UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA	:	Hon.
	:	
v.	:	Criminal No. 10-
	:	
VAIBHAV DAHAKE	:	18 U.S.C. § 371

INDICTMENT

The Grand Jury in and for the District of New Jersey, sitting at Newark, charges:

Count 1
(Conspiracy to Defraud the United States)

At all times relevant to this Indictment:

Background

1. The Internal Revenue Service ("IRS") was an agency of the United States Department of Treasury responsible for administering and enforcing the tax laws of the United States and collecting the taxes owed to the Treasury of the United States by its citizens.

2. United States citizens and residents had an obligation to report to the IRS on the Schedule B of a U.S. Individual Income Tax Return, Form 1040, whether that individual had a financial interest in, or signature authority over, a financial account in a foreign country during a particular year by checking "Yes" or "No" in the appropriate box and identifying the country where the account was maintained. United States citizens and residents also had an obligation to report all income earned from foreign financial accounts on their tax returns.

3. United States citizens and residents who had a financial interest in, or signature authority over, one or more financial accounts in a foreign country with an aggregate value of more than $10,000 at any time during a calendar year were required to file with the Department

of the Treasury for that calendar year a Report of Foreign Bank and Financial Accounts on Form TD F 90-22.1 ("FBAR"). The FBAR for that calendar year was due by June 30 following the end of that calendar year.

4. An "undeclared bank account" was a financial account maintained in a foreign country that was not reported to the United States government on a tax return and an FBAR.

5. The Internal Revenue Code and associated regulations required financial institutions, including banks, to issue an IRS Form 1099 to each individual who was paid $10 or more of interest income during a calendar year reporting the recipient's name, address, social security number and the amount of interest income paid, and to file a copy of the Form 1099 with the IRS.

6. Individuals who physically transported, mailed or shipped, or caused to be physically transported, mailed, shipped or received, currency, traveler's checks, and certain other monetary instruments in an aggregate amount exceeding $10,000 into the United States were required to file a report, FinCen Form 105, Report of International Transportation of Currency or Monetary Instruments ("CMIR"), with the Bureau of Customs and Border Protection.

7. A bearer share corporation was a corporation that was owned by whoever held the physical stock certificate. Ownership of a bearer share corporation was not readily identifiable, as opposed to a corporation with registered stock shares, where the owners of the entity were identified in the corporation's records. Bearer share corporations were often set up in tax havens to hide the true ownership of assets because ownership records were not maintained and nominee officers and directors were often used to appear to control the affairs of the corporation.

Entities

8. Summit Solutions, Inc. was a British Virgin Islands bearer share corporation that defendant VAIBHAV DAHAKE used to conceal his ownership of undeclared bank accounts located in the British Virgin Islands, into which defendant VAIBHAV DAHAKE deposited unreported business receipts.

9. An international bank ("the International Bank") was one of the largest international banks in the world and was headquartered in England. It maintained offices throughout the world, including in India, Singapore, Hong Kong, and the United States, including in the District of New Jersey.

10. The International Bank operated a division in the United States called NRI Services that marketed offshore banking services to U.S. citizens of Indian descent. Through its NRI Services division, the International Bank encouraged U.S. citizens to open undeclared bank accounts in India.

The Defendant

11. Defendant VAIBHAV DAHAKE was born in India and became a naturalized U.S. citizen in 2006. He lived in Somerset, New Jersey.

12. From in or about 2001 until in or about 2010, defendant VAIBHAV DAHAKE had a financial interest in undeclared bank accounts located in the British Virgin Islands and India. The accounts located in India were maintained at the International Bank.

Certain Co-Conspirators

13. "U.S. Banker #1," who is named as a co-conspirator but not as a defendant herein, was an account manager for the International Bank in New York, New York.

14. "U.S. Banker #2," who is named as a co-conspirator but not as a defendant herein, was an account manager for the International Bank in New York, New York.

15. "U.S. Banker #3," who is named as a co-conspirator but not as a defendant herein, was an account manager for the International Bank in Fremont, California.

16. "India Banker #1," who is named as a co-conspirator but not as a defendant herein, was an account manager for the International Bank in Thane, India.

17. "India Banker #2," who is named as a co-conspirator but not as a defendant herein, was an account manager for the International Bank in Thane, India.

