

FILED
U.S. DISTRICT COURT
EASTERN DISTRICT OF LA.

2021 MAR 25 P 7 16

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UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF LOUISIANA

FELONY

**INDICTMENT FOR CONSPIRACY TO DEFRAUD THE UNITED STATES,
TAX EVASION, FILING FALSE TAX RETURNS, AND
AIDING AND ASSISTING THE PRESENTATION OF A FALSE TAX RETURN**

UNITED STATES OF AMERICA

v.

MATTHEW J. RECK
DAWN FARRELL RUIZ
DAVID W. FARRELL

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CRIMINAL NO.

SECTION:

VIOLATIONS: 18 U.S.C. § 371

18 U.S.C. § 1001

26 U.S.C. § 7206(2)

21-37

SECT. H MAG. 1

The Grand Jury charges that:

COUNT 1

(Conspiracy to Defraud the United States)

A. AT ALL MATERIAL TIMES HEREIN:

1. MATTHEW J. RECK ("RECK") resided in St. Tammany Parish, in the Eastern District of Louisiana.

2. RECK co-owned and operated SES Construction Consulting Group ("SES") from in or around 2010 through on or about December 31, 2015. From in or around September 2012 until on or about December 31, 2015, he also co-owned and operated Global Technical Solutions ("GTS" or "Global"), which assumed many of SES's former contracts and customers. On or about

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December 31, 2015, he sold his shares in both SES and GTS. SES and GTS were commercial construction companies, which maintained their principal places of business in the Eastern District of Louisiana and were incorporated in Louisiana.

3. RPM Electrical Services LLC (“RPM”), which was incorporated in Louisiana, was an entity that **RECK** used to receive income from GTS.

4. **DAVID W. FARRELL (“FARRELL”)** resided in Jefferson Parish, in the Eastern District of Louisiana. Beginning in or around 2011, he worked as a project manager for SES and, later, GTS.

5. **FARRELL** owned and operated Shark Pool Service, Inc. (“Shark Pool Service”), a pool cleaning business, which was incorporated in Louisiana.

6. **DAWN FARRELL RUIZ (“RUIZ”)** resided in St. Tammany Parish, in the Eastern District of Louisiana. She worked as a bookkeeper for SES and, later, GTS. Her responsibilities included payroll and bookkeeping. In carrying out these functions, she dealt with the companies’ payroll providers and their accountant (“Accountant-1”).

7. **RUIZ** co-owned RDR Management (“RDR”), which was incorporated in Louisiana in or around December 2013. **RUIZ** and **RECK** used RDR to pay individuals who, in fact, worked for GTS.

8. Accountant-1 was hired to prepare tax returns for SES and GTS and to assist with their books and records. He was also hired to prepare personal income tax returns for **RECK** for tax years 2011 and 2012 and for **RUIZ** for at least tax years 2011 through 2016. Accountant-1 died in or around May 2019.

9. A.C. co-owned SES with **RECK** and Person-1 from in or around 2010 through approximately November 9, 2012, when **RECK** and Person-1 purchased A.C.'s shares in the company.

10. Person-1 co-owned SES with **RECK** from in or around 2010 through in or around December 31, 2015, and was the sole owner of SES continuing through the time of this Indictment. Person-1 co-owned GTS with **RECK** from in or around September 2012 through on or about December 31, 2015, and was the sole owner of GTS from then until present.

11. The Internal Revenue Service ("IRS") was an agency of the United States Department of the Treasury responsible for administering the tax laws of the United States and collecting taxes owed to the United States.

12. The Federal Insurance Contribution Act ("FICA") required employers to withhold Medicare and Social Security taxes from their employees' wages. The Internal Revenue Code ("IRC") also required employers to withhold federal income taxes from their employees' wages. Collectively these taxes are known as "trust fund taxes" because employers, who hold these taxes in trust for the United States, are required to pay them over to the IRS on behalf of their employees.

13. In addition to trust fund taxes, the IRC also required employers to pay an employer's share of employees' FICA taxes to the IRS. Collectively, the combined employees' trust fund taxes and employer's share of FICA taxes are referred to as "employment taxes."

14. Employers were required by the IRC to issue IRS Form W-2, Wage and Tax Statements to report wages paid to their employees and the trust fund taxes withheld from their employees' wages. The employer was required to file a copy of the Form W-2 with the Social Security Administration and to issue a copy to the employee.

15. A business was required by the IRC to issue an IRS Form 1099-MISC (“Form 1099”) to report payments of more than \$600 to non-employees, including independent contractors. The business filed a copy of the Form 1099 with the IRS and issued a copy to the payee.

16. An S corporation was a corporation that did not pay taxes; instead, it elected to pass the corporate income and losses to its shareholders for federal tax purposes. The shareholders were responsible to report the corporate income and losses on their personal income tax returns. An S corporation was required to file an informational return, Form 1120S, U.S. Tax Return for an S Corporation, to report its income and losses. A Schedule K-1 was issued by the corporation to report to each shareholder his or her share of the S corporation’s income and losses.

