

**IN THE UNITED STATES DISTRICT COURT**  
**FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

**UNITED STATES OF AMERICA       :       CRIMINAL NO. 14-\_\_\_\_\_**

**v.                                       :       DATE FILED: July 15, 2014**

**WALTER P. LAMBERT,               :       VIOLATIONS:**

**a/k/a “Buddy”                       :       18 U.S.C. § 1341 (mail fraud – 16 counts)**

**:       18 U.S.C. § 1343 (wire fraud – 5 counts)**

**:       26 U.S.C. § 7212(a) (attempts to interfere with**

**:       administration of Internal Revenue Service – 1**

**:       count)**

**:       Notice of forfeiture**

**I N F O R M A T I O N**

**COUNTS ONE THROUGH SIXTEEN**

**THE UNITED STATES ATTORNEY CHARGES THAT:**

At all times relevant to this indictment:

1.       Blue Mountain Consumer Discount Company (“BMCDC”) was a Pennsylvania corporation based in Wind Gap, Pennsylvania, which was licensed and regulated by the Pennsylvania Department of Banking to engage in the business of issuing consumer loans. BMCDC was authorized to charge consumers a maximum interest rate of approximately 26% per year on the loans it issued. The primary owner of BMCDC was F.C.
2.       Defendant WALTER P. LAMBERT, a/k/a “Buddy,” was hired by F.C. in or about 1984 to run BMCDC. Defendant LAMBERT became the Chief Executive Officer (“CEO”) of BMCDC in or about 2001. Defendant LAMBERT had control over the day-to-day operations of BMCDC and control over BMCDC’s corporate books and bank accounts.

Defendant LAMBERT's duties included issuing new consumer loans, securing payment of outstanding consumer loans, maintaining BMCDC's corporate books and records, paying the monthly BMCDC expenses (including salary and office lease), submitting regular reports to the Pennsylvania Department of Banking, and submitting tax payments and other necessary documents to the Internal Revenue Service ("IRS") and the Pennsylvania Department of Revenue.

3. Defendant WALTER P. LAMBERT also had an ownership interest in WPL Partners, Inc., a Pennsylvania Corporation that was in the business of purchasing, developing, and re-selling real estate.

### **THE SCHEME**

4. Beginning sometime prior to January 1, 2004, and continuing until in or about October 2010, within the Eastern District of Pennsylvania and elsewhere, defendant

#### **WALTER P. LAMBERT, a/k/a "Buddy"**

devised and intended to devise a scheme to defraud and to obtain money and property by means of false and fraudulent pretenses, representations, and promises.

### **MANNER AND MEANS**

5. Purportedly acting in his capacity as CEO of BMCDC, defendant WALTER P. LAMBERT purported to borrow approximately \$5,231,636 from individuals (hereinafter the "Individual Lenders") by promising the Individual Lenders a relatively large interest rate, typically 9% or 10% per year, to be paid in monthly installments. In securing the loans, LAMBERT told the Individual Lenders that they were loaning money to BMCDC and that BMCDC would use the Individual Lenders' principal loan amounts to issue new consumer loans to borrowers who would pay typically between 23% to 26% interest to BMCDC, thereby

enabling BMCDC to pay the Individual Lenders the large rates of return quoted to them while still securing a profit of approximately 13 to 16 percent for BMCDC. Defendant LAMBERT told the Individual Lenders that their principle loan was payable “on demand” and that if they requested the return of their principle it would be returned to the by BMCDC.

6. Defendant WALTER P. LAMBERT gave each Individual Lender a promissory note, usually purporting to be from BMCDC (although sometimes the promissory notes purported to be from WPL Partners, Inc.,). Defendant LAMBERT sometimes told the Individual Lenders to make their principle loan checks payable directly to defendant LAMBERT personally or WPL Partners Inc. instead of BMCDC. However, the Individual Lenders were always told that BMCDC was the entity to which they were lending money.

