

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA :
 :
 v. : Criminal No. 11-
 :
 MICHAEL F. LOGAN : 26 U.S.C. § 7206(1)
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 : I N D I C T M E N T

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

COUNT ONE

(Subscribing to a False U. S. Corporation Income Tax Return)

At all times relevant to this Indictment:

1. Defendant MICHAEL F. LOGAN (hereinafter "LOGAN") resided in Jackson, New Jersey from at least 2004 through 2008.
2. LOGAN was the owner and operator of ITI, Inc. d/b/a Michaels Cucina Italia, a restaurant in Manalapan, New Jersey. In 2004, ITI, Inc., d/b/a Michaels Cucina Italia, was organized as a C corporation with LOGAN as the sole shareholder. In spite of his corporation name, LOGAN filed Form 1120, United States Corporation Income Tax Returns under a variety of names, but all under the same employee identification number. In February, 2007, ITI, Inc., d/b/a Michaels Cucina Italia, was reorganized as a limited liability company, named CAAB LLC, d/b/a Michaels (hereinafter "Michaels"), with LOGAN and his wife C.A.L. each as

50% shareholders.

3. The Internal Revenue Service of the Department of the Treasury (hereinafter "IRS") is an agency of the United States government responsible for the collection of federal income taxes.

4. Pursuant to the Internal Revenue Code and attendant regulations, every individual taxpayer of the United States who receives gross income in excess of the minimum filing amount established by law for a particular tax year, is required to annually report his or her income, as well as any attendant tax obligations, on a Form 1040 or similar form that must be filed with the IRS.

5. Pursuant to the Internal Revenue Code and attendant regulations, every domestic corporation must file an income tax return, Form 1120 or similar form with the IRS, whether or not they have taxable income.

6. Pursuant to the Internal Revenue Code and attendant regulations, every domestic partnership must file an income tax return, Form 1065 or similar form with the IRS, unless it neither receives income nor incurs any expenditures treated as deductions or credits for federal income tax purposes.

7. As it is used herein, the term "signed" refers to an actual signature on a tax return; the term "verified" refers to years when LOGAN electronically filed his tax return and therefore an

actual signature does not appear on the face of the tax return.

8. In an effort to disguise his true income from the IRS, LOGAN maintained a ledger ("the ledger") detailing all of his sales from Michaels. However, LOGAN did not rely on this ledger when preparing his IRS Forms 1120 and his Form 1065, U.S. Return of Partnership Income (hereinafter Form 1065) and instead relied solely on business bank account information, which did not reflect the true earnings of the business, because LOGAN did not deposit all of the business earnings into the business bank account.

9. In or about 2009, LOGAN advertised Michaels for sale through a brokerage service. In support of that sale, Logan provided to a broker handling the sale financial documents and a business profile for Michaels for the years 2003 through 2006. These documents included data from LOGAN's tax returns for the business which underreported income and included a business profile indicating Michaels' gross receipts for 2005 and estimated gross receipts for 2006. These gross receipts were supported by the ledger and showed the true earnings of Michaels. The financial documents detailing data from the tax returns were not supported by the ledger, but rather were supported by the business bank account, which did not show the true earnings of Michaels.

10. In turn, the broker provided prospective purchasers of Michaels with the false financial documents, including the data

from the business's tax returns which underreported income.

11. LOGAN drew a salary as his personal income from the business and underreported that income on his personal returns filed with his wife, C.A.L.

12. On or about April 4, 2005, defendant MICHAEL F. LOGAN made and subscribed a 2004 United States Corporation Income Tax Return, Form 1120, for ITI, Inc., d/b/a Michael's Cucina Italia.

13. The tax return was signed by defendant MICHAEL F. LOGAN and contained a written declaration that it was signed under the penalties of perjury.

14. The tax return was not true and correct as to every material matter in that the tax return, which was filed with the Internal Revenue Service under the name "ITI, Inc. Michael's Cucina Italiana", reported gross receipts or sales in the amount of \$381,320, whereas he then and there well knew and believed, the corporation received gross receipts or sales in addition to the amount stated in the return.

15. On or about April 4, 2005, in the District of New Jersey, defendant

MICHAEL F. LOGAN

knowingly and willfully did make and subscribe a 2004 United States Corporation Income Tax Return, Form 1120, for ITI, Inc., d/b/a Michael's Cucina Italia, which he did not believe to be true and correct as to every material matter, as described in

paragraph 14.

