



Joseph M. Tages Indicted for Engaging in an Alleged Health Care Fraud Scheme and Federal Income Tax Fraud

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Submitted at 7:08 AM August 13, 2011

The Federal Bureau of Investigation (FBI) on August 12, 2011 released the following:

“CHICAGO— An Aurora physician was indicted for allegedly engaging in federal tax and health care fraud in connection with operating a medical clinic he owned, federal law enforcement officials announced today. The defendant, Joseph M. Tages, was charged in a 12-count indictment returned yesterday by a federal grand jury. Tages allegedly diverted more than \$750,000 in cash receipts from his medical practice and failed to report the income on both corporate and individual federal income tax returns for the years 2004-06, thus avoiding payment of more than \$260,000 in taxes he owed on that income. He also allegedly defrauded various health insurance providers, including labor union health and welfare funds, by submitting reimbursement claims falsely stating that he regularly saw patients for follow-up office visits on Mondays, two days after performing such outpatient procedures as removing genital warts.

Tages, 65, of Plainfield, will be arraigned at a later date in U.S. District Court in Chicago. Tages owns West Suburban Medical and Surgical Associates S.C., and operates the Aurora Health center (AHC) on Weston Avenue in Aurora. He was charged with six counts of filing false corporate and individual income tax returns, two counts of mail fraud, and four counts of making false statements involving a health care benefit program. The indictment also seeks forfeiture of at least \$10,000.

The charges were announced by Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois, together with Robert D. Grant, Special Agent in Charge of the Chicago Office of Federal Bureau

of Investigation; Alvin Patton, Special Agent in Charge of the Internal Revenue Service Criminal Investigation Division in Chicago; and James Vanderberg, Special Agent in Charge of the U.S. Department of Labor Office of Inspector General in Chicago.

The tax charges allege that Tages diverted a total of \$765,593 in cash receipts from AHC and under-reported the business's income on its corporate tax returns for 2004-06. As a result, AHC failed to pay approximately \$267,956 in corporate taxes owed to the IRS. At the same time, he allegedly failed to report the diverted cash on his personal income tax returns by a total of \$766,772 during those three years. As he result, he failed to pay approximately \$282,787 in personal taxes owed to the IRS.

Between 2006 and 2009, Tages allegedly defrauded various health insurance providers by falsely claiming reimbursement totaling at least \$10,000 for services that he did not provide.

According to the indictment, between 2001 and 2009, Tages diagnosed genital condyloma on numerous male patients at his affiliated Latino Institute of Surgery, and generally performed wart removal procedures on Saturdays. That same day, he allegedly falsely noted in some patients' files that he had already seen the patient in his office on the upcoming Monday. Subsequently, Tages submitted insurance claims falsely stating that patients were seen in his office when they were not, the indictment alleges.

Between 2006 and 2009, the indictment alleges that Tages diagnosed gastro esophageal reflux disease, also known as GERD or acid reflux, in numerous patients and caused others to perform an esophagogastroduodenoscopy, or EGD, procedure on Saturdays in which a bendable tube with a camera is inserted through a patient's mouth to examine the esophagus, stomach and small intestine.

Again, that same Saturday he allegedly falsely noted in some patients' files that he had already seen the patient in his office on the upcoming Monday. Tages then submitted insurance claims falsely stating that patients were seen in his office when they were not, the charges allege. The government is being represented by Assistant U.S. Attorney Kaarina Salovaara.

The charges in the indictment carry the following maximum penalties on each count: mail fraud—20 years and a \$250,000 fine; making false statements involving health care programs—five years in prison and a \$250,000 fine; and filing false corporate and individual income tax returns—three years in prison and a \$250,000 fine, and restitution is mandatory. In addition, defendants convicted of tax offenses face mandatory costs of prosecution and remain civilly liable to the government for any and all back taxes, as well as a civil fraud penalty of 75 percent of the underpayment plus interest. If convicted, however, the court must determine a reasonable sentence to impose under the advisory United States Sentencing Guidelines.

An indictment contains only charges and is not evidence of guilt. The defendant is presumed innocent and is entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.”

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Douglas McNabb and other members of the U.S. law firm practice and write extensively on matters involving Federal Criminal Defense, INTERPOL Red Notice Removal, International Extradition and OFAC SDN List Removal.

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