7. After accepting the Individual Lenders’ principal loans, defendant WALTER P. LAMBERT sometimes deposited the Individual Lender’s loan principal payments into his personal bank accounts or WPL Partners Inc.’s bank accounts instead of BMCDC’s bank accounts. In addition to misappropriating Individual Lenders’ principal payments directly into his personal bank accounts and WPL Partners Inc.’s bank accounts, defendant LAMBERT used the Individual Lenders’ principal loan payments that he did deposit into BMCDC’s bank account to: (a) make monthly interest payments to those Individual Lenders who had previously loaned money to BMCDC; (b) pay BMCDC’s expenses (including defendant LAMBERT’s salary, other employee’s salaries, and BMCDC’s rent); (c) withdraw cash from BMCDC for his own use; (d) purchase a life insurance policy; (e) purchase personal items and collectibles for himself and his family members; (f) pay for gasoline and repairs to personal cars owned and used by himself, his family members, and F.C.; (g) make college tuition payments for his children and private elementary and high school tuition payments for relatives of F.C.; and (h) issue loans to himself,

his children, and other “preferred” consumers at a rate of 6% interest per year or less, rather than the annual interest rate of 23% to 26% that the Individual Lenders were quoted. Prior to borrowing the principal from the Individual Lenders, defendant LAMBERT failed to disclose to the Individual Lenders that their loan principal would be used in any of the ways set forth in this paragraph.

8. Defendant WALTER P. LAMBERT withdrew thousands of dollars from BMCDC for the benefit of himself that he falsely caused to be reflected in BMCDC corporate record books as “loans” to himself and his family members. In falsely issuing these “loans” to his family members, defendant LAMBERT forged the signatures of his family members on the loan paperwork and the checks issued by BMCDC, and deposited the checks into his personal bank accounts. Defendant LAMBERT sometimes used Individual Lenders’ principal loan payments that he had received to “pay off” some of these false loans by causing BMCDC’s corporate record books to reflect that the Individual Lenders’ principal loan payments were instead payments by defendant LAMBERT and his family members to BMCDC on their loans. Prior to borrowing the principal from the Individual Lenders, defendant LAMBERT failed to disclose to the Individual Lenders that their loan principal would be used as set forth in this paragraph.

9. In furtherance of and in order to perpetuate the scheme, defendant WALTER P. LAMBERT initially paid the Individual Lenders the monthly interest payments that he had promised them. Defendant LAMBERT paid Individual Lenders their interest payments by cash, check, or a combination of cash and check. Defendant LAMBERT usually personally delivered the interest payments to the Individual Lenders or paid them personally at the BMCDC office in Wind Gap, Pennsylvania. However, on occasion, defendant LAMBERT caused the

interest checks to be sent via Federal Express and U.S. Mail to the Individual Lenders at their homes and directly to the Individual Lenders' banks. Defendant LAMBERT also caused to be sent via U.S. Mail and facsimile in interstate commerce rudimentary statements from BMCDC to the Individual Lenders and their designees identifying the Individual Lender's principal loan balances and/or monthly interest payments. On occasion, defendant LAMBERT personally met with the Individual Lenders and spoke to them on the telephone to answer their questions and assuage their concerns. The interest payments, mailings and facsimiles, and conversations with the Individual Lenders all served to lull the Individual Lenders into believing that their loan principal was safe.

10. In order to hide the existence of the scheme, defendant WALTER P. LAMBERT sometimes falsely recorded the Individual Lenders' principal payments in the BMCDC corporate record books as "income" or "payments" by delinquent consumer loan customers on their outstanding consumer loans, rather than correctly recording them as "loans payable." Similarly, defendant LAMBERT sometimes transferred funds from his personal bank accounts (that he had previously misappropriated) back to BMCDC and falsely caused the corporate record books of BMCDC to reflect that these funds were also "income" or "payments" by delinquent consumer loan customers. In this way, defendant LAMBERT caused the corporate record books of BMCDC to show both more "income" than BMCDC was actually receiving and fewer delinquent consumer loan accounts than BMCDC actually had outstanding, thus leading anyone examining the books to believe that BMCDC was financially sound.

