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

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UNITED STATES OF AMERICA	:	Hon. André M. Espinosa
	:	
v.	:	Magistrate. No. 23-11003
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OMAR KHATER and	:	<b><u>CRIMINAL COMPLAINT</u></b>
WALID KHATER	:	


I, Thomas E. Grady, being duly sworn, state the following is true and correct to the best of my knowledge and belief:

**SEE ATTACHMENT A**


I further state that I am a Special Agent with the Federal Bureau of Investigation and that this complaint is based on the following facts:

**SEE ATTACHMENT B**

continued on the attached pages and made a part hereof.

  
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Thomas E. Grady, Special Agent  
Federal Bureau of Investigation

Special Agent Thomas E. Grady attested to this Affidavit by telephone pursuant to F.R.C.P. 4.1(B)(2)(A) on this 17th day of January, 2023.

  
\_\_\_\_\_  
Hon. André M. Espinosa  
United States Magistrate Judge

**ATTACHMENT A**

**Count One**  
**Conspiracy to Commit Wire Fraud**

From in or around at least May 2018 through in or around at least August 2022, in the District of New Jersey and elsewhere, defendants

**OMAR KHATER**  
**and**  
**WALID KHATER**

knowingly and intentionally conspired and agreed with each other, and others, to devise a scheme and artifice to defraud, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, and for the purpose of executing such scheme and artifice to defraud, did transmit and cause to be transmitted by means of wire communications in interstate and foreign commerce, certain writings, signs, signals, pictures, and sounds, contrary to Title 18 United States Code, Section 1343.

In violation of Title 18, United States Code, Section 1349.

**Count Two**  
**Conspiracy to Defraud the Internal Revenue Service**

From in or around at least May 2018 through in or around at least August 2022, in the District of New Jersey and elsewhere, defendants

**OMAR KHATER**  
**and**  
**WALID KHATER**

knowingly and willfully conspired and agreed with each other, and others to defraud the United States by impeding, impairing, obstructing, and defeating the lawful government functions of the Internal Revenue Service to ascertain, compute, assess, and collect income taxes.

In violation of Title 18, United States Code, Section 371.

**Count Three**  
**(Aggravated Identity Theft)**

On or about July 6, 2020, in the District of New Jersey and elsewhere, the defendant

**WALID KHATER**

did knowingly transfer, possess, and use, without lawful authority, a means of identification of another person, namely, the name of "Individual-1," during and in relation to a felony, to wit, conspiracy to commit wire fraud, contrary to Title 18, United States Code, Section 1349, knowing that the means of identification belonged to another actual person.

In violation of Title 18, United States Code, Sections 1028A and 2.

**Count Four**  
**(Aggravated Identity Theft)**

On or about January 20, 2021, in Essex County, New Jersey and elsewhere,  
the defendant

**OMAR KHATER**

did knowingly transfer, possess, and use, without lawful authority, a means of identification of another person, namely, the name of "Individual-2," during and in relation to a felony, to wit, conspiracy to commit wire fraud, contrary to Title 18, United States Code, Section 1349, knowing that the means of identification belonged to another actual person.

In violation of Title 18, United States Code, Sections 1028A and 2.

## **ATTACHMENT B**

I, Thomas E. Grady, am a Special Agent of the Federal Bureau of Investigation. The information contained in the complaint is based upon my personal knowledge, as well as information obtained from other sources, including: (a) statements made or reported by various witnesses with knowledge of relevant facts; (b) my review of publicly available information; (c) my review of evidence, including business records, bank records, and other documents; and (d) my conversations with and review of documents received from other sworn law enforcement officers, as well as conversations with a confidential source. Because this complaint is being submitted for a limited purpose, I have not set forth each and every fact that I know concerning this investigation. Where the contents of documents and the actions and statements of others are reported herein, they are reported in substance and in part, except where otherwise indicated. Where I assert that an event took place on a particular date, I am asserting that it took place on or about the date alleged.

### **Background**

1. At all times relevant to this Criminal Complaint:

#### **Individuals and Entities**

- a. Defendant OMAR KHATER was a resident of Paterson, New Jersey who provided tax preparation services to individuals.
- b. Defendant WALID KHATER was OMAR KHATER's relative and resided in Paterson, New Jersey, and Mesa, Arizona.
- c. Individual-1 was incarcerated under the custody of the New Jersey Department of Corrections from at least approximately May 27, 2016, through May 20, 2019.<sup>1</sup> Thereafter, Individual-1 was detained in the custody of United States Immigrations and Customs Enforcement ("ICE") until in or around February 2022.
- d. Individual-2 resided in Paterson, New Jersey.
- e. Individual-3 resided in Arizona.
- f. Payment Application-1 and Payment Application-2 each provided mobile payment and banking services.

