

FOR THE EASTERN DISTRICT OF PENNSYLVANIA

	:	CRIMINAL NO. 12-444 (BMS)
UNITED STATES OF AMERICA	:	DATE FILED: 10-__-13
v.	:	VIOLATIONS:
SAMYAK VEERA	:	18 U.S.C. § 371 (conspiracy - 1 count)
AVIEL FALIKS	:	26 U.S.C. § 7212(a) (corruptly
CHANDRAKANT SHAH	:	endeavoring to obstruct the IRS - 1
DONALD STEVENSON	:	count)
ERIC MERL	:	26 U.S.C. § 7201 (tax evasion - 16 counts)
	:	18 U.S.C. § 1343 (wire fraud - 27 counts)
	:	18 U.S.C. § 1001 (false statements -
	:	4 counts)
	:	Notice of forfeiture
	:	
	:	<u>UNDER SEAL</u>

SUPERSEDING INDICTMENT

COUNT ONE

THE GRAND JURY CHARGES THAT:

At all times material to this indictment, unless otherwise specified:

I. THE INDIVIDUALS

1. Defendant SAMYAK VEERA, formerly known as SAMYAK CHANDRAKANT SHAH, then a resident of, among other places, New York, New York, Riviera Beach, Florida, and Boston, Massachusetts, operated and controlled various entities that engaged in fraudulent tax transactions. Defendant VEERA also used various individuals and entities as nominees to hide his role and participation in this fraudulent scheme.

2. Defendant CHANDRAKANT SHAH was the father of defendant SAMYAK VEERA. Defendant SHAH, then a resident of Bridgewater, New Jersey and India, formed and caused others to form entities that engaged in fraudulent tax transactions.

3. Defendant AVIEL FALIKS, a resident of New York, New York, was a close friend of defendant SAMYAK VEERA and Andrew Ahn. Defendant FALIKS operated and controlled various entities that engaged in fraudulent tax transactions.

4. Defendant DONALD STEVENSON was a resident of Boca Raton and North Palm Beach, Florida. From approximately May 2004 through April 2006, defendant STEVENSON served as the Managing Director of an entity that engaged in fraudulent tax transactions. In addition, from late 2005 until in or about 2007, defendant STEVENSON operated another entity that engaged in fraudulent tax transactions.

5. Defendant ERIC MERL was a resident of Florida. From approximately April 2005 through March 2006, defendant MERL served as the General Counsel of an entity that engaged in fraudulent tax transactions. In addition, from approximately December 2005 through approximately July 2006, defendant MERL served as legal counsel to another entity that defendant SAMYAK VEERA used to implement fraudulent transactions.

6. Andrew Ahn, a co-conspirator charged elsewhere, was variously a resident of Columbia, Missouri, Philadelphia, Pennsylvania, and Jersey City, New Jersey. Ahn operated and controlled various entities that engaged in fraudulent tax transactions.

7. John Ivsan, a co-conspirator charged elsewhere, was an attorney working in Charlotte, North Carolina. He represented various entities that engaged in fraudulent tax transactions.

8. Helen Del Bove, a co-conspirator charged elsewhere, a resident of New Hyde Park, New York, served as the bookkeeper for defendant SAMYAK VEERA and various entities that he operated and controlled.

II. KEY ENTITIES

9. MidCoast Credit Corp., a Florida corporation, and its various affiliates (collectively, "MidCoast Credit") identified other corporations for acquisition and then purchased their stock. The corporations that MidCoast Credit sought to buy either had recently sold their appreciated assets or had marketable securities that could be readily sold (the "target corporations").

10. Sequoia Capital, LLC ("Sequoia") was a limited liability company formed in or about June 2003 on the Caribbean island of Nevis. Sequoia was owned by SFIC, LLC, a Nevisian limited liability company also formed in or about June 2003.

11. MidCoast Financial, Inc. ("MidCoast Financial") was a Florida corporation formed in April 2004. MidCoast Financial purchased assets from MidCoast Credit in May 2004, assumed its corporate acquisition business, hired its corporate acquisition employees, and operated in Lake Worth, Florida, through at least December 2005. MidCoast Financial was owned by TSR Capital Corp., of which defendant CHANDRAKANT SHAH was the owner and President. Defendant SAMYAK VEERA ran MidCoast Financial's day-to-day operations. Defendant DONALD STEVENSON served as its Managing Director and supervised its acquisition staff. Defendant ERIC MERL served as its General Counsel.

12. Private Capital Resource Group, Inc. ("PCRG") was a corporation formed in or about November 2005 and was nominally owned by co-conspirator J.T. It was controlled in fact by defendant SAMYAK VEERA while defendant DONALD STEVENSON ran its day-

to-day operations. Defendant ERIC MERL served as its general counsel. PCRG was formed shortly before MidCoast Financial closed in late 2005 to replace MidCoast Financial in its role of locating target corporations for acquisition.

III. OVERVIEW OF THE FRAUDULENT SCHEME

13. From at least in or about 2003 through at least in or about 2011, defendants SAMYAK VEERA, CHANDRAKANT SHAH, AVIEL FALIKS, DONALD STEVENSON, and ERIC MERL and others (their “co-conspirators”) known and unknown to the Grand Jury participated in a fraudulent tax scheme to evade over \$200 million in corporate income taxes and to claim millions of dollars of fraudulent corporate tax refunds. In most instances, the defendants and their co-conspirators implemented their fraudulent tax scheme through four basic steps: (1) they caused entities (“initial purchasers”) to purchase target corporations, which had recently realized large taxable gains; (2) they caused the initial purchasers to “sell” the target corporations to other companies controlled by the defendants through nominees (“straw buyers”); (3) they then caused the straw buyers to evade the corporations’ income taxes by purportedly eliminating their gains with fraudulent losses; and (4) the conspirators distributed the proceeds (comprising the unpaid taxes) to themselves through disguised means intended to conceal their scheme from the Internal Revenue Service (“IRS”).

14. The co-conspirators used the following companies, among others, as initial purchasers: (1) MidCoast Credit, (2) MidCoast Financial, (3) Aleph Capital, LLC, (“Aleph”), (4) Stanford Acquisitions, LLC (“Stanford”), and (5) TCA Capital, LLC (“TCA”). The co-conspirators also used PCRG to identify target corporations for purchase to use in their scheme.

15. The co-conspirators used the following companies, among others, as “straw buyers”: (1) Sequoia, (2) Amalfi Capital Partners, LLC (“Amalfi”), (3) Icarus Capital Partners, LLC (“Icarus”), (4) 385 Acquisitions Corps. (“385 Acquisitions”), (5) Value Opportunities Investments, Inc. (“Value Opportunities”), (6) Alternative Opportunities, Inc. (“Alternative Opportunities”), and (7) Shadow’s Reflections, Inc.

16. The co-conspirators used the following companies, among others, to create the fraudulent losses that they needed to eliminate the target corporations’ taxes: (1) Delta Trading Partners, LLC (“Delta Trading”), (2) Investissements de Rhinoceros de Menthe Verte, Inc. (“IRMV”), and (3) European American Investment Bank AG (“Euram”), an Austrian bank.

17. The co-conspirators used the following companies, among others, to pay out and conceal their proceeds from the scheme: (1) Delta Trading, (2) Capital Security Bank Ltd., (3) Santalum Charitable Trust (“Santalum”), (4) Euram, and (5) The Cook Islands Trust Corporation Ltd. (“Cook Islands Trust Corporation”).

IV. THE FRAUDULENT TRANSACTIONS

18. At the center of the defendants’ and their co-conspirators’ scheme to evade corporate income taxes for personal gain was the use of fraudulent transactions to create fraudulent losses that could then be used to eliminate corporate income taxes incurred by the target corporations. These corporate income taxes would have to be paid at or around the time that the corporations filed their federal corporate income tax returns, IRS Form 1120. The corporations never paid the taxes, however, because the defendants and their co-conspirators fraudulently eliminated the corporations’ tax liabilities by filing false tax returns. The conspirators then diverted the funds that would otherwise have been paid to the IRS to their personal benefit.

19. To conceal these fraudulent transactions, the false tax returns, and the conspirators' illegal profits, the conspirators took various actions to hide from the IRS and others the true nature of the transactions and the relationships among the conspirators and their entities.

A. Sequoia Transactions

20. From in or about late 2003 through in or about mid-2004, defendants SAMYAK VEERA and CHANDRAKANT SHAH and their co-conspirators caused Sequoia to purchase the stock of 22 target corporations directly and indirectly from MidCoast Credit and to purchase the stock of another target corporation from an entity called Stamford Development Corp. Defendants VEERA and SHAH and their co-conspirators then caused Andrew Ahn and at least two other individuals to serve as nominee Presidents of the 23 target corporations (the "Sequoia target corporations"). The primary, if not only, asset of these corporations was cash.

21. After Sequoia acquired these 23 target corporations, defendants SAMYAK VEERA and CHANDRAKANT SHAH, John Ivsán, Andrew Ahn, and their co-conspirators caused the target corporations to transfer all or most of their cash to an offshore Delta Trading account at Capital Security Bank in the Cook Islands, an account which the defendants controlled through nominees. Most of the cash was immediately transferred back to the United States and reused to purchase more target corporations. The conspirators, however, claimed that they had lost the money in a series of options trades. These trades never occurred.

22. The conspirators used these fraudulent losses to wipe out the tax liabilities of the corporations. To complete the fraud, the defendants caused the 23 Sequoia target corporations to falsely claim on their federal corporate income tax returns (also known as a "Form 1120") that the corporations' options trades expired worthless and, accordingly, that the 23 Sequoia target corporations suffered large capital and ordinary losses.

23. In addition, based on the fraudulent losses claimed on the false corporate tax returns, defendant SAMYAK VEERA, Helen Del Bove, and their co-conspirators caused the Sequoia target corporations to apply for approximately \$550,000 in fraudulent refunds of taxes that the corporations had paid in prior years before they were under the control of the defendants.

24. As a result of claiming the false capital and ordinary losses, defendants SAMYAK VEERA and CHANDRAKANT SHAH, John Ivsan, Helen Del Bove, Andrew Ahn, and their co-conspirators caused the 23 Sequoia target corporations collectively to evade over \$35 million in corporate taxes.

B. The IRMV Transaction

25. In mid-2004, defendant SAMYAK VEERA and his co-conspirators used Sequoia and the 23 Sequoia target corporations to evade the corporate income taxes of IRMV, a target corporation that had recently sold real estate for a large capital gain. The co-conspirators first caused Sequoia to acquire IRMV from Tropicana Holdings LLC, an entity controlled by two co-conspirators not named as defendants here, and then, for no legitimate business purpose, caused Sequoia to contribute the 23 Sequoia target corporations' stock to IRMV, fraudulently claiming a basis (or investment cost) in this stock of approximately \$112 million.

26. Defendant SAMYAK VEERA and his co-conspirators then caused IRMV to sell the stock of the 23 target corporations for only \$115,000 to an entity called Shadow's Reflections, nominally owned by Andrew Ahn. The conspirators fraudulently claimed that this stock sale generated an approximately \$112 million capital loss for IRMV, which the conspirators caused IRMV to claim on its federal corporate income tax return, Form 1120, for the fiscal year ending July 31, 2004. As a result, the conspirators evaded over \$35 million in taxes.

27. Finally, in or about late July 2004, defendant SAMYAK VEERA and his co-conspirators caused IRMV to transfer approximately \$864,000 to the Delta Trading account at Capital Security Bank in the Cook Islands and to fraudulently claim options trading losses in this amount on IRMV's corporate income tax return for the fiscal year ending July 31, 2005.

C. The MidCoast Financial Transactions

28. In Spring 2004, defendants SAMYAK VEERA and CHANDRAKANT SHAH and John Ivsan formed MidCoast Financial, with defendant SHAH acting as the company's President and defendant VEERA running its day-to-day operations. Once they created MidCoast Financial, they then caused it to acquire MidCoast Credit's acquisition business and to hire MidCoast Credit's corporate acquisition staff and several other employees. Defendant DONALD STEVENSON was MidCoast Financial's Managing Director, supervising the company's acquisition staff and running the company when defendant VEERA was not present. Defendant ERIC MERL served as MidCoast Financial's general counsel from Spring 2005 through Spring 2006.

29. The defendants and their co-conspirators caused MidCoast Financial and three other initial purchasers to purchase target corporations whose primary asset was cash and whose primary liabilities were tax obligations. The defendants and their co-conspirators caused MidCoast Financial (through subsidiaries) to purchase these target corporations by paying a "premium price" that was based on the fair market value of the corporations plus a percentage of the corporate tax liabilities, which the conspirators intended to evade. As MidCoast Financial was purchasing these corporations, its acquisition staff – led by defendant DONALD STEVENSON – was misleading the target corporations' shareholders and their representatives about how MidCoast Financial would use the corporations after they were purchased.

30. Once MidCoast Financial and other initial purchasers bought these target corporations, defendant SAMYAK VEERA and his co-conspirators pulled out most of the cash via sham loans and sold the corporations to straw buyers – Amalfi and Icarus – which were controlled by co-conspirator Andrew Ahn. In exchange for the purported sale, Amalfi and Icarus assumed the obligation to repay the sham loans. The straw buyers then eliminated the corporations' tax liabilities with fraudulent transactions that created illusory losses that the conspirators claimed on the corporations' tax returns. In total, Amalfi "purchased" eleven (11) corporations and Icarus purchased twenty-two (22) corporations from MidCoast Financial and the other initial purchasers.

1) Amalfi Losses

31. The conspirators used several different fraudulent transactions to generate the losses that they needed to wipe out the corporations' taxes. For example, for the Amalfi target corporations they fraudulently transferred shares of IRMV to the corporations claiming that each of the target corporations had a basis in the IRMV stock of approximately \$111,000 per share. The conspirators then caused the target corporations to sell their stock in IRMV to another co-conspirator's entity for \$100 per share, or .09% of the basis the co-conspirators claimed that each corporation had in the IRMV stock. Thus, the "sale" of each share caused a loss of approximately \$110,900. This entire transaction was a sham designed to create losses that the Amalfi corporations could use to wipe out their taxes.

