

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

UNITED STATES OF AMERICA : **CRIMINAL NUMBER:** _____
v. : **DATE FILED:** _____
YONG QUAN ZHENG : **VIOLATIONS:**
: **18 U.S.C. § 1341 (mail fraud – 1 count);**
: **26 U.S.C. § 7212(a) (attempting to**
: **interfere with administration of internal**
: **revenue laws – 1 count)**
: **8 U.S.C. § 1324(a)(1)(ii) (transporting illegal**
: **aliens –2 counts)**
: **18 U.S.C. § 2 (aiding and abetting)**

INFORMATION

COUNT ONE

THE UNITED STATES ATTORNEY CHARGES THAT:

At all times material to this Information:

1. Defendant YONG QUAN ZHENG owned Hong Fai General Contractors (“Hong Fai”), a construction company which performed general construction and remodeling work. The business, located at 118 N. 10th Street, Philadelphia, Pennsylvania, changed its name to Yong General Contractors (“Yong General”) in approximately 2011. ZHENG also owned a money services business which he operated at the same address under the same company names. In addition to these businesses, defendant ZHENG owned and rented multiple residential and commercial properties in the Philadelphia area.

2. Defendant YONG QUAN ZHENG employed workers and independent contractors at his businesses, many of whom he paid in cash. Some of these workers had entered or remained in the United States in violation of United States immigration laws.

3. The Commonwealth of Pennsylvania's Department of Labor and Industry, through its Unemployment Compensation Tax Service Section, managed the administration of benefits to unemployed individuals and workers' compensation benefits to individuals with job-related injuries, and provided vocational rehabilitation to individuals with disabilities.

4. An employer in the Commonwealth of Pennsylvania was required to file Pennsylvania's Unemployment Compensation Quarterly Tax Return, Form UC2-A, which listed the names of its employees and the wages paid to the employees. To help fund the Commonwealth of Pennsylvania's unemployment fund, an employer was required to pay an insurance premium to the Department of Labor & Industry.

THE SCHEME

5. From on or about October 1, 2010 to on or about June 30, 2012 in the Eastern District of Pennsylvania, defendant

YONG QUAN ZHENG

devised and intended to devise a scheme to defraud the Commonwealth of Pennsylvania's Department of Labor & Industry's Unemployment Compensation Tax Services Agency and to obtain money and property by means of false and fraudulent pretenses, representations and promises.

MANNER AND MEANS

It was part of the scheme that:

6. Defendant YONG QUAN ZHENG paid L.L., N.A..C., M.Z. and J.J.L. in cash, but failed to report the cash wages to the Commonwealth of Pennsylvania Department of Labor & Industry on the Form UC2-A he filed, and failed to pay the Commonwealth of Pennsylvania out of unemployment compensation premium payments due for those individuals.

7. In or about April 2011, defendant YONG QUAN ZHENG caused a UCA-2 Form, which did not include all of ZHENG's employees for the first quarter of 2011, and which understated the amount of state unemployment compensation tax due by at least approximately \$3,392, to be filed with the Pennsylvania Department of Labor.

8. In or about July 2011, defendant YONG QUAN ZHENG caused a UCA-2 Form, which did not include all of ZHENG's employees for the second quarter of 2011, and which understated the amount of state unemployment compensation tax due by at least approximately \$1,893, to be filed with the Pennsylvania Department of Labor.

9. In or about September 2011, defendant YONG QUAN ZHENG caused a UCA-2 Form, which did not include all of ZHENG's employees for the third quarter of 2011, and which understated the amount of state unemployment compensation tax due by at least approximately \$180, to be filed with the Pennsylvania Department of Labor.

10. In or about January 2012, defendant YONG QUAN ZHENG caused a UCA-2 Form, which did not include all of ZHENG's employees for the fourth quarter of 2011, and which understated the amount of state unemployment compensation tax due by at least approximately \$180, to be filed with the Pennsylvania Department of Labor.

11. In or about April 2012, defendant YONG QUAN ZHENG caused a UCA-2 Form, which did not include all of ZHENG's employees for the first quarter of 2012, and which understated the amount of state unemployment compensation tax due by at least approximately \$2,552, to be filed with the Pennsylvania Department of Labor.

12. In or about July 2012, defendant YONG QUAN ZHENG caused a UCA-2 Form, which did not include all of ZHENG's employees, and which understated the amount of state unemployment compensation tax due by at least approximately \$1,440, to be filed with the Pennsylvania Department of Labor.