The Conspiracy

18. From in or about 2001 through in or about June 2010, in the District of New Jersey and elsewhere, defendant

VAIBHAV DAHAKE

did knowingly and willfully conspire and agree with others to defraud the United States by impeding, impairing, obstructing and defeating the lawful governmental functions of the IRS of the Treasury Department in the ascertainment, computation, assessment, and collection of federal income taxes, and in the collection of information relating to foreign financial accounts.

Object of the Conspiracy

19. It was the object of the conspiracy that defendant VAIBHAV DAHAKE and his co-conspirators would conceal from the IRS the existence, ownership, and income derived from defendant VAIBHAV DAHAKE's undeclared bank accounts in the British Virgin Islands and India.

Means and Methods of the Conspiracy

20. It was part of the conspiracy that VAIBHAV DAHAKE formed and used a bearer share corporation in the British Virgin Islands to conceal his ownership and control of undeclared bank accounts located in the British Virgin Islands from the IRS. To further conceal his undeclared bank accounts in the British Virgin Islands, defendant VAIBHAV DAHAKE maintained non-interest bearing accounts that did not generate any interest income.

21. It was further part of the conspiracy that the International Bank sent defendant VAIBHAV DAHAKE an unsolicited letter advertising bank accounts in India that paid high interest rates.

22. It was further part of the conspiracy that during a meeting at the offices of the International Bank in New York City, U.S. Banker #1 informed defendant VAIBHAV DAHAKE that opening a bank account in India had numerous advantages, including that no U.S. forms were required, he did not have to provide a social security number, the account was not taxable in India, and no Form 1099 or other reports would be filed with the IRS.

23. It was further part of the conspiracy that in connection with transferring funds from the United States to India, U.S. Banker #1 advised VAIBHAV DAHAKE that rather than sending one large check he should send multiple checks, each in the amount of $10,000, in order to "to stay below the radar."

24. It was further part of the conspiracy that U.S. Banker #2 and U.S. Banker #3 also informed defendant VAIBHAV DAHAKE that the International Bank would not file a Form 1099 with the IRS reporting the amount of interest income paid to defendant VAIBHAV DAHAKE on the funds he deposited into his undeclared bank accounts in India.

25. It was further part of the conspiracy that to further conceal his undeclared bank accounts, defendant VAIBHAV DAHAKE instructed the International Bank to send his Indian account statements to his father's address in India.

26. It was further part of the conspiracy that U.S. Banker #2 advised defendant VAIBHAV DAHAKE that when wire transferring funds from his undeclared bank accounts in the British Virgin Islands to his undeclared bank accounts in India, he could further conceal his undeclared bank accounts by converting funds denominated in U.S. dollars into either British pounds or euros before wire transferring the funds. U.S. Banker #2 told defendant VAIBHAV DAHAKE that because the International Bank had correspondent banks in Europe and around the world that handled transactions in different currencies, the funds would not be transferred through the U.S. banking system.

27. It was further part of the conspiracy that India Banker #1 advised defendant VAIBHAV DAHAKE that when he wanted to repatriate funds from his undeclared bank accounts in India to the United States, he could further conceal his undeclared bank accounts by purchasing multiple bank checks, each in the amount of $9,500, from the International Bank in India.

28. It was further part of the conspiracy that India Banker #2 recommended to defendant VAIBHAV DAHAKE that he open a "Premier Account" in India because the account would enable him to access his undeclared India accounts online and obtain a debit card linked to the account.

29. It was further part of the conspiracy that defendant VAIBHAV DAHAKE signed a consent form authorizing account managers employed by the International Bank in the United

States, including co-conspirator U.S. Banker #3, to have access to his Indian account information.

30. It was further part of the conspiracy that India Banker #2 advised defendant VAIBHAV DAHAKE that he could not withdraw more than $2,000 in U.S. dollars from his accounts in India without causing the filing of a suspicious activity report with the Reserve Bank of India. During a subsequent telephone conversation concerning how to conceal the repatriation of funds from India to the United States, U.S. Banker #3 advised defendant VAIBHAV DAHAKE that he and his wife should not withdraw more than $18,000 collectively so as to avoid coming back into the United States with over $10,000 each. To that end, U.S. Banker #3 instructed defendant VAIBHAV DAHAKE that he and his wife should each withdraw $2,000 in cash and each purchase traveler's checks in the amount of $7,000.