32. Defendant SAMYAK VEERA, John Ivsan, Andrew Ahn, and their co-conspirators also caused seven of the eleven Amalfi target corporations to make large funds transfers to the Delta Trading account at Capital Security Bank in the Cook Islands purportedly to fund options trading. Defendant VEERA, Ivsan, Ahn, and Helen Del Bove later caused the

target corporations to claim fraudulent ordinary losses on their tax returns in total amounts equal to these transfers. As with the Sequoia transactions, the Delta Trading losses claimed by the Amalfi target corporations were fraudulent because no actual options trades were purchased, and the target corporations' funds were simply transferred to an offshore account that defendant VEERA controlled.

2) Icarus Losses

33. With respect to the 22 Icarus target corporations, defendants SAMYAK VEERA and AVIEL FALIKS, John Ivsan, Andrew Ahn, and their co-conspirators created fraudulent losses in another way – by generating a large inventory of options trades in a loss position at Euram, contributing them to the Icarus target corporations while claiming an inflated basis, and closing them out for far less than the claimed basis. As a result, the defendants caused the Icarus target corporations to report bogus capital and ordinary losses exceeding \$232 million. These Icarus transactions were not legitimate investments, but pre-planned, non-arms-length transactions structured to yield untaxed offshore gain positions (or “gain legs”) and domestic loss positions (or “loss legs”) that were claimed as losses for tax purposes.

D. PCRG and the Faliks Transactions

34. In or about July 2005, the IRS began a civil examination of MidCoast Financial, requesting a list of MidCoast Financial's transactions that met certain criteria. In or about August 2005, defendants SAMYAK VEERA and ERIC MERL, and co-conspirator John Ivsan, responded to the IRS with a list of MidCoast Financial's transactions and a misleading explanation of why MidCoast Financial's transactions were proper. In or about October 2005, the IRS issued to MidCoast Financial a request for numerous documents regarding its transactions, revealing that the IRS intended to conduct a more in-depth review of the company.

35. After the conspirators learned of this fact, they took various actions designed to conceal their illegal acts from the IRS. For example, they decided to finish the transactions in MidCoast Financial's "pipeline" as soon as possible, buying target corporations and quickly re-selling them to Icarus. This activity occurred from approximately October 2005 through December 2005.

36. In addition, the conspirators, including defendants SAMYAK VEERA, DONALD STEVENSON, ERIC MERL, and AVIEL FALIKS began forming new entities to replace MidCoast Financial, Amalfi, and Icarus. The conspirators also terminated MidCoast Financial's operations in December 2005 and hid from many of its employees that the conspirators would be continuing their fraudulent scheme of buying target corporations with other companies. Furthermore, the conspirators caused MidCoast Financial's outside law firm to send a misleading description of MidCoast Financial's business activities to the IRS in late February 2006.

37. One of the new entities that the conspirators used was PCRG, which defendants SAMYAK VEERA, DONALD STEVENSON, and ERIC MERL and unindicted co-conspirator J.T. formed in or about early November 2005. During this period, defendant STEVENSON ran PCRG's day-to-day operations, and defendant MERL served as its general counsel. Defendants STEVENSON and MERL hired some of MidCoast Financial's staff to work for PCRG and falsely represented to them that defendant VEERA would not be involved with the new entity. During PCRG's operations, defendants STEVENSON and MERL continued to conceal from PCRG's staff and others the involvement of defendants VEERA and CHANDRAKANT SHAH in the company and its transactions.

38. Defendants SAMYAK VEERA, DONALD STEVENSON, and ERIC MERL, J.T., and their co-conspirators then used PCRG to complete some of MidCoast Financial's remaining transactions and to identify additional target corporations to acquire. Unlike MidCoast Financial, however, PCRG was not used to purchase target corporations, but rather to identify them for purchase by other companies, such as PCRG Fund I, LLC and its subsidiaries.

39. In 2005, 2006, and 2007, the conspirators, often through PCRG, identified target corporations for companies other than MidCoast Financial to purchase. In at least nine of the transactions, defendant AVIEL FALIKS's companies served as the straw purchaser of the target corporations (collectively, the "Faliks target corporations").

40. Once acquired, defendants SAMYAK VEERA and AVIEL FALIKS and their co-conspirators then caused the Faliks target corporations to engage in fraudulent options trades with Euram that generated paper losses that wiped out the corporations' gains and, thus, their tax liabilities.

41. Defendants SAMYAK VEERA and AVIEL FALIKS and their co-conspirators caused the Faliks target corporations to falsely claim on their federal corporate income tax returns, Forms 1120, that the corporations suffered losses as a result of their options trades with Euram. In addition, the defendants and their co-conspirators caused at least one of the Faliks target corporations to file a false Corporation Application for Tentative Refund, Form 1139, claiming a fraudulent refund of corporate income taxes that the target corporation had paid in prior years. The losses and refunds were fraudulent and resulted in the evasion of approximately \$58 million of corporate income taxes.

V. THE FRAUDULENT SCHEME

42. The defendants and their co-conspirators designed, marketed, implemented, and defended the transactions that were a part of this scheme using means and methods intended to deceive the IRS about the transactions; caused to be prepared and filed with the IRS false and fraudulent U.S. corporate income tax returns reporting fraudulent losses, which resulted in the evasion of the income taxes of the target corporations; and fraudulently concealed from and misrepresented the true nature of the tax transactions to the IRS and others, in order to enrich themselves personally.

A. Fraud in the Design of the Conspirators' Scheme

43. The conspirators' scheme was designed to produce fraudulent tax losses for the target corporations through a contrived and preordained series of steps that lacked both economic substance and business purpose. These transactions were not conducted at arms-length. The co-conspirators engineered these losses in a variety of ways, but in each instance, these non-economic losses flowed to the target corporations to offset their taxable income and to fraudulently reduce their income tax liabilities.

44. There was no reasonable possibility for the conspirators and their entities to make a legal profit, given the duration and structure of the transactions and the fees required to be paid to obtain the losses. The use of the entities described above was designed to achieve the desired tax loss in a manner that concealed from the IRS the true nature of the tax transactions and the relationships among the various parties to the transactions.

B. Fraud in the Marketing of the Conspirators' Scheme

45. To identify target corporations for purchase, the co-conspirators employed and used acquisition representatives who were responsible for locating potential target

corporations and providing them with an explanation of the acquisition parameters and, if asked, the initial purchaser's business model. Defendants SAMYAK VEERA, CHANDRAKANT SHAH, DONALD STEVENSON, and ERIC MERL and their co-conspirators, however, concealed MidCoast Financial's actual business model, in particular, of buying and immediately re-selling target corporations from its acquisition staff so that the target corporations' income taxes could be evaded. This concealment necessarily caused the MidCoast Financial acquisition staff to describe MidCoast Financial's business model falsely to potential selling shareholders of target corporations and their representatives. Throughout MidCoast Financial's operations, defendants VEERA, STEVENSON, and MERL and their co-conspirators continued to conceal from the acquisition staff and the selling shareholders of target corporations what MidCoast Financial did with the target corporations after it purchased them.

46. When the defendants closed MidCoast Financial and formed PCRG, the defendants hired some of MidCoast Financial's acquisition representatives and other employees to continue to locate potential target corporations and to provide the shareholders of the target corporations with an explanation of PCRG's acquisition parameters. Defendants SAMYAK VEERA, DONALD STEVENSON, and ERIC MERL concealed from these acquisition representatives and employees that PCRG's business model would be essentially the same as MidCoast Financial's — identifying target corporations for purchase and immediate resale so that the target corporations' assets could be pillaged by the co-conspirators and their income taxes could be evaded. Throughout PCRG's operations, defendants VEERA, STEVENSON, and MERL and their co-conspirators continued to conceal from the acquisition staff and the selling shareholders what the new initial purchasers did with the target corporations after they purchased

them. Defendants VEERA, STEVENSON, and MERL also concealed from the acquisition staff and employees that defendant VEERA was directing and controlling PCRG through his nominees, defendant STEVENSON and J.T.

47. The defendants also concealed from outside counsel for MidCoast Financial, PCRG, and the new initial purchasers the details of their fraudulent scheme, such as the fact that the purchased target corporations would be quickly resold, their assets would be plundered, and their gains would be eliminated with fraudulent losses. This concealment necessarily caused the outside counsel to describe these entities' business models and activities inaccurately to potential selling shareholders of target corporations and their representatives.

C. Fraud in the Implementation of the Conspirators' Scheme

1) False and Fraudulent Opinion Letters

48. Defendant SAMYAK VEERA, John Ivsan, Andrew Ahn, and their co-conspirators prepared and caused to be prepared a legal opinion letter regarding the Amalfi transactions that contained false, misleading, and fraudulent statements and omitted material facts. By preparing this false and fraudulent opinion letter, with the understanding and intent that it would be presented to the IRS in defense of the Amalfi transactions in a civil audit or a criminal investigation, the defendants and their co-conspirators sought not only to undermine the ability of the IRS to ascertain the Amalfi target corporations' true tax liabilities, but also to avoid criminal prosecution.

49. Defendants SAMYAK VEERA and AVIEL FALIKS, Andrew Ahn, and their co-conspirators also caused a law firm to prepare pairs of legal opinion letters for each of the 22 Icarus target corporations. These opinion letters contained various false and misleading

factual representations regarding the Icarus transactions. For example, the Icarus opinion letters stated:

Through his prior professional activities, Andrew Ahn had developed contact with the Southpac Trust Nevis Limited, a Nevis-based trust company ("Southpac") and Southpac became aware of Andrew Ahn's experience with derivatives trading strategies. In early 2005, representatives of Southpac contacted Andrew Ahn about possible employment as a manager of a new entity that would be used to implement leveraged foreign currency trading transactions for a Nevis charitable trust for which Southpac served as a trustee. Andrew Ahn agreed to do so.

In truth and fact, defendants VEERA and CHANDRAKANT SHAH and Ivsan, not Ahn, had contacts with Southpac, and defendant VEERA, not representatives of Southpac, contacted Ahn to serve as a nominee with respect to Icarus. In addition, the opinion letters omitted that the primary purpose of the foreign currency trading transactions was not to earn a profit but instead to generate a large inventory of options trades in a loss position so that they could be used to create paper losses for tax purposes.

50. The Amalfi and the Icarus opinion letters also failed to disclose that while defendant SAMYAK VEERA was operating MidCoast Financial, he was directing the actions of Andrew Ahn, as Manager of Amalfi and Icarus. In addition, the Amalfi opinion letter failed to disclose that John Ivsan, the author of the Amalfi opinion letter, was simultaneously representing both MidCoast Financial and Amalfi, and that defendant VEERA was providing instructions and directions to Ahn. Further, the Icarus opinion letters failed to disclose defendant AVIEL FALIKS's true role in the Icarus transactions. In fact, defendant VEERA and Ahn removed the names of defendants FALIKS and CHANDRAKANT SHAH from drafts of the Icarus opinion letters to conceal their true role in the scheme from the IRS.

2) Creation and Use of False and Fraudulent Documents

51. To conceal that the transfers to Delta Trading were fraudulent, and to minimize the likelihood that the IRS would learn that these transfers were actually designed to create tax losses for the Sequoia and Amalfi target corporations, defendant SAMYAK VEERA and his co-conspirators prepared and signed fraudulent trading documentation. As anticipated, Andrew Ahn provided some of this fraudulent documentation to the IRS during the examinations of Amalfi target corporations to justify the Delta Trading losses claimed on the corporations' tax returns.

3) False and Fraudulent Income Tax Returns

52. Defendants SAMYAK VEERA, CHANDRAKANT SHAH, and AVIEL FALIKS, Andrew Ahn, Helen Del Bove, and their co-conspirators caused to be prepared, signed, and filed with the IRS false and fraudulent corporate income tax returns and forms, including IRS Forms 1120, 1139, and 4466. These false and fraudulent returns reflected the tax benefits of the conspirators' fraudulent tax transactions. The defendants caused their co-conspirators to gather the information necessary for these returns, to prepare false financial statements for the entities involved, and to prepare the false and fraudulent returns. In some cases, defendant FALIKS, Ahn, and Del Bove signed the tax returns and caused them to be filed. In other instances, other co-conspirators signed the returns and caused them to be filed. For most returns, the conspirators obscured or omitted the return preparer's name so that, among other reasons, the conspirators' involvement in the fraudulent scheme would be concealed.

4) Attempts To Conceal the Conspirators' Roles

53. Throughout the implementation of the fraudulent scheme, defendants SAMYAK VEERA, CHANDRAKANT SHAH, AVIEL FALIKS, DONALD STEVENSON,

and ERIC MERL and their co-conspirators engaged in various tactics to conceal the conspirators' roles in the scheme, such as defendant VEERA's role as a leader of the scheme.

These tactics included the following:

- a. the defendants and their co-conspirators served as, and found, nominees for entities that defendant VEERA used to implement the fraudulent scheme, including Sequoia, MidCoast Financial, PCRG, Stanford, Delta Trading, Santalum, Amalfi, Icarus, Apollo Trust, and Echo's Voice LLC;
- b. although defendant VEERA directed MidCoast Financial's day-to-day operations, he caused defendant SHAH to own MidCoast Financial and sign its transactional documents and caused defendants SHAH, STEVENSON, and MERL and others to serve as its officers;
- c. while defendant VEERA took an active role in the management of MidCoast Financial, he refrained from participating in meetings and telephone conferences with outside parties;
- d. John Ivsan omitted any mention of defendant VEERA in the Amalfi opinion letter, despite the fact that he and defendant VEERA were the architects of the Amalfi transactions;
- e. defendant VEERA and Andrew Ahn concealed from the law firm preparing the Icarus opinion letters that defendant VEERA was both running MidCoast Financial and directing Ahn's actions;

- f. defendant VEERA refrained from obtaining a MidCoast Financial email address and used email accounts that prevented the recipient from downloading the content of each message;
- g. defendants VEERA, STEVENSON, and MERL concealed from PCRG's employees and potential selling shareholders and their representatives that defendant VEERA was orchestrating the activities of PCRG, the new initial purchasers, and the new straw buyers; and
- h. defendants FALIKS and VEERA and Ahn concealed defendant FALIKS's active role by falsely describing FALIKS as a consultant.