11. In order to hide the existence of the scheme, defendant WALTER P. LAMBERT caused to be prepared and sent via U.S. Postal Service Certified Mail false annual compliance reports, income statements, and BMCDC balance sheets to the Pennsylvania

Department of Banking, and false corporate tax returns and tax forms for BMCDC to the Internal Revenue Service (“IRS”), that relied upon the false BMCDC corporate record books, hid personal expenses of defendant LAMBERT, F.C., and their families, hid the extent of the debt owed by BMCDC to the Individual Lenders, hid taxable events with the Individual Lenders and employees of BMCDC, and showed false income, false expenses, false outstanding loans, and false delinquent loan balances for BMCDC as follows, all of which caused a false representation of the financial well-being of BMCDC to be made to the Pennsylvania Department of Banking and IRS that made BMCDC appear to be in a much better profit/loss position than true and correct accounting records and tax returns would reflect:

a. Defendant LAMBERT falsely overstated total income by falsely recording funds paid to BMCDC from himself, BMCDC’s owners, and Individual Lenders as “income.” BMCDC’s books indicate that defendant LAMBERT overstated corporate income in this manner for tax years 2007 through 2009 by approximately \$382,363, \$107,198 and \$63,068, respectively.

b. Defendant LAMBERT falsely understated BMCDC’s salaries and wages by failing to record in BMCDC’s books cash salary payments to employees.

c. Defendant LAMBERT falsely understated BMCDC’s interest expenses both by failing to record in BMCDC’s books interest payments to Individual Lenders that were made in cash and by accruing, or “rolling over” Individual Lenders’ interest.

d. Defendant LAMBERT falsely overstated interest expenses by recording in BMCDC’s books interest payments on personal loans taken out by defendant LAMBERT and F.C.

e. Defendant LAMBERT falsely overstated BMCDC's repairs and maintenance expenses by falsely recording in BMCDC's books expenses for repairs and maintenance to personal vehicles owned and used by defendant LAMBERT, his family members, and the F.C.

f. Defendant LAMBERT falsely overstated BMCDC's expenses by falsely recording in BMCDC's books the payment of personal expenses of defendant LAMBERT and, F.C., and their family members, as employee benefits, insurance expenses, office expenses, and meals and entertainment expenses.

g. Defendant LAMBERT falsified BMCDC's balance sheet by falsely recording payments being made to delinquent consumer loans when in fact no such payments had been made, which falsely reduced BMCDC's outstanding "trade note and accounts receivable" balance.

h. Defendant LAMBERT falsified BMCDC's balance sheet by failing to record all Individual Lender loans, which falsely reduced BMCDC's outstanding "mortgages, notes, and bonds payable in 1 year or more" balance.

i. Defendant LAMBERT falsified BMCDC's balance sheet by failing to record all investments into BMCDC by F.C. and the other owners of BMCDC, which falsely reduced the "shareholder loan" and "paid in capital" balances.

12. In furtherance of and in order to perpetrate the scheme, defendant WALTER P. LAMBERT caused to be prepared and sent via United States mail false IRS Forms 1099, which failed to declare any cash interest payments, to the IRS and to those Individual Lenders who received all or a portion of their interest payments in cash. By failing to declare cash interest payments to the IRS, defendant LAMBERT helped ensure that current and

prospective Individual Lenders would continue to loan additional money to BMCDC as a potential way of earning unreported interest income.

13. Defendant WALTER P. LAMBERT, by his actions as set forth herein, caused the Individual Lenders to sustain losses of approximately \$2,269,503.

14. On or about each of the following dates, in the Eastern District of Pennsylvania and elsewhere, defendant

**WALTER P. LAMBERT,  
a/k/a “Buddy”**

for the purpose of executing the scheme described above, and attempting to do so, knowingly caused to be delivered by mail and commercial interstate carriers, according to the directions thereon, the following items:

COUNT	DATE	FROM	TO	DESCRIPTION OF ITEM & HOW SENT
ONE	2/27/09	BMCDC in Wind Gap, Pennsylvania	IRS in Austin, Texas	False BMCDC 2008 Forms 1096 and 1099-INT sent via U.S Postal Service Certified Mail
TWO	3/16/09	BMCDC in Wind Gap, Pennsylvania	IRS in Cincinnati, Ohio	False BMCDC 2008 Form 1120 sent via U.S. Postal Service Certified Mail
THREE	5/11/09	BMCDC in Wind Gap, Pennsylvania	Individual Lenders W.S. and V.S. in Parsons, West Virginia	Copy of Promissory Note signed by defendant LAMBERT documenting \$550,000 loan made by Individual Lenders W.S. and V.S. to BMCDC sent via U.S. Postal Service Certified Mail
FOUR	12/3/09	Law Office of N.S. in Wind Gap, PA	Mountain Valley Bank in Parsons, West Virginia	Monthly interest check for Individual Lenders R.H. and C.H. sent via Federal Express



COUNT	DATE	FROM	TO	DESCRIPTION OF ITEM & HOW SENT
FIVE	12/11/09	Law Office of N.S. in Wind Gap, PA	Individual Lenders W.S. and V.S. in Parsons, West Virginia	Monthly interest check for Individual Lenders W.S. and V.S. sent via Federal Express
SIX	2/10/10	Law Office of N.S. in Wind Gap, PA	Mountain Valley Bank in Parsons, West Virginia	Monthly interest check for Individual Lenders R.H. and C.H. sent via Federal Express
SEVEN	2/25/10	BMCDC in Wind Gap, Pennsylvania	IRS in Austin, Texas	False BMCDC 2009 Forms 1096 and 1099-INT sent via U.S. Postal Service Certified Mail
EIGHT	3/5/10	Law Office of N.S. in Wind Gap, PA	Mountain Valley Bank in Parsons, West Virginia	Monthly interest check for Individual Lenders R.H. and C.H. sent via Federal Express
NINE	3/9/10	BMCDC in Wind Gap, Pennsylvania	Individual Lender J.T. in Bath, Pennsylvania	Letter dated March 8, 2010 from BMCDC signed by defendant LAMBERT in which defendant LAMBERT agreed to meet Individual Lender J.T. to discuss J.T.'s request for full payment of all principle and interest owed on J.T.'s promissory notes.
TEN	3/23/10	Law Office of N.S. in Wind Gap, PA	Mountain Valley Bank in Parsons, West Virginia	Monthly interest check for Individual Lenders R.H. and C.H. sent via Federal Express
ELEVEN	3/31/10	BMCDC in Wind Gap, Pennsylvania	Pennsylvania Department of Banking in Harrisburg, Pennsylvania	False 2009 Financial Statement of BMCDC signed by defendant LAMBERT sent via U.S. Postal Service Certified Mail
TWELVE	5/18/10	Law Office of N.S. in Wind Gap, PA	Mountain Valley Bank in Parsons, West Virginia	Monthly interest check for Individual Lenders R.H. and C.H. sent via Federal Express

COUNT	DATE	FROM	TO	DESCRIPTION OF ITEM & HOW SENT
THIRTEEN	5/24/10	BMCDC in Wind Gap, Pennsylvania	Pennsylvania Department of Banking in Harrisburg, Pennsylvania	Letter from BMCDC dated May 21, 2010 signed by defendant LAMBERT enclosing fingerprint certification letters signed by defendant LAMBERT and F.C.
FOURTEEN	6/8/10	Law Office of N.S. in Wind Gap, PA	Mountain Valley Bank in Parsons, West Virginia	Monthly interest check for Individual Lenders R.H. and C.H. sent via Federal Express
FIFTEEN	8/9/10	Law Office of N.S. in Wind Gap, PA	Mountain Valley Bank in Parsons, West Virginia	Monthly interest check for Individual Lenders R.H. and C.H. sent via Federal Express
SIXTEEN	9/13/10	Law Office of N.S. in Wind Gap, PA	Mountain Valley Bank in Parsons, West Virginia	Monthly interest check for Individual Lenders R.H. and C.H. sent via Federal Express

All in violation of Title 18, United States Code, Section 1341.

