

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF KENTUCKY
CENTRAL DIVISION
LEXINGTON**

Eastern District of Kentucky
FILED
FEB 24 2021
AT LEXINGTON
ROBERT R. CARR
CLERK U.S. DISTRICT COURT

UNITED STATES OF AMERICA

V.

INDICTMENT NO. 21-14-DCR

RANDOLPH A. MORRIS

* * * * *

THE GRAND JURY CHARGES:

BACKGROUND

1. In the fall of 2010, following his time as a professional basketball player in the National Basketball Association (NBA), **RANDOLPH A. MORRIS** began earning income as a player in the Chinese Basketball Association (CBA). Specifically, **MORRIS** played for the Beijing Ducks basketball team. His initial contract with the Beijing Ducks, signed on August 16, 2010, paid **MORRIS** \$600,000 for the 2010-2011 basketball season.

2. **MORRIS's** first two payments under his employment contract, totaling \$99,942, were received in his U.S. bank account on October 14, 2010.

3. **MORRIS's** employment with the Beijing Ducks continued on a seasonal basis through 2017 and totaled, including salary and bonuses, more than \$13 million dollars.

4. In December 2010, **MORRIS** bought a house in Lexington, Kentucky and established his residence there. He maintained that residence through at least 2018.

5. **MORRIS** filed state income tax returns, as a full-time resident of Kentucky, using Form 740 (Kentucky Individual Income Tax Return), for the tax years 2011 through 2017.

6. **MORRIS** filed federal tax returns using IRS Form 1040s and 1040As for the tax years 2010 through 2017.

7. Although **MORRIS** earned income as a basketball player in China, he listed none of that income on his Kentucky Form 740 or IRS Form 1040 or 1040A tax returns.

8. The state of Kentucky taxes the income of its residents, regardless of the location where that income is earned.

9. The state of Kentucky does not provide an offset or credit for any foreign taxes paid by a Kentucky resident toward that resident's tax liability incurred as a result of earning income in a foreign country.

COUNTS 1-3
18 U.S.C. § 1343

10. The allegations contained in paragraphs 1-9 above are re-stated and incorporated herein by reference.

THE SCHEME

11. From on or about January 1, 2015, and continuing through on or about April 9, 2018, in Fayette County, in the Eastern District of Kentucky, and elsewhere,

RANDOLPH A. MORRIS

devised and intended to devise a scheme to defraud the Kentucky Department of Revenue, and to obtain money and property by means of materially false and fraudulent

pretenses, representations, and promises.

MANNER AND MEANS

12. **MORRIS** prepared his own federal and state income tax returns for the years 2015, 2016, and 2017 using H&R Block's online tax preparation program.

13. **MORRIS** used a computer or similar electronic device to connect to and communicate with the H&R Block online program from his residence in Lexington, Kentucky.

14. The online tax program offered by H&R Block, that **MORRIS** used, was hosted on a computer server located in Lenexa, Kansas.

15. Although **MORRIS** earned and was paid more than a million dollars each year for his work as a professional basketball player during the years 2015, 2016, and 2017, he reported none of those earnings in response to the H&R Block program's questions about his income, foreign or otherwise.

16. **MORRIS** then caused H&R Block's online program to transmit electronically a completed Form 740 to the Kentucky Department of Revenue, in Frankfort, Kentucky, for the tax years 2015, 2016, and 2017, on the dates listed in the table below.

17. The KY Form 740 tax return has a signature section in which the filer acknowledges having "examined this return" and declaring "under penalties of perjury" that the information contained therein is "true, correct and complete."

18. **MORRIS** knew that the Form 740s he caused to be sent to the Kentucky Department of Revenue contained false information about his income, in that they omitted his entire earnings as a professional basketball player for the years 2015, 2016,

and 2017. “True, correct and complete” information about his income was required by the 740 forms.

19. **MORRIS** understood that by falsely representing his income to the Kentucky Department of Revenue, he was depriving that department of information that, had it been provided, would have resulted in his owing substantially more money in taxes to the state of Kentucky.

20. On or about the dates listed in the table below, for the purpose of executing the aforesaid scheme and artifice to defraud, **RANDOLPH MORRIS** caused to be transmitted by means of wire communication in interstate commerce a writing, that is, a falsely completed Form 740 Kentucky Individual Income Tax Form, through a computer server in Lenexa, Kansas to a computer at the Kentucky Department of Revenue in Frankfort, Kentucky, in the Eastern District of Kentucky.

COUNT	TAX YEAR	KY REV. DEPT DOCUMENT	DATE SIGNED	MORRIS'S FOREIGN INCOME	FOREIGN INCOME REPORTED	APPROX. UNPAID KY TAX
1	2015	740	April 3, 2016	\$2,638,643	\$0	\$158,318
2	2016	740	Feb. 24, 2017	\$1,985,213	\$0	\$119,112
3	2017	740	April 9, 2018	\$2,088,837	\$0	\$125,330

Each in violation of Title 18, United States Code, Section 1343.

COUNTS 4-11
26 U.S.C. § 7206(1)

21. The allegations contained in paragraphs 1-7 are restated and incorporated herein by reference.

22. On or about the dates listed below, in Fayette County, in the Eastern District

of Kentucky,

RANDOLPH A. MORRIS

a resident of Lexington, Kentucky, did willfully make and subscribe multiple IRS 1040 and 1040A forms, which were verified by a written declaration that they were made under the penalties of perjury and which **MORRIS** did not believe to be true and correct as to every material matter. The IRS Form 1040s and 1040As, which were prepared and signed in the Eastern District of Kentucky and subsequently filed with the Internal Revenue Service, stated no income was earned due to **MORRIS's** work as a professional basketball player outside the United States, whereas, **MORRIS** then and there knew he was earning substantial income from his work as a basketball player on a team in China.

COUNT	TAX YEAR	IRS DOCUMENT	DATE SIGNED	FOREIGN EARNED INCOME	FOREIGN INCOME REPORTED
4	2010	1040	Sept 20, 2011	\$250,000	\$0
5	2011	1040	April 14, 2012	\$720,000	\$0
6	2012	1040	April 1, 2013	\$1,967,497	\$0
7	2013	1040	April 12, 2014	\$1,310,081	\$0
8	2014	1040A	April 6, 2015	\$2,367,312	\$0
9	2015	1040A	April 3, 2016	\$2,638,643	\$0
10	2016	1040	February 24, 2017	\$1,985,213	\$0
11	2017	1040A	April 9, 2018	\$2,088,837	\$0

Each in violation of 26 U.S.C. § 7206(1).

23. Subsequent to filing his 2010 federal tax return on September 20, 2011, **MORRIS** spent a total of at least 1,265 days outside the United States, extending the statute of limitations for these § 7206(1) violations on a day for day basis pursuant to 26 U.S.C. § 6531.

A TRUE BILL


FOREPERSON



CARLTON S. SHIER, IV
ACTING UNITED STATES ATTORNEY

PENALTIES

COUNTS 1-3: Not more than 20 years imprisonment, \$250,000 fine, and 5 years supervised release.

COUNTS 4-11: Not more than 3 years imprisonment, \$250,000 fine, and 1-year supervised release

PLUS: Mandatory special assessment of \$100 per count.

PLUS: Restitution, if applicable.