5) Fraud During the IRS Audits

54. Beginning in Summer 2005, the IRS began a civil examination, or audit, of MidCoast Financial. Subsequently, the IRS initiated examinations of Amalfi, Icarus, their target corporations, and Andrew Ahn. In connection with these examinations, the IRS sought information, documents, and testimony from entities and individuals regarding the transactions. In order to mislead the IRS about the true nature of their fraudulent transactions, the defendants and their co-conspirators provided and caused to be provided false information to the IRS during the examinations, including false and misleading correspondence and false sworn testimony. This included false testimony by Ahn at the instruction of defendant SAMYAK VEERA in August 2007.

D. Concealment of the Conspirators' Profits and Assets

55. To conceal the profits generated by the schemes, the defendants and their co-conspirators used U.S. and foreign nominee entities to cause much of the proceeds of the fraudulent scheme to be transferred through multiple offshore bank accounts to prevent the IRS from tracking these funds. Specifically, the conspirators used at least the following three methods to conceal from the IRS the true nature of the transfers: (1) making it appear that the money was lost in options trades with Delta Trading; (2) making it appear that the money was donated to a charity; and (3) making it appear that the money was lost in options trades with Euram. Through these three methods, defendants SAMYAK VEERA and CHANDRAKANT SHAH and their co-conspirators received over \$25 million in fraud proceeds.

E. Tax Harm Caused by the Fraudulent Transactions

56. Because the conspirators' fraudulent tax transactions were executed simply to generate huge tax losses (and lacked economic substance and business purpose) and to conceal the conspirators' pillaging of assets from various corporations, the transactions resulted in massive tax evasion by the defendants.

57. The Sequoia transactions resulted in the evasion of approximately \$35 million in corporate income taxes and the receipt of approximately \$550,000 in fraudulent refunds.

58. The IRMV transactions resulted in the evasion of approximately \$35 million in corporate income taxes.

59. The Amalfi transactions resulted in the evasion of approximately \$36 million in corporate income taxes and the receipt of approximately \$1,700,000 in fraudulent refunds.

60. The Icarus transactions resulted in the evasion of approximately \$72 million in corporate income taxes and the receipt of approximately \$2,500,000 in fraudulent refunds.

61. The Faliks transactions resulted in the evasion of approximately \$58 million in corporate income taxes and the receipt of approximately \$2 million in fraudulent refunds.

62. The conspirators' actions also caused the evasion of substantial amounts of individual income taxes.

VI. STATUTORY ALLEGATION

63. From in or about June 2003 through at least in or about 2011, in the Eastern District of Pennsylvania and elsewhere, defendants

**SAMYAK VEERA,
CHANDRAKANT SHAH,
AVIEL FALIKS,
DONALD STEVENSON, and
ERIC MERL**

unlawfully, voluntarily, intentionally, and knowingly combined, conspired, confederated, and agreed together, and with others known and unknown to the Grand Jury, to defraud the United States and an agency thereof, that is, the Internal Revenue Service of the Treasury Department, and to commit offenses against the United States, that is, violations of Title 18, United States Code, Section 1343.

VII. OBJECTS OF THE CONSPIRACY

64. It was an object of the conspiracy that from in or about June 2003 through in or about 2011, defendants SAMYAK VEERA, CHANDRAKANT SHAH, AVIEL FALIKS, DONALD STEVENSON, and ERIC MERL, and others both known and unknown to the Grand

Jury, unlawfully, voluntarily, intentionally, and knowingly defrauded the United States of America and an agency thereof, that is, the IRS, by impeding, impairing, defeating, and obstructing the lawful governmental functions of the IRS in the ascertainment, evaluation, assessment, and collection of corporate and individual income taxes.

65. It was an object of the conspiracy that from in or about June 2003 through in or about 2011, defendants SAMYAK VEERA, CHANDRAKANT SHAH, AVIEL FALIKS, DONALD STEVENSON, and ERIC MERL, and others both known and unknown to the Grand Jury, unlawfully, willfully, and knowingly having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, that is, a scheme to defraud the IRS through the design, marketing, and implementation of the fraudulent tax transactions, and for the purpose of executing such scheme and artifice and attempting so to do, transmitted and caused to be transmitted by means of wire and radio communications in interstate and foreign commerce, writings, signs, signals, pictures, and sounds, that is, wire transfers, telephone calls, faxes, and e-mails related to the design, marketing, implementation, and defense of the fraudulent tax transactions, in violation of Title 18, United States Code, Section 1343.

VIII. MANNER AND MEANS OF THE CONSPIRACY

Among the manner and means by which defendants SAMYAK VEERA, CHANDRAKANT SHAH, AVIEL FALIKS, DONALD STEVENSON, and ERIC MERL and their co-conspirators carried out the objectives of the conspiracy were the following:

66. They designed, marketed, implemented, and defended the fraudulent tax transactions so that they could evade hundreds of millions of dollars in corporate and individual

taxes and obtain hundreds of thousands of dollars of fraudulent tax refunds, in order to personally enrich themselves and one another.

67. They designed, marketed, implemented, and defended the fraudulent tax transactions in ways, including the use of nominees, to disguise the fact that the fraudulent transactions were pre-planned and tax-motivated, and lacked a non-tax business purpose.

68. They designed, marketed, implemented, and defended the fraudulent tax transactions in ways, including the use of nominees, that concealed their control over various entities and individuals that were purportedly engaging in arms-length transactions.

69. They designed, marketed, implemented, and defended the fraudulent tax transactions in ways that made it difficult for the IRS to detect and determine the true nature of the transactions.

70. They sought to prevent the IRS from learning that they had utilized fraudulent tax transactions consisting of preplanned steps that led to predetermined tax benefits.

71. They caused to be prepared false and fraudulent documents in order to deceive the IRS, including but not limited to demand notes, legal opinion letters, and transactional documents.

72. They caused to be prepared tax returns for the target corporations and other entities that were false and fraudulent because, among other things, they claimed fraudulent tax losses and thereby substantially understated the tax due and owing by the target corporations and the other entities.

73. They caused to be prepared tax refund applications for the target corporations that were false and fraudulent because, among other things, they claimed fraudulent

tax losses for the target corporations and thereby allowed the target corporations to make false claims for refunds of millions of dollars of corporate taxes paid in prior years or estimated taxes paid earlier in the year.

74. They utilized offshore bank accounts to put the funds obtained in their fraudulent tax scheme out of the jurisdiction of the United States and thus out of the reach of U.S. tax and law enforcement authorities.

75. They compensated themselves with cash payments and disguised payments.

76. They provided and caused to be provided false information to the IRS during the course of audits, and made and caused to be made false statements to the IRS and others.

IX. OVERT ACTS

A. The Sequoia and IRMV Transactions

77. On or about June 18, 2003, defendants SAMYAK VEERA and CHANDRAKANT SHAH, John Ivsan, and their co-conspirators caused Sequoia to be formed in Nevis.

78. On or about July 29, 2003, defendants SAMYAK VEERA and CHANDRAKANT SHAH, John Ivsan, and their co-conspirators caused Delta Trading to be formed in Nevis.

79. In or about October 2003, John Ivsan assisted a relative of and nominee for defendants CHANDRAKANT SHAH and SAMYAK VEERA in opening bank accounts in the name of Delta Trading and Sequoia at Capital Security Bank in the Cook Islands and caused the bank statements for these accounts to be sent to Ivsan.

80. On or about October 31, 2003, defendant CHANDRAKANT SHAH, as the Protector of the Cypress Tree Trust, a Nevisian trust for which Southpac Group, a purported international asset protection organization with member entities in the Cook Islands, Nevis, and Switzerland (collectively, "Southpac"), was the trustee, caused the trust to transfer approximately \$35,000,000 from its account at Capital Security Bank in the Cook Islands to Sequoia's account at the offshore bank as a loan, which Sequoia then transferred to the escrow account at John Ivsan's law firm to purchase target corporations.

81. From in or about November 2003 through in or about June 2004, defendant SAMYAK VEERA and his co-conspirators caused Sequoia to purchase 22 target corporations directly or indirectly from MidCoast Credit and to purchase another target corporation from another initial purchaser called Stamford Development Corp.

82. On or about November 30, 2003, defendant SAMYAK VEERA and John Ivsan caused Andrew Ahn, who was serving as their nominee President of two Sequoia target corporations, to request that Deutsche Bank Trust Company America ("Deutsche Bank") transfer approximately \$2,460,000 and \$2,960,000 from the two target corporations' respective U.S. bank accounts to the Delta Trading account at Capital Security Bank in the Cook Islands.

83. From in or about November 2003 through in or about December 2004, defendant SAMYAK VEERA and his co-conspirators caused the 23 Sequoia target corporations to wire transfer a total of approximately \$119,284,330 from their U.S. bank accounts to the Delta Trading account at Capital Security Bank.

84. From in or about July 2004 through in or about September 2005, defendant SAMYAK VEERA and his co-conspirators caused the Sequoia target corporations to

file false federal corporate income tax returns, Forms 1120, falsely claiming approximately \$119,284,330 in fraudulent options losses.

85. On or about June 24, 2004, defendant SAMYAK VEERA and John Ivsan caused Andrew Ahn to form nominee corporation Shadow's Reflections, Inc.

86. On or about June 30, 2004, defendant SAMYAK VEERA and John Ivsan caused Sequoia to purchase the shares of IRMV from Tropicana Holdings, LLC by forgiving a \$1.5 million note.

87. On or about July 7, 2004, defendant SAMYAK VEERA and John Ivsan caused Sequoia to contribute the shares of the 23 Sequoia target corporations to IRMV, claiming a basis of approximately \$111,798,244 in the shares.

88. On or about July 22, 2004, defendant SAMYAK VEERA and John Ivsan caused IRMV to transfer approximately \$864,000 to the Delta Trading account at Capital Security Bank in the Cook Islands.

89. On or about July 27, 2004, defendant SAMYAK VEERA, John Ivsan, Andrew Ahn, and Helen Del Bove caused IRMV to sell the shares of the 23 Sequoia target corporations to Shadow's Reflections for approximately \$115,000 total.

90. On or about April 21, 2005, defendant SAMYAK VEERA, Helen Del Bove, and their co-conspirators caused IRMV to file a false federal corporate income tax return, Form 1120, for the fiscal year ending July 31, 2004. This tax return falsely claimed that IRMV had a short-term capital loss of approximately \$112,796,683, which completely offset a capital gain of approximately \$111,120,173, resulting in IRMV reporting a taxable income of approximately negative \$653,385.

91. On or about April 15, 2006, defendant SAMYAK VEERA, Helen Del Bove, and their co-conspirators caused IRMV to file a false federal corporate income tax return, Form 1120, for the fiscal year ending July 31, 2005, which was signed by a relative of defendants CHANDRAKANT SHAH and VEERA and which falsely claimed that IRMV had suffered a loss of approximately \$864,000 from the purchase of option trades that expired worthless.

B. The MidCoast Financial, Amalfi, and Icarus Transactions

92. On or about April 30, 2004, defendants SAMYAK VEERA and CHANDRAKANT SHAH formed MidCoast Financial in Florida, with defendant SHAH as its sole owner.

93. On or about May 13, 2004, defendants SAMYAK VEERA and CHANDRAKANT SHAH formed TSR Capital so that defendant SHAH could own MidCoast Financial indirectly through TSR Capital.

94. On or about May 19, 2004, defendants SAMYAK VEERA and CHANDRAKANT SHAH caused MidCoast Financial to purchase certain assets from MidCoast Credit, to take over its corporate acquisitions business, and to hire MidCoast Credit's acquisition staff.

1) The Amalfi Transactions

95. On or about September 1, 2004, defendant SAMYAK VEERA, John Ivsan, and their co-conspirators caused Sequoia and Shadow's Reflections to form Amalfi.

96. On or about October 12, 2004, defendant SAMYAK VEERA, John Ivsan, and their co-conspirators caused Sequoia to transfer its ownership interest in Amalfi to the Vanderbilt Hall Trust.

97. On or about October 19, 2004, defendant CHANDRAKANT SHAH caused TSR Capital to open a bank account at Deutsche Bank.

98. On or about December 1, 2004, John Ivsan sent an email to Andrew Ahn with information regarding Amalfi's basis in the 1000 shares of IRMV received from Sequoia.

99. In or about February 2005, John Ivsan prepared and sent to Andrew Ahn a false, misleading, and incomplete legal opinion letter regarding the Amalfi transactions.

100. In or about February 2005, John Ivsan sent Andrew Ahn false and misleading representation letters regarding the transactions involving Amalfi in connection with the legal opinion letter that he was preparing for Amalfi.

101. In or about February 2005, defendant SAMYAK VEERA instructed Andrew Ahn to retain the Amalfi legal opinion letter in his files.

102. In or about March 9, 2005, Andrew Ahn caused Amalfi to pay approximately \$100,000 to John Ivsan for this fraudulent legal opinion letter.

103. On or about April 4, 2005, defendant CHANDRAKANT SHAH, as President of TSR Capital, caused the company to obtain a \$60 million loan facility from Deutsche Bank in order to provide MidCoast Financial with funding to purchase additional target corporations.

104. From in or about October 2004 through in or about June 2005, defendants SAMYAK VEERA, CHANDRAKANT SHAH, DONALD STEVENSON, and ERIC MERL and their co-conspirators caused MidCoast Financial and Stanford to purchase the stock of the Amalfi target corporations for premium prices.

