

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Criminal No. 18-264 (ES)
 :
 v. :
 :
 DAVID PATTERSON : 26 U.S.C. § 7206(2)
 : 26 U.S.C. § 7203

SUPERSEDING INDICTMENT

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

Introduction

At all times relevant to this Superseding Indictment:

The Defendant and Other Entities

1. Defendant DAVID PATTERSON was a resident of Keasbey, New Jersey and a former resident of Jersey City, New Jersey. Defendant DAVID PATTERSON owned and operated D&D Tax Service, LLC (hereinafter “D&D Tax Service”), a tax preparation business located in Keasbey, New Jersey, among other locations.

2. The Internal Revenue Service (“IRS”) was an agency of the United States Department of Treasury responsible for administering and enforcing the tax laws of the United States.

3. Citizens of the United States who earned income during a calendar year in excess of a threshold amount were obligated to file a U.S. Individual Income Tax Return, Form 1040 (“Form 1040 or 1040A”) with the IRS for that

calendar year. Forms 1040 or 1040A were annual income tax returns filed with the IRS by citizens or residents of the United States that report, among other items, income, exemptions, deductions, and credits to determine the amount of tax owed or the amount to be refunded to the taxpayer.

4. A Form 8888, Allocation of Refund, was a form used to electronically allocate a taxpayer's refund. This form allowed a refund to be split in any proportion and deposited into one or more different bank accounts.

5. A Schedule A, "Itemized Deductions," ("Schedule A") was an IRS form that was attached to the taxpayer's Form 1040 and could be used to claim certain deductions from taxable income. Deductions that could be claimed on a Schedule A included, among other things, medical and dental expenses, gifts to charity, job expenses, home mortgage interest, and certain miscellaneous expenses. Each of these categories of deductions has different requirements and limitations on the amount a taxpayer can deduct.

6. A Schedule C, Profit or Loss from Business (Sole Proprietorship) ("Schedule C"), and a Schedule C-EZ, Net Profit from Business (Sole Proprietorship) ("Schedule C-EZ") were IRS forms that taxpayers attached to Forms 1040, when applicable, to report, among other items, gross receipts, expenses, and profit or loss from businesses operated by the taxpayers as sole proprietorships.

7. The Earned Income Tax Credit (“EITC”) was a refundable federal income tax credit for working individuals and families with low to moderate income. When the EITC exceeded the amount of taxes owed, it resulted in a tax refund to those who claimed and qualified for the credit. The amount of an individual's EITC varied depending on, among other things, the individual's earned income and whether the individual had a qualifying dependent or dependents.

8. Through D&D Tax Service, defendant DAVID PATTERSON prepared and caused to be prepared Forms 1040 and 1040A and related schedules, such as Schedules A and C, on behalf of taxpayers (“clients”) for submission to the IRS.

9. Defendant DAVID PATTERSON maintained and controlled bank accounts at various banks, including but not limited to JPMorgan Chase Bank, PNC Bank, Citibank, Bank of America, and HSBC Bank.

10. Defendant DAVID PATTERSON deposited some or all of certain clients’ tax refunds into one or more of the bank accounts he maintained and controlled.

11. At times, defendant DAVID PATTERSON used Forms 8888 to split the clients’ tax refunds into bank accounts specified by his clients and bank accounts he maintained and controlled.

12. From at least calendar years 2012 through 2015, defendant DAVID PATTERSON earned income, including from the preparation of federal income

tax returns, that exceeded the individual filing threshold for each respective year.

13. For tax year 2012, defendant DAVID PATTERSON filed a Form 1040. He reported the income he received from D&D Tax Service in 2012 on Schedule C and listed his profession as “Tax Preparation.”

14. In tax years 2013, 2014, and 2015, defendant DAVID PATTERSON did not file an individual tax return to report his income for these years.

COUNTS 1-24
(Aiding and Assisting in the Preparation of False Income Tax Returns)

15. Paragraphs 1 through 10 of this Superseding Indictment are re-alleged and incorporated by reference as though fully set forth herein.

16. Defendant DAVID PATTERSON prepared and caused to be prepared and filed with the IRS false and fraudulent Forms 1040 and 1040A and related Schedules A and C for clients of D&D Tax Service for the tax years 2010 through 2015. For example, defendant DAVID PATTERSON reported false or inflated wages and sole proprietorship income which falsely generated EITC tax credits resulting in the IRS issuing tax refunds to clients to which they were not entitled, and tax refunds to clients in amounts greater than those to which they were entitled.

