

UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA	:	Criminal No. 15-
	:	
	:	18 U.S.C. § 1349
v.	:	18 U.S.C. § 1341
	:	18 U.S.C. § 1343
	:	18 U.S.C. § 38(a)(3)
	:	26 U.S.C. § 7206(1)
GIDEON VAISMAN	:	18 U.S.C. § 2

**INDICTMENT**

The Grand Jury in and for the District of New Jersey, sitting at  
Newark, charges:

**COUNT ONE**  
**(Conspiracy to Commit Mail and Wire Fraud)**

1. At times relevant to this Indictment:

**The Defendant**

a. The defendant, GIDEON VAISMAN ("defendant VAISMAN"), was a U.S. citizen, a resident of Edgewater, New Jersey, and worked in the aircraft parts business.

**The Conspirators & Other Individuals**

b. Carmine "Chuck" Coviello, a conspirator not named as a defendant herein, was a resident of Suffern, New York, who worked in the aircraft parts business.

c. "Co-Conspirator #1," not named as a defendant herein, was a resident of West Milford, New Jersey, who worked in the aircraft

parts business.

d. "Individual #1" was a resident of the United Kingdom who worked in the aircraft parts business.

e. I.T.R.T., A.L., J.I., A.I.S.C., I.A., A.A., J.E.M., and A.T.H. were victim aircraft operators or aircraft parts purchasers who, along with other victims, purchased aircraft parts in reliance on the fraudulent misrepresentations and omissions described below.

### **Corporate Entities**

f. ***Integrated Technology Corp.***

(i) Integrated Technology Corp. ("ITC") was a company in the business of buying and selling aircraft parts located in Ridgefield, New Jersey.

(ii) Defendant VAISMAN was the owner and president of ITC and controlled all operations at ITC from at least as early as 1989 through in or about 1998, when he sold the company.

(iii) From in or about 1989, through in or about 1998, Co-Conspirator #1 was a sales representative for ITC.

g. ***Tara Technology Corp.***

(i) Tara Technology Corp. ("Tara Technology") was a manufacturer of aircraft parts and additionally in the business of buying and selling aircraft parts. Tara Technology was created in or around 1998 and was located in Ridgefield, New Jersey.

(ii) Defendant VAISMAN was the owner and president

of Tara Technology and controlled the operations at Tara Technology.

(iii) From in or about 2005, through in or about 2010, Carmine “Chuck” Coviello was the general manager of Tara Technology.

(iv) From in or about 2006, through in or about 2010, Co-Conspirator #1 was a sales representative for Tara Technology.

h. ***Tara Aviation Ltd.***

(i) Tara Aviation Ltd. (“Tara Aviation”) was in the business of buying and selling aircraft parts. Tara Aviation was incorporated in Tortola, British Virgin Islands, and had a bank account and P.O. Box in the Bailiwick of Guernsey.

(ii) Individual #1 was the purported owner and sole employee of Tara Aviation. In reality, however, Individual #1 had no authority over Tara Aviation. Individual #1 performed all work for Tara Aviation out of his home in the United Kingdom.

(iii) Defendant VAISMAN controlled all operations at Tara Aviation, provided all financing to Tara Aviation, and had complete authority over and use of Tara Aviation’s inventory and cash flows. Defendant VAISMAN also operated Tara Aviation from Tara Technology’s office in Ridgefield, New Jersey, held Tara Aviation’s entire inventory at Tara Technology’s office in Ridgefield, and had Tara Technology’s employees perform nearly all of their work for Tara Aviation instead of for Tara Technology.

i. ***Shelby Enterprises***

(i) Shelby Enterprises was in the business of buying

and selling aircraft parts. Shelby Enterprises was located in Suffern, New York.

(ii) Carmine “Chuck” Coviello was the owner and sole employee of Shelby Enterprises, which he operated out of his home.

j. **F.S.I.**

(i) F.S.I. was an aircraft parts repair station located in North Haven, Connecticut, which was certified by the Federal Aviation Administration (“FAA”) to inspect and repair parts for return to commerce.

