

*IN THE DISTRICT COURT OF THE UNITED STATES*

JUN 28 2016

*for the Western District of New York*

BY: MD

November 2015 GRAND JURY  
(Impaneled 11/13/2015)

THE UNITED STATES OF AMERICA

-VS-

XIAOJIE SHUN  
a/k/a Lucy  
(Counts 1, 2, 4), and  
LIZHONG SHEN  
a/k/a Tony  
(Counts 1, 3)

INDICTMENT **16 CR**

**75 A**

**Violations:**

Title 18, United States Code, Section  
371;  
Title 26, United States Code, Sections  
7206(1) and 7212(a)  
(4 Counts)

INTRODUCTION

**The Grand Jury Charges That:**

During the time period relevant to this Indictment:

1. The Internal Revenue Service ("IRS"), an agency of the United States Department of the Treasury, had responsibility for the ascertainment, computation, assessment, and collection of taxes, including corporate and individual income taxes.

2. To assess and collect taxes, the IRS used, among other things, tax returns filed pursuant to the tax laws of the United States, including, but not limited to:

a. U.S. Individual Income Tax Returns, Forms 1040 ("individual income tax returns"), which, in general, were used by citizens and residents of the United States to report, among other things, their income and income tax liability; and

b. U.S. Corporation Income Tax Returns, Forms 1120 ("corporate income tax returns"), which, in general, were used by domestic corporations to report, among other things, their gross receipts, income, gains, losses, deductions, credits, and income tax liability.

3. The IRS relied upon information in tax returns filed by individuals and tax preparers to properly assess and collect taxes.

4. Defendants, **XIAOJIE SHUN a/k/a Lucy** and **LIZHONG SHEN a/k/a Tony**, were married until in or about January 2012, and were residents of Williamsville, New York.

5. Beginning in or about April 2004 and continuing until in or about November 2009, defendants, **XIAOJIE SHUN a/k/a Lucy** and **LIZHONG SHEN a/k/a Tony**, jointly operated BTL International Co., Ltd. ("BTL International"), a New York corporation located in Niagara Falls, New York. BTL International provided tour and travel services.

6. BTL International was formed in or about April 2004 by defendants, **XIAOJIE SHUN a/k/a Lucy** and **LIZHONG SHEN a/k/a Tony**, and a friend of the defendants.

7. At a time no later than on or about March 31, 2009, defendant **LIZHONG SHEN a/k/a Tony** became the owner of BTL International.

8. In or about November 2009, defendants, **XIAOJIE SHUN a/k/a Lucy** and **LIZHONG SHEN a/k/a Tony**, separated from their marriage and sometime thereafter **LIZHONG SHEN a/k/a Tony** ceased working for BTL International.

9. In or about January 2011, defendant **XIAOJIE SHUN a/k/a Lucy** ceased operating BTL International and began operating Niagara Falls Universal, Inc. ("Niagara Falls Universal").

10. Niagara Falls Universal, a New York corporation located in Niagara Falls, New York, provided tour and travel services.

11. An accounting firm (the "Accounting Firm"), with an office in Elmhurst, New York, prepared individual income tax returns for defendants, **XIAOJIE SHUN a/k/a Lucy** and **LIZHONG SHEN a/k/a Tony**, and corporate income tax returns for BTL International and Niagara Falls Universal.

### COUNT 1

#### **(Conspiracy to Defraud the United States)**

#### **The Grand Jury Further Charges That:**

##### **A. Object of the Conspiracy**

1. The allegations of the Introduction are incorporated herein by reference.
2. From in or about June 2008, and continuing thereafter up to and including in or about April 2010, in the Western District of New York, and elsewhere, defendants,



**XIAOJIE SHUN a/k/a Lucy** and **LIZHONG SHEN a/k/a Tony**, did knowingly, willfully and unlawfully conspire, combine, confederate, and agree together and with others, known and unknown to the Grand Jury, to defraud the United States for the purpose of impeding, impairing, obstructing, and defeating the lawful government functions of the Internal Revenue Service ("IRS") of the United States Department of the Treasury in the ascertainment, computation, assessment, and collection of revenue, that is, income taxes, in violation of Title 18, United States Code, Section 371.

3. It was an object of the conspiracy that defendants, **XIAOJIE SHUN a/k/a Lucy** and **LIZHONG SHEN a/k/a Tony**, would, and did attempt to, prevent the IRS from accurately determining the amount of corporate income tax due and owing from BTL International and the amount of individual income tax due and owing jointly from defendants **XIAOJIE SHUN a/k/a Lucy** and **LIZHONG SHEN a/k/a Tony**.