17. An Employer Identification Number (“EIN”) was a unique identifier used by the IRS to identify a business entity.

B. THE CONSPIRACY:

Beginning no later than in or around 2011 and continuing through at least June 2019 within the Eastern District of Louisiana and elsewhere, the defendants, **RECK, RUIZ, FARRELL**, and others, including Accountant-1, did unlawfully, voluntarily, intentionally, and knowingly conspire, combine, confederate, and agree together with each other and with other individuals both known and unknown to the Grand Jury to defraud the United States by impeding, impairing, obstructing and defeating the lawful government functions of the IRS in the ascertainment, computation, assessment, and collection of revenue: namely, individual income and employment taxes.

C. MANNER AND MEANS:

1. The defendants and their co-conspirators, both known and unknown to the Grand Jury, sought to accomplish the objects of the conspiracy through the following manner and means, among others:

2. It was part of the conspiracy that **RECK, RUIZ, FARRELL**, and others caused SES and GTS to pay all or a portion of the salaries for **RUIZ** and **FARRELL**, among others, by checks issued outside of the regular payroll process rather than through SES and GTS's payroll provider. This served the dual purpose of lowering the companies' employment taxes and increasing **RUIZ, FARRELL**, and others' net pay

3. It was further part of the conspiracy that **RUIZ, RECK**, and others falsely categorized SES and GTS employees, including but not limited to **FARRELL**, as subcontractors so that those employees paid no withholding taxes and so that SES and GTS paid no employment taxes on their compensation.

4. It was further part of the conspiracy that **RECK, RUIZ**, and **FARRELL** caused SES and GTS to pay some of the companies' workers in cash "off the books" and failed to report those workers' compensation on Forms W-2 or Forms 1099.

5. It was further part of the conspiracy that **RUIZ, RECK**, and others caused some of GTS's workers to be paid via RDR in cash "off the books" and failed to report those workers' compensation on Forms W-2 or Forms 1099.

6. It was further part of the conspiracy that **RUIZ** falsely characterized some compensation payments to SES and GTS's workforce on the companies' books as business expenses, such as materials, travel & lodging, and other construction costs.

7. It was further part of the conspiracy that **RECK**, **RUIZ**, and **FARRELL** and others concealed their own and others' receipt of income from SES and GTS by issuing and causing to be issued false Forms 1099 and false Forms W-2 that reported compensation in amounts less than what was paid to the recipients.

8. It was further part of the conspiracy that **RUIZ** and **FARRELL** issued and caused to be issued Forms 1099 that falsely identified Shark Pool Service as the recipient of **FARRELL**'s compensation from SES and GTS in order to conceal his receipt of income.

9. It was further part of the conspiracy that **RUIZ** and **RECK** caused GTS to pay RPM for **RECK**'s benefit and concealed his receipt of income by failing to issue a Form 1099 or Form W-2 reporting the income.

10. It was further part of the conspiracy that **RECK**, **RUIZ**, Accountant-1, and Person-1 concealed **RECK** and Person-1's receipt of income from SES and GTS by generating false Schedules K-1 that substantially underreported the amount of business income earned from SES and GTS.

11. It was further part of the conspiracy that **RECK**, **RUIZ**, and **FARRELL** filed and caused to be filed false tax returns, including individual and corporate returns.

12. It was further part of the conspiracy that **RECK** and **RUIZ**, and other co-conspirators, knowingly made false and misleading statements to IRS Criminal Investigation ("IRS-CI") Special Agents.

D. OVERT ACTS:

In furtherance of the conspiracy, and to accomplish the objects thereof, the defendants and others, known and unknown to the Grand Jury, committed and caused to be committed the following overt acts, among others, in the Eastern District of Louisiana and elsewhere:

Payments Outside of the Payroll Provider and "Off the Books"

1. **RUIZ** caused GTS to issue **FARRELL** the following payroll checks, among others, which were processed outside of the company's payroll provider and from which no employment taxes were withheld, each constituting a separate overt act:

Overt Act	Approx. Date	Amount	Signed By	Memo Line	Characterization of Pay Portion on GTS Books
1-a	5/30/2013	\$3,000	Person-1	2 weeks salary	Payroll Expenses
1-b	6/13/2013	\$3,000	RECK		Subcontractor Expense
1-c	2/18/2014	\$3,000	RECK		Payroll – Salaried Employees
1-d	6/25/2014	\$3,000	Person-1		Payroll – Salaried Employees
1-e	8/7/2014	\$3,000	RECK		Payroll – Salaried Employees
1-f	12/2/2014	\$3,000	Person-1		Payroll – Salaried Employees
1-g	3/17/2015	\$3,000	Person-1	pay period ending 3.14.15	Payroll – Salaried Employees
1-h	7/21/2015	\$3,000	Person-1		Payroll – Salaried Employees
1-i	8/5/2015	\$3,000	Person-1	July 19-Aug 1	Payroll – Field Employees
1-j	9/15/2015	\$3,000	RUIZ	Aug 30 - Sept 12	Payroll – Salaried Employees
1-k	9/29/2015	\$3,000	RUIZ	Sept. 13-26, 2015	Payroll – Salaried Employees
1-l	12/21/2015	\$3,180	Person-1	Dec. 6 - Dec. 19	Payroll – Salaried Employees
1-m	2/2/2016	\$3,000	RUIZ	January 17-30, 2016	Subcontractors Expense
1-n	4/26/2016	\$3,351.46	RUIZ		Subcontractors Expense

