

AL:EAG  
F. #2017R01640

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF NEW YORK

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UNITED STATES OF AMERICA

I N D I C T M E N T

- against -

Cr. No. \_\_\_\_\_  
(T. 26, U.S.C., §§ 7201 and 7203; T. 18,  
U.S.C., §§ 3551 et seq.)

SALVATORE DEMEO,

Defendant.

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THE GRAND JURY CHARGES:

I N T R O D U C T I O N

At all times relevant to this Indictment, unless otherwise indicated:

1. In or about 1991, the defendant SALVATORE DEMEO inherited ownership shares of multiple properties in Brooklyn, New York (“Inherited Properties”) from his father, who had died intestate. The Inherited Properties included Lot 20 of Block 182 (“330 Atlantic Avenue”), Lot 34 of Block 182 (“325 Pacific Street”) and Lot 35 of Block 182 (“321 Pacific Street”) (collectively, “Atlantic/Pacific Properties”); and Lot 5 of Block 172 (“61-63 Bond Street”), Lot 7 of Block 172 (“252-254 Schermerhorn Street”), Lot 10 of Block 172 (“258-262 Schermerhorn Street”), Lot 13 of Block 172 (“264 Schermerhorn Street”), Lot 14 of Block 172 (“266-268 Schermerhorn Street”), Lot 15 of Block 172 (“270 Schermerhorn Street”) and Lot 109 of Block 172 (“256 Schermerhorn Street”) (collectively, the “Schermerhorn Properties”).

2. The defendant SALVATORE DEMEO earned income from both Social Security and a pension from the New York City Department of Sanitation. For tax year 2013, DEMEO earned approximately \$21,680 in gross income; for tax year 2014, DEMEO earned approximately \$22,096 in gross income.

3. In or about March 2013, the defendant SALVATORE DEMEO and others sold their shares in the Atlantic/Pacific Properties for approximately \$4,750,000. Of the proceeds from the sale, approximately \$409,737 was applied to a judgment pending against DEMEO, and DEMEO directed that the remainder be issued to him in the form of three separate checks in the amounts of \$33,000, \$33,000 and \$32,000, respectively. DEMEO deposited those three checks, amounting to \$98,000, into his personal bank accounts.

4. In or about May 2014, the defendant SALVATORE DEMEO and others sold their shares in the Schermerhorn Properties for approximately \$13,475,000. DEMEO directed that his share of the proceeds be issued to him in the form of five separate checks in the amounts of \$200,000, \$200,000, \$500,000, \$500,000 and approximately \$355,944, respectively.

5. In or about and between May 2014 and June 2014, both dates being approximate and inclusive, DEMEO deposited the two checks in the amount of \$200,000 into his personal bank accounts; endorsed the two checks in the amount of \$500,000 for deposit into a business ("Business 1"), an entity the identity of which is known to the Grand Jury; and endorsed the check in the approximate amount of \$355,944 for deposit into a bank

account in the name of John Doe, an individual whose identity is known to the Grand Jury.

6. In the two weeks following the deposit of the check in the approximate amount of \$355,944, \$40,000 in cash was withdrawn from the bank account in the name of John Doe and five checks were drawn on accounts in the names of businesses affiliated with John Doe and cashed at check-cashing establishments. The combined amounts of the cash withdrawn and checks cashed was approximately \$315,944.

7. A capital gain is realized when a capital asset is sold or exchanged at a price higher than its basis. Basis is an asset's purchase price, plus commissions and the cost of improvements, minus depreciation. The basis for the Atlantic/Pacific Properties and the Schermerhorn Properties would be the fair market value of the properties at the time of the defendant SALVATORE DEMEO's inheritance in or about 1991. DEMEO owed taxes on the capital gains for the Atlantic/Pacific Properties and the Schermerhorn Properties for the tax years in which he received the proceeds from the sales of the properties.

8. The defendant SALVATORE DEMEO failed to file individual tax returns for tax years 2013 and 2014.

COUNTS ONE AND TWO  
(Attempted Tax Evasion)

9. The allegations set forth in paragraphs one through eight are realleged and incorporated as if fully set forth in this paragraph.

10. On or about the dates listed below, within the Eastern District of New York and elsewhere, the defendant SALVATORE DEMEO, a resident of Brooklyn, New York, did knowingly and willfully attempt to evade and defeat substantial income tax due

and owing by him to the United States of America, and the payment thereof, by failing to report gross income earned and capital gains earned from the sale of his shares of real estate, as listed below, whereas, as the defendant then and there well knew and believed, he owed substantial taxes on said gross income and capital gains.

<b>COUNT</b>	<b>TAX YEAR</b>	<b>APPROXIMATE DATE DUE</b>	<b>APPROXIMATE GROSS INCOME EARNED</b>	<b>APPROXIMATE CAPITAL GAINS EARNED</b>
ONE	2013	April 15, 2014	\$21,680	\$447,077
TWO	2014	April 15, 2015	\$22,096	\$1,656,944

(Title 26, United States Code, Section 7201; Title 18, United States Code, Sections 3551 et seq.)

**COUNTS THREE AND FOUR**  
(Willful Failure to File Returns)

11. On or about dates listed below, within the Eastern District of New York, the defendant SALVATORE DEMEO, a resident of Brooklyn, New York, did knowingly and willfully fail to make and file with the United States Internal Revenue Service (“IRS”) a United States individual income tax return (“IRS Form 1040”) for the calendar years listed below, whereas, as the defendant then and there well knew and believed, he had received gross income in those tax years of the approximate amounts listed below, and by reason of such income was required by law to make and file an IRS Form 1040 with the IRS,

stating specifically the items of his gross income and setting forth any deductions and credits to which he was entitled.

COUNT	TAX YEAR	APPROXIMATE DATE DUE	APPROXIMATE GROSS INCOME EARNED	APPROXIMATE CAPITAL GAINS EARNED
THREE	2013	April 15, 2014	\$21,680	\$484,579
FOUR	2014	April 15, 2015	\$22,096	\$1,656,944

(Title 26, United States Code, Section 7203; Title 18, United States Code, Sections 3551 et seq.)

NA TRUHBILL

FOREPERSON

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WILLIAM J. MULLER  
EXECUTIVE ASSISTANT U.S. ATTORNEY  
EASTERN DISTRICT OF NEW YORK

No. \_\_\_\_\_

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**UNITED STATES DISTRICT COURT**

EASTERN *District of* NEW YORK

CRIMINAL DIVISION

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THE UNITED STATES OF AMERICA

vs.

*SALVATORE DEMEO,*

Defendant.

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**INDICTMENT**

(T. 26, U.S.C., §§ 7201 and 7203; T. 18, U.S.C., §§ 3551 et seq.)

*A true bill*

Foreperson

Filed in open court this \_\_\_\_\_ day,

of \_\_\_\_\_ A.D. 20 \_\_\_\_\_

Clerk

Bail, \$ \_\_\_\_\_

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*Elizabeth Geddes, Assistant U.S. Attorney (718) 254-6430*