105. On or about the following dates, defendants SAMYAK VEERA and CHANDRAKANT SHAH and their co-conspirators caused the following Amalfi target corporations to transfer the following approximate amounts to MidCoast Financial and caused the MidCoast Financial subsidiary that owned each target corporation to issue a sham demand note in the same approximate amount to the target corporation:

	Date of Transfer and Demand Note	Target Corporation	Transfer and Demand Note Amount
a	10/14/04	Amalfi TC1	\$26,089,687
b	11/22/04	Amalfi TC2	\$7,600,000
c	4/11/05	Amalfi TC3	\$24,857,144
d	5/17/05	Amalfi TC4	\$750,000
e	5/17/05	Amalfi TC5	\$3,800,000
f	5/18/05	Amalfi TC6	\$2,700,000
g	5/25/05	Amalfi TC7	\$3,000,000
h	5/26/05	Amalfi TC8	\$6,100,000

106. On or about the following dates, defendants SAMYAK VEERA and CHANDRAKANT SHAH, Andrew Ahn, and their co-conspirators caused Amalfi to purchase the stock of the following target corporations from MidCoast Financial's subsidiaries by having Amalfi assume the sham demand notes in the following approximate amounts:

	Date of Assumption	Target Corporation	Assumed Amount
a	12/2/04	Amalfi TC2	\$7,600,000
b	2/15/05	Amalfi TC1	\$22,576,672
c	6/15/05	Amalfi TC3	\$24,857,144
d	6/15/05	Amalfi TC4	\$750,000
e	6/15/05	Amalfi TC5	\$3,800,000
f	6/15/05	Amalfi TC6	\$2,700,000
g	6/15/05	Amalfi TC7	\$3,000,000
h	6/15/05	Amalfi TC8	\$6,100,000

107. On or about the following dates, defendant SAMYAK VEERA, John Ivsan, Andrew Ahn, and their co-conspirators caused Amalfi to contribute the following of IRMV shares, with the claimed basis set forth below, to the following Amalfi target corporations:

	Transfer Date	Target Corporation	Approximate Number of IRMV Shares	Approximate Claimed Basis
a	12/23/04	Amalfi TC2	73	\$8,161,272
b	12/23/04	Amalfi TC9	6	\$670,789
c	3/22/05	Amalfi TC1	104	\$11,627,017
d	6/16/05	Amalfi TC3	163	\$18,223,113
e	6/16/05	Amalfi TC4	7	\$782,588
f	6/16/05	Amalfi TC5	33	\$3,689,342
g	6/16/05	Amalfi TC6	28	\$3,130,351
h	6/16/05	Amalfi TC7	26	\$2,906,754
i	6/16/05	Amalfi TC8	36	\$4,024,737
j	6/16/05	Amalfi TC10	67	\$7,490,482
k	6/16/05	Amalfi TC11	364	\$40,694,559

108. On or about the following dates, defendant SAMYAK VEERA, John Ivsan, Andrew Ahn, and their co-conspirators caused the following Amalfi target corporations to sell their IRMV shares to Stanford for the following approximate amounts to generate the following approximate fraudulent losses:

	Transfer Date	Target Corporation	IRMV Share Sale Amount	Fraudulent Loss Generated
a	12/29/04	Amalfi TC2	\$7,300	\$8,153,972
b	12/29/04	Amalfi TC9	\$600	\$670,189
c	6/28/05	Amalfi TC1	\$10,400	\$11,616,617
d	6/28/05	Amalfi TC3	\$16,300	\$18,206,813
e	6/28/05	Amalfi TC4	\$700	\$781,888
f	6/28/05	Amalfi TC5	\$3,300	\$3,686,042
g	6/28/05	Amalfi TC6	\$2,800	\$3,127,551
h	6/28/05	Amalfi TC7	\$2,600	\$2,904,154
i	6/28/05	Amalfi TC8	\$3,600	\$4,021,137
j	6/28/05	Amalfi TC10	\$6,700	\$7,483,782
k	6/28/05	Amalfi TC11	\$36,400	\$40,658,159

109. On or about the following dates, defendant SAMYAK VEERA, John Ivsan, Andrew Ahn, and their co-conspirators caused the following Amalfi target corporations to transfer the following funds from their U.S. bank accounts to the offshore Delta Trading account at Capital Security Bank in the Cook Islands to generate fraudulent options trading losses:

	Transfer Date	Target Corporation	Approximate Wire Amount
a	12/7/04	Amalfi TC2	\$2,925,500
b	12/21/04	Amalfi TC9	\$600,000
c	3/8/05	Amalfi TC1	\$4,100,000
d	6/20/05	Amalfi TC7	\$445,000
e	6/21/05	Amalfi TC3	\$645,000
f	6/21/05	Amalfi TC8	\$1,340,00
g	6/21/05	Amalfi TC11	\$745,000

110. On or about June 22, 2005, John Ivsan made a false and misleading statement to Capital Security Bank and Southpac about the funds transferred by the Amalfi target corporations to the Delta Trading account.

111. On or about the following dates, defendant SAMYAK VEERA, Andrew Ahn, Helen Del Bove, and their co-conspirators caused the following Amalfi target corporations

to file false federal corporate income tax returns, Forms 1120, for the following tax years, falsely claiming fraudulent losses in the following amounts:

	Approximate Filing Date	Target Corporation	Tax Year Ended	Approximate Total Amount of Fraudulent Losses Claimed
a	3/27/05	Amalfi TC2	12/31/04	\$11,079,472
b	3/27/05	Amalfi TC9	12/31/04	\$1,270,189
c	1/25/06	Amalfi TC7	6/30/05	\$3,349,154
d	1/25/06	Amalfi TC1	6/30/05	\$15,716,617
e	5/22/06	Amalfi TC4	8/31/05	\$781,888
f	6/22/06	Amalfi TC6	9/30/05	\$3,127,551
g	6/22/06	Amalfi TC5	9/30/05	\$3,686,042
h	9/20/06	Amalfi TC11	12/31/05	\$41,403,159
i	9/21/06	Amalfi TC3	12/31/05	\$18,851,813
j	9/25/06	Amalfi TC8	12/31/05	\$5,361,137
k	10/26/06	Amalfi TC10	12/31/05	\$7,483,782

112. On or about the following dates, defendant SAMYAK VEERA, Andrew Ahn, Helen Del Bove, and their co-conspirators caused the following Amalfi target corporations to file false corporate tax refund forms, Forms 1139, for the following tax years, falsely claiming refunds in the following approximate amounts:

	Filing Date	Target Corporation	Tax Year Ended	Fraudulent Refund Claimed
a	10/10/05	Amalfi TC2	12/31/02	\$177,397
b	10/17/05	Amalfi TC9	12/31/02	\$82,187
c	10/17/05	Amalfi TC9	12/31/03	\$104,322
d	2/27/06	Amalfi TC7	6/30/04	\$37,153
e	3/6/06	Amalfi TC1	6/30/04	\$585,536
f	10/23/06	Amalfi TC11	12/31/03	\$77,812
g	10/23/06	Amalfi TC11	12/31/04	\$230,150
h	10/30/06	Amalfi TC3	12/31/03	\$21,800
i	10/30/06	Amalfi TC3	12/31/04	\$71,474
j	11/6/06	Amalfi TC8	12/31/03	\$216,320
k	11/6/06	Amalfi TC8	12/31/04	\$134,025

113. On or about the following dates, while in Philadelphia, Pennsylvania, Andrew Ahn, at the direction of defendant SAMYAK VEERA and Helen Del Bove, deposited fraudulent IRS refund checks for the following Amalfi target corporations into the corporations' accounts at Commerce Bank in approximately the following amounts:

	Deposit Date	Target Corporation	Amount of Deposited Refund Check
a	11/23/05	Amalfi TC9	\$82,187
b	11/23/05	Amalfi TC9	\$104,322
c	3/1/06	Amalfi TC7	\$17,912
d	3/8/06	Amalfi TC7	\$37,153
e	3/28/06	Amalfi TC1	\$585,536
f	11/6/06	Amalfi TC3	\$21,800
g	11/6/06	Amalfi TC3	\$71,474
h	11/14/06	Amalfi TC8	\$134,014
i	11/14/06	Amalfi TC8	\$216,319

114. On or about the following dates, Andrew Ahn and defendants SAMYAK VEERA and AVIEL FALIKS caused Amalfi to transfer the following approximate amounts by wire from its bank account at Bank of America to its bank account at Euram to engage in fraudulent options transactions:

	Date of Transfer	Amount Transfers
a	12/8/05	\$187,000
b	4/21/06	\$650,000
c	10/12/06	\$50,000
d	3/21/07	\$500,000

115. In or about May 2006, defendants SAMYAK VEERA and AVIEL FALIKS and Andrew Ahn caused Amalfi to purchase a fraudulent options trade from Euram for approximately \$650,540.

116. On or about April 23, 2007, defendants SAMYAK VEERA and AVIEL FALIKS and Andrew Ahn caused Amalfi to purchase a fraudulent options trade from Euram for approximately \$551,000 and caused Iris Trading, a Cook Islands entity controlled by defendant VEERA, to sell an offsetting fraudulent options trade to Euram, which trades resulted in a transfer of approximately \$551,000 from Amalfi to Iris Trading on or about April 27, 2007.

117. On or about October 14, 2006, Andrew Ahn, Helen Del Bove, and defendants SAMYAK VEERA and AVIEL FALIKS caused Amalfi to file a false federal partnership income tax return, Form 1065, for tax year 2005, which falsely claimed that Amalfi had suffered a loss of approximately \$551,000 from the purchase of options trades that expired worthless shortly after purchase.

118. On or about October 14, 2007, Andrew Ahn, Helen Del Bove, and defendants SAMYAK VEERA and AVIEL FALIKS caused Amalfi to file a false federal partnership income tax return, Form 1065, for tax year 2006, which falsely claimed that Amalfi had suffered a loss of approximately \$650,540 from the purchase of options trades that expired worthless shortly after purchase.

2) The Icarus Transactions

119. On or about February 25, 2005, defendants SAMYAK VEERA and AVIEL FALIKS, John Ivsan, and their co-conspirators formed and caused to be formed the Sigma Charitable Trust ("Sigma") in Nevis.

120. On or about March 21, 2005, defendants SAMYAK VEERA and AVIEL FALIKS, John Ivsan, Andrew Ahn, and their co-conspirators formed and caused to be formed Icarus, appointing Ahn as its Manager.

121. On or about April 5, 2005, defendants SAMYAK VEERA and AVIEL FALIKS and their co-conspirators caused Andrew Ahn to open an account in the name of Icarus at Euram.

122. On or about April 19, 2005, defendants SAMYAK VEERA and AVIEL FALIKS caused Andrew Ahn to form a trust referred to here as "Trust A" to function as a nominee.

123. On or about April 21, 2005, defendant AVIEL FALIKS sent an email to Euram attaching the biographic information of one of defendant SAMYAK VEERA's relatives, the purported settlor of Sigma.

124. From on or about April 21, 2005 through on or about May 27, 2005, defendants SAMYAK VEERA and AVIEL FALIKS, Andrew Ahn, and their co-conspirators caused Icarus to engage in options trades with Euram to generate a large inventory of options trades in a loss position.

125. On or about May 18, 2005, defendant AVIEL FALIKS prepared a misleading market research report and sent it to Andrew Ahn by email to conceal the fraudulent nature of Icarus' options trading activity.

126. On or about June 3, 2005, defendants SAMYAK VEERA and AVIEL FALIKS and Andrew Ahn caused Sigma to contribute Icarus (with its large inventory of options trades in a loss position) to Trust A.

127. On or about June 21, 2005, defendant AVIEL FALIKS and Andrew Ahn caused Trust A to send a misleading letter to Euram, signed by Ahn, which falsely described Trust A's charitable activities.

128. From in or about June 2005 through in or about November 2005, defendants SAMYAK VEERA, CHANDRAKANT SHAH, DONALD STEVENSON, and ERIC MERL and their co-conspirators caused MidCoast Financial and two other initial purchasers to purchase the stock of the Icarus target corporations for premium prices.

129. On or about the following dates, defendants SAMYAK VEERA and CHANDRAKANT SHAH and their co-conspirators caused the following Icarus target corporations to transfer the following approximate amounts to MidCoast Financial and caused the MidCoast Financial subsidiary that owned each target corporation to issue a sham demand note in the same approximate amount to the target corporation:

	Dates of Transfer and Demand Note	Target Corporation	Transfer and Demand Note Amount
a	3/31/05	Icarus TC1	\$26,000,000
b	4/6/05 and 5/4/05	Icarus TC2	\$2,150,000
c	5/19/05 and 5/26/05	Icarus TC3	\$37,850,000
d	6/24/05	Icarus TC4	\$750,000
e	6/27/05	Icarus TC5	\$900,000
f	7/15/05	Icarus TC6	\$17,500,000
g	8/1/05	Icarus TC7	\$2,810,000
h	9/14/05	Icarus TC8	\$650,000
i	9/27/05	Icarus TC9	\$2,700,000
j	10/4/05	Icarus TC10	\$1,500,000
k	10/13/05	Icarus TC11	\$2,550,000
l	11/3/05	Icarus TC12	\$13,800,000
m	11/14/05	Icarus TC13	\$2,050,000
n	11/18/05	Icarus TC14	\$550,000
o	11/18/05	Icarus TC15	\$9,070,000
p	11/18/05	Icarus TC16	\$3,200,000
q	11/9/05	Icarus TC17	\$9,300,000
r	11/23/05	Icarus TC18	\$1,870,000
s	12/5/05	Icarus TC19	\$15,480,000

130. On or about the following dates, defendants SAMYAK VEERA, CHANDRAKANT SHAH, and ERIC MERL, Andrew Ahn, and their co-conspirators caused Icarus to purchase the stock of the target corporations from MidCoast Financial's subsidiaries by having Icarus (i) assume the sham demand notes in the following approximate amounts and (ii) in certain cases make the following cash payments:

	Date of Assumption	Target Corporation	Amount Assumed	Approximate Cash Paid
a	6/17/05	Icarus TC1	\$26,000,000	-
b	6/17/05	Icarus TC2	\$2,150,000	-
c	6/17/05	Icarus TC3	\$37,850,000	-
d	8/9/05	Icarus TC4	\$750,000	\$50,000
e	8/9/05	Icarus TC5	\$900,000	\$50,000
f	8/9/05	Icarus TC6	\$17,500,000	\$200,000
g	8/9/05	Icarus TC7	\$2,810,000	-
h	9/16/05	Icarus TC8	\$650,000	-
i	10/12/05	Icarus TC9	\$2,700,000	-
j	10/12/05	Icarus TC10	\$1,500,000	-
k	10/21/05	Icarus TC11	\$2,550,000	-
l	11/23/05	Icarus TC12	\$13,800,000	-
m	11/23/05	Icarus TC13	\$2,050,000	-
n	11/23/05	Icarus TC14	\$550,000	-
o	11/23/05	Icarus TC15	\$9,070,000	-
p	11/23/05	Icarus TC16	\$3,200,000	-
q	11/23/05	Icarus TC17	\$9,300,000	-
r	11/23/05	Icarus TC18	\$1,870,000	-
s	12/8/05	Icarus TC19	\$15,480,000	-

131. On or about the following dates, defendants SAMYAK VEERA and AVIEL FALIKS, Andrew Ahn, and their co-conspirators caused Icarus to contribute options trades purchased from Euram, with the claimed basis set forth below, to the following Icarus target corporations:

	Transfer Date	Target Corporation	Approximate Claimed Basis
a	6/23/05	Icarus TC1	\$32,548,795
b	6/23/05	Icarus TC2	\$2,454,750
c	8/24/05	Icarus TC4	\$1,502,750
d	8/18/05 and 11/30/05	Icarus TC6	\$18,712,596
e	9/21/05	Icarus TC8	\$1,701,030
f	10/24/05	Icarus TC20	\$15,166,185
g	10/24/05	Icarus TC10	\$1,552,085
h	11/30/05	Icarus TC14	\$1,700,896
i	11/30/05	Icarus TC12	\$17,155,437
j	11/30/05	Icarus TC17	\$6,805,750
k	11/30/05	Icarus TC15	\$8,149,263
l	11/30/05	Icarus TC3	\$21,608,031
m	11/30/05	Icarus TC21	\$36,415,508
n	11/30/05	Icarus TC22	\$13,303,199
o	11/30/05	Icarus TC7	\$21,628,128
p	11/30/05	Icarus TC13	\$4,402,732
q	11/30/05	Icarus TC16	\$4,493,910
r	11/30/05 and 12/5/05	Icarus TC11	\$1,801,130
s	11/30/05 and 12/5/05	Icarus TC5	\$2,053,278
t	11/30/05 and 12/5/05	Icarus TC18	\$5,743,043
u	11/30/05 and 12/5/05	Icarus TC9	\$2,901,778
v	12/16/05	Icarus TC19	\$10,806,194

132. On or about the following dates, defendants SAMYAK VEERA and AVIEL FALIKS, Andrew Ahn, and their co-conspirators caused the following Icarus target corporations to close out their options trades with Euram for the following approximate amounts (far below their claimed basis) to generate the following approximate fraudulent losses:

	Transfer Date	Target Corporation	Close-out Amount	Fraudulent Losses Generated
a	6/24/05	Icarus TC1	\$4,327	\$32,544,468
b	6/24/05	Icarus TC2	\$662	\$2,454,088
c	8/26/06	Icarus TC4	\$830	\$1,501,920
d	9/26/05	Icarus TC8	\$475	\$1,700,555
e	10/26/05	Icarus TC10	\$398	\$1,551,687
f	10/27/05	Icarus TC20	\$4,492	\$15,161,693
g	12/9/05	Icarus TC3	\$11,061	\$21,596,970

	Transfer Date	Target Corporation	Close-out Amount	Fraudulent Losses Generated
h	12/9/05	Icarus TC5	\$1,836	\$2,051,442
i	12/9/05	Icarus TC13	\$244	\$4,402,488
j	12/9/05	Icarus TC16	\$3,314	\$4,490,596
k	12/12/05	Icarus TC14	\$91	\$1,700,805
l	12/12/05	Icarus TC21	\$12,761	\$36,402,747
m	12/12/05	Icarus TC9	\$936	\$2,900,842
n	12/14/05	Icarus TC11	\$855	\$1,800,260
o	12/14/05	Icarus TC15	\$2,740	\$8,146,523
p	12/14/05	Icarus TC22	\$10,625	\$13,292,574
q	12/15/05	Icarus TC7	\$3,551	\$21,624,577
r	12/16/05	Icarus TC12	\$11,085	\$17,144,352
s	12/16/05	Icarus TC17	\$476	\$6,805,274
t	12/16/05	Icarus TC18	\$4,374	\$5,738,669
u	12/16/05	Icarus TC6	\$2,799	\$18,709,527
v	12/22/05	Icarus TC19	\$1,193	\$10,805,001

133. On or about May 11, 2005, defendant SAMYAK VEERA, John Ivsan, and their co-conspirators caused Santalum to be formed in Nevis.

134. On or about July 11, 2005, defendant SAMYAK VEERA and his co-conspirators caused an offshore account to be opened in the name of Santalum at Capital Security Bank in the Cook Islands.

135. On or about August 11, 2005, defendant AVIEL FALIKS emailed a series of fictitious market research reports to Andrew Ahn to enable the conspirators to conceal the fraudulent nature of Icarus' options trading and to provide a misleading description of this trading activity for the false and fraudulent Icarus opinion letters.

136. On or about August 25, 2005, John Ivsan assisted a relative of and nominee for defendant SAMYAK VEERA in opening a bank account in the name of Aleph at Capital Security Bank in the Cook Islands.

137. On or about the following dates, defendant SAMYAK VEERA, Andrew Ahn, John Ivsan, and their co-conspirators caused the following Amalfi and Icarus target corporations to transfer the following funds from their U.S. bank accounts to the Santalum account at Capital Security Bank in the Cook Islands:

	Transfer Date	Target Corporation	Approximate Wire Amount
a	8/1/05	Icarus TC5	\$240,000
b	8/11/05	Amalfi TC10	\$410,000
c	8/16/05	Icarus TC3	\$255,000
d	8/16/05	Icarus TC2	\$105,000
e	8/16/05	Icarus TC1	\$250,000
f	8/16/05	Amalfi TC5	\$105,000
g	8/16/05	Amalfi TC6	\$410,000
h	8/17/05	Icarus TC6	\$3,180,000
i	8/17/05	Icarus TC4	\$250,000
j	8/17/05	Icarus TC7	\$2,090,000
k	10/18/05	Icarus TC1	\$315,000
l	10/18/05	Amalfi TC6	\$100,000
m	10/19/05	Icarus TC21	\$2,385,000
n	10/21/05	Icarus TC22	\$290,000
o	12/16/05	Icarus TC12	\$3,025,000

138. On or about the following dates, defendants SAMYAK VEERA and AVIEL FALIKS, Andrew Ahn, Helen Del Bove, and their co-conspirators caused the following Icarus target corporations to file false federal corporate income tax returns, Forms 1120, for the following tax years, falsely claiming fraudulent losses in the following amounts:

	Filing Date	Target Corporation	Tax Year Ended	Approximate Total Amount of Fraudulent Losses Reported
a	1/25/06	Icarus TC20	10/31/05	\$15,161,693
b	1/25/06	Icarus TC1	6/30/05	\$32,544,468
c	1/25/06	Icarus TC4	8/31/05	\$1,501,920
d	1/25/06	Icarus TC10	10/31/05	\$1,551,687
e	3/21/06	Icarus TC17	12/31/05	\$6,805,274

	Filing Date	Target Corporation	Tax Year Ended	Approximate Total Amount of Fraudulent Losses Reported
f	3/21/06	Icarus TC5	12/31/05	\$2,051,442
g	6/21/06	Icarus TC8	9/30/05	\$1,700,555
h	9/15/06	Icarus TC14	12/31/05	\$1,700,805
i	9/15/06	Icarus TC2	12/31/05	\$2,454,088
j	9/15/06	Icarus TC6	12/31/05	\$18,709,527
k	9/15/06	Icarus TC16	12/31/05	\$4,490,596
l	9/15/06	Icarus TC19	12/31/05	\$10,805,001
m	9/21/06	Icarus TC3	12/31/05	\$21,596,970
n	9/25/06	Icarus TC18	12/31/05	\$5,738,669
o	9/25/06	Icarus TC21	12/31/05	\$36,402,747
p	9/25/06	Icarus TC13	12/31/05	\$4,402,488
q	10/20/06	Icarus TC12	1/31/06	\$17,144,352
r	10/26/06	Icarus TC22	12/31/05	\$13,292,574
s	10/26/06	Icarus TC7	12/31/05	\$21,624,577
t	12/20/06	Icarus TC9	3/31/06	\$2,900,842
u	2/20/07	Icarus TC15	5/31/06	\$8,146,523
v	3/28/07	Icarus TC11	6/30/06	\$1,800,260

139. On or about the following dates, defendants SAMYAK VEERA and AVIEL FALIKS, Andrew Ahn, Helen Del Bove, and their co-conspirators caused the following Icarus target corporations to file false corporate tax refund forms, Forms 1139, for the following tax years, falsely claiming refunds in the following approximate amounts:

	Filing Date	Target Corporation	Tax Year Ended	Fraudulent Refund Claimed
a	2/20/06	Icarus TC10	10/31/03	\$9,867
b	2/20/06	Icarus TC10	10/31/04	\$10,575
c	3/6/06	Icarus TC1	6/30/03	\$254,898
d	3/6/06	Icarus TC1	6/30/04	\$155,625
e	3/6/06	Icarus TC4	8/31/03	\$2,999
f	3/6/06	Icarus TC4	8/31/04	\$635
g	4/24/06	Icarus TC17	12/31/03	\$19,964
h	4/24/06	Icarus TC17	12/31/04	\$181,362
i	5/1/06	Icarus TC5	12/31/03	\$105,085
j	5/1/06	Icarus TC5	12/31/04	\$95,302
k	10/30/06	Icarus TC19	12/31/03	\$4,703

	Filing Date	Target Corporation	Tax Year Ended	Fraudulent Refund Claimed
l	10/30/06	Icarus TC19	12/31/04	\$83,864
m	10/30/06	Icarus TC3	12/31/03	\$261,605
n	10/30/06	Icarus TC3	12/31/04	\$577,136
o	11/6/06	Icarus TC14	12/31/03	\$80,407
p	11/6/06	Icarus TC14	12/31/04	\$3,636
q	11/13/06	Icarus TC21	12/31/04	\$16,498
r	12/4/06	Icarus TC20	12/31/03	\$108,666
s	12/4/06	Icarus TC20	12/31/04	\$317,269
t	2/26/07	Icarus TC12	1/31/04	\$29,654
u	2/26/07	Icarus TC12	1/31/05	\$38,196
v	3/5/07	Icarus TC9	3/31/05	\$26,756
w	4/30/07	Icarus TC11	6/30/04	\$6,247
x	4/30/07	Icarus TC11	6/30/05	\$7,492
y	5/7/07	Icarus TC15	5/31/05	\$73,658
z	5/7/07	Icarus TC15	5/31/05	\$112,883

140. On or about the following dates, while in Philadelphia, Pennsylvania, Andrew Ahn, at the direction of defendant SAMYAK VEERA and Helen Del Bove, deposited fraudulent IRS refund checks for the following Icarus target corporations into the corporations' accounts at Commerce Bank in approximately the following amounts:

	Deposit Date	Target Corporation	Amount of Deposited Refund Check
a	2/8/06	Icarus TC14	\$4,000
b	3/1/06	Icarus TC12	\$19,200
c	3/1/06	Icarus TC3	\$54,771
d	5/1/06	Icarus TC20	\$253,300
e	5/1/06	Icarus TC5	\$95,302
f	5/1/06	Icarus TC5	\$105,085
g	11/6/06	Icarus TC3	\$261,605
h	11/6/06	Icarus TC3	\$577,136
i	11/14/06	Icarus TC14	\$3,636
j	11/14/06	Icarus TC14	\$80,407
k	11/22/06	Icarus TC20	\$317,269
l	11/22/06	Icarus TC21	\$16,498

	Deposit Date	Target Corporation	Amount of Deposited Refund Check
m	1/2/07	Icarus TC20	\$108,666
n	3/12/07	Icarus TC12	\$29,654
o	3/12/07	Icarus TC12	\$38,196

141. On or about the following dates, Andrew Ahn and defendants SAMYAK VEERA and AVIEL FALIKS caused Icarus to transfer the following approximate amounts by wire from its bank account at Bank of America to its bank account at Euram to be used to enter into fraudulent options transactions:

	Date of Transfer	Amount Transfers
a	4/24/06	\$525,000
b	10/12/06	\$785,000
c	3/13/07	\$1,300,000

142. From in or about June 2005 through in or about March 2006, defendants SAMYAK VEERA and AVIEL FALIKS, Andrew Ahn, and their co-conspirators caused a law firm to prepare a series of false, misleading, and fraudulent legal opinion letters regarding the transactions involving Icarus and the 22 Icarus target corporations.

143. On or about February 28, 2006, defendant AVIEL FALIKS provided Andrew Ahn with a misleading revision to the Icarus opinion letters, which Ahn then transmitted to the law firm preparing the letters.

144. On or about March 6, 2006, Andrew Ahn caused the law firm that prepared the Icarus opinion letters to remove references to defendants CHANDRAKANT SHAH and AVIEL FALIKS from the drafts of the opinion letters.

145. In or about May 2006, defendants SAMYAK VEERA and AVIEL FALIKS and Andrew Ahn caused Icarus to purchase a fraudulent options trade from Euram for approximately \$1,201,525.

146. In or about November 2006, defendants SAMYAK VEERA and AVIEL FALIKS and Andrew Ahn caused Icarus to purchase a fraudulent options trade from Euram for approximately \$793,000.

147. On or about May 3, 2007, defendants SAMYAK VEERA and AVIEL FALIKS and Andrew Ahn caused Icarus to purchase a fraudulent options trade from Euram for approximately \$1,302,000, and caused Iris Trading, the Cook Islands entity controlled by defendant VEERA, to sell an offsetting fraudulent options trade to Euram for approximately \$1,300,000, which trades resulted in a transfer of approximately \$1,300,000 from Icarus to Iris Trading on or about May 7, 2007.

148. On or about October 14, 2007, Andrew Ahn, defendants SAMYAK VEERA and AVIEL FALIKS, Helen Del Bove, and their co-conspirators caused Trust A to file a false federal trust income tax return, Form 1041, for tax year 2006, which falsely claimed that Trust A or its wholly-owned subsidiary had suffered a loss of approximately \$1,994,525 from the purchase of options trades that expired worthless shortly after purchase.

C. The Faliks Transactions

149. On or about the following dates, defendants SAMYAK VEERA, AVIEL FALIKS, DONALD STEVENSON, and ERIC MERL and their co-conspirators formed and caused to be formed the following entities in the places set forth below:

	Formation Date	Entity	Place of Formation
a	11/9/05	PCRG	Delaware
b	11/9/05	PCRG Fund I, LLC	Delaware
c	12/2/05	American Projects Holdings LLC	Delaware
d	12/16/05	Emerald Beach Holdings, LLC	Delaware
e	2/6/06	CDD Holdings LLC	Delaware
f	2/13/06	Value Opportunities Investments, Inc.	British Virgin Islands
g	3/9/06	Star West Investments, LLC	Delaware
h	7/17/06	Douglas Holdings LLC	Delaware
i	1/18/07	Phillips Realty Holdings, LLC	Delaware
j	3/2/07	Alternative Opportunities Investments, Inc.	British Virgin Islands

150. From in or about August 2005 through in or about March 2007, defendants SAMYAK VEERA and AVIEL FALIKS caused various Faliks target corporations to open bank accounts at Euram.

