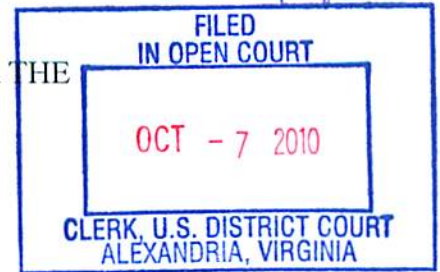


IN THE UNITED STATES DISTRICT COURT FOR THE  
EASTERN DISTRICT OF VIRGINIA

Alexandria Division



UNITED STATES OF AMERICA	)	CRIMINAL NO. 1:10CR111
	)	
v.	)	Count 1: 18 U.S.C. § 371
	)	(Conspiracy)
KEVIN SHAFFER	)	
(Counts 1-12)	)	Count 2: 18 U.S.C. § 1344
	)	(Bank Fraud)
and	)	
	)	Counts 3 – 6: 26 U.S.C. § 7201
LUANN SHAFFER	)	(Tax Evasion)
(Counts 1-6)	)	
	)	Counts 7 – 12: 26 U.S.C. § 7202
Defendants	)	(Willful Failure to Collect, Account for and
	)	Pay Over Employment Taxes)
	)	
	)	Forfeiture Notice
	)	
	)	<b>Under Seal Pursuant to</b>
	)	<b>Fed. R. Crim. P. 6(e)(4)</b>

**INDICTMENT**

THE GRAND JURY CHARGES THAT:

INTRODUCTORY ALLEGATIONS

At all times relevant to this Indictment:

1. Defendants KEVIN SHAFFER and LUANN SHAFFER were a married couple. Defendants KEVIN SHAFFER and LUANN SHAFFER resided in Fairfax Station, Virginia, in the Eastern District of Virginia, and in Sarasota, Florida.
2. Defendants KEVIN SHAFFER and LUANN SHAFFER were co-owners of Matrix-DSS, Inc. ("Matrix-DSS"), a Virginia corporation that operated in the consulting services

industry. Matrix-DSS was incorporated on June 8, 2000, and its principal place of business was located in Manassas, Virginia, in the Eastern District of Virginia.

3. Defendants KEVIN SHAFFER and LUANN SHAFFER were the sole officers of Matrix-DSS. Defendant KEVIN SHAFFER was the President of Matrix-DSS and defendant LUANN SHAFFER was the company's Vice President. Defendant KEVIN SHAFFER handled the financial affairs of Matrix-DSS, including payroll issues and developing business opportunities.

4. SKG Technologies, Inc. ("SKG") was a Virginia corporation that was incorporated on May 7, 2001. Defendant KEVIN SHAFFER was an officer of SKG. According to corporate documents, the existence of SKG was terminated on September 30, 2003.

5. Irwin Union Bank ("Irwin Union") was a bank that operated in the Eastern District of Virginia and elsewhere. Irwin Union offered various services, including banking and lending services, and was a financial institution within the meaning of Title 18, United States Code, Section 20.

6. National City Bank ("National City") was a bank that operated in the Eastern District of Virginia and elsewhere. National City offered various services, including banking and lending services, and was a financial institution within the meaning of Title 18, United States Code, Section 20.

7. JP Morgan Chase & Co. ("JP Morgan") was a bank that operated in the Eastern District of Virginia and elsewhere. JP Morgan offered various services, including banking and lending services, and was a financial institution within the meaning of Title 18, United States Code, Section 20.

8. BB&T Corporation ("BB&T") was a bank that operated in the Eastern District of Virginia and elsewhere. BB&T offered various services, including banking and lending services, and was a financial institution within the meaning of Title 18, United States Code, Section 20.

9. The Internal Revenue Service ("IRS") is an agency of the United States Department of the Treasury responsible for the ascertainment, computation, assessment, and collection of federal taxes.

10. Generally, an employer is required to issue to each employee and to the Social Security Administration a Wage and Tax Statement on Form W-2 ("IRS Form W-2") accurately reporting, among other things, all wages, tips, and other compensation paid to the employee and all taxes withheld and paid on the employee's behalf.