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<sup>1</sup> During this time period, Individual-1 was serving sentences of incarceration arising from convictions for controlled substances offenses, robbery, and resisting arrest, in violation of the laws of New Jersey.

### **Relevant Terms**

- g. The Internal Revenue Service (“IRS”) was the federal agency tasked with tax collection and administration of the Internal Revenue Code.
- h. “Form 1040” was a U.S. Individual Income Tax Return form.
- i. “Form W-2” was a U.S. tax form for the reporting of wages received from an employer. A taxpayer was required to attach Form W-2 to Form 1040 when filing a tax return reflecting income earned.
- j. “Form W-2G” was a U.S. tax form that gambling providers, such as casinos or online gambling websites, often provided to individuals to report gambling winnings. A taxpayer was required to attach Form W-2G to Form 1040 when filing a tax return reflecting income won through certain gambling winnings.
- k. Individual taxpayers were permitted to electronically file (“e-file”) their tax returns with the IRS. To electronically file a tax return, the taxpayer utilized a self-selected personal identification number (“PIN”). The taxpayer’s identity was authenticated using the taxpayer’s date of birth, and either the prior year’s PIN or information from the prior year’s tax return.

### **Overview**

2. From at least in or around May 2018 through at least in or around August 2022, OMAR KHATER and WALID KHATER (together “Defendants”), with others, engaged in a scheme to defraud by submitting to the IRS false, fictitious, and fraudulent Forms W-2G and W-2, which Defendants created using a website (“Tax Website-1”) that provided online tax related services. Defendants typically submitted these fraudulent tax documents using the names and personal identifying information (“PII”) of victims without the victims’ knowledge or permission. The fraudulent filings caused the IRS to pay lucrative tax refunds, which Defendants directed to various bank accounts that they controlled. In one instance, discussed below, WALID KHATER also filed a tax return in his own name that included a false and fraudulent Form W-2G and sought a substantial tax refund, which the IRS did not disburse.

3. As part of the scheme, the fraudulent Forms W-2G falsely stated that the individual tax filers had won thousands—and in some cases millions—of dollars in winnings from gambling providers, and that the providers had withheld federal income tax from portions of those winnings. To profit from the scheme, the Defendants filed false tax returns in the names of the individual tax filers, attaching the Forms W-2G and falsely claiming tax refunds as a result of the

purported tax withholding indicated on the false Forms W-2G. The gambling providers confirmed, however, that they had no record of any of the purported gambling activity and never issued the Forms W-2G that the Defendants and others submitted to the IRS.

4. Defendants and others likewise created fraudulent Forms W-2 that falsely stated that the individual tax filers earned wages from various employers, had federal taxes withheld from their paychecks, and sought tax refunds as a result of those purported tax withholdings. The employers named on those forms confirmed that they did not, in fact, employ the individuals listed or issue the Forms W-2.

5. In total, the IRS has identified at least a dozen taxpayers whose tax return filings contained false and fraudulent Forms W-2 and W-2G that Defendants and others created using Tax Website-1 and submitted online to the IRS. These false and fraudulent tax filings caused the United States Treasury to issue tax refunds totaling at least approximately \$4,489,875.46, which the Defendants and others diverted to bank accounts they controlled in New Jersey and elsewhere.

#### **The Scheme**

6. The following are examples of Defendants' scheme and describe the manner and means of their crimes.

#### ***Individual-1 – 2018, 2019, 2020 Tax Returns***

7. OMAR KHATER had provided tax preparation services to Individual-1 and therefore had access to Individual-1's PII. As discussed above, Individual-1 was continuously imprisoned or detained in prison or ICE custody from at least in or around May 2016 to in or around February 2022. As a result, during that time period Individual-1 did not earn income from any private employer or win gambling winnings.

