



PRESS RELEASE

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Former CEO of Marketing Agency Sentenced to Prison for \$2 Million Fraud and Kickback Scheme

The former CEO and president of a pharmaceutical marketing company was sentenced to three and one half years in prison for participating in a scheme to defraud the company in which he obtained more than \$2 million in fraud and kickback proceeds, and for willfully failing to report that unlawful income to the Internal Revenue Service (IRS), announced Acting Assistant Attorney General Caroline D. Ciralo of the Justice Department's Tax Division and U.S. Attorney Preet Bharara of the Southern District of New York.

Michael J. Mitrow Jr., 48, of Whitehouse Station, New Jersey, was sentenced to serve 42 months in prison to be followed by three years of supervised release and 200 hours of community service in each of those years. He was also ordered to pay \$83,219 in restitution to the IRS and \$1,468,259.43 to Access Communications. In January 2015, Mitrow pleaded guilty to one count of conspiracy to commit wire fraud and one count of tax evasion before U.S. District Judge Paul A. Engelmayer of the Southern District of New York, who also imposed today's sentence.

"Corporate officers who engage in fraud and kickback schemes and fail to report their illegal gains are defrauding their employers and cheating honest taxpayers," said Acting Assistant Attorney General Ciralo. "The sentence handed down today sends a strong message that these individuals will be held to account for committing offenses that were made possible by violating their fiduciary obligations."

"Michael Mitrow defrauded the marketing agency that he led as its CEO out of over \$1 million, using it to pay personal expenses including \$600,000 to fly in private jets," said U.S. Attorney Bharara. "His fraud and his failure to report the proceeds as income resulted in a federal conviction for Mitrow. At his sentencing today, he learned that the price of his crimes is not only repayment of the ill-gotten money but also the loss of his liberty."

According to the indictment and superseding information previously filed in Manhattan federal court, other court filings and statements made during the proceedings in this case:

Mitrow was the CEO and president of the company from 1998 through approximately 2009. From approximately 2008 through 2009, Mitrow defrauded the company by submitting fraudulent invoices for consulting services that were purportedly provided to the company but were, in fact, never provided. Instead, Mitrow used the proceeds from those invoices to fund more than \$600,000 in private jet travel. In addition, Mitrow willfully failed to report to the IRS his income from the fraudulent consulting invoices, which exceeded \$600,000; \$1.4 million in kickback payments he received from Creative Press and East Coast Vending, printing and direct mail marketing companies owned by co-defendant Robert Madison and located in Phoenix, in order to help grow the business through additional printing and direct mailing contracts for Creative Press with his company; \$200,000 in personal purchases that Mitrow made with his corporate credit card and fraudulently coded as business expenses of the company; and \$415,000 in payments by the company to a relative of Mitrow and his co-defendant and brother, Matthew Mitrow, despite the representations made by the Mitrows to a private equity firm that acquired the company that the relative had severed all ties to the company.

Matthew Mitrow, 42, of Westfield, New Jersey, previously pleaded guilty to one count of filing a false tax return for the 2008 tax year, and was sentenced in July 2015 to serve three months in prison. As part of his plea agreement with the government, Matthew Mitrow paid \$30,822 in restitution to the IRS.

Robert Madison, 44, of Henderson, Nevada, pleaded guilty to one count of conspiracy to commit honest services fraud in the payment of undisclosed kickbacks to the Mitrow brothers, and was sentenced in May 2015 to serve 18 months in prison and 18 months of home confinement. As part of his plea agreement with the government, Madison will be subject to an order of restitution in an amount to be determined by the court.

Assistant Attorney General Ciraolo and U.S. Attorney Bharara thanked the IRS-Criminal Investigation and the U.S. Postal Inspection Service, who investigated this case, and Assistant U.S. Attorney Andrew Young of the Southern District of New York and Senior Litigation Counsel Nanette L. Davis of the Tax Division, who are prosecuting this case. The U.S. Attorney's Office of the Southern District of New York's Complex Frauds and Cybercrime Unit is handling this case.

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