(ii) From at least as early as in or about 1997, through at least in or about 2013, defendant VAISMAN owned 49 percent of F.S.I.

(iii) From in or about 2001, through in or about 2006, Co-Conspirator #1 worked for F.S.I.

2. At all times relevant to this Indictment:

**Regulatory Framework**

a. The FAA was part of the United States Department of Transportation and had responsibility for the advancement, safety, and regulation of air travel in the United States. This regulatory authority included certifying those individuals who repair aircraft and aircraft accessories, as well as ensuring the safety and integrity of aircraft parts.

b. In the United States, aircraft owners, including commercial airline companies, obtained replacement aircraft parts either directly from the manufacturer or from one of several intermediate sources, including aircraft parts brokers. Before an aircraft part could be installed on an aircraft operating in the United States, that part first had to be inspected and

certified as “airworthy.”

c. Pursuant to Part 145 of the Federal Aviation Regulations, the FAA certified private repair stations (“FAA Repair Stations”), such as F.S.I., to perform inspections and repairs of aircraft parts, and to certify the airworthiness of those parts.

d. FAA Repair Stations documented their inspections, repairs, and certifications of aircraft parts on FAA Forms 8130-3, also called “Airworthiness Approval Tags.”

e. FAA regulations proscribed the “grit-blasting” (i.e., industrial sanding), “blending” (i.e., filing), repair, overhaul, alteration, or maintenance of an aircraft part by anyone other than a FAA Repair Station or certificated mechanic. FAA regulations also required that maintenance or alteration of an aircraft part be documented in the maintenance records for that aircraft part.

f. FAA advisory circulars and other guidance recommended that aircraft operators and others disposing of scrapped aircraft parts mutilate or otherwise obviously destroy those parts to prevent them from being reintroduced into commerce and aircraft. The FAA did not regulate scrapyards and similar entities, because it deemed scrapped aircraft parts as permanently removed from commerce, and scrapyards were not part of the aviation industry.

#### **Trace Paperwork**

g. Historical or “trace” paperwork generally documented the

history of an aircraft part and included information such as the part's manufacturer, the aircraft on which the part was used, and how the part was used. Trace paperwork included documents known as "material certifications," where the seller of the aircraft parts made certain representations about source and quality, including whether an aircraft part had been overhauled or repaired, or had been subjected to severe stress or heat as would occur during a major engine failure, accident, or fire.

h. Aircraft operators used trace paperwork associated with an aircraft part to determine whether to purchase the aircraft part and install it on their aircraft. Also, FAA Repair Stations used trace paperwork to determine whether the aircraft part was repairable.

i. Additionally, "Part 145" trace paperwork was historical paperwork tracing an aircraft part's ownership to an FAA Repair Station and was used to establish further the integrity of the part. Some aircraft operators required Part 145 trace paperwork as a condition of purchasing aircraft parts.

### **The Conspiracy**

3. From at least as early as in or about 1990, through at least in or about July 2009, in the District of New Jersey and elsewhere, the defendant,

GIDEON VAISMAN,

did knowingly and intentionally conspire and agree with Carmine "Chuck" Coviello, Co-Conspirator #1, and others to devise a scheme and artifice to defraud aircraft operators, aircraft parts purchasers, FAA Repair Stations, and

others, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises concerning the source, condition, and treatment of aircraft parts sold by ITC and Tara Aviation, as set forth below, and for the purpose of executing the scheme and artifice, to:

a. use the mails, that is, the Postal Service and private and commercial interstate carriers, contrary to Title 18, United States Code, Section 1341; and

b. use interstate and foreign wire communications contrary to Title 18, United States Code, Section 1343.

#### **Object of the Conspiracy**

4. The object of the conspiracy was for defendant VAISMAN and his conspirators to enrich themselves by using fraudulent and misleading trace paperwork, as well as other misrepresentations, concealments, and omissions, to sell aircraft engine parts obtained from scrap dealers and illegally grit-blasted and/or blended at metal shops and elsewhere.