1-o	8/15/2016	\$3,000	RUIZ		Subcontractors Expense
1-p	11/7/2016	\$3,000	Person-1	10/23/16-11/5/16	Payroll – Field Employees
1-q	11/21/2016	\$3,000	Person-1	11/6-11/19/16	Payroll – Field Employees
1-r	12/5/2016	\$3,000	RUIZ	11/20-12/3	Payroll – Field Employees
1-s	1/30/2017	\$3,000	Person-1		Subcontractors Expense
1-t	2/15/2017	\$3,000	RUIZ		Subcontractors Expense

2. **RUIZ** caused GTS to issue herself the following payroll checks, among others, which were processed outside of the company's payroll provider and from which no employment taxes were withheld, each constituting a separate overt act:

Overt Act	Approx. Date	Amount	Signed By	Memo Line	Characterization of Pay Portion on GTS Books
2-a	2/18/2014	\$2,520	RECK		Payroll – Salaried Employees
2-b	8/7/2014	\$2,720	RECK		Payroll – Salaried Employees
2-c	11/25/2014	\$2,530	Person-1		Materials
2-d	3/17/2015	\$2,520	Person-1	pay period ending 3.14.15	Professional Fees
2-e	8/5/2015	\$2,520	Person-1	July 19-Aug 1	Payroll – Salaried Employees
2-f	9/15/2015	\$2,520	RUIZ		Payroll – Salaried Employees
2-g	9/29/2015	\$2,520	RUIZ	Sept. 13-26, 2015	Professional Fees
2-h	12/21/2015	\$2,520	Person-1	Dec. 6 - Dec. 19	Professional Fees
2-i	2/2/2016	\$2,520	RUIZ	January 17-30, 2016	Professional Fees
2-j	4/26/2016	\$2,520	RUIZ	4/10-4/23 payroll	Professional Fees
2-k	11/7/2016	\$2,520	Person-1	10/23/16-11/5/16	Professional Fees
2-l	11/21/2016	\$2,520	Person-1	11/6-11/19/16	Professional Fees
2-m	12/5/2016	\$2,520	RUIZ	11/20-12/3	Professional Fees
2-n	1/30/2017	\$2,520	Person-1		Professional Fees
2-o	2/15/2017	\$2,520	RUIZ		Professional Fees

3. **RUIZ** caused GTS to issue Person-2 the following checks, among others, which were processed outside of the company's payroll provider and from which no employment taxes were withheld, each constituting a separate overt act:

Overt Act	Approx. Date	Amount	Signed By	On Memo Line	Characterization of Pay Portion on GTS Books
3-a	2/8/2013	\$3,300	RUIZ	week ending 2/8/13	Payroll – salaried Employees
3-b	3/20/2013	\$3,000	RUIZ	2 weeks, week ending 3/16/13	Construction Materials Costs
3-c	5/29/2013	\$3,760.74	RUIZ & Person-1	expenses and pay	Travel & Lodging
3-d	6/13/2013	\$3,150	RECK		Payroll – Salaried Employees
3-e	2/18/2014	\$3,210	RECK		Payroll – Salaried Employees
3-f	6/25/2014	\$3,000	Person-1		Payroll – Salaried Employees
3-g	8/7/2014	\$3,100	RECK		Payroll – Salaried Employees
3-h	11/25/2014	\$3,000	Person-1		Payroll – Salaried Employees
3-i	3/17/2015	\$3,000	Person-1	pay period ending 3.14.15	Payroll – Salaried Employees
3-j	7/21/2015	\$3,300	Person-1		Payroll – Salaried Employees
3-k	8/5/2015	\$3,300	Person-1	July 19-Aug 1	Payroll – Salaried Employees
3-l	9/29/2015	\$3,270	RUIZ	Utah Tesla Job	Payroll – Salaried Employees
3-m	12/21/2015	\$3,420	Person-1	Dec. 6 - Dec. 19	Payroll – Salaried Employees
3-n	2/2/2016	\$3,000	RUIZ	January 17-30, 2016	Payroll – Salaried Employees
3-o	4/26/2016	\$3,270	RUIZ	4/10-4/23 payroll	Payroll – Salaried Employees
3-p	8/15/2016	\$3,000	RUIZ		Payroll – Salaried Employees
3-q	11/7/2016	\$3,000	Person-1	10/23/16-11/5/16	Payroll – Salaried Employees
3-r	11/21/2016	\$3,000	Person-1	11/6-11/19/16	Payroll – Salaried Employees