13. In or about July 2012, at Philadelphia, in the Eastern District of Pennsylvania, and elsewhere, defendant

YONG QUAN ZHENG

for the purpose of executing the scheme described above, and attempting to do so, and aiding and abetting its execution, knowingly caused to be delivered by mail, a false UC2-A Form to the Office of Unemployment Compensation Tax Services, Pennsylvania Department of Labor and Industry, P.O. Box 68568, Harrisburg, Pennsylvania 17106.

All in violation of Title 18, United States Code, Sections 1341 and 2.

COUNT TWO

THE UNITED STATES ATTORNEY FURTHER CHARGES THAT:

1. Paragraphs 1 and 2 of Count One are incorporated here.
2. The Internal Revenue Service was an agency within the United States Department of Treasury charged with the responsibility for, among other things, assessing and collecting various types of federal taxes, including federal employment taxes.
3. An employer is required to file to an Employer's Annual Federal Tax Return (IRS Form 940) with the Internal Revenue Service and an Employer's Quarterly Tax Return (IRS Form 941). The purpose of both returns was to report the employment taxes that an employer was required to collect and pay over to the Internal Revenue Service.
4. An employer who hired independent contractors, in lieu of regular employees, was required to give the independent contractor an IRS Form 1099 and send a copy of the same form to the Internal Revenue Service.
5. If, in lieu of hiring independent contractors, an employer hired regular employees (a/k/a "W-2 wage earners"), the employer was required to prepare an IRS Form W-2 by January 31st of the year following the close of the year when the employee had worked either full-time or part time and send a copy of the Form W-2 to the Internal Revenue Service along with an IRS W-3 (wage transmittal form).
6. From on or about October 1, 2010 through in or about July, 2013, at Philadelphia, in the Eastern District of Pennsylvania and elsewhere, defendant

YONG QUAN ZHENG

corruptly endeavored, and aided and abetted the corrupt endeavor, to obstruct and impede the due administration of the internal revenue laws through the defendant's: (a) paying some of his

employees and/or independent contractors in cash; (b) failing to give his employees IRS Forms W-2 or his independent contractors Forms 1099 which documented monies paid to these individuals thus hindering the ability of the employees or independent contractors to properly report their income to the Internal Revenue Service; (c) failing to file IRS Forms W-3, a wage transmittal form, accounting for the wages that he paid his employees; and (d) failing to file or filing materially false IRS Forms 940 and 941, all of which obstructed and impeded the due administration of the tax code which included, among other things, the assessment and collection of taxes on income earned by individuals and taxable entities.

All in violation of Title 26, United States Code, Section 7212(a) and Title 18, United States Code, Section 2.

COUNT THREE

THE UNITED STATES ATTORNEY FURTHER CHARGES THAT:

1. Paragraphs 1 through 5 of Count One and 2 through 5 of Count Two are incorporated here.

2. On or about May 9, 2013, at Philadelphia, in the Eastern District of Pennsylvania, defendant

YONG QUAN ZHENG

knowingly or in reckless disregard of the fact that J.J.L had entered and remained in the United States in violation of law, defendant YONG QUAN ZHENG transported, and aided and abetting in the transportation of J.J.L. for commercial advantage, that is, performing construction work in exchange for cash payments that were not reported to the Commonwealth of Pennsylvania or the Internal Revenue Service, thereby enabling defendant ZHENG to avoid paying taxes due to the Commonwealth of Pennsylvania and the Internal Revenue Service.

In violation of Title 8, United States Code, Section 1324(a)(1)(A)(ii) and (B)(ii) and Title 18, United States Code, Section 2.

COUNT FOUR

THE UNITED STATES ATTORNEY FURTHER CHARGES THAT:

1. Paragraphs 1 through 6 of Count One and 2 through 5 of Count Two are incorporated here.
2. On or about July 30, 2013, at Philadelphia, in the Eastern District of Pennsylvania, defendant

YONG QUAN ZHENG

knowingly or in reckless disregard of the fact that N.A.C., had entered and remained in the United States in violation of law, defendant YONG QUAN ZHENG transported, and aided and abetting in the transportation of N.A.C. for commercial advantage, that is, performing construction work in exchange for cash payments that were not reported to the Commonwealth of Pennsylvania or the Internal Revenue Service, thereby enabling defendant ZHENG to avoid paying taxes due to the Commonwealth of Pennsylvania and the Internal Revenue Service.

In violation of Title 8, United States Code, Section 1324(a)(1)(A)(ii) and (B)(ii) and Title 18, United States Code, Section 2.

ZANE DAVID MEMEGER
UNITED STATES ATTORNEY