17. From in or about 2010 to 2015, in Hudson County and Middlesex County, in the District of New Jersey, and elsewhere, defendant

DAVID PATTERSON

did willfully aid and assist in, and procure, counsel, and advise the preparation and presentation under, and in connection with a matter arising under, the

Internal Revenue laws, of returns, claims, and other documents, to wit: Forms 1040 and 1040A and attached Schedules, for the clients listed below, whose identities are known to the grand jury, for the tax years listed below, which returns, claims, and other documents were false and fraudulent as to one or more material matters, in that they represented that these clients earned wages and income and were eligible to claim deductions and credits as set forth below, among other items, whereas defendant DAVID PATTERSON then and there knew, said clients did not earn the claimed wages and income and were not entitled to the claimed deductions and credits as set forth below:

COUNT	TAXPAYER	TAX YEAR	FILING DATE (APPROXIMATE)	FALSE ITEM(S)
1	S.B.	2011	03/12/2012	(a) Schedule A, Line 17: Gifts to charity, other than by cash or check, of \$5,000 (b) Schedule A, Line 21: Unreimbursed employee expenses of \$6,900 (c) Form 1040, Line 66: American Opportunity Credit of \$3,000
2	S.B.	2012	03/25/2013	(a) Form 1040, Line 24: Certain business expenses of \$13,300 (b) Schedule A, Line 1: Medical and dental expenses of \$4,559

COUNT	TAXPAYER	TAX YEAR	FILING DATE (APPROXIMATE)	FALSE ITEM(S)
3	S.B.	2013	03/03/2014	(a) Schedule A, Line 1: Medical and dental expenses of \$5,622 (b) Schedule A, Line 16: Gifts to charity, gifts by cash or check, of \$6,458 (c) Schedule A, Line 17: Gifts to charity, other than by cash or check, of \$5,000 (d) Schedule A, Line 21: Unreimbursed employee expenses of \$16,150
4	S.B.	2014	04/06/2015	(a) Schedule A, Line 1: Medical and dental Expenses of \$6,305 (b) Schedule A, Line 7: Personal property taxes of \$500 (c) Schedule A, Line 16: Gifts to charity, by cash or check, of \$6,450 (d) Schedule A, Line 17: Gifts to charity, other than by cash or check, of \$5,000 (e) Schedule A, Line 21: Unreimbursed employee expenses of \$15,870

COUNT	TAXPAYER	TAX YEAR	FILING DATE (APPROXIMATE)	FALSE ITEM(S)
5	S.H.	2012	03/11/2013	(a) Form 1040, Line 6c: Dependent M.M. (b) Schedule A, Line 1: Medical and dental expenses of \$8,150 (c) Schedule A, Line 16: Gifts to charity, by cash or check, of \$10,125 (d) Schedule A, Line 21: Unreimbursed employee expenses of \$8,800
6	S.H.	2013	03/10/2014	(a) Form 1040, Line 6c: Dependent D.H. (b) Schedule A, Line 1: Medical and dental expenses of \$6,774 (c) Schedule A, Line 16: Gifts to charity, by cash or check, of \$6,871 (d) Schedule A, Line 21: Unreimbursed employee expenses of \$19,050
7	S.H.	2014	03/23/2015	(a) Form 1040, Line 6c: Dependent A.K.T. (b) Schedule A, Line 21: Unreimbursed employee expenses of \$9,100
8	L.J.	2011	03/05/2012	(a) Form 1040A, Line 7: Wages, salaries, tips, etc., of \$16,405 (b) Form 1040A, Line 40: American opportunity credit of \$3,000

COUNT	TAXPAYER	TAX YEAR	FILING DATE (APPROXIMATE)	FALSE ITEM(S)
9	L.J.	2012	03/18/2013	(a) Form 1040, Line 7: Wages, salaries, tips, etc., of \$16,407 (b) Form 1040, Line 66: American opportunity credit of \$3,000
10	A.L.	2010	02/14/2011	(a) Form 1040, Line 7: Wages, salaries, tips, etc., of \$16,352 (b) Form 1040, Line 24: Certain business expenses of \$1,950
11	A.L.	2011	03/05/2012	(a) Form 1040A, Line 7: Wages, salaries, tips, etc., of \$14,994 (b) Form 1040A, Line 40: American opportunity credit of \$3,000
12	A.L.	2012	03/18/2013	(a) Form 1040, Line 7: Wages, salaries, tips, etc., of \$15,259 (b) Form 1040, Line 66: American opportunity credit of \$3,000
13	A.L.	2013	03/10/2014	(a) Form 1040, Line 7: Wages, salaries, tips, etc., of \$13,082 (b) Schedule C
14	A.L.	2014	03/30/2015	(a) Form 1040, Line 7: Wages, salaries, tips, etc., of \$13,010
15	A.L.	2015	03/14/2016	(a) Form 1040, Line 7: Wages, salaries, tips, etc., of \$12,287 (b) Schedule C

COUNT	TAXPAYER	TAX YEAR	FILING DATE (APPROXIMATE)	FALSE ITEM(S)
16	F.L.	2011	04/02/2012	(a) Form 1040, Line 66: American opportunity credit of \$3,000 (b) Schedule A, Line 16: Gifts to charity, by cash or check, of \$16,770 (c) Schedule A, Line 21: Unreimbursed employee expenses of \$17,576
17	F.L.	2012	03/25/2013	(a) Form 1040, Line 24: Certain business expenses of \$21,120 (b) Schedule A, Line 16: Gifts to charity, by cash or check, of \$16,894
18	J.S.	2013	04/21/2014	(a) Schedule A, Line 21: Unreimbursed employee expenses of \$49,500
19	J.S.	2014	04/06/2015	(a) Schedule A, Line 7: Personal property taxes of \$500 (b) Schedule A, Line 16: Gifts to charity, by cash or check, of \$2,564 (c) Schedule A, Line 17: Gifts to charity, other than by cash or check, of \$500 (d) Schedule A, Line 21: Unreimbursed employee expenses of \$8,575

