

**UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY**

UNITED STATES OF AMERICA	:	Crim. No.
	:	
v.	:	26 U.S.C. §§ 7201 and 7202
	:	18 U.S.C. § 1344
ZACKARY SULPIZI	:	18 U.S.C. § 2

**I N F O R M A T I O N**

The defendant having waived in open court prosecution by Indictment, the United States charges:

**COUNT ONE**  
(Income Tax Evasion – 26 U.S.C. § 7201)

1. At all times relevant to this Information:

a. Defendant ZACKARY SULPIZI, a resident of Sewell, New Jersey.

Defendant SULPIZI worked with his father, William Brent Stephens, in Stephens’ construction businesses

b. William Brent Stephens, a resident of Monroeville, New Jersey who is not named as a defendant herein and is charged elsewhere, and was the owner of, among other businesses, Stephens Contracting.

c. Stephens Contracting LLC, based in Elmer, New Jersey, provided landscaping, hardscaping and construction services to both commercial and residential customers in southern New Jersey. William Brent Stephens and defendant ZACKARY SULPIZI also operated under the business names of BZS Contracting, American Crafters, William B. Stephens LLC, Zack Sulpizi LLC, and Zack Stephens LLC.

d. The Internal Revenue Service (“IRS”) was a constituent agency of the United States Department of Treasury and a member of the executive branch of the Government, responsible for administering and enforcing the tax laws of the United States and collecting taxes owed to the Treasury of the United States, and providing refunds of taxes overpaid.

**Obligations to the Internal Revenue Service**

e. Any individual who was employed in the United States and earned income during a calendar year in excess of a threshold amount, was obligated to file a U.S. Individual Income Tax Return, Form 1040 (“Form 1040”) with the IRS for that calendar year. Generally, individuals were required by law to prepare and file income tax returns with the IRS by April 15 of the year following the year when the income was earned, unless an extension was granted. If those income tax returns showed that income taxes were due and owing, then the taxpayer was obligated by law to pay that sum of money to the IRS.

f. Businesses generally were required to withhold certain taxes from their employees’ paychecks and pay those taxes over to the IRS. These federal employment taxes consisted of federal income tax and Federal Insurance Contribution Act taxes (“FICA taxes”) which are collectively referred to as “Payroll Taxes.”

i. **Income Taxes:** In general, an employer was required to deduct and withhold income tax on the amount of wages that actually or constructively were paid to its employees, and pay over those withholding taxes to the IRS.

ii. FICA Taxes: The FICA tax was comprised of two elements: Social Security taxes, which were used to fund retirement and disability benefits, and Medicare taxes, which were used to provide health and medical benefits for the aged and disabled. An employer had to deduct and withhold FICA taxes on the amount of wages that actually or constructively were paid to its employees, and pay over those FICA taxes to the IRS. An employer also was responsible for paying its own FICA taxes based on the wages that the employer paid to its employees. The employee portion of FICA taxes, along with federal withholding taxes, were collectively referred to as “Trust Fund Taxes.” Trust Fund Taxes and the employer’s matching FICA taxes were collectively referred to as “employment taxes.”

g. Federal tax laws require employers to file Form 941s, Employers Federal Quarterly Tax Returns (“Form 941”), which employers used to report and pay all Federal payroll taxes. Federal tax law required employers to file Form 941 four times per year, one for each quarter ending March 31st, June 30th, September 30th and December 31st. An employer was required to pay over its payroll taxes to the IRS, in full, by the due date of the Form 941, which was due one month after the conclusion of each quarter.

h. Section 7501 of the Internal Revenue Code provided that whenever any person was required to withhold or collect any internal revenue tax from any other person and to pay over such tax to the United States, the amount of tax so withheld or collected was to be held in trust on behalf of the United States.

**The Offense**

2. During the years 2019 through 2022, defendant ZACKARY SULPIZI did not report approximately \$389,000 of income that he earned on his U.S. Individual Income Tax Return, Form 1040. The unreported income included, among other things, skimmed business receipts, personal expenses paid from the business accounts, and unemployment compensation. As a result, there was a tax due and owing of \$74,920 to the United States.