151. From in or about December 2004 through in or about February 2007, defendants SAMYAK VEERA, AVIEL FALIKS, DONALD STEVENSON, and ERIC MERL and their co-conspirators caused several initial purchasers, including Stanford and PCRG Fund I, to purchase the stock of the Faliks target corporations for premium prices.

152. On or about March 21, 2006, defendant DONALD STEVENSON caused an entity that he controlled to loan \$150,000 to an initial purchaser to facilitate the purchase of Faliks TC4.

153. On or about the following dates, defendants SAMYAK VEERA, AVIEL FALIKS, and ERIC MERL and their co-conspirators caused the following Faliks target corporations to transfer the following approximate amounts to the entity that purchased them and caused the purchasing entity to issue a sham demand note in the same approximate amount to the target corporation:

	Dates of Transfer and Demand Note	Target Corporation	Transfer and Demand Note Amount
a	3/1/05	Faliks TC1	\$28,092,570
b	1/27/06	Faliks TC3	\$10,100,000
c	4/5/06	Faliks TC4	\$23,500,000
d	7/13/06 and 7/25/06	Faliks TC5	\$9,122,281 and \$1,450,000
e	7/24/06	Faliks TC6	\$55,451,478
f	10/5/06	Faliks TC7	\$9,400,000
g	12/1/06	Faliks TC8	\$7,235,000
h	3/5/07	Faliks TC9	\$3,235,000

1) 15th Street Mini Storage Transactions

154. On or about December 14, 2004, defendants SAMYAK VEERA and AVIEL FALIKS and their co-conspirators caused Stanford to purchase the stock of Herzog Group, Inc. and its wholly-owned subsidiary, 15th Street Mini Storage Inc. (collectively, "Faliks TC1").

155. On or about June 24, 2005, defendants SAMYAK VEERA and AVIEL FALIKS and their co-conspirators caused 385 Acquisitions to purchase the stock of Faliks TC1 from Stanford.

156. From in or about August 2005 through in or about September 2005, defendants SAMYAK VEERA and AVIEL FALIKS caused Faliks TC1 to enter into various fraudulent options transactions with Euram.

2) December 2005 Fee Extraction Trades

157. In or about December 2005, defendants SAMYAK VEERA and AVIEL FALIKS, Andrew Ahn, and their co-conspirators caused the following entities to purchase fraudulent options trades, designed to expire worthless within a week of their purchase, from Euram. The purpose of these purchases was to pay a hidden execution fee of approximately \$1

million to Euram so that the conspirators could execute approximately \$100 million of fraudulent options trading in 2006. On or about the following dates, the following entities paid the following approximate premiums, resulting in the following approximate proceeds at expiration and the following approximate fraudulent losses (i.e., the execution fee paid to Euram).

	Purchase Date	Entity	Premium Paid	Expiry Proceeds	Fraudulent Loss (i.e., Execution Fee)
a	12/6/05	China Emergence Management, LLC	\$150,000	\$0	\$150,000
b	12/7/05	China Emergence	\$125,000	\$102,000	\$23,000
c	12/7/05	Mercato Global Opportunities Fund, LP	\$15,000	\$0	\$15,000
d	12/7/05	Faliks TC1	\$70,000	\$0	\$70,000
e	12/9/05	China Emergence	\$75,000	\$0	\$75,000
f	12/12/05	Amalfi	\$350,000	\$0	\$350,000
g	12/13/05	Amalfi	\$200,000	\$0	\$200,000
h	12/16/05	China Emergence	\$117,000	\$0	\$117,000
		Totals	\$1,102,000	\$102,000	\$1,000,000

3) Sea Mesa Transactions

158. On or about December 16, 2005, defendant AVIEL FALIKS proposed a fraudulent options structure involving Faliks TC2 (Sea Mesa, Inc.) and Faliks TC1 (15th Street) to a representative of Euram. This proposed options structure was designed to generate fraudulent options losses for Faliks TC2.

159. On or about the following dates, defendants SAMYAK VEERA and AVIEL FALIKS and their co-conspirators began to implement the proposed structure by causing Faliks TC2 and Faliks TC1 to sell a first set of offsetting options trades (the "First Set") to Euram for approximately the following premium amounts, and then to close the options trades within days for approximately the following pay-out amounts, resulting in the following

approximate losses for Faliks TC2, which it claimed on its tax return for the tax year ending December 31, 2005.

	Purchase Date	Target Corporation	Premium Received	Pay-out Amount	Losses
a	12/19/05	Faliks TC1	\$8,008,360	\$10,550	
b	12/19/05	Faliks TC2	\$8,012,930	\$16,013,010	\$8,000,080
c	12/20/05	Faliks TC1	\$4,005,600	\$6,070	
d	12/20/05	Faliks TC2	\$4,006,990	\$8,006,390	\$3,999,400
e	12/19/05	Faliks TC1	\$6,016,450	\$17,770	
f	12/20/05	Faliks TC2	\$6,022,340	\$12,022,510	\$6,000,170
		Totals	\$36,072,670	\$36,076,300	\$17,999,650

Meanwhile, Faliks TC1 closed option trades a, c, and e for a collective gain of approximately \$17,996,020.

160. On or about the following dates, defendants SAMYAK VEERA and AVIEL FALIKS and their co-conspirators caused Faliks TC2 and Faliks TC1 to sell a second set of offsetting options trades (the "Second Set") to Euram for approximately the following premium amounts, which options trades Faliks TC1 closed out within days (in late December 2005) for approximately the following 2005 pay-out amounts and which Faliks TC2 closed out much later (in December 2006) for approximately the following 2006 pay-out amounts.

	Purchase Date	Target Corporation	Premium Received	2005 Pay-out Amount	2006 Pay-out Amount
a	12/23/05	Faliks TC1	\$10,016,220	\$20,019,370	
b	12/23/05	Faliks TC2	\$10,004,430		\$1,590
c	12/23/05	Faliks TC1	\$5,016,100	\$10,018,100	
d	12/23/05	Faliks TC2	\$5,003,060		\$6,640
e	12/23/05	Faliks TC1	\$3,009,540	\$6,008,760	
f	12/23/05	Faliks TC2	\$3,004,750		\$6
		Totals	\$36,054,100	\$36,046,230	

By causing Faliks TC1 to close out its options trades in December 2005, the defendants enabled Faliks TC1 to net its \$17,996,020 in gains from the First Set of options against its \$18,004,370 in losses from the Second Set of options trades, resulting in a net loss of approximately \$8,350. In contrast, defendants SAMYAK VEERA and AVIEL FALIKS caused Faliks TC2 to close out its First Set of options trades in December 2005, realizing a paper loss of \$17,999,650, but caused Faliks TC2 to maintain its Second Set of options trades, which were already in a loss position, until December 2006 so that Faliks TC2 had an actual loss of over \$17 million on the First Set for tax purposes and an unrealized gain of an almost identical amount on the Second Set as of the end of its tax year on December 31, 2005.

161. In or about December 2006, defendants SAMYAK VEERA and AVIEL FALIKS and their co-conspirators caused Faliks TC2 (Sea Mesa) to enter into additional options transactions with Euram, which resulted in a paper loss of approximately \$18 million, which the defendants used to eliminate that \$18 million gain that Faliks TC2 needed to recognize for tax purposes at the end of tax year 2006.

4) U.S. Subsidiary/Non-U.S. Parent Corporation Transactions

162. In or about the following months, defendants SAMYAK VEERA and AVIEL FALIKS and their co-conspirators caused the following Faliks target corporations to sell options trades to Euram for approximately the following amounts, which amounts the target corporations reported on their tax returns as their proceeds for the trades:

	Month(s)	Target Corporation	Premium Received
a	5/06, 7/06, 11/06	Faliks TC3	\$11,758,392
b	5/06	Faliks TC4	\$28,319,480
c	12/06	Faliks TC5	\$10,301,150
d	12/06	Faliks TC6	\$31,403,700
e	10/06	Faliks TC7	\$13,201,290
f	12/06	Faliks TC8	\$5,950,130
g	2/07	Faliks TC9	\$3,352,580

163. In or about the same months as set forth above in paragraph 162, defendants SAMYAK VEERA and AVIEL FALIKS and their co-conspirators caused the non-U.S. parent corporations of each of the respective Faliks target corporations to sell offsetting options trades to Euram in amounts almost identical to those listed in paragraph 162(a)-(g).

164. In or about the following months, defendants SAMYAK VEERA and AVIEL FALIKS and their co-conspirators caused the following Faliks target corporations to close out the options trades that the corporations had sold to Euram, requiring the target corporations to pay Euram approximately the following amounts (which were approximately twice the premiums that the target corporations had received), thereby generating the following approximate fraudulent losses:

	Month(s)	Target Corporation	Pay-out Amount	Fraudulent Losses Generated
a	6/06, 7/06, 11/06	Faliks TC3	\$23,864,950	\$12,106,558
b	6/06	Faliks TC4	\$56,600,000	\$28,280,520
c	12/06	Faliks TC5	\$20,707,680	\$10,405,530
d	12/06	Faliks TC6	\$63,001,050	\$31,597,350
e	10/06	Faliks TC7	\$26,400,000	\$13,198,710
f	12/06	Faliks TC8	\$11,974,000	\$6,023,870
g	3/07	Faliks TC9	\$6,700,000	\$3,347,420

165. In or about the same months as set forth above in paragraph 164, defendants SAMYAK VEERA and AVIEL FALIKS and their co-conspirators caused the non-U.S. parent corporations of each the Faliks target corporations to close out as worthless the offsetting options trades that they sold to Euram, requiring the non-U.S. parent corporations to pay nothing to Euram and resulting in no overall economic change in position between the parties, except the payment of a small fee to Euram for each trade.

5) False Tax Returns and Additional Overt Acts

166. On or about September 22, 2005, Helen Del Bove sent an email to defendant AVIEL FALIKS attaching for review a draft tax return for Faliks TC1 for the tax year ending September 30, 2005 and requesting additional information.

167. On or about September 27, 2005, defendant AVIEL FALIKS caused Faliks TC1 to purchase and to sell fraudulent offsetting options to wipe out approximately \$2 million of its ordinary gain and thereby evade its remaining corporate income taxes.

168. On or about June 7, 2006, defendant AVIEL FALIKS and Helen Del Bove exchanged emails regarding the false tax returns for Faliks TC1 for the tax year ending September 30, 2005 and the removal from the returns of the name of the paid preparer.

169. On or about August 30, 2006, defendant AVIEL FALIKS sent an email to Helen Del Bove asking for her assistance in the preparation of Faliks TC2's false tax return for the tax year ending December 31, 2005 and attaching documents, including a spreadsheet listing the fraudulent options losses to be used in the tax return.

170. On or about September 9, 2006, Helen Del Bove sent an email to defendant AVIEL FALIKS attaching the false tax return for Faliks TC2 for the tax year ending December 31, 2005 and advising defendant FALIKS to obscure the paid preparer information.

171. In or about late October 2006, defendant AVIEL FALIKS and Helen Del Bove exchanged emails regarding the fraudulent options losses that TC1 claimed on its tax return for the tax year ending September 30, 2005.

172. On or about November 8, 2006, defendants AVIEL FALIKS and SAMYAK VEERA, Helen Del Bove, and their co-conspirators caused Faliks TC7 to file a false quick refund application, Form 4466, for a refund of approximately \$1,450,000 in corporate income taxes paid in February and April 2006 for the tax year ending October 31, 2006.

173. On or about December 15, 2006, Helen Del Bove sent an email to defendant AVIEL FALIKS attaching the false tax returns for Faliks TC1 for the tax year ending September 30, 2006 and instructing him obscure the paid preparer information on the returns prior to filing with the IRS.

174. On or about January 8, 2007, defendant AVIEL FALIKS endorsed a refund check from the IRS to Faliks TC7 in the amount of approximately \$1,450,000 for a refund of fraudulently claimed estimated taxes that Faliks TC7 had paid to the IRS for 2006.

175. On or about January 11, 2007, defendant AVIEL FALIKS deposited a refund check of approximately \$1,450,000 into Faliks TC7's account at Euram.

176. On or about April 17, 2007, defendant AVIEL FALIKS caused Faliks TC7 to transfer approximately \$583,424.36 from its account at Euram to an account that defendant DONALD STEVENSON controlled at Wachovia Bank.

177. On or about April 23, 2007, defendants SAMYAK VEERA and AVIEL FALIKS and Andrew Ahn caused Faliks TC9 to purchase a fraudulent options trade from Euram for approximately \$161,400, and caused Iris Trading, the Cook Islands entity controlled by

defendant VEERA, to sell an offsetting fraudulent options trade to Euram, which trades resulted in a transfer of approximately \$160,000 from Faliks TC9 to Iris Trading on or about April 30, 2007.

178. On or about June 6, 2007, defendants SAMYAK VEERA and AVIEL FALIKS and Andrew Ahn caused Faliks TC7 to purchase a fraudulent options trade from Euram for approximately \$550,000, and caused Iris Trading, the Cook Islands entity controlled by defendant VEERA, to sell an offsetting fraudulent options trade to Euram, which trades resulted in a transfer of approximately \$547,000 from Faliks TC7 to Iris Trading on or about June 12, 2007.

179. On or about August 14, 2007, defendant AVIEL FALIKS sent emails to Helen Del Bove attaching various documents, including spreadsheets listing the fraudulent options losses to be used in the tax returns of Faliks TC2, Faliks TC3, Faliks TC4, Faliks TC5, Faliks TC6, and Faliks TC8.

180. On or about August 16, 2007, Helen Del Bove sent emails to defendant AVIEL FALIKS attaching the false tax return for Faliks TC7 for the tax year ending October 31, 2006.

181. In or about September 2007, Helen Del Bove sent emails to defendant AVIEL FALIKS attaching false tax returns for Faliks TC2, Faliks TC3, Faliks TC4, Faliks TC5, Faliks TC6, and Faliks TC8.

