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Arthur J. Schwab for evading taxes on several lottery and gambling winnings. The retiree also was given a \$3,000 fine and ordered to pay full restitution of \$132,445 in back taxes, penalties and interest.

**Isaac M. O'Bannon** • May. 17, 2013

On Thursday (May 16), Pennsylvania resident Sherman W. Friend, 71, was sentenced to one year and one day of prison by United States District Judge Arthur J. Schwab for evading taxes on several lottery and gambling winnings. The retiree also was given a \$3,000 fine and ordered to pay full restitution of \$132,445 in back taxes, penalties and interest.

Aside from his age, here's where it gets a little strange:

Court documents assert that, while driving his car in 2009, he noticed a truck that had passed him at 11:27 a.m. coincidentally had the number 7211 posted on it (the inverse number of the time). He reportedly then drove to nearby West Virginia and used the \$60 in his pocket on a slot machine, which gave him a \$1,600 win.

He decided that when he returned to Pennsylvania, he would play that number again. But how would he play that number? The answer came from a vow he made two years earlier in 2007, when Friend won yet another game of chance. In 2007 he entered a raffle sponsored by a Maryland fire department and won a new PT Cruiser convertible.

From that raffle win he owed the IRS \$8,000, but had to be chased to pay. When he finally settled with the IRS for \$3,000, he vowed to never pay taxes on winnings again. So when Friend returned from West Virginia with his \$1,600 slot machine winnings, he purchased 208 fifty-cent lottery tickets, all betting on his new lucky number. It hit and he instantly won \$520,000.

Instead of simply claiming his winnings, he devised a scheme to avoid personally

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Some of tickets were cashed in 2009 and the bulk of them were cashed in 2010. In 2009, Friend had \$101,818 in income and owed \$22,229 in taxes. In 2010 he had \$378,779 in income and owed \$110,216 in taxes.

Judge Schwab stated that even though Friend was 71 years-old and had health issues, his “criminal activity impacted others, and the sentence reflects the need for every citizen to pay their income taxes.” Judge Schwab also stated that he had intended to fine Friend \$30,000, but because Friend presented to the court at the sentencing hearing \$93,981 in restitution, the fine imposed was \$3000.

Income Tax • Taxes

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