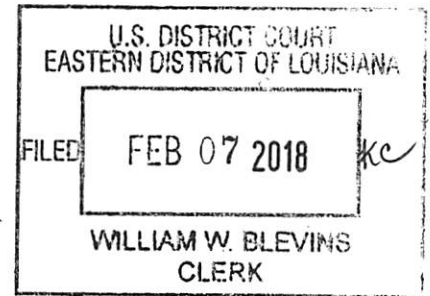


UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF LOUISIANA



UNITED STATES OF AMERICA * CRIMINAL NO. 17-195

v. * SECTION: "F"

WAYNE SONIAT *

* * *

FACTUAL BASIS

The defendant, **WAYNE SONIAT**, (hereinafter, the "defendant" or "**SONIAT**"), has agreed to plead guilty as charged to the Bill of Information now pending against him, charging him with wire fraud, in violation of Title 18, United States Code, Section 1343 (Count 1) and making and subscribing false tax returns, in violation of Title 26, United States Code, Section 7206(1) (Count 2). Both the Government and the defendant, **WAYNE SONIAT**, do hereby stipulate and agree that the following facts set forth a sufficient factual basis for the crimes to which the defendant is pleading guilty. The Government and the defendant further stipulate that the Government would have proven, through the introduction of competent testimony and admissible, tangible exhibits, the following facts, beyond a reasonable doubt, to support the allegations in the Bill of Information now pending against the defendant:

The Government would show that Company A was a food production company headquartered in Metairie, Louisiana, within the Eastern District of Louisiana, that specializes in

AUSA JG
Defendant WS
Defense Counsel Mub RS

developing and manufacturing high-quality food products, including hot sauces and condiments. Company A also operated a manufacturing plant located in Reserve, Louisiana, within the Eastern District of Louisiana.

The Government would further establish, through the introduction of testimonial and documentary evidence, that **SONIAT** was a resident of New Orleans, Louisiana, within the Eastern District of Louisiana. In about January 1999, Company A hired **SONIAT** to be a warehouse worker. In about 2008, **SONIAT** was promoted to the role of warehouse manager for Company A's Reserve, Louisiana facility.

The Government would further establish, through the introduction of documentary and testimonial evidence, that Company A hired Company B, a national staffing and recruitment firm, to provide temporary employees for its Reserve, Louisiana facility to supplement the work of their full-time employees on an as-needed basis. Company A paid Company B a "staffing fee" for each temporary employee it provided to Company A as well as the hourly salary for each such employee. To maximize efficiency, Company B was responsible for paying wages to the temporary employees.

The Government would further establish, through the testimony of representatives of Company A, that as part of the employment relationship between **SONIAT** and Company A, **SONIAT** was responsible for, among other things, ensuring that employees followed appropriate procedures, keeping track of when temporary employees worked, and submitting the requisite paperwork, including time sheets, to ensure that Company A paid the temporary employees and the staffing agency through whom the temporary employees were acquired for the time the temporary employees worked.

The Government would further establish that the Internal Revenue Service (“IRS”) was, at all times mentioned in the Bill of Information, an agent of the United States Department of the Treasury.

The Fraud

The Government would establish, through the introduction of documentary evidence, eyewitness testimony, and the testimony of Internal Revenue Service – Criminal Investigation Special Agent John Parrozzo, that beginning not later than about November 2009, and continuing through about October 2014, **SONIAT** embezzled approximately \$437,346 from Company A in a series of weekly transactions, not less than 200 overall, without Company A’s knowledge or authorization, in addition to receiving his regular salary. **SONIAT** embezzled the funds by submitting paperwork, including time sheets, indicating that temporary, contract employees (“ghost employees”) had been retained to work at Company A when, in fact, they had not and, consequently, did not actually perform work for Company A. **SONIAT** typically signed and submitted false time sheets for the ghost employees weekly via fax or email to Company A. Company A then caused the timesheets to be emailed from Louisiana to Company B’s Morton, Illinois branch. An employee in that branch would take the information from individual time cards or group timesheets and input the data (employee name, client, hours worked) into a spreadsheet. The spreadsheet was then be emailed from Morton, Illinois, to Kalamazoo, Michigan, where Company B’s Payroll Department was located.

The Government would prove that **SONIAT’S** submission of false time sheets caused (1) Company B to bill Company A for Company B’s staffing fee as well as the hourly salary of the ghost employees and (2) Company B to issue payment, either by United States Mail or direct

deposit from the State of Michigan to the State of Louisiana in the form of debit cards (or direct deposit to debit cards it had already issued), to the ghost employees for work that was not actually performed.