182. On or about November 27, 2007, defendant AVIEL FALIKS deposited an IRS refund check to Faliks TC7 for tax year ending October 31, 2004 in the amount of

approximately \$177,751 and an IRS refund check to Faliks TC7 for tax year ending October 31, 2005 in the amount of approximately \$362,268 into Faliks TC7's account at Euram.

183. On or about April 16, 2008, defendants AVIEL FALIKS and SAMYAK VEERA caused a nominee entity that defendant VEERA controlled to transfer approximately \$65,000 to an account that defendant DONALD STEVENSON controlled at Wachovia Bank.

184. On or about May 5, 2008, defendants AVIEL FALIKS and SAMYAK VEERA caused defendant DONALD STEVENSON to prepare an invoice in the amount of approximately \$65,000 to another nominee entity, which they had recently created.

185. In or about April 2008, defendant AVIEL FALIKS endorsed a refund check from the IRS to Faliks TC8 in the amount of approximately \$33,640 for a refund of fraudulently claimed estimated taxes that Faliks TC8 had paid to the IRS for 2006.

186. On or about April 29, 2008, defendant AVIEL FALIKS deposited a refund check of approximately \$33,640 into Faliks TC8's account at Euram.

187. On or about July 11, 2008, defendant AVIEL FALIKS sent an email to Helen Del Bove asking for her assistance in the preparation of Faliks TC9's false tax return for the tax year ending March 31, 2007 and including information regarding the fraudulent options loss to be used in the tax return.

188. On or about the following dates, defendants SAMYAK VEERA and AVIEL FALIKS, Helen Del Bove, and their co-conspirators caused the following Faliks target corporations to file false federal corporate income tax returns, Forms 1120, for the following tax years, falsely claiming fraudulent losses in the following amounts:

	Approximate Filing Date	Target Corporation	Tax Year Ended	Approximate Total Amount of Fraudulent Losses Reported
a	6/15/06	Faliks TC1	9/30/05	\$34,511,120
b	9/20/06	Faliks TC2	12/31/05	\$17,999,650
c	8/29/07	Faliks TC7	10/31/06	\$13,198,710
d	9/11/07	Faliks TC6	12/31/06	\$31,587,350
e	9/11/07	Faliks TC8	12/31/06	\$6,023,870
f	9/11/07	Faliks TC5	12/31/06	\$10,405,530
g	9/11/07	Faliks TC2	12/31/06	\$18,444,320
h	9/18/07	Faliks TC3	12/31/06	\$12,106,558
i	9/18/07	Faliks TC4	12/31/06	\$28,280,520
j	9/29/08	Faliks TC9	3/31/07	\$3,347,420

189. On or about the following dates, defendants SAMYAK VEERA and AVIEL FALIKS, Helen Del Bove, and their co-conspirators caused the following Faliks target corporations to file false corporate tax refund forms, Forms 1139, for the following tax years, falsely claiming refunds in the following approximate amounts:

	Filing Date	Target Corporation	Tax Year Ended	Fraudulent Refund Claimed
a	9/11/07	Faliks TC7	10/31/04	\$177,751
b	9/11/07	Faliks TC7	10/31/05	\$362,268

190. On or about September 29, 2008, defendants SAMYAK VEERA and AVIEL FALIKS, Helen Del Bove, and their co-conspirators caused Faliks TC1 to file a false federal corporate income tax return, Forms 1120, for the tax year ending September 30, 2007, falsely claiming net operating losses in the amount of approximately \$4,630,878.

D. Other Overt Acts

191. On or about January 30, 2004, defendant SAMYAK VEERA caused Andrew Ahn to transfer approximately \$1,050,000 to the Delta Trading account at Capital Security Bank in the Cook Islands.

192. On or about May 20, 2004, defendant SAMYAK VEERA caused an individual to transfer approximately \$200,000 to an account at Bank of America in the name of Andrew Ahn disguised as a loan from Echo's Voice, LLC, a nominee that he controlled through Helen Del Bove.

193. On or about November 12, 2004, Helen Del Bove, as trustee for the Apollo Trust, opened a bank account in the trust's name at Euram, falsely stating that she had fifteen years of investment experience.

194. On or about December 6 and 15, 2004, respectively, Helen Del Bove caused approximately \$450,000 and \$250,000 to be transferred from Apollo Trust's bank account at Commerce Bank to its new account at Euram Bank.

195. In or about December 2004, Helen Del Bove caused Apollo Trust to pay approximately \$700,000 to Euram for four fraudulent short-term options, three of which expired worthless in or about late December 2004 and one of which expired worthless in or about early January 2005. These fraudulent trades were purchased to pay part of a hidden execution fee for the fraudulent Icarus trading that would occur in Spring 2005.

196. On or about December 10, 2004, defendant CHANDRAKANT SHAH and Helen Del Bove caused a target corporation called Ostate Propone, Co. ("Ostate") to open a bank account at Euram.

197. On or about December 13, 2004, defendants SAMYAK VEERA, CHANDRAKANT SHAH, and AVIEL FALIKS and Helen Del Bove caused Ostate to transfer approximately \$800,000 to its Euram bank account to make fraudulent options trades.

198. On or about December 14, 2004, defendants SAMYAK VEERA, CHANDRAKANT SHAH, and AVIEL FALIKS and Helen Del Bove caused Ostate to pay approximately \$800,000 for three fraudulent options, which expired worthless within days. These fraudulent trades were purchased to pay another part of the hidden execution fee for the fraudulent Icarus trading that would occur in Spring 2005.

199. On or about July 31, 2005, defendant SAMYAK VEERA and Helen Del Bove caused Apollo Trust to file a false federal income tax return for estates and trusts, Form 1041, for 2004, which falsely claimed that Apollo Trust had suffered a loss of approximately \$450,000 from the purchase of foreign option trades that expired worthless.

200. On about March 2, 2005, defendant CHANDRAKANT SHAH caused a target corporation called Pacific Coast Bus Service Inc. ("Pacific Coast") to open a bank account at Suntrust Bank.

201. On or about March 24, 2005, defendants SAMYAK VEERA and AVIEL FALIKS caused a false Destination of Funds Declaration for Delta Trading's transfer of approximately \$1,000,000 to 385 Advisors to be submitted to Capital Security Bank in the Cook Islands.

202. On or about March 31, 2005, defendants SAMYAK VEERA and AVIEL FALIKS caused Delta Trading to transfer approximately \$1 million to 385 Advisors purportedly to purchase options trades from 385 Advisors.

203. On or about April 6, 2005, defendants CHANDRAKANT SHAH and SAMYAK VEERA caused Pacific Coast to transfer approximately \$500,000 to an account in the

name of Prism Connectivity Ventures, LLC at the Bank of Bermuda Limited, an account that co-conspirator J.T. controlled.

204. On or about May 18, 2005, defendants SAMYAK VEERA, DONALD STEVENSON, and ERIC MERL and John Ivsan caused MidCoast Financial to distribute to its current and potential business contacts a false and misleading letter regarding its business and operations.

205. On or about June 29, 2005, defendant SAMYAK VEERA and Helen Del Bove caused a nominee named Echo's Voice, LLC to transfer approximately \$100,000 to an account at Bank of America in the name of Andrew Ahn disguised as a loan from Echo's Voice.

206. In or about August 2005, defendants SAMYAK VEERA, DONALD STEVENSON, and ERIC MERL, John Ivsan, and their co-conspirators caused MidCoast Financial to make a false and misleading submission to the IRS regarding the nature of MidCoast Financial's business.

207. On or about August 29, 2005, defendants SAMYAK VEERA and AVIEL FALIKS caused Delta Trading to transfer approximately \$1 million to defendant FALIKS purportedly to purchase options trades from him.

208. On or about August 29, 2005, defendants SAMYAK VEERA and AVIEL FALIKS caused a false Destination of Funds Declaration for Delta Trading's transfer of approximately \$1,000,000 to defendant FALIKS to be submitted to Capital Security Bank in the Cook Islands.

209. On or about October 10, 2005, defendant SAMYAK VEERA, Helen Del Bove, and Andrew Ahn caused Shadow's Reflections to enter into fraudulent options transactions with their co-conspirator J.T.

210. On or about October 20, 2005, defendant SAMYAK VEERA, Helen Del Bove, and Andrew Ahn filed and caused to be filed a false individual income tax return, Form 1040, for 2004, in the name of Ahn, which, among other things, underreported Ahn's total income for 2004.

211. On or about November 1, 2005, defendant AVIEL FALIKS caused Faliks TC1 to transfer approximately \$1,250,000 to the Delta Trading account at Capital Security Bank in the Cook Islands purportedly to purchase options trades from Delta Trading. Through a series of transfers, these funds were transferred through several bank accounts at Capital Security Bank that defendants SAMYAK VEERA and CHANDRAKANT SHAH controlled and were eventually transferred with other funds to a bank account in the name of defendant SHAH at Bank of America on or about February 23, 2006, at which point defendant SHAH transferred approximately \$2,500,000 of the commingled funds to India in \$250,000 increments.

212. On or about November 9, 2005, Andrew Ahn caused Shadow's Reflections to transfer approximately \$645,000 by wire to J.T. in connection with fraudulent options transactions.

213. On or about December 7, 2005, defendant SAMYAK VEERA and Helen Del Bove caused a nominee named Echo's Voice, LLC to transfer approximately \$100,000 to an account at Bank of America in the name of Andrew Ahn disguised as a loan from Echo's Voice.

214. On or about March 24, 2006, defendant SAMYAK VEERA and Helen Del Bove caused a nominee named Echo's Voice, LLC to transfer approximately \$200,000 to an account at Bank of America in the name of Ahn disguised as a loan from Echo's Voice.

215. On or about April 8, 2006, Helen Del Bove, defendants SAMYAK VEERA and AVIEL FALIKS, and Andrew Ahn filed and caused to be filed a false individual income tax return, Form 1040, for 2005, in the name of Del Bove and her husband, which, among other things, underreported their total income for 2005.

216. In or about May 2006, defendants SAMYAK VEERA, AVIEL FALIKS, DONALD STEVENSON, and ERIC MERL, along with J.T., Andrew Ahn, John Ivsan, and others, met in Las Vegas, Nevada to celebrate their past successes and to further their ongoing scheme.

217. On or about July 17, 2006, defendants SAMYAK VEERA and CHANDRAKANT SHAH and Helen Del Bove caused Pacific Coast to file a false federal corporate income tax return, Form 1120, for the tax year ending September 30, 2005, which falsely claimed that Pacific Coast had suffered a loss of approximately \$500,000 from the purchase of option trades that expired worthless.

218. On or about August 29, 2006, defendant SAMYAK VEERA and co-conspirator J.T. caused Oceanic Bank and Trust Limited to transfer approximately \$800,000 from an account controlled by J.T. to an account at Bank of America in the name of Andrew Ahn.

219. On or about October 15, 2006, defendant SAMYAK VEERA and Helen Del Bove caused Apollo Trust to file a false federal income tax return for estates and trusts,

Form 1041, for 2005, which falsely claimed that Apollo Trust suffered a short-term capital loss of approximately \$250,000.

220. On or about October 20, 2006, defendant SAMYAK VEERA, Helen Del Bove, and Andrew Ahn filed and caused to be filed a false individual income tax return, Form 1040, for 2005, in the name of Ahn, which, among other things, underreported Ahn's total income for 2005.

221. On or about March 13, 2007, Helen Del Bove forwarded information that she received from Andrew Ahn regarding fraudulent options trades between Shadow's Reflections and co-conspirator J.T. to the tax return preparer for Shadow's Reflections for inclusion in its tax return for the tax year ending June 30, 2006.

222. On or about March 15, 2007, defendant SAMYAK VEERA, Andrew Ahn, and Helen Del Bove caused Shadow's Reflections to file a false corporate income tax return, Form 1120, for tax year ending June 30, 2006, which falsely claimed that Shadow's Reflections had suffered a loss of approximately \$645,000 from the purchase of options trades that expired worthless shortly after purchase.

223. On or about April 14, 2007, Helen Del Bove, defendants SAMYAK VEERA and AVIEL FALIKS, and Andrew Ahn filed and caused to be filed a false individual income tax return, Form 1040, for 2006, in the name of Del Bove and her husband, which, among other things, underreported their total income for 2006.

224. On or about July 18, 2007, defendant SAMYAK VEERA and Helen Del Bove caused a nominee named Echo's Voice, LLC to transfer approximately \$450,000 to an account at Bank of America in the name of Andrew Ahn disguised as a loan from Echo's Voice.

225. On or about July 24, 2007, defendants SAMYAK VEERA and AVIEL FALIKS caused Helen Del Bove to receive \$10,000 of compensation by disguised means for her assistance in the preparation of false tax returns.

226. On or about August 21, 2007, defendant SAMYAK VEERA instructed Andrew Ahn to provide false information to the IRS the following day regarding the transactions involving Amalfi and Icarus.

227. On or about August 22, 2007, at the direction of defendant SAMYAK VEERA, and based in part on the false and misleading legal opinion letters, Andrew Ahn provided misleading, incomplete, and false answers and information to the IRS during a sworn interview in Philadelphia, Pennsylvania.

228. On or about October 13, 2007, Andrew Ahn sent emails to Helen Del Bove containing information regarding fraudulent options trades that Amalfi and Icarus purportedly purchased so that this information could be included in Icarus' tax return for 2006.

229. On or about October 19, 2007, defendant SAMYAK VEERA, Helen Del Bove, and Andrew Ahn filed and caused to be filed a false individual income tax return, Form 1040, for 2006, in the name of Ahn, which, among other things, underreported Ahn's total income for 2006.

230. On or about March 14, 2008, Andrew Ahn sent an email to Helen Del Bove attaching documents from Euram regarding Amalfi and Icarus and falsely stating that both Amalfi and Icarus "lost money trading options in 2007."

231. On or about July 15, 2008, Andrew Ahn sent an email to Helen Del Bove containing information regarding fraudulent options trades that Amalfi and Icarus purportedly purchased so that this information could be included in Icarus' tax return for 2007.

232. On or about October 14, 2008, defendant SAMYAK VEERA, Helen Del Bove, and Andrew Ahn filed and caused to be filed a false individual income tax return, Form 1040, for 2007, in the name of Ahn, which, among other things, underreported Ahn's total income for 2007.