11. In certain circumstances, a corporation may elect to be taxed under Subchapter S of Chapter 1 of the Internal Revenue Code. If a corporation makes such an election, then it is not taxed on its profits. Rather, the owners of the corporation are taxed on their proportional shares of the corporation's profits. Matrix-DSS elected to be taxed under Subchapter S of Chapter 1 of the Internal Revenue Code.

**COUNT ONE**  
**(Conspiracy)**

12. The allegations contained in Paragraphs 1 through 11 above are incorporated by reference herein.

**I. The Conspiracy to Commit Bank Fraud**

13. From on or about February 1, 2003 until on or about March 31, 2006, in the Eastern District of Virginia and elsewhere, defendants KEVIN SHAFFER and LUANN SHAFFER, did knowingly and unlawfully combine, conspire, confederate, and agree to commit certain offenses against the United States of America, specifically, to knowingly execute and attempt to execute a scheme and artifice to defraud, and to obtain moneys, funds, credits, assets, securities, and other property owned by or under the custody or control of, various financial institutions, by means of materially false and fraudulent pretenses, representations and promises, in violation of Title 18, United States Code, Section 1344.

14. The object of the conspiracy was to obtain money and mortgage loans from various financial institutions by means of false and fraudulent pretenses, representations, and promises.

**II. Manner and Means of the Conspiracy**

15. It was part of the conspiracy that, in order to obtain money and mortgage loans, defendants KEVIN SHAFFER and LUANN SHAFFER signed and submitted, and caused to be signed and submitted, to various financial institutions loan applications containing materially false and misleading information.

16. It was further part of the conspiracy that defendants KEVIN SHAFFER and LUANN SHAFFER submitted and caused to be submitted to such financial institutions documents that falsely represented that they were wage-earners and that overstated their assets.

17. It was further part of the conspiracy that defendants KEVIN SHAFFER and LUANN SHAFFER submitted and caused to be submitted to such financial institutions bank account statements representing inflated account balances.

18. It was further part of the conspiracy that defendants KEVIN SHAFFER and LUANN SHAFFER submitted and caused to be submitted to such financial institutions 401(k) retirement account information representing inflated account balances.

19. It was further part of the conspiracy that defendants KEVIN SHAFFER and LUANN SHAFFER submitted and caused to be submitted to such financial institutions IRS U.S. Individual Income Tax Returns, Forms 1040 (each, an "IRS Form 1040"), that falsely represented tax payments made to the IRS.

20. It was further part of the conspiracy that defendants KEVIN SHAFFER and LUANN SHAFFER submitted and caused to be submitted to such financial institutions IRS Forms W-2 that falsely represented federal tax withholdings from wages paid to defendants KEVIN SHAFFER and LUANN SHAFFER.

21. It was further part of the conspiracy that defendants KEVIN SHAFFER and LUANN SHAFFER submitted and caused to be submitted to such financial institutions pay stubs that falsely represented payments made to defendants KEVIN SHAFFER and LUANN SHAFFER.

### **III. Overt Acts**

22. In furtherance of the aforementioned conspiracy, and to effect the objects thereof, defendants KEVIN SHAFFER and LUANN SHAFFER committed numerous overt acts in the Eastern District of Virginia and elsewhere, including, but not limited to, the following:

- **Irwin Union**

- a. On or about March 6, 2003, defendant LUANN SHAFFER submitted and caused to be submitted to Irwin Union an IRS Form W-2 for 2001, which falsely represented that defendant LUANN SHAFFER had federal income tax withholdings of \$115,808.35, from income she earned from Matrix-DSS, in 2001.
- b. On or about March 6, 2003, defendant LUANN SHAFFER submitted and caused to be submitted to Irwin Union an IRS Form W-2 for 2002, which falsely represented that defendant LUANN SHAFFER had federal income tax withholdings of \$126,040.77, from income she earned from Matrix-DSS, in 2002.
- c. On or about March 6, 2003, defendant LUANN SHAFFER submitted and caused to be submitted to Irwin Union a pay stub, which falsely represented that Matrix-DSS had paid defendant LUANN SHAFFER \$9,859.57, by check, on January 15, 2003.
- d. On or about March 6, 2003, defendant LUANN SHAFFER submitted and caused to be submitted to Irwin Union a pay stub, which falsely represented that Matrix-DSS had paid defendant LUANN SHAFFER \$9,859.57, by check, on January 31, 2003.

