

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

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SB
HON. JAMES B. CLARK, U.S.M.J.

UNITED STATES OF AMERICA : Hon. John M. Vazquez
:
v. : Crim. No. 19-252
:
TERRENCE G. LEGALL : 26 U.S.C. § 7201
: 26 U.S.C. § 7206(2)
: 18 U.S.C. § 2

SUPERSEDING INDICTMENT

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

BACKGROUND

1. At all times relevant to this Superseding Indictment:
 - a. Defendant TERRENCE G. LEGALL ("LEGALL") resided in Linden, New Jersey.
 - b. From at least in or about February 2009 through at least in or about April 2016, defendant LEGALL was the owner and sole operator of LeGall Group, Inc. ("LGI"), a tax return preparation business located in Union County, New Jersey, where he prepared federal income tax returns for a fee.
 - c. The Internal Revenue Service ("IRS"), an agency within the United States Department of Treasury, was responsible for administering and enforcing the tax laws of the United States, specifically, federal income tax laws.
 - d. The IRS required an individual who prepared or assisted in preparing federal income tax returns for a fee to obtain a preparer tax identification number ("PTIN"). A paid tax preparer was required to place his or

her PTIN on each tax return that he or she prepared for a fee to identify the preparer of that particular tax return.

e. A “ghost preparer” is someone who charges clients to prepare a tax return, but does not identify him or herself on the tax return as the preparer through his or her PTIN or by another identifier.

f. At all times relevant to this Superseding Indictment, defendant LEGALL did not have a PTIN with the IRS and was not registered with the IRS as a professional tax preparer.

g. The IRS permits tax payers to reduce a portion of their taxable income by the amount of their charitable contributions that are itemized on IRS Form 1040, Schedule A.

h. The IRS permits tax payers to reduce their taxable income by the amount of their business losses that are reported on IRS Form 1040, Schedule C.

**COUNTS ONE THROUGH ELEVEN
(Aiding and Assisting in the Preparation of
False Federal Income Tax Returns)**

2. The allegations contained in paragraphs 1(a) through 1(h) of this Superseding Indictment are hereby repeated, realleged and incorporated as if fully set forth herein.

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

TERRENCE G. LEGALL

knowingly and willfully aided and assisted in and procured, counseled, and advised the preparation and presentation to the IRS, of federal individual income tax returns, Forms 1040, for the individuals and tax years identified below, which were false and fraudulent as to material matters, including those described below, knowing that the returns were false and fraudulent.

Count	Taxpayer	Tax Year	Date Filed (on or about)	Refund Falsely Claimed (Approximately)	Falsely Claimed Item(s)
1	M.G.	2012	4/17/2013	\$2,275.00	Gifts to Charity on Schedule A; Loss on Schedule C
2	M.G.	2013	3/27/2014	\$1,500.00	Gifts to Charity on Schedule A
3	M.G.	2014	3/26/2015	\$875.00	Gifts to Charity on Schedule A
4	M.J.	2012	3/4/2013	\$1,710.00	Gifts to Charity on Schedule A; Loss on Schedule C
5	M.J.	2013	2/16/2014	\$865.00	Gifts to Charity on Schedule A
6	M.J.	2014	3/5/2015	\$1,638.00	Gifts to Charity on Schedule A; Loss on Schedule C
7	M.J.	2015	4/15/2016	\$625.00	Gifts to Charity on Schedule A
8	M.J.	2016	3/21/2017	\$625.00	Gifts to Charity on Schedule A
9	H.S. & M.S. (jointly file)	2012	3/1/2013	\$1,102.00	Loss on Schedule C

10	H.S. & M.S. (jointly file)	2013	3/22/2014	\$383.00	Gifts to Charity on Schedule A
11	H.S. & M.S. (jointly file)	2014	6/3/2015	\$533.00	Gifts to Charity on Schedule A

All in violation of Title 26, United States Code, Section 7206(2).

COUNTS TWELVE THROUGH NINETEEN
(Tax Evasion)

4. The allegations contained in paragraphs 1(a) through 1(c) of this Superseding Indictment are hereby repeated, realleged and incorporated as if fully set forth herein.

5. During the calendar years 2012 through 2015, LGI and defendant LEGALL received taxable income, in the form of, among other things, tax return preparation fees from LGI clients for tax years 2011 through 2014, upon which there was corporate and personal income tax due and owing to the United States of America.

