

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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UNITED STATES OF AMERICA : INDICTMENT

- v -

: 14 Cr. 441

MATTHEW LIBOUS, :

Defendant. :

-----X

COUNT ONE

(Obstructing and Impeding the Due Administration
Of the Internal Revenue Service)

The Grand Jury charges:

Introduction

1. At all times relevant to this Indictment, MATTHEW LIBOUS, the defendant, was an attorney licensed to practice law in the State of New York.

Unreported Income from Law Practice

2. From in or about January 2006 through in or about April 2006, MATTHEW LIBOUS, the defendant, was employed as an attorney at a law firm in Westchester County, New York (the "Law Firm"). Pursuant to an arrangement negotiated on LIBOUS' behalf by a New York State elected official, a lobbying firm headquartered in Albany, New York (the "Lobbying Firm") reimbursed the law firm for a portion of LIBOUS' salary. The Lobbying Firm paid its portion of LIBOUS' salary to the Law Firm, which passed that money through to LIBOUS. The Law

Firm provided the Lobbying Firm with monthly invoices for legal services in the amounts the Lobbying Firm contributed to LIBOUS' salary. The Law Firm provided no services to the Lobbying Firm to justify the invoices.

3. After several months, the Law Firm terminated its employment relationship with MATTHEW LIBOUS, the defendant. The Law Firm continued to pass the payments it received from the Lobbying Firm through to LIBOUS for the remainder of 2006.

4. In or about early 2007, the Law Firm issued a Form W-2 to MATTHEW LIBOUS, the defendant, on which it reported to the Internal Revenue Service ("IRS") the payments it had made to LIBOUS when LIBOUS was employed by the Law Firm. The Law Firm also issued a Form 1099 to LIBOUS on which it reported to the IRS the payments it had passed through from the Lobbying Firm to LIBOUS after it had terminated LIBOUS' employment.

5. MATTHEW LIBOUS, the defendant, received approximately \$34,672 directly from clients for whom he provided legal services in 2006, some of which was unknown to the Law Firm. He also received approximately \$1,013 from a previous employer in 2006. LIBOUS failed to report any of this income on his 2006 federal income tax return. For 2007, LIBOUS failed to report approximately \$15,000 he received in income that year on his 2007 federal income tax return.

Unreported Income from Cellular Tower Business

6. From in or about 2008 through in or about 2011, MATTHEW LIBOUS, the defendant, was a minority partner of Wireless Construction Solutions, LLC ("WCS"), a partnership headquartered in Westchester County, New York. WCS was in the business of installing and servicing cellular telephone towers. LIBOUS was primarily responsible for running the company. Partnerships were required to file annual U.S. Partnership Income Tax Returns, Form 1065, but were not required to pay income taxes themselves. The income or loss from the operation of a partnership, by law, flowed through to the partners, who were required to declare such income or losses on their U.S. Individual Income Tax Returns, Form 1040.

7. During the years 2008 through 2011, MATTHEW LIBOUS, the defendant, converted assets from WCS by paying his personal expenses from WCS funds, including expenses for multiple casino trips, vacations, iTunes purchases, a gym membership, an internet dating subscription, spa treatments, visits to tanning salons, clothing, food, and student loan payments. By causing his personal expenses to be recorded on books and records of WCS as business expenses, LIBOUS caused the preparation and filing of false U.S. Partnership Income Tax Returns, Form 1065, for WCS for the years 2008 through 2011. The filing of those false partnership income tax returns, in turn, caused the preparation and filing of false U.S.

Individual Income Tax Returns, Form 1040, for the partners of WCS.

8. LIBOUS failed to report the proceeds of his conversions of money from WCS on his U.S. Individual Income Tax Returns, Forms 1040 for the 2008 through 2011 tax years.