e. On or about March 6, 2003, defendant LUANN SHAFFER submitted and caused to be submitted to Irwin Union a bank statement, which falsely represented that a joint bank account at Synergy One Federal Credit Union had a balance of \$97,249.39 on January 31, 2003.

f. On or about March 10, 2003, defendant LUANN SHAFFER submitted and caused to be submitted to Irwin Union a pay stub, which falsely represented that Matrix-DSS had paid Defendant LUANN SHAFFER \$9,859.57, by check, on February 28, 2003.

g. On or about April 8, 2003, defendant LUANN SHAFFER signed a Second Mortgage or Home Improvement Loan Application seeking a \$250,100 loan from Irwin Union.

- **National City**

h. On or about October 11, 2004, defendants KEVIN SHAFFER and LUANN SHAFFER submitted and caused to be submitted to National City an IRS Form 1040 for tax year 2002, which falsely represented, on line 69, that defendants KEVIN SHAFFER and LUANN SHAFFER had paid to the IRS \$240,000 during tax year 2002.

i. On or about October 11, 2004, defendants KEVIN SHAFFER and LUANN SHAFFER submitted and caused to be submitted to National City an IRS Form 1040 for tax year 2003, which falsely represented, on line 68, that defendants KEVIN SHAFFER and LUANN SHAFFER had paid to the IRS \$300,000 during tax year 2003.

j. On or about October 11, 2004, defendants KEVIN SHAFFER and LUANN SHAFFER submitted and caused to be submitted to National City a First Hospital Corporation 401(k) Savings and Retirement Plan account statement, which falsely represented that defendant LUANN SHAFFER had an account balance of \$959,252.63 on September 30, 2004.

k. On or about December 3, 2004, defendants KEVIN SHAFFER and LUANN SHAFFER signed and caused to be signed certain documentation in connection with their application for a \$452,400 loan from National City.

- **JP Morgan**

l. On or about February 20, 2004, defendants KEVIN SHAFFER and LUANN SHAFFER submitted and caused to be submitted to JP Morgan an IRS Form W-2 for 2003, which falsely represented that defendant LUANN SHAFFER had federal income tax withholdings of \$161,650.25, from income she earned from Matrix-DSS, in 2003.

m. On or about October 19, 2004, defendants KEVIN SHAFFER and LUANN SHAFFER submitted and caused to be submitted to JP Morgan a pay stub, which falsely represented that Matrix-DSS had paid defendant LUANN SHAFFER \$19,230.01, by check, on September 30, 2004.

n. On or about October 19, 2004, defendants KEVIN SHAFFER and LUANN SHAFFER submitted and caused to be submitted to JP Morgan a pay stub, which falsely represented that Matrix-DSS had paid defendant LUANN SHAFFER \$19,230.01, by check, on October 15, 2004.



o. On or about October 28, 2004, defendants KEVIN SHAFFER and LUANN SHAFFER submitted and caused to be submitted to JP Morgan an IRS Form W-2 for 2002, which falsely represented that defendant KEVIN SHAFFER had federal income tax withholdings of \$34,895.29, from income he earned from SKG, in 2002.

p. On or about October 28, 2004, defendants KEVIN SHAFFER and LUANN SHAFFER submitted and caused to be submitted to JP Morgan a pay stub, which falsely represented that SKG had paid defendant KEVIN SHAFFER \$9,494.56, by check, on September 30, 2004.

q. On or about October 28, 2004, defendants KEVIN SHAFFER and LUANN SHAFFER submitted and caused to be submitted to JP Morgan a pay stub, which falsely represented that SKG had paid defendant KEVIN SHAFFER \$9,494.56, by check, on October 15, 2004.

r. On or about November 22, 2004, defendants KEVIN SHAFFER and LUANN SHAFFER signed and caused to be signed a Uniform Residential Loan Application, seeking a \$294,000 loan from JP Morgan, in which they falsely represented that (i) defendant KEVIN SHAFFER had been employed by SKG for eight years; and (ii) defendant LUANN SHAFFER had been employed by Matrix-DSS for six years.

