

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA)
)
) No. 12 CR 136
)
) Judge John W. Darrah
RIMANDO NAIG DUMDUM)

PLEA AGREEMENT

1. This Plea Agreement between the United States Attorney for the Northern District of Illinois, PATRICK J. FITZGERALD, and defendant RIMANDO NAIG DUMDUM, and his attorney, STEVEN R. HUNTER, is made pursuant to Rule 11 of the Federal Rules of Criminal Procedure, as more fully set forth below. The parties to this Agreement have agreed upon the following:

Charges in This Case

2. The information in this case charges defendant with one count of failure to file an income tax return, in violation of Title 26, United States Code, Section 7203 (Count One), one count of filing a false tax return, in violation of Title 26, United States Code, Section 7206(1) (Count Two) and one count of wilfully aiding in the preparation of a false tax return, in violation of Title 26, United States Code, Section 7206(2) (Count Three).

3. Defendant has read the charges against him contained in the information, and those charges have been fully explained to him by his attorney.

4. Defendant fully understands the nature and elements of the crimes with which he has been charged.

Charges to Which Defendant is Pleading Guilty

5. By this Plea Agreement, defendant agrees to enter a voluntary plea of guilty to the following counts of the information: Count 1, which charges defendant with failure to file an income tax return, in violation of Title 26, United States Code, Section 7203; Count 2 which charges the defendant with filing a false tax return, in violation of Title 26, United States Code, Section 7206(1); and Count 3, which charges defendant with wilfully aiding in the preparation of a false tax return, in violation of Title 26, United States Code, Section 7206(2).

Factual Basis

6. Defendant will plead guilty because he is in fact guilty of the charges contained in Counts 1, 2 and 3 of the information. In pleading guilty, defendant admits the following facts and that those facts establish his guilt beyond a reasonable doubt and constitute relevant conduct pursuant to Guideline §1B1.3:

a. Failure to file a tax return for Richman Tax Solutions, Inc.

On or about March 15, 2001, in the Northern District of Illinois, Eastern Division, defendant knowingly and willfully failed to file a federal income tax return (Form 1120) on behalf of Richman Tax Solutions, Inc. to the Internal Revenue Service.

Beginning in 2002 and continuing through 2009, DUMDUM operated an income tax return preparation service known as “Richman Tax Solutions, Inc.,” a corporation, and held himself out as a trained tax preparer. DUMDUM had been trained as a tax preparer since arrival in the United States in 1999, and had an undergraduate degree in Accounting in his

native Philippines, and was aware of the IRS income tax filing requirements. In exchange for the preparation of their income tax returns, clients paid DUMDUM and his company a fee of \$100. DUMDUM and Richman Tax Solutions, Inc., received income from the tax return preparation business. During 2006, Richman Tax Solutions, Inc. received gross receipts of approximately \$269,865, and documented expenses of approximately \$133,469.

As charged in Count One, DUMDUM was required by law, on or before March 15, 2007, to file a corporate federal income tax return (Form 1120) for Richman Tax Solutions, Inc., for the tax year ending December 31, 2006, with the Internal Revenue Service, stating, among other things, the business's gross receipts of approximately \$269,865; and while knowing those facts, DUMDUM willfully failed to file the required tax return with the Internal Revenue Service.

During the years at issue, all of Richman Tax Solutions, Inc.'s gross receipts were deposited into bank accounts controlled by DUMDUM in the name of the business. DUMDUM accessed the profits through a debit card for the business checking account and cash withdrawals from the business checking account. DUMDUM also made numerous transfers from the business account to the account of another business he controlled, Home Qwest and the personal bank accounts of his wife.

Further, DUMDUM failed to file federal tax returns (Form 1120) for Richman Tax Solutions for the years 2007 and 2008. During 2007, DUMDUM's business Richman Tax Solutions received gross taxable income of \$312,580, but DUMDUM failed to file a tax return for the business as he was required to do by March 15, 2008. In 2008, Richman Tax

Solutions received gross taxable income of \$345,388, but DUMDUM failed to file a tax return for the business as he was required to do by March 16, 2009.

