

Presented to the Court by the foreman of the
Grand Jury in open Court, in the presence of
the Grand Jury and FILED in the U.S.
DISTRICT COURT at Seattle, Washington.

April 4 20 18
WILLIAM M. McCOOL, Clerk
By [Signature] Deputy

UNITED STATES DISTRICT COURT FOR THE
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

UNITED STATES OF AMERICA,
Plaintiff

v.

DION L. EARL,
Defendant.

NO. **CR18-084 RSL**

INDICTMENT

THE GRAND JURY CHARGES THAT:

INTRODUCTION

The Defendant and Entities

1. DION L. EARL, at various times between 2011 and 2015, resided in, and was employed by various car dealers located in, both Washington State and Arizona.

2. DION L. EARL also owned houses in both Arizona and Washington, including houses located in (1) Bothell, Washington; (2) Oro Valley, Arizona; (3) Snohomish, Washington; (4) Mesa, Arizona; and (4) Kent, Washington. By 2010, DION L. EARL had stopped making monthly payments on the houses located in Bothell, Washington; Oro Valley, Arizona; and Snohomish, Washington.

1 3. Dion Earl's Total Soccer & Tennis Camps, LLC, was a limited liability
2 company incorporated in Arizona in or about September 2008, in which DION L. EARL
3 was the sole shareholder. DION L. EARL represented that Dion Earl's Total Soccer &
4 Tennis Camps, LLC, did business as ("d/b/a") Total Business Ventures. Through Dion
5 Earl's Total Soccer & Tennis Camps, d/b/a Total Business Ventures, DION L. EARL
6 purported to engage in various business activities, including trading stocks.

7 4. The Seattle Impact FC was an S Corporation, incorporated in Washington
8 State in or about June 2014, in which DION L. EARL was the sole shareholder. Through
9 the Seattle Impact FC, DION L. EARL operated a professional indoor soccer club which
10 played in the Major Arena Soccer League.

11 ***The Income Tax System***

12 5. The Internal Revenue Service ("IRS") is an agency of the United States
13 within the Department of Treasury responsible for the ascertainment, computation,
14 assessment, and collection of Federal Income Taxes. In order to assess and
15 collect taxes, the IRS must accurately determine taxpayers' incomes.

16 6. The Internal Revenue Code requires that employers withhold, account for,
17 and pay over to the IRS a variety of taxes from employee wages, collectively referred to
18 as "payroll taxes." These taxes include Federal Income Tax Withholding ("withholding
19 taxes"); that is, in general, an employer must deduct and withhold income tax on the
20 amount of wages that are paid to employees, and pay over those withholding taxes to the
21 IRS. Whenever any person or entity is required to withhold or collect any internal
22 revenue tax from any person and to pay over such tax to the United States, the amount of
23 tax so withheld or collected shall be held in trust on behalf of the United States.

24 7. To account for payroll taxes that must be paid to the IRS, employers are
25 required to prepare tax forms, including Forms W-2, Wage and Tax Statements ("Forms
26 W-2") and to file them annually.

27 8. Mortgage lenders report mortgage interest paid by a taxpayer during a
28 given year to the taxpayer and the IRS by issuing Forms 1098, Mortgage Interest

1 Statements ("Forms 1098"). A taxpayer typically may claim interest paid on the
2 mortgage for his residence as a tax deduction, and interest paid on the mortgage for a
3 rental property as an expense, and, by doing so, reduce the taxes owed during a given
4 year.

5 9. Every citizen and resident of the United States who receives gross income
6 in excess of the minimum filing amount established by law for a particular calendar year
7 is required to annually make and file an income tax return for the calendar year, typically
8 by April 15 of the following year. Using the information provided to them in Forms
9 W-2 and 1098, among other forms, taxpayers typically self-report their incomes, as well
10 as the income tax they owe for a given year, to the IRS by, among other methods,
11 electronically filing or mailing Forms 1040, U.S. Individual Income Tax Returns ("Form
12 1040 Tax Returns") to the IRS.

13 10. In instances where an employer has withheld tax in excess of that which the
14 taxpayer determines is owed, the taxpayer may claim a tax refund in the Form 1040 Tax
15 Return that the taxpayer files with the IRS.

16 11. The IRS maintains records of forms submitted to it, including Forms W-2
17 and 1098, as well as payments of payroll and other taxes submitted to it, in a database
18 referred to as the Integrated Data Retrieval System ("IDRS")

19 12. An IRS audit is an examination by an IRS Revenue Agent of an
20 organization's or individual's accounts and financial information to ensure information in
21 a tax return is reported correctly according to the tax laws and to verify that the reported
22 amount of tax is correct. An IRS Revenue Agent conducting an audit may refer the
23 matter to IRS, Criminal Investigation ("IRS-CI").