• **BB&T**

s. On or about March 10, 2006, defendant KEVIN SHAFFER submitted to BB&T an IRS Form W-2 for 2003, which falsely represented that defendant

KEVIN SHAFFER had federal income tax withholdings of \$218,739.78, from income he earned from SKG, in 2003.

t. On or about March 10, 2006, defendant KEVIN SHAFFER submitted to BB&T an IRS Form W-2 for 2004, which falsely represented that defendant KEVIN SHAFFER had federal income tax withholdings of \$257,203.91, from income he earned from SKG, in 2004.

u. On or about March 10, 2006, defendant KEVIN SHAFFER submitted to BB&T an IRS Form W-2 for 2005, which falsely represented that defendant KEVIN SHAFFER had federal income tax withholdings of \$298,482.10, from income he earned from SKG, in 2005.

v. On or about March 10, 2006, defendant KEVIN SHAFFER submitted to BB&T an IRS Form W-2 for 2003, which falsely represented that defendant LUANN SHAFFER had federal income tax withholdings of \$279,906.67, from income she earned from Matrix-DSS, in 2003.

w. On or about March 10, 2006, defendant KEVIN SHAFFER submitted to BB&T an IRS Form W-2 for 2004, which falsely represented that defendant LUANN SHAFFER had federal income tax withholdings of \$306,030.79, from income she earned from Matrix-DSS, in 2004.

x. On or about March 10, 2006, defendant KEVIN SHAFFER submitted to BB&T an IRS Form W-2 for 2005, which falsely represented that defendant LUANN SHAFFER had federal income tax withholdings of \$318,377.17, from income she earned from Matrix-DSS, in 2005.

y. On or about March 10, 2006, defendant KEVIN SHAFFER submitted to BB&T a pay stub, which falsely represented that SKG had paid defendant KEVIN SHAFFER \$18,864.24, by check, on February 15, 2006.

z. On or about March 10, 2006, defendant KEVIN SHAFFER submitted to BB&T a pay stub, which falsely represented that SKG had paid defendant KEVIN SHAFFER \$20,199.31, by check, on February 28, 2006.

aa. On or about March 10, 2006, defendant KEVIN SHAFFER submitted to BB&T a pay stub, which falsely represented that Matrix-DSS had paid defendant LUANN SHAFFER \$21,264.08, by check, on February 15, 2006.

bb. On or about March 10, 2006, defendant KEVIN SHAFFER submitted to BB&T a pay stub, which falsely represented that Matrix-DSS had paid defendant LUANN SHAFFER \$22,118.65, by check, on February 28, 2006.

cc. On or about March 10, 2006, defendant KEVIN SHAFFER submitted to BB&T a bank statement, which falsely represented that a joint bank account at Synergy One Federal Credit Union had a balance of \$124,686.38 on January 31, 2006.

dd. On or about March 10, 2006, defendant KEVIN SHAFFER submitted to BB&T a bank statement, which falsely represented that a joint bank account at Synergy One Federal Credit Union had a balance of \$154,763.82 on February 28, 2006.

ee. On or about March 10, 2006, defendant KEVIN SHAFFER submitted to BB&T a fictitious First Hospital Corporation 401(k) Savings and Retirement Plan

account statement, which falsely represented that defendant LUANN SHAFFER had an account balance of \$1,154,958.40 on December 31, 2005.

ff. On or about March 27, 2006, defendants KEVIN SHAFFER and LUANN SHAFFER signed and caused to be signed a Uniform Residential Loan Application, seeking a \$5,650,000 loan from BB&T, in which they falsely represented that (i) defendant KEVIN SHAFFER had been employed by SKG for seven years; (ii) defendant LUANN SHAFFER had been employed by Matrix-DSS for eight years; (iii) defendants KEVIN SHAFFER and LUANN SHAFFER had \$154,763.82 in a joint bank account at Synergy One Federal Credit Union; and (iv) defendants KEVIN SHAFFER and LUANN SHAFFER had a vested interest in a retirement fund of \$923,966.72.

