

No. 6:12-CR-12-GFVT

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF KENTUCKY
SOUTHERN DIVISION
LONDON

UNITED STATES OF AMERICA

v.

WERNER GRENTZ

INDICTMENT

26/7203 - failing to file tax return, 2 counts

26/7201 - tax evasion, 4 counts

A TRUE BILL

Zornitza Velinova

FOREPERSON

Filed in Open Court on April 5, 2012

CLERK

Bail, \$ _____

Eastern District of Kentucky
FILED

APR - 6 2012

AT LEXINGTON
ROBERT R. CARR
CLERK U.S. DISTRICT COURT

UNDER SEAL

UNITED STATES DISTRICT COURT
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SOUTHERN DIVISION
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ROBERT R. CARR
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UNITED STATES OF AMERICA

V.

INDICTMENT NO. 6:12-LR-12-GFVT

WERNER GRENTZ

* * * * *

THE GRAND JURY CHARGES:

INTRODUCTION

At times relevant to this indictment:

1. **WERNER GRENTZ** was a resident of London, Kentucky.
2. **WERNER GRENTZ** worked as a physician in hospitals and medical offices in London, Manchester, and Monticello, Kentucky, and in Jellico, Tennessee. He provided physician services for several health care and physician services providers, including M.E.S., E.P.P., and K.P.M.S.
3. From 2005 to 2010, **WERNER GRENTZ** received gross income of approximately \$169,000 to \$356,000 per year, for a total of more than \$1.5 million. He has not filed a federal income tax return since 1999.
4. **WERNER GRENTZ** controlled two nominee companies, WG's ER Service, PLLC and Xpert Medical, PLLC. He established bank accounts in the names of these nominee companies with himself as the sole signatory on the accounts.

5. Internal Revenue Service Form W-4, "Employee's Withholding Allowance Certificate," is a form signed under penalties of perjury by a taxpayer to inform an employer regarding the amount of federal income tax to withhold from the wages of the taxpayer.

COUNT 1
26 U.S.C. § 7203

6. Paragraph 1 is realleged and incorporated herein as if set out in full.

7. During the calendar year 2005,

WERNER GRENTZ,

by reason that he had and received gross income in excess of \$3,200 during the calendar tax year 2005, was required by law, following the close of the calendar year 2005 and on or before April 17, 2006, to make an income tax return to any proper office of the Internal Revenue Service stating specifically the items of his gross income and any deductions and credits to which he was entitled. Well knowing and believing all of the foregoing, he did willfully fail, on or about April 17, 2006, in Laurel County, in the Eastern District of Kentucky, and elsewhere, to make an income tax return, all in violation of 26 U.S.C. § 7203.

COUNT 2
26 U.S.C. § 7203

8. Paragraph 1 is realleged and incorporated herein as if set out in full.

9. During the calendar year 2006,

WERNER GRENTZ,

by reason that he had and received gross income in excess of \$3,300 during the calendar tax

year 2006, was required by law, following the close of the calendar year 2006 and on or before April 17, 2007, to make an income tax return to any proper office of the Internal Revenue Service stating specifically the items of his gross income and any deductions and credits to which he was entitled. Well knowing and believing all of the foregoing, he did willfully fail, on or about April 17, 2007, in Laurel County, in the Eastern District of Kentucky, and elsewhere, to make an income tax return, all in violation of 26 U.S.C. § 7203.

COUNT 3
26 U.S.C. § 7201

10. Paragraphs 1, 2, and 5 are realleged and incorporated herein as if set out in full.

11. During the calendar year 2007,

WERNER GRENTZ

had and received taxable income, and upon that taxable income, there was owing to the United States of America a substantial income tax. Well knowing and believing the foregoing facts, and failing to make an income tax return on or before April 15, 2008, as required by law, to any proper office of the Internal Revenue Service, and pay to the Internal Revenue Service the income tax, from on or about June 20, 2007, through on or about April 15, 2008, in Laurel County, in the Eastern District of Kentucky, and elsewhere, he did willfully attempt to evade and defeat the income tax due and owing by him to the United States of America for the calendar year 2007 by providing M.E.S. with an Internal Revenue Service Form W-4 on which he falsely claimed that he was exempt from federal income tax withholding, all in violation of 26 U.S.C. § 7201.

COUNT 4
26 U.S.C. § 7201

12. Paragraphs 1, 2, 4, and 5 are realleged and incorporated herein as if set out in full.

13. During the calendar year 2008,

WERNER GRENTZ

had and received taxable income, and upon that taxable income, there was owing to the United States of America a substantial income tax. Well knowing and believing the foregoing facts, and failing to make an income tax return on or before April 15, 2009, as required by law, to any proper office of the Internal Revenue Service, and pay to the Internal Revenue Service the income tax, from on or about January 1, 2008, through on or about April 15, 2009, in Laurel County, in the Eastern District of Kentucky, and elsewhere, he did willfully attempt to evade and defeat the income tax due and owing by him to the United States of America for the calendar year 2008 by (1) maintaining on file with M.E.S. an Internal Revenue Service Form W-4 on which he falsely claimed that he was exempt from federal income tax withholding and (2) causing his compensation from E.P.P. to be deposited into WG's ER Service's bank account, all in violation of 26 U.S.C. § 7201.

COUNT 5
26 U.S.C. § 7201

14. Paragraphs 1, 2, and 4 are realleged and incorporated herein as if set out in full.

15. During the calendar year 2009,

WERNER GRENTZ

had and received taxable income, and upon that taxable income, there was owing to the United States of America a substantial income tax. Well knowing and believing the foregoing facts, and failing to make an income tax return on or before April 15, 2010, as required by law, to any proper office of the Internal Revenue Service, and pay to the Internal Revenue Service the income tax, from on or about January 1, 2009, through on or about April 15, 2010, in Laurel County, in the Eastern District of Kentucky, and elsewhere, he did willfully attempt to evade and defeat the income tax due and owing by him to the United States of America for the calendar year 2009 by (1) causing his compensation from E.P.P. to be deposited into WG's ER Service's bank account and (2) causing his compensation from K.P.M.S. to be deposited into Xpert Medical's bank account, all in violation of 26 U.S.C. § 7201.

COUNT 6
26 U.S.C. § 7201

16. Paragraphs 1, 2, and 4 are realleged and incorporated herein as if set out in full.
17. During the calendar year 2010,

WERNER GRENTZ

had and received taxable income, and upon that taxable income, there was owing to the United States of America a substantial income tax. Well knowing and believing the foregoing facts, and failing to make an income tax return on or before April 18, 2011, as required by law, to any proper office of the Internal Revenue Service, and pay to the Internal

Revenue Service the income tax, from on or about January 1, 2010, through on or about April 18, 2011, in Laurel County, in the Eastern District of Kentucky, and elsewhere, he did willfully attempt to evade and defeat the income tax due and owing by him to the United States of America for the calendar year 2010 by causing his compensation from K.P.M.S. to be deposited into Xpert Medical's bank account, all in violation of 26 U.S.C. § 7201.

A TRUE BILL

Zornitza Velinova
FOREPERSON

Kerry B. Harvey
KERRY B. HARVEY
UNITED STATES ATTORNEY

PENALTIES

COUNTS 1-2: Not more than imprisonment for 1 year, fine of \$100,000 or twice amount of tax loss, and supervised release for 1 year.

COUNTS 3-6: Not more than imprisonment for 5 years, fine of \$250,000 or twice amount of tax loss, and supervised release for 3 years.

PLUS: Mandatory special assessment of \$25 for Counts 1 and 2, and \$100 for Counts 3 through 6.

PLUS: Restitution, if applicable.