8. However, during this same period, OMAR KHATER and others used Individual-1's name and PII to electronically file false tax returns (the "Individual-1 Returns") and fraudulently collect refund checks from the IRS for tax years 2018 - 2020, as reflected in the below chart:

<b>Tax Year</b>	<b>Approx. Claimed Earnings</b>	<b>False Form W-2 or W-2G Included in the Tax Returns</b>	<b>Approx. Refund from the IRS</b>
2018	\$67,557	Form W-2; purported to reflect employment income from an employer in Lincoln Park, New Jersey ("Employer-1")	\$16,064.00



2019	\$1,376,000	Form W-2G; purported to reflect gambling winnings from a casino in New York state ("Casino-1")	\$194,985.18
2020	\$1,500,000	Form W-2G; purported to reflect lottery winnings from the New Jersey Lottery	\$118,208.94

Individual-1 confirmed that the Individual-1>Returns contained false information. In addition, Employer-1, Casino-1, and the State of New Jersey each confirmed that they had no records of the purported earnings or tax forms listed above. Individual-1 never worked for Employer-1 in 2018 and it was impossible for him to have won the claimed gambling money because he was incarcerated when those purported winnings occurred.

9. The investigation has revealed that the Defendants and others were responsible for completing and filing the fraudulent Individual-1>Returns. Among other things:

- a. The Individual-1>Returns for tax years 2019 and 2020 were each filed online from an Internet Protocol ("IP") address linked to WALID KHATER's residence in Arizona.
- b. Defendants and others used a debit card to pay Tax Website-1 for the Form W-2 filed with the Individual-1 Return for tax year 2018. The bank account for that debit card listed the account-holder's address as WALID KHATER's address in New Jersey, and later, WALID KHATER's address in Arizona.

10. Moreover, in furtherance of the scheme, and without Individual-1's knowledge or permission, OMAR KHATER and others added Individual-1's name to a mailbox at a UPS store in West Orange, New Jersey (the "KHATER UPS Mailbox"). OMAR KHATER controlled the KHATER UPS Mailbox and has been observed using it. While Individual-1 was incarcerated, Defendants and others also opened at least three bank accounts in Individual-1's name without his knowledge or permission (the "Individual-1 Fraud Accounts"). The Individual-1 Fraud Accounts listed WALID KHATER's Arizona residence as the address for each account.<sup>2</sup>

11. Defendants and others used the KHATER UPS Mailbox and the Individual-1 Fraud Accounts to collect and deposit tax refunds from the IRS. Specifically, Defendants and others listed the KHATER UPS Mailbox on the Individual-1>Returns for tax years 2018 and 2019, which caused the IRS to send the refund checks for those tax years to the KHATER UPS Mailbox. On or about

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<sup>2</sup> WALID KHATER initially funded one of those accounts by transferring money into it using his Payment Application-2 account.

October 2, 2020, the Defendants and others deposited the refund check for tax year 2019 at an ATM in West Caldwell, New Jersey into one of the Individual-1 Fraud Accounts. Likewise, on or about May 17, 2021, the refund check for tax year 2020 was deposited into another one of the Individual-1 Fraud Accounts.

12. Defendants disbursed some of the funds from the 2020 refund check to themselves via wire transmissions in interstate commerce, as follows: in or around May and June 2021, WALID KHATER received electronic transfers totaling approximately over \$15,000 into his Payment Application-1 and Payment Application-2 accounts; OMAR KHATER received an electronic transfer of approximately \$1,000 into his Payment Application-2 account; and approximately \$3,500 in cash was withdrawn via ATM transactions in Mesa, Arizona, where WALID KHATER resided.

13. Similarly, on or about February 4, 2020, OMAR KHATER and others deposited the refund check for tax year 2018 at an ATM in Paterson, New Jersey, into a bank account in the name "Omar Khater DBA Speed Heating & Air Conditioning." OMAR KHATER was the sole signatory on that account.

#### ***Individual-2 2019, 2020, and 2021 Tax Returns***

14. Individual-2 did not file tax returns for tax years 2019, 2020, and 2021, and according to Individual-2, he has never held a bank account and has never had any large gambling winnings.

15. Nonetheless, for tax years 2019, 2020, and 2021, the Defendants and others electronically submitted fraudulent Forms 1040 using Individual-2's name and PII without Individual-2's knowledge or permission. Each of the tax returns included false and fraudulent Forms W-2 or W-2G that were paid for at Tax Website-1 using a credit card connected to the KHATER UPS Mailbox address and OMAR KHATER's phone number.<sup>3</sup>

16. Those false and fraudulent IRS tax filings claimed, among things, that Individual-2 won approximately \$1,565,520 from an online sports betting provider headquartered in Jersey City, New Jersey ("Gambling Company-1") in or around 2020, and approximately \$1,545,962 from Gambling Company-1 in or around 2021. Gambling Company-1 confirmed that it did not create the Forms W-2G and had no record of the purported gambling winnings listed on those forms. Individual-2 likewise confirmed that he had no such gambling winnings.