(All in violation of Title 18, United States Code, Section 371)

**COUNT TWO**  
**(Bank Fraud)**

**THE GRAND JURY FURTHER CHARGES THAT:**

23. The allegations contained in Paragraphs 1 through 11, 13 through 21, and 22(s) through 22(ff) above are realleged and incorporated by reference as though set forth in full herein, as constituting and describing defendants KEVIN SHAFFER's and LUANN SHAFFER's scheme and artifice to defraud BB&T.

24. From on or about March 1, 2006 until on or about March 31, 2006, within the Eastern District of Virginia and elsewhere, defendants KEVIN SHAFFER and LUANN SHAFFER knowingly executed and attempted to execute a scheme and artifice to defraud BB&T and to obtain moneys and funds owned by and under the custody and control of BB&T by means of materially false and fraudulent pretenses, representations and promises, in that defendants KEVIN SHAFFER and LUANN SHAFFER committed the acts indicated in paragraphs 22(s) through 22(ff) of Count One in order to obtain a mortgage loan of approximately \$5,650,000 from BB&T.

(All in violation of Title 18, United States Code, Sections 1344 & 2)

**COUNT THREE**

(Tax Evasion)

**THE GRAND JURY FURTHER CHARGES THAT:**

25. The allegations contained in Paragraphs 1 through 11 above are incorporated by reference herein.

26. On or about April 15, 2005, defendants KEVIN SHAFFER and LUANN SHAFFER, in the Eastern District of Virginia and elsewhere, did willfully attempt to evade and defeat a large part of the income tax due and owing by them to the United States of America for the calendar year 2004, by filing and causing to be filed with the Director, Internal Revenue Service Center, at Atlanta, Georgia, a false and fraudulent joint U.S. Individual Income Tax Return, Form 1040 ("IRS Form 1040"). On that IRS Form 1040, defendants KEVIN SHAFFER and LUANN SHAFFER stated that their taxable income for the calendar year 2004 was \$12,163, and that the tax due and owing on said taxable income was \$1,218. In fact, as defendants KEVIN SHAFFER and LUANN SHAFFER then and there knew, their taxable income for the calendar year 2004 was approximately \$393,913.55, and there was due and owing to the United States of America an income tax of approximately \$111,016.47.

(All in violation of Title 26, United States Code, Section 7201)

**COUNT FOUR**  
(Tax Evasion)

**THE GRAND JURY FURTHER CHARGES THAT:**

27. The allegations contained in Paragraphs 1 through 11 above are incorporated by reference herein.

28. During the calendar year 2005, defendants KEVIN SHAFFER and LUANN SHAFFER had and received taxable income of approximately \$700,831.39.

29. Upon that taxable income, there was an income tax of approximately \$211,865.86 due and owing to the United States of America.

30. Well-knowing and believing the foregoing facts, in the Eastern District of Virginia and elsewhere, defendants KEVIN SHAFFER and LUANN SHAFFER attempted to evade and defeat a large part of the income tax due and owing by them to the United States of America for the calendar year 2005 by failing to make an income tax return on or before April 17, 2006, as required by law, to any proper officer of the IRS; by failing to pay to the IRS said income taxes on or before April 17, 2006; and by, among other things:

- a. on or about December 8, 2008, defendant KEVIN SHAFFER told an IRS agent that he and defendant LUANN SHAFFER had previously filed an income tax return and paid the associated taxes for the calendar year 2005 when, in fact, defendant KEVIN SHAFFER knew that he and defendant LUANN SHAFFER had not done so;
- b. on or about January 8, 2009, defendants KEVIN SHAFFER and LUANN SHAFFER signed and caused to be filed with the IRS a delinquent U.S.