6. During the calendar years 2012 through 2015, defendant LEGALL deposited tax return preparation fees earned through the operation of LGI into bank accounts belonging to one or more of his family members, so that these earnings did not appear in the bank account(s) in the name of LGI.

7. At all times relevant to this Superseding Indictment, defendant LEGALL did not obtain a PTIN from the IRS as a professional tax preparer. Instead, defendant LEGALL concealed LGI's and his tax return preparation fee income source for the 2012 through 2015 tax years from the IRS by "ghost preparing" LGI clients' 2011 through 2014 tax returns. Specifically, defendant LEGALL filed LGI clients' 2011 through 2014 tax returns with the IRS as if the tax returns were self-prepared and filed by the individual taxpayers.

8. During the calendar years 2012 through 2015, defendant LEGALL concealed his personal source of income from the operation of LGI in various ways. For example, instead of paying himself a salary and reporting that as

income to the IRS, and using that money to pay for his personal expenses, defendant LEGALL paid for his personal expenses with money from accounts belonging to and in the name of LGI.

9. Defendant LEGALL made knowingly false statements to IRS agents concerning his and LGI's 2012 through 2015 tax years. For example, on or about August 3, 2015, defendant LEGALL falsely stated to IRS agents that he had personally prepared and filed corporate tax return forms on behalf of LGI for the tax year 2012. No tax returns were filed on behalf of LGI for the tax year 2012.

10. In fact, defendant LEGALL did not file any returns or pay any federal income taxes for income he earned from LGI.

11. On or about the dates shown below, in the District of New Jersey and elsewhere, knowing of the foregoing facts in paragraph 5, and failing to make corporate or personal income tax returns as required by law to any proper officer of the IRS, and to pay the income taxes to the IRS, defendant

TERRENCE G. LEGALL

knowingly and willfully attempted to evade and defeat a substantial income tax due and owing by him and LGI to the United States of America for the tax years 2012 through 2015 as described below, by committing the affirmative acts described in paragraphs 6 through 9 of this Superseding Indictment in an attempt to conceal his personal and corporate income.

Count	Tax Year	Taxable Income	Taxes Due and Owing	Return Due Date
12	2012	\$374,654.00 (Personal Income)	\$116,516.00	April 15, 2013
13	2013	\$220,918.00 (Personal Income)	\$61,494.00	April 15, 2014
14	2014	\$248,267.00 (Personal Income)	\$71,847.00	April 15, 2015
15	2015	\$123,434.00 (Personal Income)	\$28,498.00	April 18, 2016
16	2012	\$361,234.00 (Corporate Income)	\$122,820.00	April 15, 2013
17	2013	\$280,075.00 (Corporate Income)	\$92,480.00	April 15, 2014
18	2014	\$295,888.00 (Corporate Income)	\$98,646.00	April 15, 2015
19	2015	\$130,351.00 (Corporate Income)	\$34,087.00	April 18, 2016

All in violation of Title 26, United States Code, Section 7201, and Title 18, United States Code, Section 2.

COUNT TWENTY
(Aiding and Assisting in the Preparation of
a False Federal Income Tax Return)

12. The allegations contained in paragraphs 1(a) through 1(h) of this Superseding Indictment are hereby repeated, realleged and incorporated as if fully set forth herein.

13. Between on or about March 12, 2015 through on or about March 24, 2015, in the District of New Jersey and elsewhere, defendant

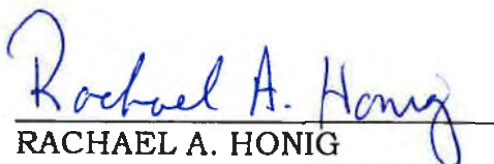
TERRENCE G. LEGALL

knowingly and willfully aided and assisted in and procured, counseled, and advised the preparation and presentation to the IRS, of a federal individual income tax return, Form 1040, for the tax year 2014, for an undercover IRS agent posing as a taxpayer, which was false and fraudulent as to material matters, including falsely claimed business expenses, knowing that the return was false and fraudulent.

In violation of Title 26, United States Code, Section 7206(2).

A TRUE BILL


FOREPERSON


RACHAEL A. HONIG
Acting United States Attorney

CASE NUMBER: 19-cr-252-JMV

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

UNITED STATES OF AMERICA

v.

TERRENCE G. LEGALL

SUPERSEDING INDICTMENT FOR

**26 U.S.C. § 7201
26 U.S.C. § 7206(2)
18 U.S.C. § 2**

A True Bill

Foreperson

**RACHAEL A. HONIG
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