#### **Manner and Means of the Conspiracy**

5. It was part of the conspiracy that defendant VAISMAN, on behalf of ITC from in or about 1990 through in or about 1998, and then Tara Aviation from in or about 1998 through in or about 2009, would directly and indirectly purchase vital jet turbine engine parts called “blades” and “vaness” from scrap metal dealers (the “Scrapped Parts”) in order to resell them to aircraft operators and others.

6. It was further part of the conspiracy that, during this same time period, defendant VAISMAN would cause Carmine “Chuck” Coviello, Shelby Enterprises, Co-Conspirator #1, and others to illegally clean, inspect, grit-blast, and/or blend the Scrapped Parts in violation of FAA regulations, in part to conceal that the Scrapped Parts had been scrapped, damaged, broken, and/or rejected for repair by an FAA Repair Station.

7. It was further part of the conspiracy that defendant VAISMAN, Carmine “Chuck” Coviello, Co-Conspirator #1, and others, would orchestrate sales of the Scrapped Parts from Shelby Enterprises to ITC or Tara Aviation largely for the purpose of creating fraudulent or misleading trace paperwork for the Scrapped Parts. For example, from in or about 2000 through in or about 2009, Shelby Enterprises would purchase and illegally clean, inspect, grit-blast, and/or blend the Scrapped Parts, then sell the Scrapped Parts to Tara Aviation (the “Shelby-Tara Sales”).

8. It was further part of the conspiracy that, as part of the Shelby-Tara Sales, Carmine “Chuck” Coviello, from the offices of Tara Technology and at the direction of defendant VAISMAN, would prepare on behalf of Shelby Enterprises fraudulent and misleading trace paperwork on which he certified, without any knowledge of the history of the Scrapped Parts—other than that they were scrapped; illegally cleaned, inspected, grit-blasted, and/or blended; and at times rejected for repair by an FAA Repair Station—that the Scrapped Parts had “not been subjected to excessive stress or heat that an FAA



overhaul facility would deem to be unsuitable for return to service after appropriate inspection” (the “Shelby Certifications”).

9. It was further part of the conspiracy that, as part of the Shelby-Tara Sales, Carmine “Chuck” Coviello and Co-Conspirator #1, from the offices of Tara Technology and at the direction and with the collaboration of defendant VAISMAN, would prepare on behalf of Tara Aviation fraudulent and misleading trace paperwork on which Individual #1’s signature was electronically forged to certify that “all used parts were not subjected to severe stress or heat (as in major engine failure, accident or fire)” (the “Tara Aviation Certifications”). The Shelby Certifications and Tara Aviation Certifications were typically created simultaneously.

10. It was further part of the conspiracy that Carmine “Chuck” Coviello and Co-Conspirator #1, at the direction and with the collaboration of defendant VAISMAN, would ship the Scrapped Parts to FAA Repair Stations, along with the fraudulent Tara Aviation Certifications, but without paperwork that revealed the illegal maintenance and alteration, thereby concealing that the Scrapped Parts had been scrapped; illegally cleaned, inspected, grit-blasted, and/or blended; and at times rejected for repair by another FAA Repair Station, to increase the number of Scrapped Parts the FAA Repair Station would attempt to repair, as the FAA Repair Stations generally would have refused to attempt to repair the Scrapped Parts had they known these facts.

11. It was further part of the conspiracy that defendant VAISMAN, Carmine "Chuck" Coviello, and Co-Conspirator #1, would store the repaired Scrapped Parts in Tara Aviation's warehouse inventory in Ridgefield, New Jersey, and ultimately sell these parts to aircraft operators and others on behalf of Tara Aviation, using the fraudulent trace paperwork, but without paperwork evidencing illegal maintenance and alteration, in part to conceal that these parts had been scrapped; illegally cleaned, inspected, grit-blasted, and/or blended; and at times rejected for repair by another FAA Repair Station. Aircraft operators generally would have refused to purchase the aircraft parts and install them on their aircraft had they known these facts.