**COUNTS SEVENTEEN THROUGH TWENTY-ONE**

**THE UNITED STATES ATTORNEY FURTHER CHARGES THAT:**

1. Paragraphs 1 through 3 of Counts One through Sixteen are incorporated here.

**THE SCHEME**

2. Beginning sometime prior to January 1, 2004, and continuing until in or about October 2010, within the Eastern District of Pennsylvania and elsewhere, defendant

**WALTER P. LAMBERT,  
a/k/a “Buddy”**

devised and intended to devise a scheme to defraud and to obtain money and property by means of false and fraudulent pretenses, representations, and promises.

**MANNER AND MEANS**

3. Paragraphs 5 through 13 of Counts One through Sixteen are incorporated here.

4. On or about each of the following dates, in the Eastern District of Pennsylvania and elsewhere, defendant

**WALTER P. LAMBERT,  
a/k/a “Buddy”**

for the purpose of executing the scheme described above, and attempting to do so, caused the following signals and sounds to be transmitted by means of wire communication in interstate commerce:

COUNT	DATE	FROM	TO	DESCRIPTION OF ITEM & HOW SENT
SEVENTEEN	2/27/09	BMCDC in Wind Gap, Pennsylvania	Pennsylvania Department of Banking in Harrisburg, Pennsylvania	False 2008 Annual Report for BMCDC, license number 2162, sent via the internet
EIGHTEEN	3/31/09	BMCDC in Wind Gap, Pennsylvania	Pennsylvania Department of Banking in Harrisburg, Pennsylvania	False 2008 Secondary Mortgage Lender Annual Report for BMCDC, license number 0231, sent via the internet
NINETEEN	10/16/09	BMCDC in Wind Gap, Pennsylvania	Nationwide Mortgage Licensing System & Registry	False 2008 BMCDC Financial Statement sent via the internet
TWENTY	3/23/10	BMCDC in Wind Gap, Pennsylvania	Pennsylvania Department of Banking in Harrisburg, Pennsylvania	False 2009 Annual Report for BMCDC, license number 2162, sent via the internet
TWENTY-ONE	3/27/10	BMCDC in Wind Gap, Pennsylvania	Pennsylvania Department of Banking in Harrisburg, Pennsylvania	False 2009 Annual Report for BMCDC, license number 21465, sent via the internet

All in violation of Title 18, United States Code, Section 1343.

## **COUNT TWENTY-TWO**

### **THE UNITED STATES ATTORNEY FURTHER CHARGES THAT:**

1. Paragraphs 1 through 3 of Counts One through Sixteen are incorporated here.

2. Beginning in or about 2001, and continuing until in or about April 2010, in the Eastern District of Pennsylvania and elsewhere, defendant

**WALTER P. LAMBERT,  
a/k/a “Buddy”**

corruptly endeavored to obstruct and impede the due administration of the internal revenue laws of the United States by, among other things: (1) filing and causing to be filed false corporate tax returns for BMCDC; (2) filing and causing to be filed false IRS Forms 1096s for BMCDC; (3) filing and causing to be filed false IRS Form 1099s for BMCDC; (4) failing to file IRS Forms 1099s for BMCDC; (5) filing and causing to be filed false IRS Forms W-3 for BMCDC; (6) filing and causing to be filed false IRS Forms W-2 for BMCDC; (7) failing to file IRS Forms W-2 for BMCDC; (8) filing and causing to be filed false IRS Forms 940 and 941 for BMCDC; (9) failing to file IRS Forms 8300 for BMCDC; (10) filing and causing to be filed false IRS Forms 1098 for BMCDC; (11) causing Individual Lenders and employees of BMCDC to file false IRS Form 1040 Tax Returns; (12) filing his own false IRS Form 1040 Tax Returns; (13) falsely advising Individual Lenders on tax issues; (14) dealing in United States currency to hide transactions from the IRS; (15) preparing and causing to be prepared false BMCDC corporate books and records; (16) preparing and causing to be prepared false BMCDC income statements and balance sheets; (17) falsely over-reporting BMCDC income; (18) falsely underreporting BMCDC expenses; (19) deducting and causing to be deducted personal items as false BMCDC

business expenses; (20) falsely representing to Individual Lenders that their loans would be set up as Individual Retirement Accounts; and (21) failing to file IRS Forms 5498 for BMCDC.