The total tax loss attributable to DUMDUM's failure to file federal corporate income tax return for Richman Tax Solutions, Inc., for years 2006 through 2008, is approximately \$120,859.

b. False Personal Income Tax Returns

On or about April 15, 2007, at Chicago, and elsewhere, in the Northern District of Illinois, Eastern Division, DUMDUM, willfully made and subscribed, and caused to be made and subscribed a United States Individual Income Tax Return (Form 1040) for the calendar year 2006, which return was verified by a written declaration that it was made under the penalty of perjury, and filed with the Internal Revenue Service, which return DUMDUM did not believe to be true and correct as to every material matter in that the return reported total income of \$27,037 on line 22, when DUMDUM knew that in fact his reported wages and total income were false and that his wages and total income substantially exceeded the amounts reported, in violation of Title 26, United States Code, Section 7206(1).

Because DUMDUM is the owner and principal of Richman Tax Solutions, Inc., he knew he had an obligation to report the income he received from the company on his federal income tax return (Form 1040) filed with the Internal Revenue Service.

DUMDUM deposited all income of Richman Tax Solutions into the company's corporate account, which he accessed through company checks and the companies ATM card. Additionally, DUMDUM transferred money from the Richman Tax Solutions account

to a separate business, Home Qwest, which he also controlled and through which he accessed the income, and to the bank account of his wife. Through these means, DUMDUM accessed funds of Richman Tax Solutions, but he never issued himself a W-2 reporting that income for the tax years of 2006, 2007 and 2008.

As charged in Count Two of the information, defendant falsely reported total income as being \$27,037, when his total income was approximately \$163,432 on his 2006 federal tax return filed with the Internal Revenue Service. For the tax year 2007, defendant falsely reported total income as being \$62,407, when his total income was approximately \$200,681 on his 2007 federal tax return filed with the Internal Revenue Service. For the tax year 2008, defendant falsely reported total income as being \$13,911, when his total income was approximately \$177,982 on his 2008 federal tax return filed with the Internal Revenue Service.

The total loss to the United States resulting from his falsely reporting his income for the tax years 2006 through 2008 is approximately \$93,794.

c. False Client Returns

On or about March 16, 2009, at Chicago, in the Northern District of Illinois, Eastern Division, DUMDUM willfully aided and assisted in the preparation and presentation to the Internal Revenue Service of a return and claim on behalf of Taxpayer AR, namely, an individual income tax return Form 1040 for tax year 2008, which was false and fraudulent as to material matters contained therein, in that DUMDUM caused to be falsely represented and stated on said return that on Schedule A, line 1, that Taxpayer AR had medical and

dental expenses totaling \$1,578, whereas DUMDUM knew that such information was false and fraudulent, in violation of Title 26, United States Code, Section 7206(2).

As described above, DUMDUM operated an income tax return preparation service known as “Richman Tax Solutions, Inc.,” wherein he, as well as several employees, prepared income tax returns on behalf of clients. In exchange for the preparation of their income tax returns at his company, clients paid DUMDUM a fee of approximately \$100.

DUMDUM and his employees increased certain clients’ tax refunds by fraudulently misrepresenting clients’ filing statuses, and by fraudulently inflating Schedule A deductions such as medical and dental expenses, gifts to charity, moving expenses and unreimbursed employee expenses, all with the intent by DUMDUM to inflate the amount of the claimed tax refunds and to encourage his clients’ repeat business at his tax preparation service.

As charged in Count Three of the information, on March 16, 2009, DUMDUM prepared Taxpayer AR’s 2005 Federal Income Tax Return. Taxpayer AR did not discuss with DUMDUM whether he had any medical or dental expenses in 2008 and did not provide any amount of such expenses to DUMDUM. DUMDUM knowingly and wilfully falsely included \$1,578 in medical and dental expenses on Schedule A, lines 1 of Taxpayer AR’s return.