12. It was further part of the conspiracy that, when certain aircraft operators and other customers of Tara Aviation required Part 145 trace paperwork as a prerequisite to purchasing blades and vanes from Tara Aviation, defendant VAISMAN and his conspirators would orchestrate sham transactions, which occurred only on paper and typically simultaneously, between Tara Aviation and F.S.I. for the sole purpose of creating Part 145 trace paperwork, as follows:

a. Tara Aviation would sell the Scrapped Parts to F.S.I. for a nominal price of approximately \$1 each; and

b. F.S.I. would simultaneously sell the Scrapped Parts back to Tara Aviation at the much higher price of approximately \$50 each, or in exchange for an increase in future repair costs, and provide the Part 145 trace

paperwork needed to complete Tara Aviation's sale of the parts to the aircraft operators.

13. It was further part of the conspiracy that defendant VAISMAN and his conspirators would sell the Scrapped Parts with the Part 145 trace paperwork falsely representing that the aircraft parts had come from the stock of F.S.I. when in fact Tara Aviation had simply purchased the Part 145 paperwork from F.S.I.

All in violation of Title 18, United States Code, Section 1349.

**COUNTS TWO THROUGH TEN**  
**(Mail Fraud)**

1. The allegations set forth in paragraphs 1, 2, and 5 through 13 of Count One of this Indictment are re-alleged and incorporated herein.

2. On or about the dates enumerated below, in the District of New Jersey and elsewhere, the defendant,

GIDEON VAISMAN,

having devised and intending to devise a scheme and artifice to defraud aircraft operators, aircraft parts purchasers, FAA Repair Stations, and others, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises concerning the source, condition, and treatment of aircraft parts sold by Tara Aviation or Tara Technology, and for the purpose of executing such scheme and artifice, did knowingly deposit and cause to be deposited certain matter and things, as set forth below, to be sent and delivered by a private or commercial interstate carrier, each constituting a separate Count of this Indictment, and did knowingly and willfully aid, abet, counsel, command, induce, and procure the commission of that offense as follows:

<b><u>Ct.</u></b>	<b><u>Date</u></b>	<b><u>Fraudulent Transaction</u></b>	<b><u>Mailing or Shipment</u></b>
2	February 15, 2007	Sale by Tara Aviation to Victim I.T.R.T. of Scrapped Parts using fraudulent material certification	FedEx shipment of Scrapped Parts from Tara Technology in Ridgefield, NJ, to Victim I.T.R.T. in Laredo, TX

3	February 29, 2008	Sale by Tara Aviation to Victim A.L. of Scrapped Parts for approximately \$45,500 using fraudulent F.S.I. Part 145 trace paperwork and fraudulent material certification	FedEx shipment of Scrapped Parts from Tara Technology in Ridgefield, NJ, to Victim A.L. in Datchet, England, United Kingdom
4	March 26, 2008	Sale by Tara Aviation to Victim J.I. of Scrapped Parts for approximately \$72,000 using fraudulent F.S.I. Part 145 trace paperwork and fraudulent material certification	FedEx shipment of Scrapped Parts from Tara Technology in Ridgefield, NJ, to Victim J.I. in Glenview, IL
5	April 23, 2008	Sale by Tara Aviation to Victim I.T.R.T. of Scrapped Parts using fraudulent material certification	FedEx shipment of Scrapped Parts from Tara Technology in Ridgefield, NJ, to Victim I.T.R.T. in Laredo, TX
6	May 1, 2008	Sale by Tara Aviation to Victim A.I.S.C. of Scrapped Parts for approximately \$72,043 using fraudulent F.S.I. Part 145 trace paperwork and fraudulent material certification	FedEx shipment of Scrapped Parts from Tara Technology in Ridgefield, NJ, to Victim A.I.S.C. in Rosedale, NY
7	May 13, 2008	Sale by Tara Aviation to Victim I.A. of Scrapped Parts for approximately \$74,000 using fraudulent F.S.I. Part 145 trace paperwork and fraudulent material certification	FedEx shipment of Scrapped Parts from Tara Technology in Ridgefield, NJ, to Victim I.A. in Marathon, FL
8	June 27, 2008	Sale by Tara Aviation to Victim A.A. of Scrapped Parts for approximately \$58,625 using fraudulent F.S.I. Part 145 trace paperwork and fraudulent material certification	UPS shipment of Scrapped Parts from Tara Technology in Ridgefield, NJ, to Victim A.E. in Madison, WI