24 13. IRS-CI Special Agents investigate potential criminal violations of the U.S.
25 Internal Revenue Code and related financial crimes in a manner intended to foster
26 confidence in the tax system and deter violations of tax law.

The IRS Civil Audit and Criminal Investigation

14. DION L. EARL retained the services of a tax preparer who practiced in Everett, Washington, among other locations in Western Washington, for the purposes of preparing and electronically filing his calendar year 2008, to 2013, Form 1040 Tax Returns, and retained the services of a tax preparer in Gilbert, Arizona, for the purposes of preparing and electronically filing his calendar year 2014 Form 1040 Tax Return. DION L. EARL induced these tax preparers to report inflated wages, withholdings, and mortgage interest payments by submitting to them Forms W-2 and 1098 which were fictitious, among other reasons, because he had forged or altered them.

15. During November 2013, the IRS initiated an audit of DION L. EARL's accounts and financial information relating to his 2011 and 2012 Form 1040 Tax Returns. That audit revealed that DION L. EARL had engaged in tax refund fraud, in that, DION L. EARL filed Form 1040 Tax Returns, in which he fraudulently claimed that he was due large refunds because employers had withheld more tax from his paychecks than was due on the wages he reported. In truth and fact, both the tax withholdings and wages DION L. EARL reported on his Form 1040 Tax Returns for these years were fictitious. DION L. EARL's employers typically had not withheld any taxes from DION L. EARL's paychecks because, when DION L. EARL completed Forms W-4, he claimed that he was exempt from paying income tax. In order to make the substantial withholdings he reported appear plausible, DION L. EARL also significantly overstated the wages he claimed employers paid him. Finally, in order to minimize the impact on his taxes that overstating wages normally would have, DION L. EARL fraudulently overstated deductions and expenses, including the mortgage interest he paid on his residence and rental properties. For example, the audit revealed that:

a. On or about March 4, 2012, DION L. EARL subscribed and caused to be electronically filed with the IRS a calendar year 2011 joint Form 1040 Tax

1 Return in which DION L. EARL reported that during 2011 (1) he worked for
2 five different car dealers which paid him wages totaling in excess of \$880,000
3 (a portion of which was reported as wages on line 7 of the Form 1040 Tax
4 Return, and a portion of which was reported on Schedule C to the tax return),
5 from which they withheld federal income tax in excess of \$330,000, and (2) he
6 paid in excess of \$520,000 in interest to lenders which held mortgages on
7 houses he owned in Bothell, Washington; Oro Valley, Arizona; Snohomish,
8 Washington; and Mesa, Arizona. DION L. EARL relied on these
9 representations in order to support his claim that he had overpaid taxes and was
10 entitled to a tax refund of \$329,198.

11 b. Contrary to the representations DION L. EARL made in his 2011
12 Form 1040 Tax Return, in the Forms W-2 and 1098 that DION L. EARL's
13 employers and lenders filed for 2011 (1) three car dealers reported that they
14 employed DION L. EARL and paid him a total of approximately \$79,631, from
15 which they did not withhold any taxes, and (2) only a single lender, which held
16 the mortgage on the house in Mesa, Arizona, reported receiving interest
17 payments from DION L. EARL, which totaled \$25,699.

18 c. On or about February 15, 2013, DION L. EARL subscribed and
19 caused to be electronically filed with the IRS a calendar year 2012 joint Form
20 1040 Tax Return in which DION L. EARL reported that during 2012 (1) he had
21 worked for eight different car dealers, which paid him wages totaling in excess
22 of \$1,600,000 (a portion of which was reported as wages on line 7 of the Form
23 1040 Tax Return, and a portion of which was reported on Schedule C to the tax
24 return), from which they withheld federal income tax in excess of \$660,000;
25 (2) his wife had worked for Dion Earl's Total Soccer & Tennis Camps, LLC,
26 d/b/a Total Business Ventures, which paid her wages totaling \$240,000, from
27 which it withheld federal income tax in excess of \$51,000; and (3) he had paid
28 in excess of \$520,000 in interest to lenders which held mortgages on houses he

1 owned in Bothell, Washington; Oro Valley, Arizona; Snohomish, Washington;
2 and Mesa, Arizona. DION L. EARL relied on these representations in order to
3 support his claim that he had overpaid taxes and was entitled to a tax refund of
4 \$416,314.