Additionally, on February 25, 2010, DUMDUM met with a person who, unbeknownst to him, was an IRS undercover agent, posing as a tax payer in need of assistance filing personal income tax returns for 2009. In preparing the individual’s Form 1040, DUMDUM fraudulently input the maximum possible deduction for moving expenses of \$2,525 into the

undercover filer's Schedule A, despite receiving information from the undercover agent which showed the true moving expenses to be \$500. DUMDUM caused the amount due and owing in 2009 by the undercover agent of \$353 to be changed to a \$22 refund.

DUMDUM further acknowledges that he knowingly and willfully prepared approximately 12 false income tax returns for clients for tax years 2006 through 2009. The total tax loss associated with the false client returns is approximately \$17,480.

Maximum Statutory Penalties

7. Defendant understands that the charges to which he is pleading guilty carry the following statutory penalties:

a. Count 1 carries a maximum sentence of 1 year imprisonment. Count 1 also carries a maximum fine of \$100,000. Defendant further understands that the Court must order costs of prosecution, estimated not to exceed \$500.

b. Count 2 and Count 3 carry a maximum sentence of 3 years' imprisonment. Counts 2 and 3 also carry a maximum fine of \$250,000. Defendant further understands that the Court must order costs of prosecution, estimated not to exceed \$500. Defendant further understands that with respect to Counts 2 and 3, the judge also may impose a term of supervised release of not more than one year.

c. In accord with Title 18, United States Code, Section 3013, defendant will be assessed \$100 on each count to which he has pled guilty, in addition to any other penalty or restitution imposed.

d. Therefore, under the counts to which defendant is pleading guilty, the total maximum sentence is 7 years' imprisonment. In addition, defendant is subject to a total maximum fine of \$350,000, mandatory costs of prosecution, a period of supervised release of not more than one year for Counts 2 and 3, and special assessments totaling \$300, in addition to any restitution ordered by the Court.

Sentencing Guidelines Calculations

8. Defendant understands that in imposing sentence the Court will be guided by the United States Sentencing Guidelines. Defendant understands that the Sentencing Guidelines are advisory, not mandatory, but that the Court must consider the Guidelines in determining a reasonable sentence.

9. For purposes of calculating the Sentencing Guidelines, the parties agree on the following points:

a. **Applicable Guidelines.** The Sentencing Guidelines to be considered in this case are those in effect at the time of sentencing. The following statements regarding the calculation of the Sentencing Guidelines are based on the Guidelines Manual currently in effect, namely the November 2011 Guidelines Manual.

b. **Offense Level Calculations.**

i. The offenses in Counts 1, 2 and 3 are grouped, pursuant to Guideline §3D1.2(d), since the offense level is based on the total amount of loss.

ii. The base offense level for the offenses of conviction and the relevant conduct for which the defendant is accountable, is 18, pursuant to Guideline §§

2T1.1(a)(1), 2T1.4(a)(1) and 2T4.1(F) because the tax loss of at least \$232,133 exceeded \$200,000 but did not exceed \$400,000.

iii. The base offense level is increased by two levels, pursuant to Guideline §§ 2T1.4(b)(1)(B), since the defendant was in the business of preparing or assisting in the preparation of tax returns.

iv. Defendant has clearly demonstrated a recognition and affirmative acceptance of personal responsibility for his criminal conduct. If the government does not receive additional evidence in conflict with this provision, and if defendant continues to accept responsibility for his actions within the meaning of Guideline §3E1.1(a), including by furnishing the United States Attorney's Office and the Probation Office with all requested financial information relevant to his ability to satisfy any fine or restitution that may be imposed in this case, a two-level reduction in the offense level is appropriate.

v. In accord with Guideline §3E1.1(b), defendant has timely notified the government of his intention to enter a plea of guilty, thereby permitting the government to avoid preparing for trial and permitting the Court to allocate its resources efficiently. Therefore, as provided by Guideline §3E1.1(b), if the Court determines the offense level to be 16 or greater prior to determining that defendant is entitled to a two-level reduction for acceptance of responsibility, the government will move for an additional one-level reduction in the offense level.