The Government would further admit documentary evidence from Company A and Company B, as well as the testimony of the representatives of Company A and Company B, that between November 2009 and October 2014, **SONIAT** utilized the names of six (6) ghost employees to perpetuate his scheme. All six ghost employees had previously been employed by Company A, but were not employed by and did not work for Company A during the time of **SONIAT'S** scheme.

The Government would further admit documentary evidence, including financial records, that **SONIAT** was in possession of the debit cards in the names of the ghost employees. After Company B issued payments based on the false time sheets **SONIAT** signed and submitted, **SONIAT** would either use the debit cards to pay his personal expenses or withdraw cash from the accounts at automated teller machines (ATMs).

The Government would introduce documentary evidence and the testimony of employees from Company A that each time **SONIAT** signed and submitted as false time sheet containing the names of ghost employees and the amount of time they had purportedly worked in the manner described above, a wire communication, namely an electronic writing, sign, signal, or sound, was sent in interstate commerce. Specifically, on or about November 26, 2012, **SONIAT** submitted a timesheet to **Company A** via fax that contained the names of three ghost employees, D.W., W.W., and J.A. **SONIAT'S** submission of the false time sheet caused, as **SONIAT** knew and expected, the false time sheet to be emailed from within the Eastern District of Louisiana to Company B,

located in in Morton, Illinois. Company B then processed the information and sent it to its offices in the State of Michigan for the purpose of generating an invoice for Company A and issuing payments, in the form of direct deposit to debit cards it had already issued, to the ghost employees, D.W., W.W., and J.A. for work that was not actually performed. **SONIAT** converted the funds Company B issued to ghost employee, D.W., W.W., and J.A., on November 30, 2012, to his personal use, without the knowledge or authorization of Company A.

Failure to Report and Pay Taxes on Ill-Gotten Money

The Government would further establish, through the introduction of documentary evidence from Company A, Company B, and the IRS, that in tax years 2011 through 2014, **SONIAT** did not report the ill-gotten income from the above-described scheme on his United States Individual Income Tax Return, Form 1040 ("Form 1040"), each of which **SONIAT** verified by written declaration that it was made under penalty of perjury.

For example, the Government would show, through the introduction of **SONIAT'S** Form 1040 and the testimony of representatives of the IRS, that on or about March 29, 2014, **SONIAT** filed the Form 1040 for tax year 2013 with the Internal Revenue Service. **SONIAT** filed the federal tax return electronically through his Certified Public Accountant. **SONIAT** signed the 2013 tax return, under penalty of perjury, knowing that it contained a false accounting of his taxable income for the 2013 tax year. Despite attesting, under penalty of perjury, that all material matters contained within the Form 1040 were true and correct, **SONIAT** well knew, at the time he made, subscribed, signed under penalty of perjury, and caused the Form 1040 to be filed, that the Form 1040 contained multiple material misstatements. The material misstatements—the

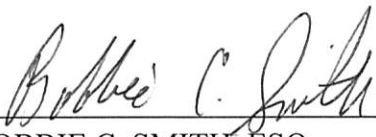
additional unreported taxable income as a result of the his ghost employee scheme—resulted in an additional \$12,420.00 that was due and owing to the United States of America.

Testimony from Special Agent Parrozzo, as well as documentary evidence, would establish that for tax years 2011, 2012, 2013, and 2014, **SONIAT** knowingly filed tax returns containing material misstatements—the unreported taxable income as a result of his ghost employee scheme—that resulted in understatement of his income tax liability totaling approximately \$238,901.00. Collectively, **SONIAT’S** material misstatements on his tax year 2011, 2012, 2013, and 2014 Form 1040s resulted in a tax loss to the United States Government, through unpaid tax due and owing, in the amount of approximately \$43,885.

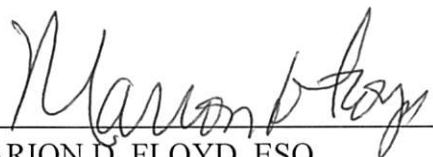
The above facts come from an investigation conducted by, and would be proven at trial by credible testimony from, Special Agents from the Internal Revenue Service – Criminal Investigation, the United States Secret Service, representatives of Company A, representatives of numerous financial and retail institutions, business records from Company A and Company B, documents and tangible exhibits in the custody of the Internal Revenue Service – Criminal Investigation, and the statements of the defendant, **WAYNE SONIAT**.

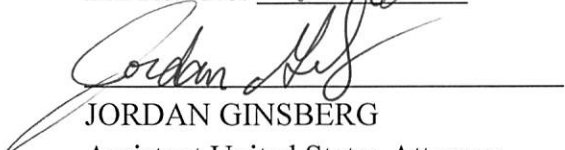


WAYNE SONIAT
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