9. For 2008, MATTHEW LIBOUS, the defendant, failed to report on his 2008 federal tax return approximately \$7,408 in income he received that year and approximately \$3,884 in personal expenses he caused WCS to pay on his behalf that year. For 2009, LIBOUS failed to report on his 2009 federal tax return approximately \$15,500 in income he received that year and approximately \$35,882 in personal expenses he caused WCS to pay on his behalf that year. For 2010, LIBOUS failed to report on his 2010 federal tax return approximately \$81,668 in personal expenses he caused WCS to pay on his behalf that year. For 2011, LIBOUS failed to report on his 2011 federal tax return approximately \$122,784 in personal expenses he caused WCS to pay on his behalf that year.

The Scheme to Obstruct

10. Beginning in or about 2006 and continuing up through 2012, MATTHEW LIBOUS, the defendant, engaged in a course of conduct calculated to impede and impair the due administration of the Internal Revenue laws by obstructing and frustrating the lawful function of the IRS in assessing and collecting United States income taxes. Among other ways, LIBOUS impeded the IRS by:

- (a) Failing to disclose all his income to his tax preparers;
- (b) Falsely representing to his tax preparers that the information he provided to them about his income was accurate;
- (c) Filing false U.S. Individual Income Tax Returns, Forms 1040, which tax returns falsely understated the amount of income received and the source of income;
- (d) Causing the creation of false entries in the books and records of WCS;
- (e) Causing the creation and filing of false U.S. Partnership Income Tax Returns, Form 1065, for WCS;
- (f) Causing his personal expenses to be paid by WCS with the knowledge that WCS would not report to the income to the IRS, thereby defeating the IRS' reporting process and its abilities to detect income and thereby verify the accuracy of filed tax returns;
- (g) Falsely claiming business expenses ostensibly arising from the practice of law;
- (h) Falsely identifying the source of income he received from the Lobbying Firm as income he received from the practice of law, thereby impeding the IRS' ability to evaluate the propriety of the expenses claimed; and
- (i) Making false statements to law enforcement agents regarding his income.

Statutory Allegations

11. Beginning in or about 2006, and continuing up through in or about 2012, in the Southern District of New York and elsewhere, MATTHEW LIBOUS, the defendant, corruptly obstructed and impeded, and endeavored to obstruct and impede, the due administration of the Internal Revenue laws by various means, including those described above.

(Title 26, United States Code, Section 7212(a).)

COUNTS TWO THROUGH SIX

(Subscribing to False Tax Returns)

The Grand Jury further charges:

12. The allegations set forth in paragraphs 1 through 9 are repeated and realleged as if set forth fully herein.

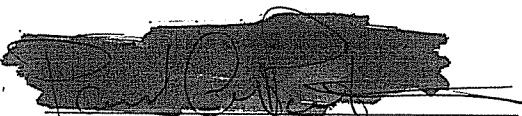
13. MATTHEW LIBOUS, the defendant, filed U.S. Individual Income Tax Returns, Forms 1040 for the tax years 2007 through 2011 inclusive. Through his signing of those tax returns, LIBOUS declared each tax return to be true and correct under penalties of perjury.

14. On or about the filing dates set forth below, in the Southern District of New York and elsewhere, MATTHEW LIBOUS, the defendant, knowingly and willfully did make and subscribe to U.S. Individual Income Tax Returns, Forms 1040, for the tax years set forth below, which returns contained and were verified by the written

declaration of LIBOUS that they were made under penalties of perjury, and which returns LIBOUS did not believe to be true and correct as to every material matter, in that LIBOUS fraudulently omitted income he received, thereby substantially understating his total income as set forth below:

YEAR	REPORTED TOTAL INCOME	ADDITIONAL AND UNREPORTED INCOME
2007	\$ 34,278	\$ 15,000
2008	\$ 38,382	\$ 11,292
2009	\$ 62,661	\$ 51,382
2010	\$158,958	\$ 81,668
2011	\$475,894	\$122,784

(Title 26, United States Code, Section 7206(1))


FOREPERSON
United States Attorney


PREET BHARARA