vi. Criminal History Category. With regard to determining defendant's criminal history points and criminal history category, based on the facts now

known to the government, defendant's criminal history points equal zero and defendant's criminal history category is I.

c. Anticipated Advisory Sentencing Guidelines Range. Therefore, based on the facts now known to the government, the anticipated offense level is 17, which, when combined with the anticipated criminal history category of I, results in an anticipated advisory Sentencing Guidelines range of 24 to 30 months' imprisonment, in addition to any supervised release, fine, and restitution the Court may impose.

d. Defendant and his attorney and the government acknowledge that the above Guideline calculations are preliminary in nature, and are non-binding predictions upon which neither party is entitled to rely. Defendant understands that further review of the facts or applicable legal principles may lead the government to conclude that different or additional Guideline provisions apply in this case. Defendant understands that the Probation Office will conduct its own investigation and that the Court ultimately determines the facts and law relevant to sentencing, and that the Court's determinations govern the final Guideline calculation. Accordingly, the validity of this Agreement is not contingent upon the probation officer's or the Court's concurrence with the above calculations, and defendant shall not have a right to withdraw his plea on the basis of the Court's rejection of these calculations.

e. Both parties expressly acknowledge that this plea agreement is not governed by Fed.R.Crim.P. 11(c)(1)(B), and that errors in applying or interpreting any of the Sentencing Guidelines may be corrected by either party prior to sentencing. The parties may

correct these errors either by stipulation or by a statement to the Probation Office or the Court, setting forth the disagreement regarding the applicable provisions of the Guidelines. The validity of this Plea Agreement will not be affected by such corrections, and defendant shall not have a right to withdraw his plea, nor the government the right to vacate this Plea Agreement, on the basis of such corrections.

Agreements Relating to Sentencing

10. The government agrees to recommend that the Court impose a sentence of imprisonment within the applicable guidelines range and to make no further recommendation concerning what sentence of imprisonment should be imposed.

11. It is understood by the parties that the sentencing judge is neither a party to nor bound by this Plea Agreement and may impose a sentence up to the maximum penalties as set forth above. Defendant further acknowledges that if the Court does not accept the sentencing recommendation of the parties, defendant will have no right to withdraw his guilty plea.

12. Regarding restitution, defendant agrees to pay, pursuant to Title 18, United States Code, § 3663(a)(3), restitution to the Internal Revenue Service in the amount of \$231,758.

13. Restitution shall be due immediately, and paid pursuant to a schedule to be set by the Court at sentencing. Defendant acknowledges that pursuant to Title 18, United States Code, Section 3664(k) he is required to notify the Court and the United States Attorney's

Office of any material change in economic circumstances that might affect his ability to pay restitution.

14. Defendant agrees to pay the special assessment of \$300 at the time of sentencing with a cashier's check or money order payable to the Clerk of the U.S. District Court.

15. Defendant agrees that the United States may enforce collection of any fine or restitution imposed in this case pursuant to Title 18, United States Code, Sections 3572, 3613, and 3664(m), notwithstanding any payment schedule set by the Court.

Acknowledgments and Waivers Regarding Plea of Guilty

Nature of Plea Agreement

16. This Plea Agreement is entirely voluntary and represents the entire agreement between the United States Attorney and defendant regarding defendant's criminal liability in case number 12 CR 136.

17. This Plea Agreement concerns criminal liability only. Except as expressly set forth in this Agreement, nothing herein shall constitute a limitation, waiver or release by the United States or any of its agencies of any administrative or judicial civil claim, demand or cause of action it may have against defendant or any other person or entity. The obligations of this Agreement are limited to the United States Attorney's Office for the Northern District of Illinois and cannot bind any other federal, state or local prosecuting, administrative or regulatory authorities, except as expressly set forth in this Agreement.

18. Defendant understands that nothing in this Plea Agreement shall limit the Internal Revenue Service (IRS) in its collection of any taxes, interest or penalties from defendant. Defendant understands that the amount of tax as calculated by the IRS may exceed the amount of tax due as calculated for the criminal tax case.