9	April 20, 2009	Sale by Tara Aviation to Victim J.E.M. of Scrapped Parts using fraudulent material certification	FedEx shipment of Scrapped Parts from Tara Technology in Ridgefield, NJ, to Victim J.E.M. in Miami, FL
10	May 1, 2013	Sale by Tara Technology to Victim A.T.H. of approximately 70 Scrapped Parts for approximately \$31,850 using fraudulent Part 145 trace paperwork and material certifications	UPS shipment of fraudulent material certifications from F.S.I. in North Haven, CT, to Tara Technology in Ridgefield, NJ

All in violation of Title 18, United States Code, Section 1341 and

Section 2.

**COUNTS ELEVEN THROUGH FOURTEEN**  
**(Wire Fraud)**

1. The allegations set forth in paragraphs 1, 2, and 5 through 13 of Count One of this Indictment are re-alleged and incorporated herein.

2. On or about the dates enumerated below, in the District of New Jersey and elsewhere, the defendant,

GIDEON VAISMAN,

having devised and intending to devise a scheme and artifice to defraud aircraft operators, aircraft parts purchasers, FAA Repair Stations, and others, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises concerning the source, condition, and treatment of aircraft parts sold by Tara Aviation, and for the purpose of executing such scheme and artifice, did transmit and cause to be transmitted by means of wire communications in interstate and foreign commerce, writings, signs, signals, pictures, and sounds, each constituting a separate Count of this Indictment, and did knowingly and willfully aid, abet, counsel, command, induce, and procure the commission of that offense as follows:

<b><u>Ct.</u></b>	<b><u>Date</u></b>	<b><u>Fraudulent Transaction</u></b>	<b><u>Wire</u></b>
11	October 16, 2008	Sale by Tara Aviation to Victim A.A. of Scrapped Parts for approximately \$70,400 using fraudulent material certification	Email on behalf of Victim A.A. to Carmine "Chuck" Coviello and Co-Conspirator #1 at Tara Technology in Ridgefield, NJ, requesting invoice for Scrapped Parts

12	October 31, 2008	Sale by Tara Aviation to Victim A.A. of Scrapped Parts for approximately \$70,400 using fraudulent material certification	Email on behalf of Victim A.A. to Carmine "Chuck" Coviello and Co-Conspirator #1 at Tara Technology in Ridgefield, NJ, requesting invoice for Scrapped Parts
13	December 22, 2008	Sale by Tara Aviation to Victim A.A. of Scrapped Parts for approximately \$70,400 using fraudulent material certification	Email on behalf of Victim A.A. to Carmine "Chuck" Coviello and Co-Conspirator #1 at Tara Technology in Ridgefield, NJ, requesting invoice for Scrapped Parts
14	March 24, 2009	Sale by Tara Aviation to Victim A.A. of Scrapped Parts for approximately \$51,200 using fraudulent material certification	Email on behalf of Victim A.A. to Carmine "Chuck" Coviello and Co-Conspirator #1 at Tara Technology in Ridgefield, NJ, requesting invoice for Scrapped Parts

All in violation of Title 18, United States Code, Section 1343 and  
Section 2.



**COUNT FIFTEEN**  
**(Conspiracy to Commit Fraud Involving Aircraft Parts)**

1. The allegations set forth in paragraphs 1, 2, and 5 through 13 of Count One of this Indictment are re-alleged and incorporated herein.

