

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Criminal No. 11-
 :
 v. :
 :
 JOSEPH GALLAGHER : 26 U.S.C. § 7201

I N F O R M A T I O N

The defendant having waived in open court prosecution by Indictment, the United States Attorney for the District of New Jersey charges:

COUNT 1

Background

1. At all times relevant to this Information, defendant JOSEPH GALLAGHER was a resident of New Jersey.
2. Prior to on or about April 13, 1984, when he was disbarred by order of the Supreme Court of New Jersey, defendant JOSEPH GALLAGHER was a licensed attorney in the State of New Jersey.
3. Beginning at least as early as in or around 1982, defendant JOSEPH GALLAGHER was employed as a tax preparer, both for clients of a tax preparation business located in New York, New York (herein referred to as "RGB"), and for non-RGB clients.
4. On or about May 11, 1993, defendant JOSEPH GALLAGHER pleaded guilty to failure to file income tax returns, in violation of Title 26, United States Code, Section 7203. On

or about July 30, 1993, defendant JOSEPH GALLAGHER was sentenced to 6 months' imprisonment on that charge.

Affirmative Acts of Evasion

5. In or around 1986, defendant JOSEPH GALLAGHER directed another individual ("Individual 1") to establish a company ("Company 1"). Company 1 purported to be a consulting company operated by Individual 1, but was in reality used by defendant JOSEPH GALLAGHER to evade income taxes by disguising personal income as income of Company 1.

6. From in or around 1986, through at least in or around December 2008, defendant JOSEPH GALLAGHER received all income from RGB in the form of payments to Company 1, which were then deposited into a Company 1 bank account over which defendant JOSEPH GALLAGHER maintained control and which he was required to report on his yearly income tax returns. Defendant JOSEPH GALLAGHER also deposited payments from non-RGB clients into a Company 1 bank account over which defendant JOSEPH GALLAGHER maintained control and which he was required to report on his yearly income tax returns.

7. Defendant JOSEPH GALLAGHER failed to disclose and report a significant portion of this income on his tax returns filed for the calendar years 2004, 2005, and 2006, thereby causing those tax returns to understate a substantial amount of the income that he received. Defendant JOSEPH GALLAGHER failed

to make any income tax return to the Internal Revenue Service for the calendar years 2007 and 2008. In this fashion, defendant JOSEPH GALLAGHER failed to disclose and report more than \$3.3 million in income for the calendar years 2004, 2005, 2006, 2007, and 2008.

8. On or about April 15, 2005, defendant JOSEPH GALLAGHER caused a 2004 tax return to be filed on his behalf. That return stated that his taxable income for the calendar year 2004 was \$4,195 and that the amount of income tax due and owing was \$696.

9. The return did not include approximately \$590,513 in additional taxable income defendant JOSEPH GALLAGHER received in 2004. Upon this income, an additional tax of approximately \$214,093 was due and owing to the United States.

10. On or about April 15, 2005, in the District of New Jersey, and elsewhere, defendant

JOSEPH GALLAGHER

did knowingly and willfully attempt to evade and defeat a substantial part of the income tax due and owing to the United States in that he signed and caused to be filed a false and fraudulent 2004 U.S. Individual Income Tax Return, Form 1040, described in paragraph 8 of this Count, knowing it to be false and fraudulent as described in paragraph 9 of this Count.

In violation of Title 26, United States Code, Section 7201.

COUNT 2

1. Paragraphs 1 through 7 of Count 1 are realleged and incorporated herein.

2. On or about April 15, 2006, defendant JOSEPH GALLAGHER caused a 2005 tax return to be filed on his behalf. That return stated that his taxable income for the calendar year 2005 was \$0 and that the amount of income tax due and owing was \$603.

3. The return did not include approximately \$600,157 in additional taxable income defendant JOSEPH GALLAGHER received in 2005. Upon this income, an additional tax of approximately \$213,068 was due and owing to the United States.

4. On or about April 17, 2006, in the District of New Jersey, defendant

JOSEPH GALLAGHER

did knowingly and willfully attempt to evade and defeat a substantial part of the income tax due and owing to the United States in that he signed and caused to be filed a false and fraudulent 2005 U.S. Individual Income Tax Return, Form 1040, described in paragraph 2 of this Count, knowing it to be false and fraudulent as described in paragraph 3 of this Count.

In violation of Title 26, United States Code, Section 7201.

COUNT 3

1. Paragraphs 1 through 7 of Count 1 are realleged and incorporated herein.

2. On or about April 15, 2007, defendant JOSEPH GALLAGHER caused a 2006 tax return to be filed on his behalf. That return stated that his taxable income for the calendar year 2006 was \$2,220 and that the amount of income tax due and owing was \$475.

3. The return did not include approximately \$682,373 in additional taxable income defendant JOSEPH GALLAGHER received in 2006. Upon this income, an additional tax of approximately \$243,751 was due and owing to the United States.

4. On or about April 16, 2007, in the District of New Jersey, defendant

JOSEPH GALLAGHER

did knowingly and willfully attempt to evade and defeat a substantial part of the income tax due and owing to the United States in that he signed and caused to be filed a false and fraudulent 2006 U.S. Individual Income Tax Return, Form 1040, described in paragraph 2 of this Count, knowing it to be false and fraudulent as described in paragraph 3 of this Count.

In violation of Title 26, United States Code, Section 7201.

COUNT 4

1. Paragraphs 1 through 7 of Count 1 are realleged and incorporated herein.

2. During the calendar year 2007, defendant JOSEPH GALLAGHER had and received total gross income of at least approximately \$715,694. Upon this income, a tax of approximately \$253,481 was due and owing to the United States.

3. Having received this income, defendant JOSEPH GALLAGHER was required by law, following the close of the calendar year 2007, and on or before April 15, 2008, to make an income tax return to the Internal Revenue Service stating specifically the items of his gross income and any deductions and credits to which he was entitled.

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

JOSEPH GALLAGHER

did knowingly and willfully attempt to evade and defeat a substantial part of the income tax due and owing to the United States in that he failed to file a U.S. individual income tax return with the IRS on or before April 15, 2008, as required by law, and engaged in affirmative acts of evasion, as described in paragraphs 1 through 3 of Count 1.

COUNT 5

1. Paragraphs 1 through 7 of Count 1 are realleged and incorporated herein.

2. During the calendar year 2008, defendant JOSEPH GALLAGHER had and received total gross income of at least approximately \$770,445. Upon this income, a tax of approximately \$273,803 was due and owing to the United States.

3. Having received this income, defendant JOSEPH GALLAGHER was required by law, following the close of the calendar year 2008, and on or before April 15, 2009, to make an income tax return to the Internal Revenue Service stating specifically the items of his gross income and any deductions and credits to which he was entitled.

4. On or about April 15, 2009, in the District of New Jersey, defendant

JOSEPH GALLAGHER

did knowingly and willfully attempt to evade and defeat a substantial part of the income tax due and owing to the United States in that he failed to file a U.S. individual income tax return with the IRS on or before April 15, 2009, as required by law, and engaged in affirmative acts of evasion, as described in paragraphs 1 through 3 of Count 1.

In violation of Title 26, United States Code, Section 7201.


PAUL J. FISHMAN
United States Attorney

CASE NUMBER: _____

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

UNITED STATES OF AMERICA

v.

JOSEPH GALLAGHER

INFORMATION FOR

26 U.S.C. § 7201

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