3-s	12/5/2016	\$3,000	RUIZ	11/20-12/3	Payroll – Salaried Employees
3-t	1/30/2017	\$3,000	Person-1		Payroll – Salaried Employees
3-u	2/15/2017	\$3,000	RUIZ		Payroll – Salaried Employees

4. For at the least the years 2013 through 2017, **RUIZ** caused GTS to file Forms W-2 with the IRS that falsely and fraudulently underreported **FARRELL**, **RUIZ**, and Person-2's wages and did not include numerous salary payments to them, including those referenced as overt acts in the charts in Part D, paragraphs 1, 2, and 3.

5. **RUIZ** caused SES to issue the following checks, among others, each constituting a separate overt act, which were used to pay a portion of SES's workforce in cash and through other means outside of the company's regular payroll:

Overt Act	Approx. Date	Payable To	Amount	Signed By	Characterization of Pay Portion on GTS Books
5-a	3/29/2012	Person-2	\$3,834.32	RUIZ & RECK	Materials
5-b	4/5/2012	Person-2	\$3,825	RUIZ & RECK	Materials
5-c	4/23/2012	Person-2	\$3,550	RUIZ & RECK	Materials
5-d	5/25/2012	RUIZ	\$2,280	RUIZ	Materials
5-e	6/28/2012	Person-2	\$3,450	RUIZ	Materials
5-f	12/7/2012	Person-2	\$1,400	RECK & Person-1	Materials
5-g	1/29/2013	Petty Cash	\$3,879.48	RUIZ & RECK	Materials
5-h	2/14/2013	Cash	\$3,442	RUIZ & RECK	Materials
5-i	4/1/2013	Cash	\$19,131.46	RUIZ & RECK	Materials and Travel & Lodging
5-j	6/11/2013	Petty Cash	\$8,330	RUIZ	Materials

6. **RUIZ** caused GTS to issue the following checks, among others, each constituting a separate overt act, which were used to pay a portion of GTS's workforce in cash and through other means outside of the company's regular payroll:

Overt Act	Approx. Date	Payable To	Amount	Signed By	Characterization of Pay Portion on GTS Books
6-a	11/2/2012	RUIZ	\$1,350	Person-1	Materials
6-b	11/21/2012	Person-2	\$7,160	RUIZ & RECK	Materials
6-c	11/30/2012	Person-2	\$3,388.99	RECK	Materials
6-d	12/14/2012	Cash	\$2,624	RECK	Payroll Expenses
6-e	12/28/2012	Person-2	\$2,837	Person-1	Materials
6-f	3/8/2013	Person-1	\$10,418	RECK	Materials
6-g	5/30/2013	RECK	\$7,420	Person-1	Materials
6-h	7/3/2013	FARRELL	\$9,980	RECK	Materials
6-i	7/19/2013	FARRELL	\$9,960	Person-1	Materials
6-j	10/31/2013	FARRELL	\$4,480	RUIZ	Materials
6-k	8/28/2015	RUIZ	\$1,920	Person-1	Other Construction Costs
6-l	9/15/2015	Person-2	\$12,383	RUIZ	Other Construction Costs
6-m	11/25/2016	RUIZ	\$1,800	Person-1	Payroll – Field Employees

7. On or about January 14, 2013, **RUIZ** caused entries on the books of SES and GTS to be falsified so that payments to SES and GTS workers were falsely and fraudulently re-characterized from “subcontractors expense” to other categories, such as “materials” and “travel & lodging.” Included among the entries changed were those checks referenced at paragraphs 5-a through 5-d, 5-f, and 6-a through 6-e.

8. On or about December 16, 2013, **RUIZ** registered RDR as limited liability company with the Louisiana Secretary of State and listed herself and Person-2 as members and herself as registered agent.

9. On or about April 4, 2014, **RUIZ** and Person-2 opened a bank account in the name of RDR.

10. **RUIZ** caused GTS to issue RDR the following checks, among others, each constituting a separate overt act, which were used to pay a portion of GTS’s workforce in cash and through other means outside of the company’s regular payroll:

Overt Act	Approximate Date	Amount	Signed By	Characterization of Pay Portion on GTS Books
10-a	1/6/2014	\$4,893	Person-1	Materials
10-b	9/4/2014	\$3,010	Person-1	Payroll – Field Employees
10-c	12/31/2014	\$8,090	Person-1	Other Construction Costs
10-d	1/13/2015	\$5,260	Person-1	Payroll – Field Employees
10-e	3/17/2015	\$4,845	Person-1	Payroll – Field Employees
10-f	4/1/2015	\$8,550	Person-1	Other Construction Costs
10-g	4/13/2015	\$5,480	Person-1	Other Construction Costs
10-h	7/21/2015	\$9,240	Person-1	Other Construction Costs
10-i	9/15/2015	\$5,740	RUIZ	Other Construction Costs
10-j	9/29/2015	\$12,305	RUIZ	Other Construction Costs
10-k	12/21/2015	\$18,730	Person-1	Subcontractor Expense
10-l	4/26/2016	\$16,760	RUIZ	Payroll – Field Employees
10-m	8/15/2016	\$13,150	RUIZ	Payroll – Field Employees
10-n	10/12/2016	\$10,930	RUIZ	Payroll – Field Employees
10-o	11/7/2016	\$12,830	Person-1	Payroll – Field Employees
10-p	11/21/2016	\$10,660	Person-1	Payroll – Field Employees
10-q	12/5/2016	\$13,210	RUIZ	Payroll – Field Employees