2. From at least as early as in or about 1990 through at least in or about July 2009, in the District of New Jersey and elsewhere, the defendant,

GIDEON VAISMAN,

did knowingly and intentionally conspire to falsify and conceal a material fact concerning any aircraft part, and to make a materially fraudulent representation concerning any aircraft part, that is, the concealment and removal by grit-blasting, blending, and related methods of indicia of prior rejections by FAA Repair Stations and other potential visible defects on the aircraft parts, and the use of fraudulent and misleading trace paperwork, in and affecting interstate and foreign commerce, knowingly and with the intent to defraud, contrary to Title 18, United States Code, Section 38(a)(1)(A).

In violation of Title 18, United States Code, Section 38(a)(3).

**COUNTS SIXTEEN THROUGH NINETEEN**  
**(Filing a False Personal Tax Return Under Penalties of Perjury)**

1. The allegations set forth in paragraphs 1, 2, and 5 through 13 of Count One of this Indictment are re-alleged and incorporated herein.

2. At all times relevant to this Indictment:

a. United States citizens had an obligation to report to the Internal Revenue Service ("IRS") on a U.S. Individual Income Tax Return, Form 1040 ("Personal Tax Return"), all wages, salaries, tips, and related income from employment. This income was required to be reported on Line 7 of the Personal Tax Return.

b. United States citizens had an obligation to report to the IRS on the Schedule C of a Personal Tax Return income or loss from businesses they operated as sole proprietorships. This income was required to be reported on Line 12 of the Personal Tax Return.

c. United States citizens had an obligation to report to the IRS on the Schedule E of a Personal Tax Return income or loss from partnerships and "S corporations." S Corporations were structured by law so that the profits of the companies were passed through to their shareholders. This income was required to be reported on Line 17 of the Personal Tax Return. Additionally, corporations and other entities that elected to be S Corporations had an obligation to report to the IRS on a U.S. Income Tax Return for an S Corporation, Form 1120S ("S Corp Tax Returns"), income, gains, losses, deductions, credits, and other related items. S Corp Tax Returns enabled the IRS to identify any

income required to be reported by individuals on Line 17 and on Schedule E of their Personal Tax Returns.

d. United States citizens had an obligation to report to the IRS on a Personal Tax Return any “other income” they received that did not have its own line or was not otherwise reflected on the Personal Tax Return. This other income was required to be reported on Line 21 of the Personal Tax Return.

e. United States citizens had an obligation to report to the IRS on a Personal Tax Return their “total income,” which was the sum of all income reported on Lines 7 through 21 of the Personal Tax Return, that is, all income received before application of deductions and related items. This total income was required to be reported on Line 22 of the Personal Tax Return.

f. United States citizens who needed to amend their Personal Tax Returns reported to the IRS on an Amended U.S. Individual Income Tax Return, Form 1040X (“Amended Personal Tax Return”), any tax owed by, or refund owed to, the taxpayer as a result of amendments to the Personal Tax Return.

3. From in or about 1999, through at least in or about 2009, Tara Aviation was Tara Technology’s alter ego, that is, Tara Aviation and Tara Technology operated and acted as a single entity in fact.

4. From on or about November 2, 1999, through in or about 2013, Tara Technology elected to be treated as an S Corporation and filed annual S

Corp Tax Returns. Defendant VAISMAN reported Tara Technology's income and loss on Line 17 and on the Schedules E of his Personal Tax Returns.

5. From in or about 2004, through in or about 2008, Tara Aviation's aggregate net income, which defendant VAISMAN controlled and used to purchase aircraft parts, for personal luxury expenditures such as expensive artwork and a harp, and for other expenditures, was approximately \$14,236,000, as set forth below for each calendar year:

2004	\$3,563,000
2005	\$5,920,000
2006	\$1,897,000
2007	\$1,804,000
2008	\$1,052,000

6. On or about the dates enumerated below for the personal purposes indicated, defendant VAISMAN received the approximate funds indicated from Tara Aviation that he caused to be concealed in Tara Aviation's and Tara Technology's accounting records as bogus aircraft parts sales by Tara Technology, and that he failed to report as income on his Personal Tax Returns:

<b>Date</b>	<b>Defendant VAISMAN's Personal Purpose</b>
January 12, 2005	\$43,000 wired from Tara Aviation to an art dealer in New York named I.C. for the purchase of artwork for defendant VAISMAN's personal use
February 8, 2005	\$197,500 wired from Tara Aviation to an art gallery named G.B. in Paris, France, for the purchase of artwork for defendant VAISMAN's personal use
April 7, 2006 – April 17, 2006	\$67,000 wired from Tara Aviation to Tara Technology, and then from Tara Technology to a harp seller in Haddonfield, New Jersey, named V.H.C. for the purchase of a harp for defendant VAISMAN's personal use

December 19, 2008 – December 22, 2008	\$43,000 wired from Tara Aviation to Tara Technology, and then \$42,131.25 from Tara Technology to an art auction house for the purchase of artwork for defendant VAISMAN's personal use
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7. On or about the dates enumerated below, defendant VAISMAN signed, filed, and caused to be filed with the IRS a Personal Tax Return or an Amended Personal Tax Return that stated that defendant VAISMAN's total income on Line 22 for each of the calendar years enumerated below as to each Count totaled approximately the amounts set forth below as to each Count.

8. The Personal Tax Returns and Amended Personal Tax Returns were signed by defendant VAISMAN and contained written declarations that they were signed under penalties of perjury.

9. The Personal Tax Returns and Amended Personal Tax Returns were not true and correct as to every material matter, in that they failed to report on Schedules C or E, or on Lines 7, 12, 17, 21, or 22, additional income that defendant VAISMAN earned in the form of (a) net earnings of Tara Aviation, his alter ego; and (b) where indicated, withdrawals for purchases of luxury artwork and a harp, upon which unreported earnings and withdrawals a substantial additional tax was due and owing.

10. On or about the dates enumerated below, in the District of New Jersey and elsewhere, the defendant,

GIDEON VAISMAN,

did knowingly and willfully make and subscribe a U.S. Individual Income Tax Return, Form 1040, or an Amended U.S. Individual Income Tax Return, Form

1040X, as described in paragraphs 7 and 8, which he did not believe to be true and correct as to every material matter, as described in paragraph 9:

<b><u>Ct.</u></b>	<b><u>Date of Filing</u></b>	<b><u>Total Income Reported on Line 22 of Tax Return</u></b>	<b><u>Unreported Net Income From Tara Aviation</u></b>
16	September 17, 2007	(\$122,131) for 2006	\$1,897,000 (plus approximately \$67,000 received to pay for a harp)
17	April 15, 2008	\$1,300,343 for 2007	\$1,804,000
18	April 15, 2009	\$542,208 for 2008	\$1,052,000 (plus approximately \$42,131 received to pay for artwork)
19	October 16, 2009	\$67,869 for 2006 (amended)	\$1,897,000 (plus approximately \$67,000 received to pay for a harp)

All in violation of Title 26, United States Code, Section 7206(1).

**COUNTS TWENTY THROUGH TWENTY-THREE**  
**(Filing a False “S Corp” Tax Return Under Penalties of Perjury)**

1. The allegations set forth in paragraphs 1, 2, and 5 through 13 of Count One of this Indictment, and in paragraphs 1 through 9 of Counts Sixteen through Nineteen of this Indictment, are re-alleged and incorporated herein.

2. At all times relevant to this Indictment:

a. Corporations and other entities that elected to be S Corporations had an obligation to report to the Internal Revenue Service (“IRS”) on a U.S. Income Tax Return for an S Corporation, Form 1120S (“S Corp Tax Returns”), income, gains, losses, deductions, credits, and the like.

b. S Corporations had an obligation to report to the IRS on an S Corp Tax Return their “total income (loss),” which was all income received less the cost of goods sold. This total income was required to be reported on Line 6 of the S Corp Tax Return.

c. S Corporations reported “ordinary business income (loss),” which was total income (loss) less deductions, on Line 21 of the S Corp Tax Return.