Individual Income Tax Return, Form 1040 ("IRS Form 1040"), for tax year 2005, which they knew to be false; and

- c. on or about February 12, 2009, in response to a subpoena issued by the Eastern District of Virginia, defendants KEVIN SHAFFER and LUANN SHAFFER submitted to an IRS agent a copy of an IRS Form 1040, for tax year 2005, which they knew to be false.

(All in violation of Title 26, United States Code, Section 7201)



**COUNT FIVE**  
**(Tax Evasion)**

**THE GRAND JURY FURTHER CHARGES THAT:**

31. The allegations contained in Paragraphs 1 through 11 above are incorporated by reference herein.

32. During the calendar year 2006, defendants KEVIN SHAFFER and LUANN SHAFFER had and received taxable income of approximately \$433,227.85.

33. Upon that taxable income, there was an income tax of approximately \$122,946.69 due and owing to the United States of America.

34. Well-knowing and believing the foregoing facts, in the Eastern District of Virginia and elsewhere, defendants KEVIN SHAFFER and LUANN SHAFFER attempted to evade and defeat a large part of the income tax due and owing by them to the United States of America for the calendar year 2006 by failing to make an income tax return on or before April 16, 2007, as required by law, to any proper officer of the IRS; by failing to pay to the IRS said income taxes on or before April 16, 2007; and by, among other things:

- a. on or about December 8, 2008, defendant KEVIN SHAFFER told an IRS agent that he and defendant LUANN SHAFFER had previously filed an income tax return and paid the associated taxes for the calendar year 2006 when, in fact, defendant KEVIN SHAFFER knew that he and defendant LUANN SHAFFER had not done so;
- b. on or about January 8, 2009, defendants KEVIN and LUANN SHAFFER signed and caused to be filed with the IRS a delinquent U.S. Individual

Income Tax Return, Form 1040 ("IRS Form 1040"), for tax year 2006, which they knew to be false; and

- c. on or about February 12, 2009, in response to a subpoena issued by the Eastern District of Virginia, defendants KEVIN SHAFFER and LUANN SHAFFER submitted to an IRS agent a copy of an IRS Form 1040, for tax year 2006, which they knew to be false.

(All in violation of Title 26, United States Code, Section 7201)

**COUNT SIX**

**(Tax Evasion)**

**THE GRAND JURY FURTHER CHARGES THAT:**

35. The allegations contained in Paragraphs 1 through 11 above are incorporated by reference herein.

36. During the calendar year 2007, defendants KEVIN SHAFFER and LUANN SHAFFER had and received taxable income of approximately \$340,659.84.

37. Upon that taxable income, there was an income tax of approximately \$91,617.75 due and owing to the United States of America.

38. Well-knowing and believing the foregoing facts, in the Eastern District of Virginia and elsewhere, defendants KEVIN SHAFFER and LUANN SHAFFER attempted to evade and defeat a large part of the income tax due and owing by them to the United States of America for the calendar year 2007 by failing to make an income tax return on or before April 15, 2008, as required by law, to any proper officer of the IRS; by failing to pay to the IRS said income taxes on or before April 15, 2008; and by, among other things:

- a. on or about December 8, 2010, defendant KEVIN SHAFFER told an IRS agent that he and defendant LUANN SHAFFER had previously filed an income tax return and paid the associated taxes for the calendar year 2007 when, in fact, defendant KEVIN SHAFFER knew that he and defendant LUANN SHAFFER had not done so;
- b. on or about January 8, 2009, defendants KEVIN SHAFFER and LUANN SHAFFER signed and caused to be filed with the IRS a delinquent U.S. Individual Income Tax Return, Form 1040 ("IRS Form 1040"), for tax year

2007, which defendants KEVIN SHAFFER and LUANN SHAFFER knew to be false; and

- c. on or about February 12, 2009, in response to a subpoena issued by the Eastern District of Virginia, defendants KEVIN SHAFFER and LUANN SHAFFER submitted to an IRS agent a copy of an IRS Form 1040, for tax year 2007, which they knew to be false.

