

2012R01249/mam

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

UNITED STATES OF AMERICA : Hon. *William H. Walls*
:
v. : Criminal Number: 16- *425*
:
MICHAEL Q. FU : Title 18, United States Code, Section 371
: Title 26, United States Code, Section 7201

INFORMATION

The defendant having waived in open court prosecution by Indictment,
the United States Attorney for the District of New Jersey charges:

COUNT ONE

(Conspiracy to Defraud the United States)

Background

1. At all times relevant to this Information:

a. MICHAEL Q. FU ("FU"), was a resident of Cranbury, New Jersey and was a fifty percent (50%) owner of United Products and Instruments Inc. ("UNICO") located in Dayton, New Jersey.

b. ALBERT W. CHANG ("CHANG"), a co-conspirator not named as a defendant herein, was a resident of Princeton Junction, New Jersey and was the other fifty percent (50%) owner of UNICO.

c. UNICO was established by FU and CHANG in 1991 and was registered with the State of New Jersey as a domestic limited liability company. UNICO's primary business activity was the sale of microscopes and centrifuges used for medical purposes.

d. Action Towers ("AT") was a shell company created and controlled by FU and CHANG and headquartered in China.

e. Bench Top Laboratories ("BTL") was a shell company created and controlled by FU and CHANG and headquartered in China.

f. Shanghai Electric was a Hong Kong based company doing business with UNICO, AT and BTL.

The Conspiracy

2. From in or about January 2009 to in or about December 2013, in Middlesex County, in the District of New Jersey and elsewhere, defendant

MICHAEL Q. FU

knowingly and willfully conspired and agreed with CHANG and others to defraud the United States by impeding, impairing, obstructing, and defeating the lawful governmental functions of the Internal Revenue Service of the Department of the Treasury (hereinafter "IRS") to ascertain, compute, assess, and collect income taxes.

Object of the Conspiracy

3. The object of the conspiracy was to conceal from the IRS millions of dollars in taxable income that FU and CHANG had derived from UNICO by (a) diverting corporate income to themselves through fraudulent and sham transactions; (b) falsifying UNICO's books, records and tax returns; and (c) falsifying their individual income tax returns.

Means and Methods of the Conspiracy

4. It was part of the conspiracy that after FU and CHANG derived income from their business, they diverted that business income to themselves by funneling the money to AT's and BTL's overseas banks accounts in China.

5. It was further part of the conspiracy that FU and CHANG would cause a portion of the diverted funds to be either wired to their personal bank accounts or they would cause the bank to issue sequentially numbered official bank checks that were payable to either themselves or their family members residing in the United States and/or China for the purpose of concealing taxable income from the IRS.

6. It was further part of the conspiracy that FU and CHANG falsely deducted those divert funds on UNICO's corporate tax return as either cost of goods sold or as commissions.

7. It was further part of the conspiracy that FU and CHANG directed Shanghai Electric to overbill UNICO by approximately five percent (5%) on legitimate invoices. Once these invoices were paid by UNICO to Shanghai Electric, Shanghai Electric would wire transfer AT or BTL the five percent (5%) over billing. These funds were personally used by FU and CHANG and were not reported as income on their individual tax returns.

8. It was further part of the conspiracy that CHANG regularly traveled

to China and while in China, and at the direction of FU, wired money from AT's and BTL's bank accounts to FU's family members living in China.

9. It was further part of the conspiracy that CHANG brought back from China official bank checks that he deposited into his personal bank accounts or the accounts of his family members, and he authorized wire transfers to his personal accounts and accounts held in the names of his family members.

10. It was further part of the conspiracy that FU and CHANG caused UNICO to overstate approximately \$3,646,143.00 in expenses on UNICO's corporate returns, therefore causing UNICO to evade the payment of approximately \$1,256,376.00 to the IRS.

11. It was further part of the conspiracy that neither FU nor CHANG reported the diverted income on their United States Individual Income Tax Returns thus causing them to understate their taxable income resulting in a substantial amount of personal tax to be due and owing to the IRS. In total, FU failed to report approximately \$1,570,000.00, thus evading the payment of approximately \$321,141.00 to the IRS. In total, CHANG failed to report approximately \$1,559,200.00, thus evading the payment of approximately \$237,064.00 to the IRS.

Overt Acts

12. In furtherance of the conspiracy and in order to effect the object

thereof, FU and his co-conspirators caused the following overt acts to be committed in the District of New Jersey and elsewhere:

a. On or about May 14, 2010, CHANG caused a Form 1040, U.S. Individual Income Tax Return for the tax year 2009 to be filed with the IRS on behalf of himself and his wife that concealed at least \$439,600.00 in taxable income resulting in an additional tax due and owing of approximately \$71,839.00 for tax year 2009.

b. On or about November 15, 2010, FU and CHANG caused UNICO to file a Corporate Tax Return for the fiscal tax year ending May 2010 with the IRS on UNICO's behalf that concealed at least \$943,386.00 in taxable income resulting in an additional tax due and owing of approximately \$322,276.00 for fiscal tax year ending May 2010.

c. On or about May 15, 2012, FU caused a Form 1040, U.S. Individual Income Tax Return for tax year 2011 to be filed with the IRS on behalf of himself and his wife that concealed at least \$420,000.00 in taxable income resulting in an additional tax due and owing of approximately \$97,168.00 for tax year 2011.

d. In or about 2015, CHANG traveled to China and brought back official bank checks or authorized wire transfers to his family members with the money funneled from UNICO to AT and BTL or with the money received from Shanghai Electric from the overbilling scheme.

e. In or about 2015, FU instructed CHANG to wire transfer his (FU's) fifty percent cut of the money his (FU's) family members located in China.

f. On or about March 15, 2015, FU and CHANG caused a wire transfer of approximately \$42,025.13 from UNICO to BTL.

All in violation of Title 18, United States Code, Section 371.

Count Two
(Tax Evasion)

1. The allegations set forth in Paragraphs 1 and 3 through 12 of Count One of this Information are hereby re-alleged as if fully set forth herein.

2. On or about May 15, 2012, FU signed and caused to be filed with the IRS a Form 1040 for tax year 2011 on behalf of himself and his wife. That return stated that their taxable income for the calendar year 2011 was \$352,315.00 and the amount of tax due and owing was \$110,572.00.

3. FU knowingly and willfully failed to include on the return approximately \$420,000.00 in additional taxable income defendant FU received in 2011. With this income, an additional tax of approximately \$97,168.00 was due and owing to the United States.

4. The total tax loss for FU for the years 2009 through 2012 is approximately \$321,141.00.

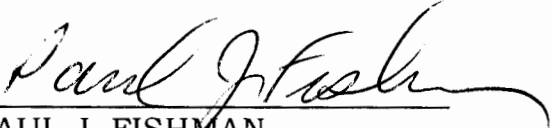
5. On or about May 15, 2012, in Middlesex County, in the District of New Jersey, defendant

MICHAEL Q. FU

knowingly and willfully did attempt to evade and defeat a substantial part of the income tax due and owing to the United States in that he signed and caused to be

filed a false and fraudulent 2011 United States Individual Income Tax Return, Form 1040, described in paragraph 2 of this Count, knowing it to be false and fraudulent as described in paragraph 3 of this Count.

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



PAUL J. FISHMAN
United States Attorney