11. For at least the years 2012 through 2016, **RUIZ** failed to report on a Form W-2 or Form 1099 the compensation that was paid to SES and GTS's workers in cash or through other means outside of the companies' regular payroll, including those checks referenced as overt acts in the charts at paragraphs 5, 6, and 10.

Concealment of Income

12. On or about February 10, 2012, **RUIZ** emailed Accountant-1 stating that "the 1099 for David Farrell needs to be issued to Shark Pool Service. He will email you the EIN later today."

13. On or about February 22, 2012, **RUIZ** emailed Accountant-1 to correct the EIN for Shark Pool Service so that a Form 1099 would be issued to Shark Pool Service rather than **FARRELL** personally.

14. On or about February 27, 2012, **RUIZ** emailed Accountant-1 a spreadsheet list of individuals and entities that she intended to receive a Form 1099 from SES for 2011. The spreadsheet underreported the amount that **RECK**, **RUIZ**, **FARRELL**, and others earned from

SES in 2011. The spreadsheet also falsely and fraudulently indicated that Shark Pool Service earned the pay and was the recipient of the compensation that SES had paid to **FARRELL**.

15. In or around the first several months of 2012, **RUIZ** caused SES to file Forms 1099 with the IRS for 2011. The compensation amounts listed on these Forms 1099, which matched the amounts listed on the spreadsheet created by **RUIZ**, underreported the amount that **RECK**, **RUIZ**, **FARRELL**, and others earned from SES in 2011. These Forms 1099 also falsely and fraudulently reported Shark Pool Service as the employee who earned the income from SES and the recipient of the compensation that SES had paid to **FARRELL**.

16. On or about December 26, 2012, **RUIZ** generated a check to **RECK** payable to RPM in the amount of \$150,000. The check was signed by **RUIZ** and characterized on GTS's accounting books as a "subcontractor expense."

17. On or about January 10, 2013, **RUIZ** emailed Accountant-1 attaching a spreadsheet list of individuals and entities that she intended to receive a Form 1099 from SES and GTS for 2012. Her spreadsheet falsely and fraudulently omitted the \$150,000 paid to RPM for the benefit of **RECK**, which had been entered on GTS's books as a subcontractor expense. The spreadsheet also falsely and fraudulently indicated that Shark Pool Service earned the income and was the recipient of the compensation that SES and GTS had paid directly to **FARRELL**.

18. On or about February 3, 2013, **RECK** sent Accountant-1 a series of emails with the subject line "1099/k1." In those emails, **RECK** directed Accountant-1 that "[Person-1] and I need the lowest possible numbers we can get," on their Schedules K-1 and further that he and Person-1 "would be happy if it [the Schedule K-1] was around 50k or less." Accountant-1 responded: "I will do what I can. You guys had that settlement that was pretty huge." **RECK** then replied to Accountant-1: "I know give [A.C.] his 100% but I need [Person-1] and I to be much lower. I'm

figuring 3-400k [A.C.] and [Person-1] and I around 100 or less if we can code more to expenses and materials.”

19. On or about February 5, 2013, Accountant-1 emailed **RECK** and Person-1 drafts of their respective 2012 Schedules K-1 for SES. Accountant-1 stated: “I wrote off everything that wasn’t nailed down to the floor and even some of that.” **RECK** responded: “Damn [Accountant-1] you are the man!!!” Person-1 added: “He’s a freaking Houdini!!”

20. On or about March 11, 2013, **RECK** emailed Accountant-1 regarding his and Person-1’s ownership of entities and explained that “RPM is me.”

21. On or about March 27, 2013, **RECK** sent Accountant-1 an email with the subject line “[A.C.] 1099 & K-1 Report” and included a list of 2012 payments from SES to his co-owner A.C., which were characterized on SES’s books as “profit sharing.” The “profit sharing” payments to A.C. totaled \$312,500.

22. In or around the first several months of 2013, **RUIZ** caused SES and GTS to file Forms 1099 with the IRS for 2012. In accordance with the spreadsheet list that **RUIZ** had emailed Accountant-1 on or about January 10, 2013, the 2012 Forms 1099 filed with the IRS failed to report the \$150,000 that GTS had paid to RPM and falsely and fraudulently reported that Shark Pool Service earned the income and was the recipient of the compensation that SES and GTS had paid to **FARRELL**. The Forms 1099 filed with the IRS also reported that SES had paid A.C. compensation of \$200,000 in 2012 but failed to report that **RECK** and Person-1 had received the same payments from SES in 2012.