Waiver of Rights

19. Defendant understands that by pleading guilty he surrenders certain rights, including the following:

a. Right to be charged by indictment. Defendant understands that he has a right to have the charges prosecuted by an indictment returned by a concurrence of twelve or more members of a grand jury consisting of not less than sixteen and not more than twenty-three members. By signing this Agreement, defendant knowingly waives his right to be prosecuted by indictment and to assert at trial or on appeal any defects or errors arising from the information, the information process, or the fact that he has been prosecuted by way of information.

b. **Trial rights.** Defendant has the right to persist in a plea of not guilty to the charges against him, and if he does, he would have the right to a public and speedy trial.

i. The trial could be either a jury trial or a trial by the judge sitting without a jury. Defendant has a right to a jury trial. However, in order that the trial be conducted by the judge sitting without a jury, defendant, the government, and the judge all must agree that the trial be conducted by the judge without a jury.

ii. If the trial is a jury trial, the jury would be composed of twelve citizens from the district, selected at random. Defendant and his attorney would participate in choosing the jury by requesting that the Court remove prospective jurors for cause where actual bias or other disqualification is shown, or by removing prospective jurors without cause by exercising peremptory challenges.

iii. If the trial is a jury trial, the jury would be instructed that defendant is presumed innocent, that the government has the burden of proving defendant guilty beyond a reasonable doubt, and that the jury could not convict him unless, after hearing all the evidence, it was persuaded of his guilt beyond a reasonable doubt and that it was to consider each count of the information separately. The jury would have to agree unanimously as to each count before it could return a verdict of guilty or not guilty as to that count.

iv. If the trial is held by the judge without a jury, the judge would find the facts and determine, after hearing all the evidence, and considering each count separately, whether or not the judge was persuaded that the government had established defendant's guilt beyond a reasonable doubt.

v. At a trial, whether by a jury or a judge, the government would be required to present its witnesses and other evidence against defendant. Defendant would be able to confront those government witnesses and his attorney would be able to cross-examine them.

vi. At a trial, defendant could present witnesses and other evidence in his own behalf. If the witnesses for defendant would not appear voluntarily, he could require their attendance through the subpoena power of the Court. A defendant is not required to present any evidence.

vii. At a trial, defendant would have a privilege against self-incrimination so that he could decline to testify, and no inference of guilt could be drawn from his refusal to testify. If defendant desired to do so, he could testify in his own behalf.

c. **Appellate rights.** Defendant further understands he is waiving all appellate issues that might have been available if he had exercised his right to trial, and may only appeal the validity of this plea of guilty and the sentence imposed. Defendant understands that any appeal must be filed within 14 calendar days of the entry of the judgment of conviction.

d. Defendant understands that by pleading guilty he is waiving all the rights set forth in the prior paragraphs, with the exception of the appellate rights specifically preserved above. Defendant's attorney has explained those rights to him, and the consequences of his waiver of those rights.

Presentence Investigation Report/Post-Sentence Supervision

20. Defendant understands that the United States Attorney's Office in its submission to the Probation Office as part of the Pre-Sentence Report and at sentencing shall fully apprise the District Court and the Probation Office of the nature, scope and extent of

defendant's conduct regarding the charges against him, and related matters. The government will make known all matters in aggravation and mitigation relevant to sentencing.

21. Defendant agrees to truthfully and completely execute a Financial Statement (with supporting documentation) prior to sentencing, to be provided to and shared among the Court, the Probation Office, and the United States Attorney's Office regarding all details of his financial circumstances, including his recent income tax returns as specified by the probation officer. Defendant understands that providing false or incomplete information, or refusing to provide this information, may be used as a basis for denial of a reduction for acceptance of responsibility pursuant to Guideline §3E1.1 and enhancement of his sentence for obstruction of justice under Guideline §3C1.1, and may be prosecuted as a violation of Title 18, United States Code, Section 1001 or as a contempt of the Court.