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

COUNT TWO

(Subscribing to a False U. S. Corporation Income Tax Return)

1. The Grand Jury re-alleges and incorporates by reference the allegations contained in Paragraphs 1 through 11 of Count One, as if fully set forth here.
2. On or about April 6, 2006, defendant MICHAEL F. LOGAN made and subscribed a 2005 United States Corporation Income Tax Return, Form 1120, for ITI, Inc., d/b/a Michael's Cucina Italia.
3. The tax return was signed by defendant MICHAEL F. LOGAN and contained a written declaration that it was signed under the penalties of perjury.
4. The tax return was not true and correct as to every material matter in that the tax return, which was filed with the Internal Revenue Service under the name "ITI, Inc. Michael's Cucina Italiana," reported gross receipts or sales in the amount of \$363,543, whereas he then and there well knew and believed, the corporation received gross receipts or sales in addition to the amount stated in the return.
5. On or about April 6, 2006, in the District of New Jersey, defendant

MICHAEL F. LOGAN

knowingly and willfully did make and subscribe a 2005 United States Corporation Income Tax Return, Form 1120, for ITI, Inc.,

d/b/a Michael's Cucina Italia, which he did not believe to be true and correct as to every material matter, as described in paragraph 4.

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

COUNT THREE

(Subscribing to a False U. S. Corporation Income Tax Return)

1. The Grand Jury re-alleges and incorporates by reference the allegations contained in Paragraphs 1 through 11 of Count One, as if fully set forth here.
2. On or about March 19, 2007, defendant MICHAEL F. LOGAN made and subscribed a 2006 United States Corporation Income Tax Return, Form 1120, for ITI, Inc., d/b/a Michael's Cucina Italia.
3. The tax return was verified, as true and correct, by defendant MICHAEL F. LOGAN and contained a written declaration that it was made under the penalties of perjury.
4. The tax return was not true and correct as to every material matter in that the tax return, which was filed with the Internal Revenue Service under the name "ITI Inc.," reported gross receipts or sales in the amount of \$355,776, whereas he then and there well knew and believed, the corporation received gross receipts or sales in addition to the amount stated in the return.
5. On or about March 19, 2007, in the District of New Jersey, defendant

MICHAEL F. LOGAN

knowingly and willfully did make and subscribe a 2006 United States Corporation Income Tax Return, Form 1120, for ITI, Inc., d/b/a Michael's Cucina Italia, which he did not believe to be

true and correct as to every material matter, as described in paragraph 4.

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

COUNT FOUR

(Subscribing to a False U. S. Corporation Income Tax Return)

1. The Grand Jury re-alleges and incorporates by reference the allegations contained in Paragraphs 1 through 11 of Count One, as if fully set forth here.
2. On or about April 9, 2008, defendant MICHAEL F. LOGAN made and subscribed a 2007 United States Corporation Income Tax Return, Form 1120, for ITI, Inc., d/b/a Michael's Cucina Italia.
3. The tax return was verified, as true and correct by defendant MICHAEL F. LOGAN and contained a written declaration that it was made under the penalties of perjury.
4. The tax return was not true and correct as to every material matter in that the tax return, which was filed with the Internal Revenue Service under the name "ITI Inc.", reported gross receipts or sales in the amount of \$66,158, whereas he then and there well knew and believed, the corporation received gross receipts or sales in addition to the amount stated in the return.
5. On or about April 9, 2008, in the District of New Jersey, defendant

MICHAEL F. LOGAN

knowingly and willfully did make and subscribe a 2007 United States Corporation Income Tax Return, Form 1120, for ITI, Inc., d/b/a Michael's Cucina Italia, which he did not believe to be

true and correct as to every material matter, as described in paragraph 4.

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

COUNT FIVE

(Subscribing to a False U. S. Partnership Income Tax Return)

1. The Grand Jury re-alleges and incorporates by reference the allegations contained in Paragraphs 1 through 11 of Count One, as if fully set forth here.
2. On or about April 15, 2008, defendant MICHAEL F. LOGAN made and subscribed a 2007 United States Partnership Income Tax Return, Form 1065, for CAAB LLC, d/b/a Michaels.
3. The tax return was verified by defendant MICHAEL F. LOGAN and contained a written declaration that it was made under the penalties of perjury.
4. The tax return was not true and correct as to every material matter in that the tax return, which was filed with the Internal Revenue Service under the name "CAAB LLC", reported gross receipts or sales in the amount of \$274,473, whereas he then and there well knew and believed, CAAB LLC received gross receipts or sales in addition to the amount stated in the return.
5. On or about April 15, 2008, in the the District of New Jersey, defendant

MICHAEL F. LOGAN

knowingly and willfully did make and subscribe a 2007 United States Partnership Income Tax Return, Form 1065, for CAAB LLC,

d/b/a Michaels which he did not believe to be true and correct as to every material matter, as described in paragraph 4.