3. From on or about November 2, 1999, through in or about 2013, Tara Technology elected to be treated as an S Corporation and filed annual S Corp Tax Returns. Tara Technology’s fiscal year ran from November 1 through October 31 of each year.

4. In or about each of the fiscal years listed below, Tara Aviation's net income, which defendant VAISMAN controlled and used, was approximately the amount listed below:

FYE October 31, 2004	\$3,294,000
FYE October 31, 2005	\$6,507,000
FYE October 31, 2006	\$1,664,000
FYE October 31, 2007	\$1,849,000
FYE October 31, 2008	\$1,261,000

5. On or about the dates enumerated below, defendant VAISMAN signed, filed, and caused to be filed with the IRS an S Corp Tax Return that stated that Tara Technology's ordinary business income (loss) on Line 21 for each of the calendar years enumerated below totaled approximately the amounts set forth below.

6. The S Corp Tax Returns were signed by defendant VAISMAN and contained written declarations that they were signed under penalties of perjury.

7. The S Corp Tax Returns were not true and correct as to every material matter, in that they failed to report on Lines 6 or 21 additional income that Tara Technology earned in the form of Tara Aviation's net earnings.

8. On or about the dates enumerated below, in the District of New Jersey and elsewhere, the defendant,

GIDEON VAISMAN,

did knowingly and willfully make and subscribe a U.S. Income Tax Return for an S Corporation, Form 1120S, as described in paragraphs 5 and 6, which he did



not believe to be true and correct as to every material matter, as described in paragraph 7:

<b><u>Ct.</u></b>	<b><u>Date of Filing</u></b>	<b><u>Ordinary Business Income (Loss) Reported on Line 21 of S Corp Tax Return</u></b>	<b><u>Unreported Net Income From Tara Aviation</u></b>
20	September 4, 2006	\$47,492 for FYE October 31, 2005	\$6,507,000
21	June 21, 2007	(\$289,149) for FYE October 31, 2006	\$1,664,000
22	March 23, 2008	355,444 for FYE October 31, 2007	\$1,849,000
23	April 23, 2009	(\$4,500) for FYE October 31, 2008	\$1,261,000

All in violation of Title 26, United States Code, Section 7206(1).

### **FORFEITURE ALLEGATION**

1. The allegations contained in this Indictment are incorporated by reference as though set forth in full herein for the purpose of alleging forfeiture pursuant to Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461.

2. Upon conviction of the offenses charged in Counts One through Fifteen of this Indictment, the government will seek forfeiture from defendant VAISMAN, in accordance with Title 28, United States Code, Section 2461(c), and Title 18, United States Code, Sections 981(a)(1)(C) and 38(d), of any and all property, real or personal, that constitutes or is derived from proceeds traceable to the violations of Title 18, United States Code, Sections 1341, 1343, 1349, and 38.

3. If by any act or omission of defendant VAISMAN any of the property subject to forfeiture herein:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be subdivided without difficulty,

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of defendant VAISMAN up to the value of the property described in this forfeiture allegation.

A TRUE BILL

\_\_\_\_\_  
FOREPERSON

  
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PAUL J. FISHMAN  
UNITED STATES ATTORNEY

CASE NUMBER: \_\_\_\_\_

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**United States District Court  
District of New Jersey**

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**UNITED STATES OF AMERICA**

**v.**

**GIDEON VAISMAN**

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**INDICTMENT FOR**

18 U.S.C. § 1349  
18 U.S.C. § 1341  
18 U.S.C. § 1343  
18 U.S.C. § 38(a)(3)  
26 U.S.C. § 7206(1)  
18 U.S.C. § 2

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**A True Bill,**

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**Foreperson**

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**PAUL J. FISHMAN**  
*UNITED STATES ATTORNEY*  
*NEWARK, NEW JERSEY*

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SCOTT B. McBRIDE  
*ASSISTANT U.S. ATTORNEY*  
973-645-2708

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