3. On or about April 15, 2021, in the District of New Jersey, and elsewhere, the defendant,

ZACKARY SULPIZI,

did knowingly and willfully attempt to evade and defeat a substantial part of the income tax due and owing by him to the United States for tax year 2020, by only reporting income in the amount of \$15,500. Defendant SULPIZI failed to report the checks he received from his businesses, the unemployment insurance payments that he received from the State of New Jersey, and cash from his businesses, totaling approximately \$150,440, and which he used to pay personal expenses, thereby concealing and attempting to conceal from the IRS his true and correct taxable income. As a result of the additional taxable income that defendant SULPIZI did not report to the IRS, there was additional tax due and owing to the United States of approximately \$30,575.

In violation of Title 26, United States Code, Section 7201.

**COUNT TWO**

(Failure to Collect and Pay Over Payroll Taxes – 26 U.S.C. § 7202)

1. Paragraphs 1 and 2 of Count 1 of this Information are incorporated as if set forth in full herein.

2. Defendant ZACKARY SULPIZI was responsible for accurately collecting, accounting for, and paying taxes over to the IRS the Payroll Taxes for employees of the businesses that he owned on a quarterly basis.

3. For tax years 2019 through 2022, defendant ZACKARY SULPIZI failed to file Quarterly Employment Tax Returns, Forms 941, for his businesses. Defendant SULPIZI failed to report approximately \$446,573 of cash payroll and failed to collect, account for, and pay over approximately \$34,162 in payroll taxes due and owing to the IRS.

4. For the tax quarter ending on December 31, 2022, in the District of New Jersey and elsewhere, the defendant,

ZACKARY SULPIZI,

being a person required to collect, truthfully account for, and pay over payroll taxes to the Internal Revenue Service, did willfully fail to file a Quarterly Employment Tax Return (Form 941) with the Internal Revenue Service and fail to collect, truthfully account for, and pay over such taxes in the approximate amount of \$3,978.

In violation of Title 26, United States Code, Section 7202, and Title 18, United States Code, Section 2.

**COUNT THREE**

(Bank Fraud – 18 U.S.C. § 1344)

1. Paragraphs 1 and 2 of Count 1 of this Information are incorporated as if set forth in full herein.

2. At all times relevant to Count Three of this Information:

a. Lender-1 was a “financial institution” within the meaning of Title 18, United States Code, Section 20, that participated as a lender in the Paycheck Protection Program (“PPP”), as described herein.

b. The U.S. Small Business Administration (“SBA”) was an independent agency of the federal government created to aid, counsel, assist, and protect the interests of small business concerns, preserve free competitive enterprise, and maintain and strengthen the overall economy of the United States.

**The Paycheck Protection Program**

c. The Coronavirus Aid, Relief, and Economic Security (“CARES”) Act was a federal law enacted in or around March 2020 and was designed to provide emergency financial assistance to the millions of Americans who suffered the economic effects caused by the COVID-19 pandemic. One source of relief provided by the CARES Act was the authorization of billions of dollars in forgivable loans to small businesses for job retention and certain other expenses, through a program referred to as the Paycheck Protection Program (“PPP”).

d. To obtain a PPP loan, a qualifying business had to submit

a PPP loan application signed by an authorized representative of the business. The applicant of a PPP loan was required to acknowledge the program rules and make certain affirmative certifications in order to be eligible to obtain the PPP loan. In the PPP loan application, the applicant had to state, among other things, its average monthly payroll expenses and number of employees. These figures were used to calculate the amount of money the business was eligible to receive under the PPP. In addition, businesses applying for a PPP loan had to provide documentation showing their payroll expenses.

e. A PPP loan application had to be processed by a participating financial institution (the lender). If the PPP loan application was approved, the lender funded the PPP loan using its own monies, which were 100% guaranteed by the SBA. Data from the application, including information about the borrower, the total amount of the loan, and the listed number of employees, was transmitted by the lender to the SBA in the course of processing the loan.

f. PPP loan proceeds could only be used by the business for certain permissible expenses, including payroll costs, interest on mortgages, rent, and utilities. The PPP allowed the interest and principal on the PPP loan to be entirely forgiven if the business used the loan proceeds on these expense items within a designated period of time after receiving the proceeds and used a certain amount of the PPP loan proceeds on payroll expenses.