23. On or about June 20, 2013, Accountant-1 emailed **RECK** and Person-1 regarding SES’s 2012 Form 1120S and Schedules K-1 and stated:

I had envisioned crushing the income of the company, however, we're in a situation where we have/want to generate a \$115k K-1 to [A.C.].

In general, the income from an S Corp has to be equally split by the ownership percentages. There are some revenue procedures that allow us to vary the income outside those percentages when one owner leaves. In other words, we could prepare our \$115k K-1 for [A.C.] assuming that the company made \$345k while he owned it, a third was his. However, the company then lost \$200k after his departure thus effectively zeroing out your K-1s after the sale.

...

On the other hand, we could just let SES have the \$345k income split three ways, then have an offsetting loss or lesser income in Global. First year in business, SES reported all the income and Global didn't have any as a result. ... I don't think it would cause too much ruckus.

24. On or about July 9, 2013, **RECK** emailed Accountant-1, regarding the preparation of his 2012 personal income tax return stating: "We need to get really creative with the 2012 taxes. . . I know it will take some juggling!!! But your [*sic*] good big boy!!!"

25. On or about January 15, 2014, **RUIZ** emailed Accountant-1 regarding the preparation of her 2013 tax personal income tax return stating: "Attached is all the information that I think is needed for you to prepare mine and [Person-2's] tax return for 2013. . . . Neither one of us have a 1099 this year." **RUIZ** attached 2013 Forms W-2 from GTS for her husband, Person-2, and herself. Person-2's 2013 Form W-2 reported wages of \$15,000, which **RUIZ** knew falsely and fraudulently understated the amount of wages Person-2 earned in 2013.

26. On or about January 23, 2014, **RECK** caused GTS to wire \$30,723 to Palace Premier Dominicana for the purchase of a personal timeshare for **RECK**. The wire was falsely characterized on GTS's accounting books as a travel & lodging expense. On or about April 10, 2014, a description was added to the transaction on GTS's books to indicate that it was for the purchase of "M Reck; timeshare."

27. On or about August 4, 2014, **RECK** emailed Accountant-1 regarding his 2013 taxes stating: “We will need to crush them so I don’t owe or if I do it is super minimal.” Accountant-1 responded on or about August 5, 2014 asking: “Are you and [Person-1] both okay with crushing the income?” **RECK** replied: “Crush them.”

28. On or about August 24, 2014, **RECK** emailed Accountant-1 regarding his 2013 taxes stating: “I have not started my personal [returns] yet since you said you were going to crush the income? Did I miss something? The k1 and 1099 were going to change I thought.”

29. On or about January 19, 2015, **RUIZ** emailed an associate of Accountant-1 regarding the 2014 Forms 1099 for GTS and stated: “David Farrell aka Shark Pool Service should be \$50,600.00[,] and I hate this, but [Person-2] aka RDR should be \$48,000.00 YUCK[.]”

30. On or about January 19, 2015, **RUIZ** emailed Accountant-1 stating: “I have put together everything I think is needed for you to prepare 2014 personal tax returns.” **RUIZ** attached 2014 Forms W-2 from GTS for her husband, Person-2, and herself that reported wages of \$30,000 and \$40,320, respectively. **RUIZ** knew that both of these amounts understated the wages earned.

31. On or about January 19, 2015, **RUIZ** emailed Accountant-1 a 2014 profit and loss statement for RDR for use in preparing the business tax return. The income figure on the profit and loss statement underreported RDR’s gross receipts for 2014.

32. In or around the first several months of 2015, **RUIZ** caused GTS to file Forms 1099 with the IRS for 2014. In accordance with the email that **RUIZ** had sent Accountant-1 on or about January 19, 2015, the 2014 Forms 1099 filed with the IRS underreported the amount that GTS had paid RDR and falsely and fraudulently reported that Shark Pool Service earned the income and was the recipient of the compensation that GTS had paid to **FARRELL**.

33. On or about January 22, 2015, Accountant-1 emailed **RUIZ** stating: “I squeezed your numbers thru RDR with some additional office and auto expenses so that you don’t owe anything. You okay with that?” **RUIZ** responded: “Of course I’m okay with that.”

34. On or about January 19, 2016, **RUIZ** emailed Accountant-1 a list of individuals and entities that should receive a Form 1099 from GTS for 2015. The list underreported the amount that **FARRELL**, RDR, and others earned from GTS in 2015. The list also falsely and fraudulently indicated that Shark Pool Service earned the income and was the recipient of the compensation that GTS had paid to **FARRELL**.