### **THE DEFENDANT'S OBSTRUCTIVE PRACTICES**

The acts committed in furtherance of defendant WALTER P. LAMBERT's endeavor to corruptly interfere with the IRS include, but are not limited to, the following:

3. Paragraphs 5 through 13 of Counts One through Sixteen are incorporated here.

4. Defendant WALTER P. LAMBERT failed to file IRS Forms 8300 when Individual Lenders gave defendant LAMBERT their loan principal in the form of cash in amounts in excess of \$10,000.

5. Defendant WALTER P. LAMBERT paid one of BMCDC's employees entirely in cash and one of its employees in a combination of cash and checks. Defendant LAMBERT failed to prepare a W-2 wage and income statement for the BMCDC employee who was paid in cash, and on an annual basis caused the W-2 wage and income statement prepared on behalf of BMCDC for the BMCDC employee who was paid in a combination of cash and checks to reflect only those payments from BMCDC that were made by check. Defendant LAMBERT caused these false W-2 wage and income statements to be mailed to the IRS and the employee. Defendant LAMBERT's actions aided and abetted the two BMCDC employees' filing of false individual IRS Form 1040 Tax Returns, which failed to declare as income the cash they received from BMCDC. For each of the tax years 2007 through 2009, defendant LAMBERT paid total unreported cash wages of approximately \$9,600 to the two employees of BMCDC. These unreported cash wages also caused a failure to withhold and pay the employer and employee share of Social Security and Medicare taxes at a combined rate of 15.30%. By his actions in

paying unreported cash wages, defendant LAMBERT caused a tax loss to the IRS for tax years 2007 through 2009 of approximately \$12,470.

6. Defendant WALTER P. LAMBERT caused false IRS Forms 1099 to be prepared, mailed to the Individual Lenders, and filed with the IRS that only documented interest income that was paid to the Individual Lenders on behalf of BMCDC by check. These false Forms 1099 failed to document any of the cash interest payments that were made to the Individual Lenders. The Individual Lenders used these false Forms 1099 to prepare and file their own false IRS Form 1040 Tax Returns that failed to declare the cash interest income they were paid by defendant LAMBERT on behalf of BMCDC. Similarly, defendant LAMBERT failed to prepare or file any of the required IRS Forms 1099 for those Individual Lenders who received their interest payments entirely in the form of cash. As such, each Individual Lenders who received no IRS Form 1099 from BMCDC despite having received cash interest payments from BMCDC filed a false IRS Form 1040 Tax Return. For the tax years 2007 through 2009, defendant LAMBERT paid total unreported cash interest payments to six Individual Lenders of approximately \$123,077, \$134,203, and \$83,495, respectively. By his failure to ensure the preparation of IRS Forms 1099, defendant LAMBERT caused a tax loss to the IRS for tax years 2007 through 2009 of approximately \$99,743.

7. Defendant WALTER P. LAMBERT also paid a 1% “kickback” to one of the Individual Lenders who was a local area attorney, Nicholas R. Sabatine, III, charged separately, in return for Sabatine’s referral of some of his clients who had received large monetary settlements to defendant LAMBERT to invest their settlement proceeds. Defendant LAMBERT paid these clients, who subsequently became Individual Lenders, approximately 9% interest per year on their principal, payable monthly, and paid Sabatine the other 1% interest on

his client's loan principal. While defendant LAMBERT paid Sabatine's clients their monthly interest by check and provided them and the IRS with accurate annual IRS Forms 1099, defendant LAMBERT paid Sabatine his promised 1% kickback in the form of cash. Defendant LAMBERT also paid Sabatine, who was also an Individual Lender, some of the interest Sabatine was owed from his own personal loans to BMCDC in cash, and failed to document any of these cash interest payments to Sabatine on the IRS Forms 1099 that BMCDC sent to Sabatine and the IRS. For the tax years 2007 through 2009, defendant LAMBERT paid Sabatine approximately \$44,950 in cash interest payments and \$12,000 in kickback fees, which Sabatine failed to timely declare on his annual IRS Form 1040 tax returns. By his actions in paying Sabatine this cash and failing to report it on the IRS Forms 1099, defendant LAMBERT caused a tax loss to the IRS for tax years 2007 through 2009 of approximately \$11,066.

