
**UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY**

UNITED STATES OF AMERICA : Hon. Cathy L. Waldor
 : :
 : Mag. No. 13-7100 (CLW)
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 : :
HAMED AREF : **CRIMINAL COMPLAINT**
YOUSEF ZABEN

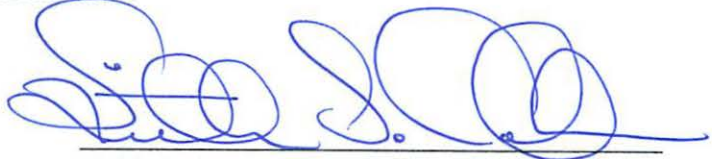
I, Keith S. Caplan, being duly sworn, state the following is true and correct to the best of my knowledge and belief:

SEE ATTACHMENT A

I further state that I am a Special Agent with the Department of the Treasury, Inspector General for Tax Administration, and that this complaint is based on the following facts:

SEE ATTACHMENT B

continued on the attached pages and made a part hereof.



Keith S. Caplan, Special Agent
Department of the Treasury
Inspector General for Tax Administration

Sworn to before me and subscribed in my presence,
June 10, 2013 at Newark, New Jersey

HONORABLE CATHY L. WALDOR
UNITED STATES MAGISTRATE JUDGE



Signature of Judicial Officer

ATTACHMENT A

Count One
(Conspiracy to Bribe a Public Official)

From in or about February 2012 through the present, in Passaic County, in the District of New Jersey, and elsewhere, defendants

HAMED AREF
and
YOUSEF ZABEN

conspired to knowingly and corruptly give, offer and promise cash payments to a public official, that is a Revenue Agent of the Internal Revenue Service (“R.A.”), with the intent (i) to influence official acts of R.A., (ii) to influence R.A. to commit and aid in committing, and collude in and allow fraud and make opportunity for the commission of fraud on the United States, and (iii) to induce R.A. to do and omit to do acts in violation of R.A.’s lawful duties, contrary to Title 18, United States Code, Sections 201(b)(1)(A), (B) and (C).

In violation of Title 18, United States Code, Section 371.

In furtherance of the conspiracy and to effect the illegal objects thereof, the following overt acts, among others, were committed in the District of New Jersey and elsewhere:

1. In or around March 2013, defendant AREF created false tax liability figures for defendant ZABEN, and provided these false figures to R.A.
2. In or about April 2013, defendant AREF signed a false and fraudulent audit report prepared by R.A., which falsely stated that defendant ZABEN owed approximately \$1,137.94 to the IRS for the tax years 2009 and 2010, when in fact, defendant ZABEN’s tax liability for those tax years was approximately \$900,000.
3. In or about April 2013, defendant ZABEN gave R.A. an envelope with approximately \$10,000 in cash as a payment for R.A.’s “assistance” in fraudulently reducing defendant ZABEN’s tax liability.

Counts Two through Four
(Bribery of a Public Official)

On or about the dates set forth below, in Passaic County, in the District of New Jersey, and elsewhere, defendants

HAMED AREF
and
YOUSEF ZABEN

did knowingly and corruptly give, offer and promise cash payments to a public official, that is, R.A., with the intent (i) to influence official acts of R.A., (ii) to influence R.A. to commit and aid in committing, and collude in and allow fraud and make opportunity for the commission of fraud on the United States, and (iii) to induce R.A. to do and omit to do acts in violation of R.A.'s lawful duties, each constituting a separate count of this Complaint:

Count	Date	Defendant(s)	Approximate Amount
2	March 8, 2012	AREF	\$3,000
3	April 3, 2013	AREF & ZABEN	\$10,000
4	May 16, 2013	ZABEN	\$2,000

All in violation of Title 18, United States Code, Sections 201(b)(1)(A), (B) and (C).

ATTACHMENT B

I, Keith S. Caplan, a Special Agent with the Department of the Treasury, Inspector General for Tax Administration (“TIGTA”), have knowledge of the following facts based upon: (a) my investigation, (b) discussions with witnesses and other law enforcement agents, and (c) review of bank records, among other things. Because this Complaint is being submitted for the limited purpose of establishing probable cause, I have not included each and every fact known to me concerning this investigation. I have set forth only the facts which I believe are necessary to establish probable cause. Unless specifically indicated otherwise, all conversations are related in sum and substance.