233. On or about August 17, 2009, Helen Del Bove, defendants SAMYAK VEERA and AVIEL FALIKS, and Andrew Ahn filed and caused to be filed a false individual income tax return, Form 1040, for 2008, in the name of Del Bove and her husband, which, among other things, underreported their total income for 2008.

234. On or about April 13, 2010, Helen Del Bove, defendants SAMYAK VEERA and AVIEL FALIKS, and Andrew Ahn filed and caused to be filed a false individual income tax return, Form 1040, for 2009, in the name of Del Bove and her husband, which, among other things, underreported their total income for 2009.

235. On or about June 10, 2010, at a restaurant in New York, New York, shortly after a search warrant had been executed on the residences of Andrew Ahn and Helen Del Bove, defendant AVIEL FALIKS asked Ahn to conceal Faliks' involvement in the scheme from investigators.

236. On or about June 23, 2010, defendant ERIC MERL made false and misleading statements to a federal agent investigating the conspirators' scheme.

237. On or about January 10, 2011, to conceal his role in the scheme, defendant AVIEL FALIKS made false and misleading statements to federal agents investigating the conspirators' scheme.

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

COUNT TWO
**(Corruptly Endeavoring To Obstruct and Impede
the Due Administration of the Internal Revenue Laws)**

THE GRAND JURY FURTHER CHARGES THAT:

At all times material to this indictment, unless otherwise specified:

1. Paragraphs 1 through 62 and 66 through 237 of Count One are
incorporated here.
2. From in or about June 2003 and through at least in or about 2011, in the
Eastern District of Pennsylvania and elsewhere, defendants

**SAMYAK VEERA,
CHANDRAKANT SHAH,
AVIEL FALIKS,
DONALD STEVENSON, and
ERIC MERL**

corruptly endeavored to obstruct and impede the due administration of the Internal Revenue laws
by, among other things, committing and causing to be committed the acts described in
paragraphs 77 through 237 of Count One above.

In violation of Title 26, United States Code, Section 7212(a).

COUNTS THREE THROUGH THIRTEEN
(Tax Evasion)

THE GRAND JURY FURTHER CHARGES THAT:

At all times material to this indictment, unless otherwise specified:

1. Paragraphs 1 through 62 and 66 through 237 of Count One are incorporated here.
2. From in or about June 2003 and through in or about August 2007, in the Eastern District of Pennsylvania and elsewhere, defendants

**SAMYAK VEERA, and
CHANDRAKANT SHAH**

willfully attempted to evade and defeat a substantial part of the income tax due and owing by the target corporations listed below to the United States of America for years set forth below by various means, including among others:

- a. designing, marketing, implementing, and defending the fraudulent transactions that the defendants knew lacked economic substance and a genuine business purpose;
- b. using these fraudulent transactions to generate millions of dollars in tax losses that the defendants knew could not properly be claimed on the returns for the target corporations;
- c. forming and using nominee entities, such as Amalfi and Icarus and certain purported charitable trusts, that served no legitimate business purpose, but were used merely to evade the target corporations' income taxes and to hide the conspirators' proceeds;

- d. creating and causing to be created false and fraudulent legal opinion letters and representation letters;
- e. causing to be prepared, signed, and filed with the IRS false and fraudulent U.S. Corporate Income Tax Returns, Forms 1120, and Corporate Applications for Tentative Refund, Forms 1139, for the years set forth below, which overstated the target corporations' capital and ordinary losses and understated their taxable income and tax due and owing, and which were used to evade the target corporations' income taxes;
- f. causing false tax refunds to be deposited in accounts controlled by the defendants through their nominee, Andrew Ahn; and
- g. taking various steps to conceal from the IRS the true nature of the fraudulent transactions and certain conspirators' role in designing, marketing, implementing, and defending the transactions, including but not limited to, causing the creation and execution of false, misleading, and fraudulent documents and causing Ahn to provide false and misleading testimony and information to the IRS.

Count	Target Corporation	Tax Return	Approximate Filing Date of Return	Approximate Total Amount of Fraudulent Losses Reported
3	Amalfi TC8	2005 Form 1120	9/25/06	\$5,361,137
4	Amalfi TC8	2003 and 2004 Form 1139	11/6/06	\$1,346,756
5	Amalfi TC5	9/30/05 Form 1120	6/22/06	\$3,686,042
6	Amalfi TC3	2005 Form 1120	9/21/06	\$18,851,813
7	Amalfi TC3	2003 and 2004 Form 1139	10/30/06	\$545,685
8	Amalfi TC6	9/30/05 Form 1120	6/22/06	\$3,127,551
9	Icarus TC3	2005 Form 1120	9/21/06	\$21,596,970
10	Icarus TC3	2003 and 2004 Form 1139	10/30/06	\$2,506,968
11	Icarus TC1	6/30/05 Form 1120	1/26/06	\$32,544,468
12	Icarus TC1	6/30/03 and 6/30/04 Form 1139	3/29/06	\$2,530,122
13	Icarus TC7	2005 Form 1120	10/26/06	\$21,624,577

All in violation of Title 26, United States Code, Section 7201 and Title 18, United States Code, Section 2.

COUNTS FOURTEEN THROUGH EIGHTEEN
(Tax Evasion)

THE GRAND JURY FURTHER CHARGES THAT:

At all times material to this indictment, unless otherwise specified:

1. Paragraphs 1 through 62 and 66 through 237 of Count One are incorporated here.
2. From in or about December 2004 and through in or about 2011, in the Eastern District of Pennsylvania and elsewhere, defendant

AVIEL FALIKS

willfully attempted to evade and defeat a substantial part of the income tax due and owing by the target corporations listed below to the United States of America for years set forth below by various means, including among others:

- a. designing, marketing, implementing, and defending the fraudulent transactions that the defendant knew lacked economic substance and a genuine business purpose;
- b. using these fraudulent transactions to generate millions of dollars in tax losses that the defendant knew could not properly be claimed on the returns for the target corporations;
- c. forming and using nominee entities, such as Icarus and certain purported charitable trusts, that served no legitimate business purpose, but were used merely to evade the target corporations' income taxes and to hide the conspirators' proceeds;

- d. creating and causing to be created false and fraudulent legal opinion letters and representation letters;
- e. causing to be prepared, signed, and filed with the IRS false and fraudulent U.S. Corporate Income Tax Returns, Forms 1120, and Corporate Applications for Tentative Refund, Forms 1139, for the years set forth below, which overstated the target corporations' capital and ordinary losses and understated their taxable income and tax due and owing, and which were used to evade the target corporations' income taxes;
- f. causing fraudulent tax refunds to be deposited in accounts controlled by the defendant and his co-conspirators through their nominee, Andrew Ahn; and
- g. taking various steps to conceal from the IRS the true nature of the fraudulent transactions and certain conspirators' role in designing, marketing, implementing, and defending the transactions, including but not limited to, causing the creation and execution of false, misleading, and fraudulent documents and causing Andrew Ahn to provide false and misleading testimony and information to the IRS.

Count	Target Corporation	Tax Return	Approximate Filing Date of Return	Approximate Total Amount of Fraudulent Losses Reported
14	Icarus TC3	2005 Form 1120	9/21/06	\$21,596,970
15	Icarus TC3	2003 and 2004 Form 1139	10/30/06	\$2,506,968
16	Icarus TC1	6/30/05 Form 1120	1/26/06	\$32,544,468
17	Icarus TC1	6/30/03 and 6/30/04 Form 1139	3/29/06	\$2,530,122
18	Icarus TC7	2005 Form 1120	10/26/06	\$21,624,577

All in violation of Title 26, United States Code, Section 7201 and Title 18, United States Code, Section 2.

COUNTS NINETEEN THROUGH THIRTY-SEVEN
(Wire Fraud)

THE GRAND JURY FURTHER CHARGES THAT:

At all times material to this indictment, unless otherwise specified:

1. Paragraphs 1 through 62 and 66 through 237 of Count One are incorporated here.
2. From in or about June 2003 and through at least in or about 2011, in the Eastern District of Pennsylvania and elsewhere, defendant

SAMYAK VEERA

and others known and unknown to the Grand Jury, devised and intended to devise a scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations, and promises, that is, a scheme to defraud the IRS through the design, marketing, implementation, and defense of the fraudulent tax transactions (described above in paragraphs 13 through 62 and 66 through 76), and for the purpose of executing such scheme and artifice and attempting to do so, caused to be transmitted by means of wire communication in interstate and foreign commerce the writings, signs, signals, and sounds described below for each count, each transmission constituting a separate count:

Count	Approximate Date	Approximate Wire Transfer Amount	Sender	Recipient Bank Account at Capital Security Bank in the Cook Islands
19	6/20/05	\$445,000	Amalfi TC7	Delta Trading
20	6/21/05	\$645,000	Amalfi TC3	Delta Trading
21	6/21/05	\$1,340,000	Amalfi TC8	Delta Trading
22	6/22/05	\$745,000	Amalfi TC11	Delta Trading
23	8/1/05	\$240,000	Icarus TC5	Santalum
24	8/11/05	\$410,000	Amalfi TC10	Santalum
25	8/16/05	\$105,000	Amalfi TC5	Santalum
26	8/16/05	\$410,000	Amalfi TC6	Santalum
27	8/16/05	\$255,000	Icarus TC3	Santalum
28	8/16/05	\$105,000	Icarus TC2	Santalum
29	8/16/05	\$250,000	Icarus TC1	Santalum
30	8/17/05	\$3,180,000	Icarus TC6	Santalum
31	8/17/05	\$250,000	Icarus TC4	Santalum
32	8/17/05	\$2,090,000	Icarus TC7	Santalum
33	10/18/05	\$100,000	Amalfi TC6	Santalum
34	10/18/05	\$315,000	Icarus TC1	Santalum
35	10/19/05	\$2,385,000	Icarus TC21	Santalum
36	10/21/05	\$290,000	Icarus TC20	Santalum
37	12/16/05	\$3,025,000	Icarus TC12	Santalum

All in violation of Title 18, United States Code, Sections 1343, 1349, and 2.

COUNTS THIRTY-EIGHT THROUGH FORTY-FIVE
(Wire Fraud)

THE GRAND JURY FURTHER CHARGES THAT:

At all times material to this indictment, unless otherwise specified:

1. Paragraphs 1 through 62 and 66 through 237 of Count One are incorporated here.
2. From in or about December 2004 and through at least in or about 2011, in the Eastern District of Pennsylvania and elsewhere, defendant

AVIEL FALIKS

and others known and unknown to the Grand Jury, devised and intended to devise a scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations, and promises, that is, a scheme to defraud the IRS through the design, marketing, implementation, and defense of the fraudulent tax transactions (described above in paragraphs 13 through 62 and 66 through 76), and for the purpose of executing such scheme and artifice and attempting to do so, caused to be transmitted by means of wire communication in interstate and foreign commerce the writings, signs, signals, and sounds described below for each count, each transmission constituting a separate count:

Count	Approximate Date	Wire Communication
38	6/3/05	Email from defendant AVIEL FALIKS to Andrew Ahn forwarding an email from Euram regarding Icarus' change in ownership
39	6/14/05	Email from defendant AVIEL FALIKS to Andrew Ahn attaching Euram account opening documentation
40	6/23/05	Email from defendant AVIEL FALIKS to Andrew Ahn attaching draft assignment and close out request documents
41	8/11/05	Email from defendant AVIEL FALIKS to Andrew Ahn attaching misleading memos
42	8/22/05	Email from defendant AVIEL FALIKS to Andrew Ahn attaching a close out request for Icarus TC6
43	8/25/05	Email from defendant AVIEL FALIKS to Andrew Ahn attaching a close out request for Icarus TC4
44	9/26/05	Email from defendant AVIEL FALIKS to Andrew Ahn attaching a close out request for Icarus TC8
45	2/28/06	Email from defendant AVIEL FALIKS to Andrew Ahn attaching a misleading description of Icarus' motives for inclusion into the legal opinion letters regarding the Icarus transactions

All in violation of Title 18, United States Code, Sections 1343, 1349, and 2.

COUNTS FORTY-SIX THROUGH FORTY-NINE
(False Statements)

THE GRAND JURY FURTHER CHARGES THAT:

At all times material to this indictment, unless otherwise specified:

1. Paragraphs 1 through 62 and 66 through 237 of Count One are incorporated here.
2. On or about June 23, 2010, in Philadelphia, in the Eastern District of Pennsylvania, and elsewhere, defendant

ERIC MERL

in a matter within the jurisdiction of the Internal Revenue Service, an agency of the executive branch of the United States, knowingly and willfully made the following materially false, fictitious, and fraudulent statements and representations, all of which he knew to be untrue.

Count	False Statement
46	Defendant MERL falsely stated that he did not possess any MidCoast Financial documents.
47	Defendant MERL falsely stated that he did not know who was responsible for maintaining certain MidCoast Financial documents, or who had access to certain MidCoast Financial documents kept in a storage locker.
48	Defendant MERL falsely stated that he did not participate in the drafting of a response to an Information Document Request ("IDR") from the Internal Revenue Service.
49	Defendant MERL falsely stated that his employment with MidCoast Financial ended in December 2005.

All in violation of Title 18, United States Code, Section 1001.

NOTICE OF FORFEITURE

THE GRAND JURY FURTHER CHARGES THAT:

1. As a result of the violations of Title 18, United States Code, Section 371 and Title 18, United States Code, Section 1343 set forth in this indictment, defendants

**SAMYAK VEERA and
AVIEL FALIKS**

shall forfeit to the United States of America any property, real or personal, that constitutes or is derived from proceeds traceable to the commission of such offenses, including, but not limited to, the sum of \$150,000,000.

2. If any of the property subject to forfeiture, as a result of any act or omission of the defendant:

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third party;
- (c) has been placed beyond the jurisdiction of the Court;
- (d) has been substantially diminished in value; or
- (e) has been commingled with other property which cannot be divided without difficulty;


it is the intent of the United States, pursuant to Title 28, United States Code, Section 2461(c), incorporating Title 21, United States Code, Section 853(p), to seek forfeiture of any other

property of the defendants up to the value of the property subject to forfeiture.

All pursuant to Title 28, United States Code, Section 2461(c), and Title 18,
United States Code, Section 981(a)(1)(c).

A TRUE BILL:

GRAND JURY FOREPERSON


ZANE DAVID MEMEGER
UNITED STATES ATTORNEY