35. On or about February 10, 2016, **RUIZ** emailed Accountant-1 stating: “Attached is the information to handle my personal and RDR Mgmt 2015 tax returns. . . . I only received a W2 and [Person-2] didn’t receive anything. However, RDR Mgmt received a 1099.” **RUIZ** attached a 2015 Form W-2 from GTS for herself that reported wages of \$7,560. **RUIZ** knew that this amount understated her wages earned and that Person-2 had earned income from GTS that was not reported on a 2015 Form W-2.

36. In or around the first several months of 2016, **RUIZ** caused GTS to file Forms 1099 with the IRS for 2015. In accordance with the email that **RUIZ** had sent Accountant-1 on or about January 19, 2015, the 2015 Forms 1099 filed with the IRS underreported the amount that GTS had paid RDR and **FARRELL**, among others, and falsely and fraudulently reported that Shark Pool Service earned the income and was the recipient of the compensation that GTS had paid to **FARRELL**.

37. On or about March 7, 2017, **RUIZ** provided Accountant-1 materials for the preparation of her and her husband’s personal tax return and RDR’s corporate tax return for tax year 2016. The information she provided included 2016 Forms W-2 from GTS for her husband,

Person-2, and herself that reported wages of \$6,115 and \$12,600, respectively. **RUIZ** knew both of these amounts understated their wages earned. She also reported that RDR had received income of \$58,155.32, which she knew was understated.

38. In or around the first several months of 2017, **RUIZ** caused GTS to file Forms 1099 with the IRS for 2016 that underreported the amount that GTS had paid RDR and falsely and fraudulently reported that Shark Pool Service earned income and was the recipient of the compensation that GTS had paid to **FARRELL**.

Filing False Tax Returns

39. On or about the dates set forth below, **FARRELL** filed and caused to be filed false U.S. Individual Income Tax Returns, Forms 1040, for himself and his then-wife (“Person-4”) and then for himself only, for the calendar years set forth below, each constituting a separate overt act:

Overt Act	Approximate Filing Date	Taxpayer	Tax Year	False Items
39-a	February 19, 2013	FARRELL & Person-4	2012	Line 7 – Wages, salaries Line 22 – Total Income
39-b	March 7, 2014	FARRELL & Person-4	2013	Line 7 – Wages, salaries Line 22 – Total Income
39-c	March 10, 2015	FARRELL & Person-4	2014	Line 7 – Wages, salaries Line 22 – Total Income
39-d	March 11, 2016	FARRELL	2015	Line 7 – Wages, salaries Line 22 – Total Income
39-e	March 23, 2017	FARRELL	2016	Line 7 – Wages, salaries Line 22 – Total Income
39-f	March 27, 2018	FARRELL	2017	Line 7 – Wages, salaries Line 22 – Total Income

40. On or about the dates set forth below, **RUIZ** filed and caused to be filed false U.S. Individual Income Tax Returns, Forms 1040, for herself and her husband, for the calendar years set forth below, each constituting a separate overt act:

Overt Act	Approximate Filing Date	Taxpayer	Tax Year	False Items
40-a	January 15, 2013	RUIZ & Person-2	2012	Line 7 – Wages, salaries Line 22 – Total Income
40-b	January 27, 2014	RUIZ & Person-2	2013	Line 7 – Wages, salaries Line 22 – Total Income
40-c	January 22, 2015	RUIZ & Person-2	2014	Line 7 – Wages, salaries Line 22 – Total Income
40-d	March 14, 2016	RUIZ & Person-2	2015	Line 7 – Wages, salaries Line 22 – Total Income
40-e	April 17, 2017	RUIZ & Person-2	2016	Line 7 – Wages, salaries Line 22 – Total Income

41. On or about the dates set forth below, **RUIZ** filed and caused to be filed false U.S. Income Tax Returns for an S Corporation, Forms 1120S, for RDR Management LLC, for the calendar years set forth below, each constituting a separate overt act:

Overt Act	Approximate Filing Date	Tax Year	False Items
41-a	January 31, 2015	2014	Line 1a – Gross receipts Line 19 – Other deductions
41-b	September 27, 2017	2015	Line 1a – Gross receipts
41-c	March 9, 2017	2016	Line 1a – Gross receipts

42. On or about the dates set forth below, **RECK** filed and caused to be filed false U.S. Individual Income Tax Returns, Forms 1040, for himself and his wife (“Person-3”), for the calendar years set forth below, each constituting a separate overt act:

Overt Act	Approximate Filing Date	Taxpayer	Tax Year	False Items
42-a	August 11, 2014	RECK & Person-3	2012	Line 7 – Wages, salaries Line 17 – Income from S corporations Sch. E, Line 32 – Total S corp. income Line 22 – Total income
42-b	December 22, 2014	RECK & Person-3	2013	Line 17 – Income from S corporations Sch. E, Line 32 – Total S corp. income Line 22 – Total Income

False Statements to Federal Law Enforcement

43. On or about September 26, 2017, **RECK** made false statements to IRS-CI Special Agents. The false statements included that (1) he had no communications with Accountant-1 regarding the preparation of SES and GTS's corporate tax returns; (2) the \$150,000 check from GTS to RPM on or about December 26, 2012 was reimbursement for business expenses; (3) the amount of money he had invested in SES; and (4) falsely characterized payments he received from SES in April 2012 as a return of his investment in SES.