### **The Scheme to Defraud**

3. From in or about May 10, 2021 through on or about July 9, 2021, in Camden County, in the District of New Jersey and elsewhere, the defendant,

ZACKARY SULPIZI

knowingly and intentionally executed and attempted to execute a scheme and artifice to defraud a financial institution and to obtain money and property owned by and under the custody and control of a financial institution by means of materially false and fraudulent pretenses, representations, and promises, which scheme and artifice was in substance as set forth below.

#### **Purpose of the Scheme to Defraud**

4. The purpose of the scheme was for defendant ZACKARY SULPIZI to unjustly enrich himself by obtaining PPP proceeds, under false and misleading pretenses, including by making false statements about his businesses' gross income, gross receipts and purpose of the businesses, and by providing false documentation and information about the businesses.

#### **Manner and Means of the Scheme**

5. It was part of the scheme and artifice to defraud that:

a. On or about May 10, 2021, defendant ZACKARY SULPIZI applied for a PPP loan in his name from Lender-1, a participating financial institution, as an independent contractor, seeking approximately \$16,935.

b. The application contained materially false information indicated that defendant ZACKARY SULPIZI had one employee (himself)

with a gross income of \$81,295 for tax year 2019. The application included a 2019 Individual Income Tax Return, Form 1040, that showed wages of \$14,500, and a Schedule C gross receipts amount of \$76,250 and a Schedule C profit of \$71,673. The 2019 Schedule C showed the principal business purpose of “sales.” The application also included a 2020 Schedule C with a principal business description as “sales,” reporting gross income of \$81,295 and profit of \$78,395.

c. On or about July 9, 2021, Lender-1 approved defendant ZACKARY SULPIZI’s application and transferred \$16,935 to a bank account controlled by defendant SULPIZI.

6. According to IRS records, the tax returns and schedules submitted in support of defendant ZACKARY SULPIZI’s PPP loan application were not filed with the IRS. Additionally, there was no self-employed business or self-employment income reported to the IRS in 2019 or 2020 on a Schedule C.

In violation of Title 18, United States Code, Section 1344, and Title 18, United States Code, Section 2.

**FORFEITURE ALLEGATION**

1. The allegations contained in this Count Three of this Information are hereby realleged and incorporated by reference for the purpose of alleging forfeiture pursuant to Title 18, United States Code, Sections 981(a)(1)(C) and 982(a)(2) and Title 28, United States Code, Section 2461(c).

2. As a result of committing the offense charged in Count Three of this Information, defendant ZACKARY SULPIZI shall forfeit to the United States, pursuant to Title 18, United States Code, Sections 981(a)(1)(C) and 982(a)(2) and Title 28, United States Code, Section 2461(c), all property, real or personal, constituting or derived from proceeds traceable to the offense charged in this Information, the value of which totaled \$16,935.

**SUBSTITUTE ASSETS PROVISION**

3. If any of the property described above, as a result of any act or omission of the defendant:

- 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 divided without difficulty,

the United States shall be entitled, pursuant to 21 U.S.C. § 853(p), as incorporated by 18 U.S.C. § 982(b)(1) and 28 U.S.C. § 2461(c), to forfeiture of any other property of the defendant up to the value of the above-described forfeitable

property.

ROBERT FRAZER  
United States Attorney

A handwritten signature in blue ink, appearing to read "Jason M. Richardson", is written over a horizontal line.

JASON M. RICHARDSON  
Assistant U.S. Attorney

Approved:

/s/ R. David Walk, Jr.

R. David Walk, Jr.  
Deputy U.S. Attorney

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

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

**UNITED STATES OF AMERICA**

v.

**ZACKARY SULPIZI**

**INFORMATION FOR**

**26 U.S.C. § 7201  
26 U.S.C. § 7202  
18 U.S.C. § 1344**

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