1. At all times relevant to this Complaint:

- a. United States citizens were generally required to file Individual Income Tax Returns (“Form 1040”) with the Internal Revenue Service (“IRS”), and to pay taxes on income they earned.
- b. The IRS employed revenue agents, who generally were accountants, and whose responsibilities included conducting audits of taxpayers. These audits, of both personal and business tax returns, were conducted to ensure compliance by an individual or business with the tax laws. When a revenue agent conducted an audit, the revenue agent drafted an audit report, which summarized the revenue agent’s findings, and could form the basis for additional tax liability, if warranted.
- c. The IRS maintained an office in Mountainside, New Jersey.
- d. An individual referred to herein as “R.A.” was a revenue agent assigned to the Mountainside, New Jersey IRS office.
- e. Defendant HAMED AREF was a Certified Public Accountant and maintained an office in or around Clifton, New Jersey.
- f. Defendant YOUSEF ZABEN owned a transportation company and resided in or around North Bergen, New Jersey.

2. In or around February 2012, R.A. was assigned to conduct an audit of taxpayer A.Z., defendant YOUSEF ZABEN’s son and defendant AREF’s client. Defendant AREF held power of attorney for A.Z. On or about February 24, 2012, as part of this audit, R.A. conducted a meeting with defendant AREF at defendant AREF’s office in or around Clifton, New Jersey (the “February 2012 Meeting”).

3. During the February 2012 Meeting, R.A. advised defendant AREF that R.A. had discovered approximately \$90,000 in bank discrepancies for A.Z. for the 2010 tax year. These discrepancies would result in A.Z. having to pay additional taxes for the 2010 tax year.

While sitting in defendant AREF's office, defendant AREF asked R.A. if R.A. could reduce A.Z.'s tax liability by approximately \$10,000. Defendant AREF then asked whether R.A. could "help out" his client, and whether R.A. could take a walk outside with defendant AREF. R.A. agreed. Once outside, defendant AREF again asked whether R.A. could reduce A.Z.'s tax liability, this time by approximately \$20,000. Defendant AREF told R.A. that, if R.A. could accomplish this reduction, then defendant AREF would pay R.A. ten percent of the money saved by A.Z., or approximately \$2,000. R.A. replied (pursuant to training on potential bribes that revenue agents receive) that R.A. would think about defendant AREF's proposal. The two agreed to meet again on or about March 8, 2012.

4. Immediately after the February 2012 Meeting, R.A. reported defendant AREF's illegal proposal to law enforcement officers from TIGTA.

5. Defendant AREF and R.A. met again on or about March 8, 2012 at AREF's office (the "March 2012 Meeting"). Prior to the March 2012 Meeting, law enforcement officers outfitted R.A. with video and audio recording equipment, and this meeting was recorded.

6. At the March 2012 Meeting, defendant AREF stated that he wanted the audit report relating to A.Z. to show, for tax year 2009, a reduction in A.Z.'s income of approximately \$4,000. Moreover, defendant AREF sought, for tax year 2010, a reduction in A.Z.'s income of approximately \$60,986. If effectuated, these adjustments would result in a reduction in A.Z.'s total tax owed for these two tax years of approximately \$32,082.04.

7. During the March 2012 Meeting, R.A. produced a false audit report that reflected the reductions in income that defendant AREF had requested. After R.A. had done this, defendant AREF asked R.A. to leave the office. When R.A. returned to AREF's office, an envelope was sitting on R.A.'s chair. Inside the envelope was approximately \$3,000 in cash. While defendant AREF stood guard to make sure no one entered AREF's office, R.A. counted the cash bribe payment money out on R.A.'s desk. Defendant AREF explained to R.A. that defendant ZABEN was aware of this \$3,000 cash bribe payment, and that defendant ZABEN provided the cash to defendant AREF for the bribe payment.

8. Based upon information discovered during the audit of A.Z., the IRS subsequently initiated an audit of defendant ZABEN. During the course of this audit, R.A. discovered that in 2009 and 2010, defendant ZABEN had made numerous large, unexplained bank deposits. These deposits totaled more than \$1.6 million. R.A. calculated that, because of these deposits and other activities upon which defendant ZABEN had not paid taxes, defendant ZABEN owed taxes, penalties, and interest for the tax years 2009 and 2010. Specifically, for the tax year 2009, defendant ZABEN owed taxes, penalties, and interest of approximately \$615,443. For the tax year 2010, defendant ZABEN owed taxes, penalties, and interest of approximately \$288,770. Therefore, in total, R.A. found that defendant ZABEN owed the IRS approximately \$904,367.

