSEPHBERG took various steps to evade paying the debt, it was charged.

Those steps, according to the Indictment, included: (a) directing income and assets that JOSEPHBERG earned to be paid into bank accounts in the names of family members (including his minor

child) for the purpose of concealing and attempting to conceal from the IRS his true and correct income and assets; (b) directing income to be paid to certain companies he controlled and thereafter diverting that income to pay various personal expenses to create the appearance that he had no income; and (c) submitting to the IRS false information for the purpose of concealing his income and assets.

According to the Indictment, among the assets that JOSEPHBERG attempted to hide from the IRS were hundreds of thousands of shares of stock that JOSEPHBERG earned as an investment banker from the companies for whom he performed services. The Indictment alleges that, rather than having the shares he earned put in his own name, JOSEPHBERG had the companies that were paying him issue the shares in the names of his children and other family members.

Also according to the Indictment, JOSEPHBERG conspired with his accountant to prepare and file with the IRS income tax returns that contained millions of dollars of phony losses, in order to avoid paying any taxes on the monies he did report. JOSEPHBERG is also alleged to have conspired with the accountant to defraud his insurance carrier into providing health care insurance for JOSEPHBERG's wife by submitting phony documents that made it appear that JOSEPHBERG's wife was an employee of his company. JOSEPHBERG is also alleged to have evaded the payment of employment

taxes for a nanny he employed at his home in Westchester County and Greenwich, Connecticut, whom he paid in cash and whose wages he failed to report to the IRS. Finally, JOSEPHBERG is charged with failing to file timely income tax returns for the 1999 and 2000 tax years.

According to the Indictment and other court documents, JOSEPHBERG, 58, now lives at 16 Half Mile Road in Armonk, New York. He was arraigned today before United States Magistrate Judge LISA MARGARET SMITH and was released on a \$250,000 personal bond. The case was assigned to United States District Judge CHARLES L. BRIEANT, and a conference was set for September 23, 2004, at 9:30 A.M.

Mr. KELLEY praised the investigative efforts of the IRS and FBI.

JOSEPHBERG faces the following penalties, if convicted:

U.S. Code Title/Section	No. of Counts	Offense Description	Maximum Penalties
18 U.S.C. §371	1	Conspiracy to defraud	5 yrs.' imprisonment; fine in amount of greatest of \$250,00, twice gross gain, or twice gross loss to victims; 3 yrs. S.R.; \$100 SA; restitution..

26 U.S.C. §7201	3	Tax Evasion	5 yrs.' imprisonment; fine in amount of greatest of \$250,00, twice gross gain, or twice gross loss to Gov't; 3 yrs. S.R.; \$100 SA; costs of prosecution	
26 U.S.C. § 7203	2	Failure to file tax returns	1 yr. imprisonment; fine in amount of greatest of \$100,00, twice gross gain, or twice gross loss to Gov't; 1 yr. SR; \$50 SA; costs of prosecution	
26 U.S.C. §7206	2	Subscribing to false tax returns	3 yrs.' imprisonment; fine in amount of greatest of \$250,00, twice gross gain, or twice gross loss to Gov't; 1 yr. SR; \$100 SA; restitution	

Assistant United States Attorney STANLEY J. OKULA, JR.  
is in charge of the prosecution.

The charges in the Superseding Indictment are merely accusations, and the defendant is presumed innocent unless and until proven guilty.

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