31. It was further part of the conspiracy that in the wake of news that UBS AG had entered into a deferred prosecution agreement with the U.S. Department of Justice, defendant VAIBHAV DAHAKE advised U.S. Banker #3 that he was considering repatriating all his money in India to the United States. In response, U.S. Banker #3 told defendant VAIBHAV DAHAKE that he had nothing to worry about because the International Bank would not be issuing Forms 1099 on the accounts in India, and that the IRS would be looking for undeclared accounts maintained in the Caribbean rather than in the Far East. U.S. Banker #3 advised defendant VAIBHAV DAHAKE that the International Bank operated banks in both Singapore and Hong Kong and that he could introduce defendant VAIBHAV DAHAKE to bankers in those countries if defendant VAIBHAV DAHAKE wanted to move his funds there.

32. It was further part of the conspiracy that defendant VAIBHAV DAHAKE filed false and fraudulent United States Individual Income Tax Returns with the IRS that concealed his

ownership and control of undeclared accounts in the British Virgin Islands and India, as well as the income earned from these accounts.

33. It was further part of the conspiracy that defendant VAIBHAV DAHAKE failed to file FBARs with the Department of the Treasury with respect to his undeclared bank accounts.

Overt Acts

34. In furtherance of the conspiracy and in order to effect the object thereof, defendant VAIBHAV DAHAKE and his coconspirators committed and caused to be committed the following overt acts in the District of New Jersey and elsewhere:

a. In or about 2001, during a meeting in New York City, defendant VAIBHAV DAHAKE discussed with U.S. Banker #1 the advantages of opening an undeclared bank account in India at the International Bank.

b. In or about 2001, in connection with opening certificates of deposit at the International Bank in India, defendant VAIBHAV DAHAKE delivered five checks, each in the amount of $10,000, to U.S. Banker #1.

c. In or about October 2003, during a telephone conversation with defendant VAIBHAV DAHAKE, U.S. Banker #2 advised defendant VAIBHAV DAHAKE that the International Bank was a British bank that had nothing to do with the United States, and that he could conceal his undeclared bank accounts by converting U.S. dollars into either British pounds or euros before wire transferring funds from the British Virgin Islands to the International Bank in India.

d. On or about November 3, 2003, defendant VAIBHAV DAHAKE sent an email to U.S. Banker #2 informing her that he had followed her instructions and had wire

transferred 50,000 British pounds from the British Virgin Islands to his undeclared bank account in India.

e. On or about January 4, 2004, defendant VAIBHAV DAHAKE faxed a letter from his residence in Somerset, New Jersey, to a bank in the British Virgin Islands instructing the bank to convert U.S. dollars into euros and wire transfer 50,000 euros to his undeclared bank account in India.

f. On or about January 25, 2006, defendant VAIBHAV DAHAKE faxed a letter from his residence in Somerset, New Jersey, to the International Bank in India instructing the bank to issue him five bank checks, each in the amount of $9,500, and to send them via courier to his residence in Somerset, New Jersey.

g. On or about March 28, 2006, defendant VAIBHAV DAHAKE deposited a $9,500 check issued by the International Bank into a checking account maintained at a bank in Somerset, New Jersey.

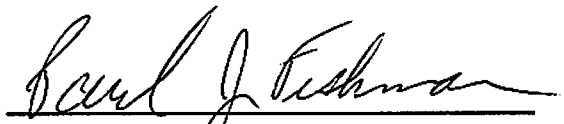
h. On or about March 28, 2010, defendant VAIBHAV DAHAKE filed with the IRS a U.S. Individual Income Tax Return, Form 1040, for tax year 2009, which falsely reported that he did not have signature authority over any foreign financial accounts, and which failed to report income earned from his undeclared bank accounts.

i. In or about April 2010, during a telephone conversation with U.S. Banker #3, defendant VAIBHAV DAHAKE asked whether the International Bank was going to issue Forms 1099 to the IRS for his Premier Account. At that moment, U.S. Banker #3 stopped speaking in English and started speaking in Hindi and warned defendant VAIBHAV DAHAKE not to discuss Forms 1099 over his office telephone line.

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

A TRUE BILL

FOREPERSON



PAUL J. FISHMAN
UNITED STATES ATTORNEY

CASE NUMBER: _____

United States District Court
District of New Jersey

UNITED STATES OF AMERICA

v.

VAIBHAV DAHAKE

INDICTMENT FOR

18 U.S.C. § 371

A True Bill,

_____

Foreperson

PAUL J. FISHMAN
UNITED STATES ATTORNEY
NEWARK, NEW JERSEY

STACEY A. LEVINE
ASSISTANT U.S. ATTORNEY
973.645.2760

USA-48AD 8
(Ed. 1/97)