44. On or about September 26, 2017, **RUIZ** falsely told IRS-CI Special Agents, among other things, (1) that all of the income she earned was reported on her personal tax returns and (2) that she took no actions to hide or conceal transactions at SES or GTS.

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

COUNT 2
(False Statements)

A. AT ALL MATERIAL TIMES HEREIN:

The allegations contained in Part A, Part C (paragraphs 9-10), and Part D (paragraphs 16-23, 27-28) in Count 1 of this Indictment are re-alleged and incorporated herein.

B. THE OFFENSE:

On or about September 26, 2017, Defendant **RECK**, a resident of St. Tammany Parish, did willfully and knowingly make and cause to be made, at Covington, Louisiana, in the Eastern District of Louisiana, materially false, fictitious, and fraudulent statements and representations in a matter within the jurisdiction of the executive branch of the Government of the United States by stating to special agents of IRS-CI that (1) he had no communications with Accountant-1 regarding the preparation of either SES or GTS's corporate tax returns, and that (2) the \$150,000 check GTS issued to RPM on or about December 26, 2012, that is, the check described at paragraph 43 of this

Indictment, was a reimbursement for business expenses. The statements and representations were false because, as **RECK** then and there knew, (1) he did communicate with Accountant-1 regarding the preparation of SES and GTS's corporate tax returns and (2) the \$150,000 check issued from GTS to RPM on or about December 26, 2012, was not a reimbursement for business expenses.

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

COUNTS 3-6
(Filing False Individual Tax Returns)

A. AT ALL MATERIAL TIMES HEREIN:

The factual allegations contained in Part A, Part C (paragraphs 2-3, 7-8), and in Part D (paragraphs 1, 4, 12-13, 29, 32, 34, 36, and 38) in Count 1 of this Indictment are hereby re-alleged and incorporated herein by reference.

B. THE OFFENSE:

On or about the dates set forth below, in the Eastern District of Louisiana and elsewhere, Defendant **FARRELL** willfully aided and assisted in, and procured, counseled, and advised the preparation and presentation to the IRS of U.S. Individual Tax Returns, Forms 1040, for himself and his wife and then for himself only, for the calendar years set forth below, which were false and fraudulent as to a material matter. The tax returns reported wages and total income in amounts less than what **FARRELL** earned, whereas, as **FARRELL** knew, he earned additional unreported wages and income.

Count	Tax Year	Taxpayer	Approximate Filing Date	False Items
3	2014	FARRELL & Person-4	April 6, 2015	Line 7 – Wages, salaries Line 22 – Total Income
4	2015	FARRELL	April 4, 2016	Line 7 – Wages, salaries Line 22 – Total Income
5	2016	FARRELL	March 23, 2017	Line 7 – Wages, salaries Line 22 – Total Income
6	2017	FARRELL	March 27, 2018	Line 7 – Wages, salaries Line 22 – Total Income

All in violation of Title 26, United States Code, Section 7206(2).

COUNTS 7-9

(Aiding and Assisting in the Preparation and Presentation of False and Fraudulent Tax Returns)

A. AT ALL MATERIAL TIMES HEREIN:

The allegations contained in Part A, Part C (paragraphs 2 and 7), and Part D (paragraphs 2-4, 30, 35, 37 and 44) in Count 1 of this Indictment are re-alleged and incorporated herein.

B. THE OFFENSE:

On or about the dates set forth below, in the Eastern District of Louisiana and elsewhere, Defendant **RUIZ** willfully aided and assisted in, and procured, counseled, and advised the preparation and presentation to the IRS of U.S. Individual Tax Returns, Forms 1040, for herself and her husband, for the calendar years set forth below, which were false and fraudulent as to a material matter. The tax returns reported wages and total income in amounts less than what **RUIZ** and her husband earned, whereas, as **RUIZ** knew, she and her husband earned additional unreported wages and income.


Count	Tax Year	Approximate Filing Date	False Items
7	2014	January 22, 2015	Line 7 – Wages, salaries Line 22 – Total Income
8	2015	March 14, 2016	Line 7 – Wages, salaries Line 22 – Total Income
9	2016	April 17, 2017	Line 7 – Wages, salaries Line 22 – Total Income

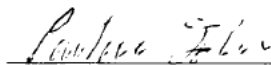
All in violation of Title 26, United States Code, Section 7206(2).

A TRUE BILL:

F

MICHAEL M. SIMPSON
Attorney for the United States
Acting Under the Authority Conferred
by 28 U.S.C. § 515


NICHOLAS D. MOSES
Assistant United States Attorney


WILLIAM MONTAGUE
PARKER TOBIN
Trial Attorneys
Department of Justice, Tax Division

New Orleans, Louisiana
March 25, 2021