B. Manner and Means of the Conspiracy

4. As part of the conspiracy and in order to further its objectives, defendants, **XIAOJIE SHUN a/k/a Lucy** and **LIZHONG SHEN a/k/a Tony**, and others, known and unknown to the Grand Jury, carried out the conspiracy using the following manner and means, among others:

5. It was part of the conspiracy that defendants, **XIAOJIE SHUN a/k/a Lucy** and **LIZHONG SHEN a/k/a Tony**, provided the Accounting Firm with false and fraudulent information understating the gross receipts earned by BTL International.

6. It was a further part of the conspiracy that defendants, **XIAOJIE SHUN a/k/a Lucy** and **LIZHONG SHEN a/k/a Tony**, concealed from the Accounting Firm BTL International's QuickBooks records, in which records of gross receipts were maintained.

7. It was a further part of the conspiracy that defendants, **XIAOJIE SHUN a/k/a Lucy** and **LIZHONG SHEN a/k/a Tony**, diverted gross receipts earned by BTL International for their own personal use.

8. It was a further part of the conspiracy that defendants, **XIAOJIE SHUN a/k/a Lucy** and **LIZHONG SHEN a/k/a Tony**, provided the Accounting Firm with false and fraudulent information regarding their personal income by concealing from the Accounting Firm their diversion of funds from BTL International for personal use.

9. It was further part of the conspiracy that defendants, **XIAOJIE SHUN a/k/a Lucy** and **LIZHONG SHEN a/k/a Tony**, filed, and caused to be filed, false and fraudulent corporate income tax returns, Forms 1120, on behalf of BTL International.

10. It was further part of the conspiracy that defendants, **XIAOJIE SHUN a/k/a Lucy** and **LIZHONG SHEN a/k/a Tony**, filed, and caused to be filed, false and fraudulent joint individual income tax returns, Forms 1040, on their behalf.

C. Overt Acts

11. In furtherance of the conspiracy, and to effect the object thereof, defendants, **XIAOJIE SHUN a/k/a Lucy** and **LIZHONG SHEN a/k/a Tony**, committed, and caused others to commit, the following overt acts, among others, in the Western District of New York, and elsewhere:

12. In or about June 2008, defendant **LIZHONG SHEN a/k/a Tony** provided, and caused to be provided, false and fraudulent information to the Accounting Firm to be used to prepare a corporate income tax return to be filed with the IRS on behalf of BTL International for the fiscal year ended March 31, 2008.

13. In or about June 2008, defendant **LIZHONG SHEN a/k/a Tony** submitted, and caused to be submitted, to the IRS, a false and fraudulent corporate income tax return for BTL International for the fiscal year ended March 31, 2008.

14. In or about April 2009, defendant **XIAOJIE SHUN a/k/a Lucy** provided, and caused to be provided, false and fraudulent information to the Accounting Firm to be used to prepare a joint individual income tax return, Form 1040, to be filed with the IRS on behalf of defendants **XIAOJIE SHUN a/k/a Lucy** and **LIZHONG SHEN a/k/a Tony** for the 2008 tax year.



15. In or about May 2009, defendant **XIAOJIE SHUN a/k/a Lucy** submitted, and caused to be submitted, to the IRS, a false and fraudulent joint individual income tax return, Form 1040, in the names of defendants, **XIAOJIE SHUN a/k/a Lucy** and **LIZHONG SHEN a/k/a Tony**, for the 2008 tax year.

16. In or about May 2009, defendant **LIZHONG SHEN a/k/a Tony** provided, and caused to be provided, false and fraudulent information to the Accounting Firm to be used to prepare a corporate income tax return, Form 1120, to be submitted to the IRS on behalf of BTL International for the fiscal year ended March 31, 2009.

17. In or about July 2009, defendant **LIZHONG SHEN a/k/a Tony** signed, submitted, and caused to be submitted, to the IRS a false and fraudulent corporate income tax return, Form 1120, for BTL International for the fiscal year ended March 31, 2009.

18. In or about December 2009, defendant **XIAOJIE SHUN a/k/a Lucy** provided, and caused to be provided, false and fraudulent information to the Accounting Firm to be used to prepare a corporate income tax return, Form 1120, to be submitted to the IRS on behalf of BTL International for the fiscal year ended October 31, 2009.

19. In or about December 2009, defendant **XIAOJIE SHUN a/k/a Lucy** submitted, and caused to be submitted, to the IRS a false and fraudulent corporate income tax return, Form 1120, for BTL International for the fiscal year ended October 31, 2009.

20. In or about April 2010, defendant **XIAOJIE SHUN a/k/a Lucy** provided, and caused to be provided, false and fraudulent information to the Accounting Firm to prepare a joint individual income tax return, Form 1040, to be filed with the IRS on behalf of defendants **XIAOJIE SHUN a/k/a Lucy** and **LIZHONG SHEN a/k/a Tony** for the 2009 tax year.