22. For the purpose of monitoring defendant's compliance with his obligations to pay a fine and restitution during any term of supervised release or probation to which defendant is sentenced, defendant further consents to the disclosure by the IRS to the Probation Office and the United States Attorney's Office of defendant's individual income tax returns (together with extensions, correspondence, and other tax information) filed subsequent to defendant's sentencing, to and including the final year of any period of supervised release or probation to which defendant is sentenced. Defendant also agrees that a certified copy of this Plea Agreement shall be sufficient evidence of defendant's request to the IRS to disclose the returns and return information, as provided for in Title 26, United States Code, Section 6103(b).

Other Terms

23. Defendant agrees to cooperate with the United States Attorney's Office in collecting any unpaid fine and restitution for which defendant is liable, including providing financial statements and supporting records as requested by the United States Attorney's Office.

24. Defendant understands that as a result of his guilty plea in this case, he will likely be deported and removed from the United States. Defendant further understands that, in order to lawfully re-enter the United States, he must obtain the express consent of the Secretary of the Department of Homeland Security for reapplication for admission into the United States. Defendant understands that if he re-enters the United States without obtaining such express consent, he will be subject to another prosecution for a violation of Title 8, United States Code, Section 1326.

25. Regarding matters relating to the Internal Revenue Service (IRS), defendant agrees as follows (nothing in this paragraph, however, precludes defendant from asserting any legal or factual defense to taxes, interest, and penalties that may be assessed by the IRS):

a. Defendant agrees to cooperate with the Internal Revenue Service (IRS) in any tax examination or audit of defendant which directly or indirectly relates to or arises out of the course of conduct which defendant has acknowledged in this Plea Agreement, by transmitting to the IRS original records or copies thereof, and any additional books and records which the IRS may request.

b. Defendant will not object to a motion brought by the United States

Attorney's Office for the entry of an order authorizing disclosure to the Internal Revenue Service (IRS) of documents, testimony and related investigative materials which may constitute grand jury material, preliminary to or in connection with any judicial proceeding, pursuant to Fed.R.Crim.P. 6(e)(3)(E)(i). In addition, defendant will not object to the government's solicitation of consent from third parties who provided records or other materials to the grand jury pursuant to grand jury subpoenas, to turn those materials over to the IRS for use in civil or administrative proceedings or investigations, rather than returning them to the third parties for later summons or subpoena in connection with a civil or administrative proceeding involving, or investigation of, defendant.

Conclusion

26. Defendant understands that this Plea Agreement will be filed with the Court, will become a matter of public record and may be disclosed to any person.

27. Defendant understands that his compliance with each part of this Plea Agreement extends throughout the period of his sentence, and failure to abide by any term of the Agreement is a violation of the Agreement. Defendant further understands that in the event he violates this Agreement, the government, at its option, may move to vacate the Agreement, rendering it null and void, and thereafter prosecute defendant not subject to any of the limits set forth in this Agreement, or may move to resentence defendant or require defendant's specific performance of this Agreement. Defendant understands and agrees that in the event that the Court permits defendant to withdraw from this Agreement, or defendant breaches any of its terms and the government elects to void the Agreement and prosecute

defendant, any prosecutions that are not time-barred by the applicable statute of limitations on the date of the signing of this Agreement may be commenced against defendant in accordance with this paragraph, notwithstanding the expiration of the statute of limitations between the signing of this Agreement and the commencement of such prosecutions.

28. Should the judge refuse to accept defendant's plea of guilty, this Plea Agreement shall become null and void and neither party will be bound thereto.

29. Defendant and his attorney acknowledge that no threats, promises, or representations have been made, nor agreements reached, other than those set forth in this Plea Agreement to cause defendant to plead guilty.

30. Defendant acknowledges that he has read this Plea Agreement and carefully reviewed each provision with his attorney. Defendant further acknowledges that he understands and voluntarily accepts each and every term and condition of this Agreement.

AGREED THIS DATE: _____

PATRICK J. FITZGERALD
United States Attorney

RIMANDO NAIG DUMDUM
Defendant

STEPHEN P. BAKER
Assistant U.S. Attorney

STEVEN R. HUNTER
Attorney for Defendant