5 d. Contrary to the representations DION L. EARL made in his 2012
6 Form 1040 Tax Return, in the Forms W-2 and 1098 that DION L. EARL's
7 employers and lenders filed for 2012 (1) two car dealers reported that they had
8 employed DION L. EARL and paid him wages totaling approximately \$44,570,
9 from which they did not withhold any taxes; and (2) only a single lender, which
10 held the mortgage on the house in Mesa, Arizona, reported receiving interest
11 payments from DION L. EARL, which totaled \$30,430. In addition, while
12 Dion Earl's Total Soccer & Tennis Camps, LLC, d/b/a Total Business Ventures,
13 filed a Form W-2 in which it reported paying DION L. EARL's wife wages of
14 \$240,000 and withholding taxes of \$51,487, IRS IDRS records reveal that it did
15 not submit the taxes purportedly withheld to the IRS.

16 16. During November 2013, the IRS Revenue Agent then assigned to the audit
17 of DION L. EARL's 2011 and 2012 Form 1040 Tax Returns, informed DION L. EARL
18 that he was conducting an audit of those tax returns.

19 17. During early 2014, DION L. EARL's tax preparer, who was then practicing
20 in Marysville, Washington, prepared DION L. EARL's calendar year 2013 Form 1040
21 Tax Return, but refused to electronically file it until DION L. EARL provided him with
22 original Forms W-2 and 1098. Rather than provide his tax preparer with original forms,
23 however, DION L. EARL personally filed a paper copy of the 2013 Form 1040 Tax
24 Return on or about March 10, 2014.

25 18. In that 2013 Form 1040 Tax Return, DION L. EARL reported that during
26 2013 (1) he had worked for nine different car dealers, which paid him wages totaling in
27 excess of \$1,800,000 (a portion of which was reported as wages on line 7 of the Form
28 1040 Tax Return, and a portion of which was reported on Schedule C to the tax return),

1 from which they withheld federal income tax in excess of \$710,000; (2) his wife had
2 worked for Dion Earl's Total Soccer & Tennis Camps, LLC, d/b/a Total Business
3 Ventures, which paid her wages totaling \$280,000, from which it withheld federal
4 income tax in excess of \$50,000 (while the Wage Schedule attached to DION L. EARL's
5 2013 Form 1040 Tax Return reported total taxes withheld as \$771,246, DION L. EARL
6 reported total taxes withheld on line 62 of the Form 1040 Tax Return as \$809,719); and
7 (3) he had paid in excess of \$550,000 in interest to lenders which held mortgages on
8 houses he owned in Bothell, Washington; Oro Valley, Arizona; Snohomish, Washington,
9 Mesa, Arizona; and Kent, Washington. DION L. EARL relied on these representations
10 in order to support his claim that he had overpaid taxes and was entitled to a tax refund of
11 \$297,130.

12 19. Contrary to the representations DION L. EARL made in his 2013 Form
13 1040 Tax Return, in the Forms W-2 and 1098 that DION L. EARL's employers and
14 lenders filed for 2013 (1) a single car dealer reported that it employed DION L. EARL
15 and paid him a total of approximately \$274, from which it did not withhold any taxes;
16 and (2) only two lenders, which held mortgages on the houses in Mesa, Arizona, and
17 Kent, Washington, reported receiving interest payments from DION L. EARL, which
18 totaled \$42,413. In addition, Dion Earl's Total Soccer & Tennis Camps, LLC, d/b/a
19 Total Business Ventures, did not file a Form W-2, and according to IRS IDRS records,
20 did not submit the purported withholding taxes to the IRS.

21 20. During August 2014, the IRS Revenue Agent then conducting the audit of
22 DION L. EARL's 2011 and 2012 Form 1040 Tax Returns, discovered that DION L.
23 EARL claimed a large tax refund on his 2013 Form 1040 Tax Return, and, as a result, she
24 expanded the audit to include that Form 1040 Tax Return. The Revenue Agent also
25 referred the matter to IRS-CI.

26 21. During August 2014, IRS-CI initiated a criminal investigation. During
27 December 2014, the IRS Special Agent assigned to that investigation notified DION L.
28 EARL that the IRS Special Agent was conducting a criminal investigation.

22. On or about April 2, 2015, DION L. EARL subscribed and caused to be filed electronically with the IRS a calendar year 2014 Form 1040 Tax Return in which DION L. EARL reported that during 2014, both he and his wife worked for Dion Earl's Total Soccer & Tennis Camps, LLC, d/b/a Total Business Ventures, and the Seattle Impact FC, and that these employers paid them wages totaling approximately \$765,000, from which they withheld federal income taxes in excess of \$180,000. DION L. EARL relied on these representations in order to support his claim that he had overpaid taxes and was entitled to a tax refund of \$137,554.