21. On or about April 23, 2010, defendants **XIAOJIE SHUN a/k/a Lucy** and **LIZHONG SHEN a/k/a Tony** signed, submitted, and caused to be submitted, to the IRS a false and fraudulent joint individual income tax return, Form 1040, in the names of defendants **XIAOJIE SHUN a/k/a Lucy** and **LIZHONG SHEN a/k/a Tony** for the 2009 tax year.

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

## **COUNT 2**

### **(Subscribing to a False Tax Return)**

#### **The Grand Jury Further Charges That:**

1. The allegations of the Introduction are incorporated herein by reference.
2. On or about April 23, 2010, in the Western District of New York, and elsewhere, defendant, **XIAOJIE SHUN a/k/a Lucy**, did willfully make and subscribe a joint U.S. Individual Income Tax Return, Form 1040, for the 2009 tax year, which was verified by a written declaration that it was made under the penalties of perjury and which she did not believe to be true and correct as to every material matter.



3. That tax return, which was filed with the IRS, stated on line 22 that defendant, **XIAOJIE SHUN a/k/a Lucy**, and **LIZHONG SHEN a/k/a Tony** received \$22,880 in total income, whereas, as defendant **XIAOJIE SHUN a/k/a Lucy** then and there knew, they had received substantial income in addition to the amount stated on the return.

**All in violation of Title 26, United States Code, Section 7206(1).**

### **COUNT 3**

#### **(Subscribing to a False Tax Return)**

#### **The Grand Jury Further Charges That:**

1. The allegations of the Introduction are incorporated herein by reference.
2. On or about April 23, 2010, in the Western District of New York, and elsewhere, defendant **LIZHONG SHEN a/k/a Tony** did willfully make and subscribe a joint U.S. Individual Income Tax Return, Form 1040, for the 2009 tax year, which was verified by a written declaration that it was made under the penalties of perjury and which he did not believe to be true and correct as to every material matter.

3. That tax return, which was filed with the IRS, stated on line 22 that defendant, **LIZHONG SHEN a/k/a Tony**, and **XIAOJIE SHUN a/k/a Lucy** had received \$22,880 in total income, whereas, as defendant **LIZHONG SHEN a/k/a Tony** then and there knew, they received substantial income in addition to the amount stated on the return.

**All in violation of Title 26, United States Code, Section 7206(1).**

#### COUNT 4

##### **(Corrupt Endeavor to Obstruct and Impede the Due Administration of the Internal Revenue Laws)**

##### **The Grand Jury Further Charges That:**

1. The allegations of the Introduction are incorporated herein by reference.
2. Beginning in or around April 2010, and continuing to on or about April 15, 2013, in the Western District of New York, and elsewhere, defendant, **XIAOJIE SHUN a/k/a Lucy**, did corruptly endeavor to obstruct and impede the due administration of the internal revenue laws by the following means, among others:
  - a. Providing false and fraudulent information to the Accounting Firm to be used to prepare a joint individual income tax return to be filed with the IRS on behalf of defendant, **XIAOJIE SHUN a/k/a Lucy**, and **LIZHONG SHEN a/k/a Tony** for the 2010 tax year;
  - b. Submitting, and causing to be submitted, to the IRS a false and fraudulent joint individual income tax return, Form 1040, for defendant, **XIAOJIE SHUN a/k/a Lucy**, and **LIZHONG SHEN a/k/a Tony** for the 2010 tax year;
  - c. Providing false and fraudulent information to the Accounting Firm to be used to prepare a joint individual income tax return, Form 1040, to be filed with the IRS on behalf of defendant, **XIAOJIE SHUN a/k/a Lucy**, and **LIZHONG SHEN a/k/a Tony** for the 2011 tax year;
  - d. Submitting, and causing to be submitted, to the IRS a false and fraudulent joint individual income tax return, Form 1040, for defendant, **XIAOJIE SHUN a/k/a Lucy**, and **LIZHONG SHEN a/k/a Tony** for the 2011 tax year;
  - e. Providing false information to the Accounting Firm to be used to prepare a corporate income tax return, Form 1120, to be filed with the IRS on behalf of Niagara Falls Universal for the 2011 tax year;

f. Submitting, and causing to be submitted, to the IRS a false and fraudulent corporate income tax return, Form 1120, for Niagara Falls Universal for the 2011 tax year;

g. Providing false information to the Accounting Firm to be used to prepare an individual income tax return, Form 1040, to be filed with the IRS on behalf of defendant, **XIAOJIE SHUN a/k/a Lucy**, for the 2012 tax year; and

h. Submitting, and causing to be submitted, to the IRS a false and fraudulent individual income tax return, Form 1040, for defendant, **XIAOJIE SHUN a/k/a Lucy**, for the 2012 tax year.

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

DATED: Buffalo, New York, June 28, 2016

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A TRUE BILL:

S/FOREPERSON