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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF OREGON

UNITED STATES OF AMERICA

No. CR 06-242-KI
INDICTMENT

v.

TREVOR SMITH,

VIOLATION: 26 U.S.C. § 7206(1)
FILING FALSE TAX RETURNS

FILED: 06/08/06

Defendant.

INDICTMENT

The Grand Jury charges that:

BACKGROUND

1. From 1999 through 2002, the defendant, TREVOR SMITH, resided in Lake Oswego, Oregon. The defendant was employed by Raisio Chemicals Northwest, Inc. (“RCNI”) of Lake Oswego, Oregon, formerly known as Diachem Pacific Northwest, Inc., as the vice-president of sales for Western North America. RCNI was a wholly owned subsidiary of Raisio Chemicals Canada, Inc. (“RCCI”) of Vancouver, British Columbia. On December 31, 1999, RCCI merged into Raisio Chemicals U.S., Inc. (“Raisio”), a Delaware corporation with offices in Berwick, Pennsylvania and Lake Oswego, Oregon. Until April 2000, when he resigned, the defendant was employed in RCCI/Raisio’s Lake Oswego office.

2. From 1999 through 2002, John Olsen was employed as the general manager of Chemical Products Technologies (“CPT”) of Cartersville, Georgia. Olsen owned a Canadian company, Jaychem Inc. (“Jaychem”), in North York, Ontario.

3. From 1999 through 2002, CW-1 was a Canadian chemical broker in Richmond, British Columbia.

4. In 1998 and 1999, RCCI/Raisio entered into supply and marketing contracts with CPT, which provided that RCCI/Raisio would purchase 100% of its liquid anthraquinone (“AQ”) requirements from CPT, and that CPT would have a right of first refusal on all dry AQ orders. AQ is a

pulping additive used to increase pulp yield in the pulp and paper industry. In 2000, RCCI/Raisio and CPT entered into a first amendment to the supply and marketing agreement, providing that Raisio would source 100% of its liquid and dry AQ requirements from CPT.

5. Olsen received payments from CW-1, through Jaychem, in return for AQ sales that CW-1's company made to RCCI/Raisio. The AQ sales were made through Olsen in that Olsen received the purchase orders from RCCI/Raisio, and then provided the purchase orders to CW-1 for fulfillment by his company.

6. From July 17, 1998, to July 20, 2000, Olsen, through Jaychem, paid the defendant a portion of the payments he received from CW-1. The defendant and Olsen attempted to cover up Olsen's payments to the defendant by having a promissory note drafted in April of 2000.

COUNT ONE –FRAUD AND FALSE STATEMENTS

(26 U.S.C. § 7206(1))

7. Paragraph 1 of this Indictment is repeated, realleged, and incorporated in Count One with the same force and effect as if fully set forth in this Count.

8. The defendant received payments from Olsen, through Jaychem, totaling \$121,559.00 in 1999.

9. On or about July 20, 2000, in the District of Oregon, the defendant did willfully make and subscribe a United States Individual Income Tax Return, Form 1040, for the calendar year 1999, which contained and was verified by the defendant's written declaration that the return was made under penalties of perjury, and was filed with the Internal Revenue Service, and which income tax return the defendant did not believe to be true and correct as to every material matter, in that the income tax return reported taxable income of \$154,154.00 and tax of \$38,754.00, whereas, as the defendant then and there well knew and believed, his income and tax for calendar year 1999 was substantially in excess of the amounts reported, because said income tax return failed to report as income his receipt of \$121,559.00 in payments from Olsen, through Jaychem, in 1999.

ALL IN VIOLATION OF TITLE 26, UNITED STATES CODE,
SECTION 7206(1).

COUNT TWO – FRAUD AND FALSE STATEMENTS

(26 U.S.C. § 7206(1))

10. Paragraph 1 of this Indictment is repeated, realleged, and incorporated in Count Two with the same force and effect as if fully set forth in this Count.

11. The defendant received payments from Olsen, through Jaychem, totaling \$211,200.00 in 2000.

12. On or about April 7, 2002, in the District of Oregon, the defendant did willfully make and subscribe a United States Individual Income Tax Return, Form 1040, for the calendar year 2000, which contained and was verified by the defendant's written declaration that the return was made under penalties of perjury, and was filed with the Internal Revenue Service, and which income tax return the defendant did not believe to be true and correct as to every material matter, in that the income tax return reported taxable income of \$178,488.00 and tax of \$47,926.00, whereas, as the defendant then and there well knew and believed, his income and tax for calendar year 2000 was substantially in excess of the amounts reported, because said income tax return failed to report as income his receipt of \$211,200.00 in payments from Olsen, through Jaychem, in 2000.

ALL IN VIOLATION OF TITLE 26, UNITED STATES CODE,
SECTION 7206(1).

Dated: June 7, 2006

A TRUE BILL

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