

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

**UNITED STATES OF AMERICA** : **CRIMINAL NO. 04 - \_\_\_\_\_**  
**v.** : **DATE FILED: \_\_\_\_\_**  
**LU DE LIAO** : **VIOLATIONS: 26 U.S.C. § 7206(1)**  
 : **(false tax returns - 2 counts)**

**INDICTMENT**

**COUNT ONE**

**THE GRAND JURY CHARGES THAT:**

At all times material to this indictment:

1. Defendant LU DE LIAO was the president of D & B Fashions, Inc., a sewing assembly business that was located in Philadelphia, Pennsylvania.
2. D & B Fashions, Inc., was incorporated under the laws of the Commonwealth of Pennsylvania, had its registered office in Philadelphia, Pennsylvania, and conducted its business operations in Philadelphia, Pennsylvania.
3. Defendant LU DE LIAO was the sole shareholder of D & B Fashions, Inc., owning 100% of the stock.
4. On or about April 16, 1998, in the Eastern District of Pennsylvania,

defendant

**LU DE LIAO,**

a resident of Philadelphia, Pennsylvania, did willfully make and subscribe a U.S. Income Tax Return for an S Corporation, Form 1120S, for D & B Fashions, Inc., for the calendar year 1997, which was verified by a written declaration that it was made under the penalties of perjury and was filed with the Internal Revenue Service, Philadelphia Service Center, Philadelphia, Pennsylvania, which income tax return he did not believe to be true and correct as to every material matter in that the return reported gross receipts/sales in the amount of \$646,372 (Line 1a), when in fact, as defendant LU DE LIAO well knew, D & B Fashions, Inc., had gross receipts/sales in addition to that stated.

In violation of Title 26, United States Code, Section 7206(1).

**COUNT TWO**

**THE GRAND JURY FURTHER CHARGES THAT:**

1. Paragraphs 1, 2 and 3 of Count One are incorporated here.
2. On or about September 13, 1999, in the Eastern District of Pennsylvania,

defendant

**LU DE LIAO,**

a resident of Philadelphia, Pennsylvania, did willfully make and subscribe a U.S. Income Tax Return for an S Corporation, Form 1120S, for D & B Fashions, Inc., for the calendar year 1998, which was verified by a written declaration that it was made under the penalties of perjury and was filed with the Internal Revenue Service, Philadelphia Service Center, Philadelphia, Pennsylvania, which income tax return he did not believe to be true and correct as to every material matter in that the return reported gross receipts/sales in the amount of \$654,396 (Line 1a), when in fact, as defendant LU DE LIAO well knew, D & B Fashions, Inc., had gross receipts/sales in addition to that stated.

In violation of Title 26, United States Code, Section 7206(1).

**A TRUE BILL:**

\_\_\_\_\_  
**FOREPERSON**

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**PATRICK L. MEEHAN**  
United States Attorney