23. Contrary to the representations DION L. EARL made in his 2014 Form 1040 Tax Return, IRS IDRS records reveal that Dion Earl's Total Soccer & Tennis Camps, LLC, d/b/a Total Business Ventures, and the Seattle Impact FC did not submit the purported withholding taxes to the IRS.

24. The IRS-CI criminal investigation revealed that DION L. EARL had engaged in tax refund fraud prior to the years which were the subject of the civil audit, that is, the criminal investigation revealed that DION L. EARL committed tax refund fraud in all of the Form 1040 Tax Returns he filed for calendar years 2008, through 2014. In these tax returns, DION L. EARL falsely claimed that he was due tax refunds totaling in excess of \$1,600,000, and, as a result of those claims, the IRS issued tax refunds to DION L. EARL totaling in excess of \$1,100,000, to which he was not entitled.

COUNT 1

(False Statement on Tax Return)

25. The allegations set forth in paragraphs 1 through 15 are re-alleged and incorporated as is fully set forth herein.

26. On or about March 4, 2012, in the Western District of Washington, and elsewhere, DION L. EARL, a resident of Snohomish, Washington, did willfully make and subscribe, and cause to be made and subscribed, a joint U.S. Individual Income Tax Return, Form 1040, for calendar year 2011, 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

1 and correct as to every material matter. That income tax return, which was filed with the
 2 Internal Revenue Service, reported (1) "Wages, salaries, tips, etc." ("wages"), on line 7,
 3 as \$635,911, (2) "Federal income tax withheld from Forms W-2 and 1099" ("taxes
 4 withheld"), on line 62, as \$338,765, (3) "Home mortgage interest and points reported . . .
 5 on Form 1098," on line 10 of Schedule A, as \$87,246, (4) "Mortgage Interest paid to
 6 banks," on line 23e of Schedule E, as \$435,126, and (5) the amount overpaid to be
 7 refunded, on lines 73 and 74a, respectively, as \$329,198, whereas, as DION L. EARL
 8 then and there well knew, these figures overstated the wages that employers had paid
 9 him, the taxes employers had withheld, and the mortgage interest he had paid, and, as a
 10 result, he was not due the tax refund he claimed.

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

12 COUNT 2

13 (False Statement on Tax Return)

14 27. The allegations set forth in paragraphs 1 through 15 are re-alleged and
 15 incorporated as is fully set forth herein.

16 28. On or about February 15, 2013, in the Western District of Washington, and
 17 elsewhere, DION L. EARL, a resident of Mesa, Arizona, did willfully make and
 18 subscribe, and cause to be made and subscribed, a joint U.S. Individual Income Tax
 19 Return, Form 1040, for calendar year 2012, which was verified by a written declaration
 20 that it was made under the penalties of perjury and which he did not believe to be true
 21 and correct as to every material matter. That income tax return, which was filed with the
 22 Internal Revenue Service, reported (1) "Wages, salaries, tips, etc." ("wages"), on line 7,
 23 as \$1,320,483, (2) "Federal income tax withheld from Forms W-2 and 1099" ("taxes
 24 withheld"), on line 62, as \$714,911, (3) "Home mortgage interest and points reported . . .
 25 on Form 1098," on line 10 of Schedule A, as \$87,246, (4) "Mortgage Interest paid to
 26 banks," on line 23c of Schedule E, as \$435,226, and (5) the amount overpaid to be
 27 refunded, on lines 73 and 74a, respectively, as \$416,314, whereas, as DION L. EARL
 28 then and there well knew, these figures overstated the wages that employers had paid

1 him, the taxes employers had withheld, and the mortgage interest he had paid, and, as a
2 result, he was not due the tax refund he claimed.

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

4 **COUNT 3**

5 (Corrupt Endeavor to Impede Administration of the Internal Revenue Laws)

6 29. The allegations set forth in paragraphs 1 through 24 are re-alleged and
7 incorporated as is fully set forth herein.

8 30. Beginning in or about November 2013, and continuing thereafter to on or
9 about July 2015, at Kent, in the Western District of Washington, and elsewhere, DION L.
10 EARL, having been informed (1) during November 2013, that the IRS had initiated a
11 civil audit of DION L. EARL's accounts and financial information relating to his 2011
12 and 2012 Form 1040 Tax Returns, and (2) during December 2014, that IRS-CI had
13 initiated a criminal investigation, did corruptly endeavor to obstruct and impede the due
14 administration of the internal revenue laws, that is, the civil audit and criminal
15 investigation by:

16 a. Making material false statements to IRS Revenue Agents on
17 June 17, 2014, that is, DION L. EARL falsely claimed that, with respect to his 2011 and
18 2012 Form 1040 Tax Returns (1) if they contained errors, it was that he reported
19 expenses too conservatively, and (2) the income he reported receiving from car dealers
20 consisted of payments to him, which were similar to settlement payments, so that he
21 would not report wrongdoing by the car dealers.