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

COUNT SIX

(Subscribing to a False U.S. Individual Income Tax Return)

1. The Grand Jury re-alleges and incorporates by reference the allegations contained in Paragraphs 1 through 11 of Count One, as if fully set forth here.
2. On or about April 15, 2005, defendant MICHAEL F. LOGAN made and subscribed a 2004 joint United States Individual Income Tax Return, Form 1040.
3. The tax return was verified, as true and correct, by defendant MICHAEL F. LOGAN and contained a written declaration that it was made under the penalties of perjury.
4. The tax return was not true and correct as to every material matter in that the tax return, which was filed with the Internal Revenue Service, reported total income in the amount of \$49,231, whereas he then and there well knew and believed, he received income in addition to the amount reported.
5. On or about April 15, 2005, in the District of New Jersey, defendant

MICHAEL F. LOGAN

knowingly and willfully did make and subscribe a 2004 joint United States Individual Income Tax Return, Form 1040, which he did not believe to be true and correct as to every material matter, as described in paragraph 4.

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

COUNT SEVEN

(Subscribing to a False U. S. Individual Income Tax Return)

1. The Grand Jury re-alleges and incorporates by reference the allegations contained in Paragraphs 1 through 11 of Count One, as if fully set forth here.
2. On or about April 17, 2006, defendant MICHAEL F. LOGAN made and subscribed a 2005 joint United States Individual Income Tax Return, Form 1040.
3. The tax return was verified, as true and correct, by defendant MICHAEL F. LOGAN and contained a written declaration that it was made under the penalties of perjury.
4. The tax return was not true and correct as to every material matter in that the tax return, which was filed with the Internal Revenue Service, reported total income in the amount of \$34,987, whereas he then and there well knew and believed, he received income in addition to the amount reported.
5. On or about April 17, 2006, in the District of New Jersey, defendant

MICHAEL F. LOGAN

knowingly and willfully did make and subscribe a 2005 joint United States Individual Income Tax Return, Form 1040, which he did not believe to be true and correct as to every material matter, as described in paragraph 4.

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

COUNT EIGHT

(Subscribing to a False U. S. Individual Income Tax Return)

1. The Grand Jury re-alleges and incorporates by reference the allegations contained in Paragraphs 1 through 11 of Count One, as if fully set forth here.
2. On or about April 16, 2007, defendant MICHAEL F. LOGAN made and subscribed a 2006 joint United States Individual Income Tax Return, Form 1040.
3. The tax return was verified, as true and correct, by defendant MICHAEL F. LOGAN and contained a written declaration that it was made under the penalties of perjury.
4. The tax return was not true and correct as to every material matter in that the tax return, which was filed with the Internal Revenue Service, reported total income in the amount of \$36,496, whereas he then and there well knew and believed, he received income in addition to the amount reported.
5. On or about April 16, 2007, in the District of New Jersey, defendant

MICHAEL F. LOGAN

knowingly and willfully did make and subscribe a 2006 joint United States Individual Income Tax Return, Form 1040, which he did not believe to be true and correct as to every material matter, as described in paragraph 4.

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

COUNT NINE

(Subscribing to a False U. S. Individual Income Tax Return)

1. The Grand Jury re-alleges and incorporates by reference the allegations contained in Paragraphs 1 through 11 of Count One, as if fully set forth here.
2. On or about April 15, 2008, defendant MICHAEL F. LOGAN made and subscribed a 2007 joint United States Individual Income Tax Return, Form 1040.
3. The tax return was verified, as true and correct, by defendant MICHAEL F. LOGAN and contained a written declaration that it was made under the penalties of perjury.
4. The tax return was not true and correct as to every material matter in that the tax return, which was filed with the Internal Revenue Service, reported total income in the amount of \$26,284, whereas he then and there well knew and believed, he received income in addition to the amount reported.

5. On or about April 15, 2008, in the District of New Jersey,
defendant

MICHAEL F. LOGAN

knowingly and willfully did make and subscribe a 2007 joint
United States Individual Income Tax Return, Form 1040, which he
did not believe to be true and correct as to every material
matter, as described in paragraph 4.

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

A TRUE BILL-----

FOREPERSON



PAUL J. FISHMAN
United States Attorney

**United States District Court
District of New Jersey**

UNITED STATES OF AMERICA

v.

MICHAEL F. LOGAN

INDICTMENT FOR

26 U.S.C. § 7206 (1)

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