17. But as a result of those fraudulent tax filings for tax years 2019, 2020, and 2021, the IRS deposited a total of approximately \$407,879 in tax refunds into a bank account in Individual-2's name. That bank account was opened in or around

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<sup>3</sup> This was the same credit card used to pay for the false and fraudulent Form W-2G attached to the Individual-1 tax return for tax year 2019.

December 2019 using Individual-2's name and PII but without Individual-2's knowledge or permission (the "Individual-2 Fraud Account"). As of in or around September 2020, the address on the Individual-2 Fraud Account was WALID KHATER's home address.

18. Bank records and surveillance photographs show OMAR KHATER withdrawing cash from the Individual-2 Fraud Account on multiple occasions at ATMs in New Jersey, including on or about January 20 and February 11, 2021. In total, from in or around February 2020 to in or around June 2021, OMAR KHATER and others withdrew approximately \$335,000 in cash from the Individual-2 Fraud Account via ATMs in New Jersey.

19. Further, on various dates from on or about May 13, 2022, to on or about June 13, 2022, surveillance photographs show OMAR KHATER withdrawing cash from the Individual-2 Fraud Account on approximately 30 different occasions from an ATM in Paterson, New Jersey. OMAR KHATER withdrew approximately \$1,500 cash in each transaction, totaling approximately \$45,000 in cash withdrawals in the one month.

### ***Individual-3 2021 Tax Return***

20. Bank records and surveillance photographs also show that WALID KHATER likewise attempted to withdraw cash proceeds of the scheme from a bank drive-up window in Mesa, Arizona.

21. On or about May 23, 2022, a bank account was opened in Individual-3's name at a bank in Mesa, Arizona, where WALID KHATER resided (the "Individual-3 Fraud Account"). On or about June 21, 2022, a U.S. Treasury tax refund check for approximately \$469,764.62 was deposited into the account via a drive-up window transaction. Surveillance photographs showed that WALID KHATER, not Individual-3, conducted this transaction.

22. The U.S. Treasury Check represented a tax refund associated with an Amended Form 1040 filed in Individual-3's name for tax year 2021 (the "2021 Individual-3 Return"). The 2021 Individual-3 Return purported to have been electronically signed by Individual-3 and reflected an address in Mesa, Arizona that was not Individual-3's actual address. Rather, the listed address was less than 400 yards away from WALID KHATER's address (the "WALID KHATER Neighboring Address").

23. The 2021 Individual-3 Return included a false and fraudulent Form W-2G, claiming that Individual-3 won \$2,085,223 from Gambling Company-1 on or about June 16, 2021. According to the Form W-2G, \$897,523 of the winnings had been withheld for federal income tax purposes. Gambling Company-1 confirmed that the Form W-2G was false and fraudulent, and confirmed that it had no record

of the winnings described in the Form W-2G. The false and fraudulent Form W-2G bore Individual-3's name, but WALID KHATER's Arizona address.

24. On or about June 22, 2022, the day after WALID KHATER deposited the approximately \$469,764.62 refund check, discussed above, surveillance footage captured WALID KHATER attempting to withdraw \$5,000 from the Individual-3 Fraud Account via a bank drive-up window in Mesa, Arizona.

***WALID KHATER's 2021 Amended Tax Return***

25. WALID KHATER likewise sought a large tax refund for tax year 2021 via his own filing of an amended personal income tax return (the "WALID KHATER 2021 Amended Tax Return") that contained a false Form W-2G nearly identical to the false Form W-2G filed with the 2021 Individual-3 Return. The Form W-2G attached to the WALID KHATER 2021 Amended Tax Return falsely claimed that on or about June 18, 2021, WALID KHATER won approximately \$2,085,223 from Gambling Company-1 and that approximately \$897,523 had been withheld for federal income tax purposes. This false Form W-2G was created using Tax Website-1 and reflected the exact same dollar amounts and gambling provider as the false Form W-2G submitted with the Individual-3 2021 Tax return.

26. The WALID KHATER 2021 Amended Tax Return claimed a refund due of approximately \$215,535, which the IRS did not disburse.

27. The WALID KHATER 2021 Amended Tax Return was electronically filed with the IRS via an IP address connected to WALID KHATER's home address in Arizona.