22 b. Producing to an IRS Revenue Agent on or about July 1, 2014,
23 Forms W-2s and 1098, among other records, that DION L. EARL represented supported
24 the refunds he claimed in his 2011 and 2012 Form 1040 Tax Returns, full well knowing
25 that he had fraudulently forged or altered many of the Forms W-2 and 1098.

26 c. Making false statements to IRS-CI Special Agents on or about July
27 10, 2015, by falsely claiming that Vantuhl Organization assured him that it would take
28

1 care of all of his taxes, thereby authorizing him to file the Form 1040 Tax Returns that he
2 filed.

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

4 **COUNT 4**

5 (False Statement on Tax Return)

6 31. The allegations set forth in paragraphs 1 through 19 are re-alleged and
7 incorporated as is fully set forth herein.

8 32. On or about March 10, 2014, in the Western District of Washington, and
9 elsewhere, DION L. EARL, a resident of Mesa, Arizona, did willfully make and
10 subscribe, and cause to be made and subscribed, a joint U.S. Individual Income Tax
11 Return, Form 1040, for calendar year 2013, which was verified by a written declaration
12 that it was made under the penalties of perjury and which he did not believe to be true
13 and correct as to every material matter. That income tax return, which was filed with the
14 Internal Revenue Service, reported (1) "Wages, salaries, tips, etc." ("wages"), on line 7,
15 as \$1,550,757, (2) "Federal income tax withheld from Forms W-2 and 1099" ("taxes
16 withheld"), on line 62, as \$809,719, (3) "Home mortgage interest and points reported . . .
17 on Form 1098," on line 10 of Schedule A, as \$128,502, (4) "Mortgage Interest paid to
18 banks," on line 23c of Schedule E, as \$426,928, and (5) the amount overpaid to be
19 refunded, on lines 73 and 74a, respectively, as \$297,130, whereas, as DION L. EARL
20 then and there well knew, these figures overstated the wages that employers had paid
21 him, the taxes employers had withheld, and the mortgage interest he had paid, and, as a
22 result, he was not due the tax refund he claimed.

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

24 **COUNT 5**

25 (False Statement in Loan Application)

26 33. On or about July 30, 2008, at Lynnwood, in the Western District of
27 Washington, and elsewhere, DION L. EARL knowingly made a false statement for the
28 purpose of influencing the action of KeyBank, the accounts of which were insured by the

1 Federal Deposit Insurance Corporation, in connection with in an application for a home
2 equity line of credit in the amount of \$100,000, in that, DION L. EARL falsely reported
3 that: (1) he had been employed by Bell Honda for nine years; (2) he was then the
4 manager of Bell Honda; and (3) Bell Honda paid him \$19,416 per month, whereas, as
5 DION L. EARL well knew, he was not then employed by Bell Honda, as Bell Honda had
6 terminated DION L. EARL on or about July 8, 2008, after he failed to show up for work.

7 All in violation of Title 18, United States Code, Section 1014.

8 **FORFEITURE**

9 34. The allegations contained in Count 5 of this Indictment are hereby realleged
10 and incorporated by reference for the purpose of alleging forfeitures pursuant to Title 18,
11 United States Code, Section 982(a)(2)(A).

12 35. Upon conviction of the offense in violation of Title 18, United States Code,
13 Section 1014 set forth in Count 5 of this Indictment, the defendant, DION L. EARL, shall
14 forfeit to the United States of America, pursuant to Title 18, United States Code, Section
15 982(a)(2)(A), any property constituting, or derived from, proceeds obtained, directly or

16 ///

17 ///

18 ///

1 indirectly, as a result of such violation(s), including, but not limited to:


- 2 a. Money Judgment. A sum of money equal to approximately
3 \$100,000, representing the amount of proceeds obtained as a result
4 of the offenses set forth in Count 5.


5 All pursuant to 18 U.S.C. § 982(a)(2)(A) and 28 U.S.C. § 2461(c).

6 A TRUE BILL:

7 Dated: April 4, 2018

8
9 Signature of Foreperson redacted pursuant
10 To the policy of the Judicial Conference
11 of the United States

12
13 
14 ANNETTE L. HAYES
15 United States Attorney

16 
17 ANDREW C. FRIEDMAN
18 Assistant United States Attorney

19 
20 ARLEN R. STORM
21 Assistant United States Attorney