COUNT	TAXPAYER	TAX YEAR	FILING DATE (APPROXIMATE)	FALSE ITEM(S)
20	K.T.	2013	03/17/2014	(a) Schedule A, Line 16: Gifts to charity, by cash or check, of \$8,219 (b) Schedule A, Line 17: Gifts to charity, other than by cash or check, of \$2,750 (c) Schedule A, Line 21: Unreimbursed employee expenses of \$12,500
21	K.T.	2014	04/06/2015	(a) Schedule A, Line 7: Personal Property Taxes of \$500 (b) Schedule A, Line 16: Gifts to charity, by cash or check, of \$8,271 (c) Schedule A, Line 17: Gifts to charity, other than by cash or check, of \$5,000 (d) Schedule A, Line 21: Unreimbursed employee expenses of \$15,230
22	C.F.	2015	03/07/2016	(a) Schedule A, Line 7: Personal Property Taxes of \$600 (b) Schedule A, Line 16: Gifts to charity, by cash or check, of \$6,198 (c) Schedule A, Line 17: Gifts to charity, other than by cash or check, of \$500 (d) Schedule A, Line 21: Unreimbursed employee expenses of \$22,863
23	C.F.	2016	01/26/2017	(a) Schedule A, Line 21: Unreimbursed employee expenses of \$23,925

COUNT	TAXPAYER	TAX YEAR	FILING DATE (APPROXIMATE)	FALSE ITEM(S)
24	M.G. and J.G.	2012	04/08/2013	(a) Schedule A, Line 1: Medical and dental expenses of \$13,723 (b) Schedule A, Line 17: Gifts to charity, other than by cash or check, of \$500 (c) Schedule A, Line 21: Unreimbursed employee expenses of \$12,700

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

COUNT 25
(Failure to File Tax Return)

1. Paragraphs 1 through 14 of this Superseding Indictment are re-alleged and incorporated by reference as though fully set forth herein.

2. During the calendar year 2013, in Middlesex County, in the District of New Jersey, and elsewhere, defendant DAVID PATTERSON had and received sufficient gross income that he was required by law, following the close of calendar year 2013 and on or before April 15, 2014, to make an income tax return to the Internal Revenue Service, stating specifically the items of his gross income and any deductions and credits to which he was entitled, and to pay federal income taxes.

3. On or about April 15, 2014, in Middlesex County, in the District of New Jersey, and elsewhere, defendant

DAVID PATTERSON

knowing and believing the foregoing facts, did willfully fail to make an individual income tax return and to pay federal income taxes.

In violation of Title 26, United States Code, Section 7203.

COUNT 26
(Failure to File Tax Return)

1. Paragraphs 1 through 14 of this Superseding Indictment are re-alleged and incorporated by reference as though fully set forth herein.

2. During the calendar year 2014, defendant DAVID PATTERSON had and received sufficient gross income that he was required by law, following the close of calendar year 2014 and on or before April 15, 2015, to make an income tax return to the Internal Revenue Service, stating specifically the items of his gross income and any deductions and credits to which he was entitled, and to pay federal income taxes.

3. On or about April 15, 2015, in Middlesex County, in the District of New Jersey, and elsewhere, defendant

DAVID PATTERSON

knowing and believing the foregoing facts, did willfully fail to make an individual income tax return and to pay federal income taxes.

In violation of Title 26, United States Code, Section 7203.

COUNT 27
(Failure to File Tax Return)

1. Paragraphs 1 through 14 of this Superseding Indictment are re-alleged and incorporated by reference as though fully set forth herein.

2. During the calendar year 2015, defendant DAVID PATTERSON had and received sufficient gross income that he was required by law, following the close of calendar year 2015 and on or before April 15, 2016, to make an income tax return to the Internal Revenue Service, stating specifically the items of his gross income and any deductions and credits to which he was entitled, and to pay federal income taxes.

3. On or about April 15, 2016, in Middlesex County, in the District of New Jersey, and elsewhere, defendant

DAVID PATTERSON

knowing and believing the foregoing facts, did willfully fail to make an individual income tax return and to pay federal income taxes.

In violation of Title 26, United States Code, Section 7203.

A TRUE BILL

FOREPERSON



CRAIG CARPENITO
United States Attorney

CASE NUMBER: 18-

United States District Court
District of New Jersey

UNITED STATES OF AMERICA

v.

DAVID PATTERSON

SUPERSEDING INDICTMENT FOR

26 U.S.C. § 7206(2)
26 U.S.C. § 7203

A True Bill,

Foreperson

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