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# Man To Plead Guilty To Fraud

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An East Greenwich businessman who spent lavishly on homes, yachts and luxury cars has agreed to plead guilty to swindling \$13 million from the Internal Revenue Service in one of the largest tax fraud cases in Rhode Island history, according to court papers.

Richard Dvorak's lawyers filed papers in U.S. District Court that signaled his intent to plead guilty after weeks of negotiations with prosecutors.

In exchange, the government agreed not to seek further charges against him, his numerous companies, or bring charges against his estranged wife, Jane.

Dvorak, 36, faces a sentence of up to 21 years in prison and a fine of up to \$1.8 million.

His lawyer, Richard Bicki, declined comment to the Providence Journal-Bulletin other than to say the matter "will be taken up by the court."

A federal grand jury in August indicted Dvorak on seven counts of filing false quarterly tax returns between March 1992 and December 1993.

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Prosecutors allege Dvorak ran a lucrative scam through his North Kingstown employee-leasing business, Persona Management Corp. For a fee, Dvorak's agency put other companies' workers on its payroll and then leased them back to their employers.

The arrangement allowed about 100 companies to save substantial amounts on medical and workers' compensation insurance. Because Persona on paper had thousands of employees, it could negotiate low group insurance rates.

The problem is that millions of dollars companies entrusted to Dvorak to pay the employees' taxes and benefits instead went into his pocket, prosecutors say.

During a 21-month period, Dvorak understated his clients' payroll wages by \$60 million – and the amount of taxes they owed by \$13 million, prosecutors say.

His 1992 personal tax return, the last return prosecutors say Dvorak filed, reported income of \$606,000. In 1993 alone, prosecutors say, he spent \$10 million.

That included \$3 million in cash to buy and renovate the Newport mansion Seafair.

Later, Dvorak spent \$3 million for a 167-acre horse farm.

Seven months later, Dvorak paid \$550,000 for Glenelsinore, a 31-room European-style manor. He was known on the Newport waterfront as a cigar smoker who dressed in nautical wear and bought the wharf restaurant he dined in.

He sank \$1.2 million into an 86-foot yacht and spent a fortune chartering luxurious vessels in summer.

He owned a fleet of Ferraris, Bentleys, Porsches and Mercedes, and was known to buy his favorite workers their own expensive cars.

As part of the plea agreement, the government will not oppose Dvorak's request to choose which federal prison he serves time in, if sentenced.

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