9. On or about February 21, 2013, defendant AREF and R.A. met at

defendant AREF's office to discuss the impending audit of defendant ZABEN (the "February 2013 Meeting"). This meeting was recorded by law enforcement officers.

10. At the February 2013 Meeting, R.A. told defendant AREF about the approximately \$1.6 million in unexplained deposits. Defendant AREF then asked R.A. a number of questions regarding criminal tax evasion and whether certain amounts of evaded taxes would result in the evader going to prison.

11. On or about March 26, 2013, defendant AREF and R.A. met again at defendant AREF's office (the "March 2013 Meeting"). This meeting was recorded by law enforcement officers.

12. During the March 2013 Meeting, defendant AREF provided R.A. with false income and tax figures for defendant ZABEN, and told R.A. to use these false figures to produce a bogus audit report for defendant ZABEN. At one point during the March 2013 Meeting, defendant AREF joked that the false figures he had provided to R.A. were so exaggerated that defendant ZABEN would be entitled to a tax refund from the United States Treasury. Based upon defendant AREF's requested figures, R.A. prepared a bogus audit report (the "Bogus ZABEN Audit Report"), which incorporated the false figures provided by defendant AREF, and reflected a total tax liability of \$0 for tax year 2009; and a total tax liability of approximately \$1,137.94 for tax year 2010. R.A. then provided the Bogus ZABEN Audit Report to defendant AREF. Finally, during the March 2013 Meeting, defendant AREF stated that defendant ZABEN wanted to meet with R.A. personally.

13. On or about April 3, 2013, R.A. met with defendant ZABEN and defendant AREF at defendant AREF's office (the "April 2013 Meeting"). This meeting was recorded by law enforcement officers.

14. During the April 2013 Meeting, R.A. showed both defendants the true and correct audit report for defendant ZABEN, which reflected a total tax liability of approximately \$900,000. Defendant AREF stated that defendant ZABEN had only seen Bogus ZABEN Audit Report, and R.A. replied that R.A. wanted defendant ZABEN to see the actual amount of taxes and penalties owed, so that defendant ZABEN could see how much money defendant ZABEN was saving. R.A. then showed defendant ZABEN the Bogus ZABEN Audit Report, prepared at defendant AREF's direction, which reflected a total tax liability of approximately \$1,137.94. Defendant AREF then signed the Bogus ZABEN Audit Report, accepting the \$1,137.94 as defendant ZABEN's tax liability for 2009 and 2010.

15. Also during the April 2013 Meeting, defendant ZABEN provided a check to R.A., payable to the United States Treasury, for the amount of approximately \$1,137.94. Defendant AREF left the room. Defendant ZABEN then provided R.A. with a white envelope, and indicated that the envelope contained \$10,000. R.A. opened the envelope, and counted out approximately \$10,000 in cash in the presence of defendant ZABEN. Defendant AREF returned to the room. R.A. asked the defendants what the approximately \$10,000 in cash was for, and

defendant AREF replied that it was for R.A. Defendant AREF further stated that defendant ZABEN had provided a check, and that was for the IRS, but that the approximately \$10,000 in cash was for R.A. Defendant ZABEN concurred.

16. Also during the April 2013 Meeting, defendant ZABEN stated that he wanted to talk “straight” with R.A., and asked R.A. to go outside with defendant ZABEN. Once outside, defendant ZABEN affirmed that he understood the first audit report that R.A. showed defendant ZABEN reflected defendant ZABEN’s actual tax liability. Defendant ZABEN further stated that he could pay R.A. an additional approximately \$5,000 for R.A.’s services in creating the Bogus ZABEN Audit Report, and that ZABEN would contact R.A. in or around end of April 2013.

17. On or around May 16, 2013, R.A. met with Defendant ZABEN (the “May 2013 Meeting”). This meeting was recorded by law enforcement officers.

18. During the May 2013 Meeting, Defendant ZABEN stated that he wanted R.A. to file the Bogus ZABEN Audit Report and submit the \$1,137.94 check to the IRS. Defendant ZABEN stated that he would pay R.A. \$2,000 that day, and the remaining \$3,000 once the Bogus ZABEN Audit Report had been filed and the check submitted. Defendant ZABEN then removed approximately \$2,000 in cash from his pocket, and slid it across the table to R.A.