(All in violation of Title 26, United States Code, Section 7201)

**COUNTS SEVEN THROUGH TWELVE**

**(Willful Failure to Collect, Account for and Pay Over Employment Taxes)**

**THE GRAND JURY FURTHER CHARGES THAT:**

39. The allegations contained in Paragraphs 1 through 11 above are incorporated by reference herein.

40. Federal law requires various employers, including Matrix-DSS, to withhold federal income taxes and Federal Insurance Contributions Act ("FICA") taxes from their employees' wages. Employers must also pay the matching employer's portion of FICA taxes based on employee wages. FICA taxes are used, among other things, to fund federal programs including Social Security and Medicare.

41. Matrix-DSS was required to make deposits of the withheld tax amounts and the company's portion of FICA taxes to the IRS on a periodic basis. In addition, Matrix-DSS was required to file Employer's Quarterly Tax Returns on Form 941 (each, an "IRS Form 941") with the IRS to report, among other information, the total amount of wages and other compensation subject to withholding that was paid during the quarter, the total amount of income taxes withheld, the employer's and employees' shares of FICA taxes, and the total tax deposits. An IRS Form 941 is due to be filed on or before the last day of the month following the end of each calendar quarter.

42. With respect to Matrix-DSS's aforementioned tax obligations, defendant KEVIN SHAFFER was a "responsible" person, that is, he had the corporate responsibility to collect, truthfully account for, and pay over to the IRS the withheld taxes and employer portion of FICA taxes on Matrix-DSS's behalf.

43. Beginning on or about July 1, 2006 and continuing until on or about January 31, 2008, in the Eastern District of Virginia and elsewhere, defendant KEVIN SHAFFER withheld tax payments from the paychecks of Matrix-DSS's employees. However, during this time period, defendant KEVIN SHAFFER willfully failed to truthfully account for and pay over to the IRS all of the federal income taxes withheld and FICA taxes due and owing to the United States of America on behalf of Matrix-DSS and its employees, for each of the following calendar quarters, with each quarter constituting a separate count of this Indictment.

COUNT	QUARTER ENDING	IRS FORM 941 DUE DATE	APPROXIMATE EMPLOYEE WITHHOLDINGS
7	September 30, 2006	October 31, 2006	\$36,040.12
8	December 31, 2006	January 31, 2007	\$41,748.85
9	March 31, 2007	April 30, 2007	\$22,173.81
10	June 30, 2007	July 31, 2007	\$30,308.42
11	September 30, 2007	October 31, 2007	\$36,152.11
12	December 31, 2007	January 31, 2008	\$42,320.66

(All in violation of Title 26, United States Code, Section 7202)

**Forfeiture Notice**

44. Pursuant to Rule 32.2(a) of the Federal Rules of Criminal Procedure, defendants KEVIN and LUANN SHAFFER are hereby notified that, if convicted of the bank fraud charge in Count 2 of this Indictment, defendants KEVIN and LUANN SHAFFER shall forfeit to the United States, pursuant to Title 18, United States Code, Section 982(a)(2)(A), any property, real or personal, which constitutes or is derived from proceeds traceable to bank fraud, in violation of Title 18, United States Code, Section 1344, including a sum of money equal to at least \$5,650,000.00 in United States currency, representing the amount of proceeds obtained as a result of the scheme to defraud BB&T.

45. Pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1), defendants KEVIN and LUANN SHAFFER shall forfeit substitute property, up to the value of the amount described, i.e., \$5,650,000.00 in United States currency, if, by any act or omission of defendants KEVIN and LUANN SHAFFER, the \$5,650,000.00 in United States currency or any portion thereof, cannot be located upon the exercise of due diligence; has been transferred, sold to, or deposited with a third party; has been placed beyond the jurisdiction of the Court; has been substantially diminished in value; or has been commingled with other property which cannot be divided without difficulty.

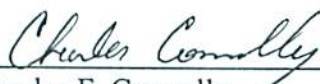
(Pursuant to 18 U.S.C. § Section 982(a)(2)(A) and 21 U.S.C. § 853(p))

TRUE BILL Under the E-Government Act,  
the original of this page has been filed  
under seal in the Clerk's Office.

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FOREPERSON

NEIL H. MACBRIDE  
United States Attorney  
Eastern District of Virginia

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