8. Defendant WALTER P. LAMBERT improperly accrued or rolled over interest on many of the Individual Lenders' loans that defendant LAMBERT failed to record on the books of BMCDC and falsely advised Individual Lenders that these accruals were not taxable, thus resulting in additional false filings of IRS Form 1040 Tax Returns by Individual Lenders. For the tax years 2007 through 2009, defendant LAMBERT improperly accrued unreported interest payments to nine Individual Lenders totaling approximately \$104,458, \$120,698, and \$136,378, respectively. By his actions in improperly accruing this interest, defendant LAMBERT caused a tax loss to the IRS for tax years 2007 through 2009 of approximately \$67,641.

9. In total, defendant WALTER P. LAMBERT failed to report to the IRS in excess of approximately \$700,000 of interest earned by investors that was either paid in the form of cash or rolled over as accrued interest, as set forth in paragraphs 6 through 8 of this Count.



10. For tax years 2007 through 2009, defendant WALTER P. LAMBERT filed individual IRS Form 1040 Tax Returns in his own name that under-reported his gross income by failing to report as income the personal expenses that were paid for and deducted by BMCDC, as these amounts represented taxable benefits to defendant LAMBERT. By his actions in filing false individual IRS Form 1040 Tax Returns, defendant LAMBERT caused a tax loss to the IRS for tax years 2007 through 2009 of approximately \$72,767.

11. Defendant WALTER P. LAMBERT created false shareholder equity in the corporate records of BMCDC and failed to record or falsely recorded financial transactions pertaining to F.C. and the other owners of the company. Defendant LAMBERT also made regular and recurring cash payments to F.C. from BMCDC's funds that he failed to document in BMCDC's books and records. Defendant LAMBERT's false recordings and undocumented payments of cash to F.C. prevented the IRS from making a determination of taxability of funds paid to and on behalf of F.C. and the other BMCDC owners.

12. Defendant WALTER P. LAMBERT caused false Corporate Tax Returns for BMCDC to be prepared and submitted to the IRS for tax years 2007 and 2008. These tax returns reported approximately \$85,702 and \$81,811, respectively, of false business deductions paid for personal expenses of defendant LAMBERT and F.C. and their families. These false deductions included payments on personal loans and credit cards, tuition expenses, personal travel expenses, and personal automobile expenses for gas, repairs, and insurance. The 2007 and 2008 false Corporate Tax Returns for BMCDC reported taxable income of \$0 and a net loss of approximately (\$287,129), respectively, when in fact the taxable income of BMCDC for 2007 and 2008 was actually a net loss of approximately (\$533,796) and a net loss of approximately

(\$577,017), respectively, due to the falsely overstated income, failure to report cash and accrued interest expenses, failure to report cash wages, and falsely deducted personal expenses.

13. By his actions, defendant WALTER P. LAMBERT caused the IRS to sustain a total tax loss of at least approximately \$252,621 for tax years 2007 through 2009.

All in violation of Title 26, United States Code, Section 7212(a).

## **NOTICE OF FORFEITURE**

### **THE UNITED STATES ATTORNEY FURTHER CHARGES THAT:**

1. As a result of the violations of Title 18, United States Code, Section 1341 and 1343 set forth in this information, defendant

**WALTER P. LAMBERT,  
a/k/a “Buddy”**

shall forfeit to the United States of America any property constituting, or derived from, proceeds obtained directly or indirectly from the commission of such offense, including but not limited to \$2,269,503 in United States currency (money judgment).

2. If any of the property described above, as a result of any actor omission of the defendant:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred to, sold to, or deposited with a third party;
- c. has been placed beyond the jurisdiction of this Court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be divided without difficulty;

it is the intention of the United States, pursuant to Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendant up to the value of the property subject to forfeiture.

All pursuant to Title 18, United States Code, Section 981(a)(1)(C) and 28 U.S.C.

Section 2461.

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**ZANE DAVID MEMEGER**  
**UNITED STATES ATTORNEY**