

FILED
UNITED STATES DISTRICT COURT
ALBUQUERQUE, NEW MEXICO

FEB 14 2018

MATTHEW J. DYKMAN
CLERK

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW MEXICO

UNITED STATES OF AMERICA,)	CRIMINAL NO. <u>18-465</u>
)	
Plaintiff,)	Count 1: 26 U.S.C. § 7212(a): Corruptly
)	Endeavoring to Obstruct and Impede the due
vs.)	Administration of the Internal Revenue Laws;
)	
DAVID CASTLE,)	Counts 2: 26 U.S.C. § 7201: Evasion of
)	Payment.
Defendant.)	

INDICTMENT

The Grand Jury charges:

At all times relevant to this Indictment, 1) the Gold and Silver Exchange was a store focused on the sale, purchase, and repair of jewelry; 2) the Gold and Silver Exchange operated a physical storefront located in Albuquerque, New Mexico; 3) the defendant, **DAVID CASTLE**, was the owner and operator of the Gold and Silver Exchange.

Count 1

Between December 2004 and May 2016, in Bernalillo County, in the District of New Mexico, and elsewhere, the defendant, **DAVID CASTLE**, did corruptly endeavor to obstruct and impede the due administration of internal revenue laws by, among other things:

(1) filing with the Internal Revenue Service ("IRS") false U.S. Individual Income Tax Returns, Form(s) 1040, in which he claimed zero income, whereas the defendant, **DAVID CASTLE**, garnered income through operations of the "Gold and Silver Exchange," located in Albuquerque, New Mexico;

(2) sending frivolous correspondence to the Internal Revenue Service and United States

Attorney's Office, and in so doing, obstructing the IRS's efforts to secure the defendant, **DAVID CASTLE**'s, compliance with internal revenue laws;

(3) using nominee businesses named "Capital Dynamics, LLC," "Healthquest Global, LLC," and "Elite Marketing, LLC," to conduct, or direct to be conducted, the financial operations of the "Gold and Silver Exchange," and using these nominee companies to hide income generated from the business of the "Gold and Silver Exchange" from the IRS;

(4) using business bank accounts belonging to nominee companies such as "Capital Dynamics, LLC," "Healthquest Global, LLC," and "Elite Marketing, LLC," knowing that these companies do little to no legitimate business, and are designed to conceal the true source of revenue as being from the Gold and Silver Exchange;

(5) using business bank accounts belonging to nominee companies such as "Capital Dynamics, LLC," "Healthquest Global, LLC," and "Elite Marketing, LLC," to conceal his personal income and expenditures;

(6) engaging in frequent cash transactions so that they cannot easily be connected to business operations of the "Gold and Silver Exchange;"

(7) deliberately failing to keep accurate business records which reflect income and expenses related to "Gold and Silver Exchange" operations;

(8) employing and paying personnel of the "Gold and Silver Exchange," in cash, and classifying them as "casual labor," and failing to keep payroll records such as Forms 940, 941, W-2 or 1099.

By these means the defendant, **DAVID CASTLE**, deprived the United States of taxes in the approximate amount of \$5,488,894.63, which is calculated by computing 28% as tax liability for the

unreported gross receipts of the Gold and Silver Exchange, from 2010 to 2013, in the approximate amount of \$19,603,195.15.

Overt Acts

The acts committed in furtherance of the endeavor to corruptly obstruct or interfere with the IRS include, but are not limited to, the following:

(9) On or about December 8, 2004, the defendant, **DAVID CASTLE**, opened a business bank account in the name of Elite Marketing, LLC, which he then used to deposit revenue from the Gold and Silver Exchange, pay Gold and Silver Exchange expenses, and from which he used money to pay for personal expenses;

(10) On or about August 29, 2006, the defendant, **DAVID CASTLE**, opened a business bank account in the name of Capital Dynamics, LLC. The defendant, **DAVID CASTLE**, made himself and his wife, Paula Castle, the account holders, for purposes of hiding finances relating to the operation of the Gold and Silver Exchange, and for paying personal expenses;

(11) In September 2007, in response to an IRS letter outlining specific tax liability and providing a contact telephone number, the defendant, **DAVID CASTLE**, responded to the IRS by frivolous correspondence in which he denied every figure assessed and again requested a telephone number to contact the IRS;

(12) On or about January 28, 2008, the defendant, **DAVID CASTLE**, willfully filed with the IRS a false Form 1040 for the tax year 2002 in which he claimed zero income and zero federal tax liability, and which was accompanied by a Form 1099 claiming no income;

(13) On or about January 28, 2008, the defendant, **DAVID CASTLE**, willfully filed with the IRS a false Form 1040 for the tax year 2005 in which he claimed zero income and zero federal tax

liability, and which was accompanied by a Form 1099 claiming no income;

(14) On or about January 28, 2008, the defendant, **DAVID CASTLE**, willfully filed with the IRS a false Form 1040 for the tax year 2006 in which he claimed zero income and zero federal tax liability, and which was accompanied by a Form 1099 claiming no income;

(15) On or about December 29, 2008, the defendant, **DAVID CASTLE**, sent correspondence to representatives of the IRS in which he demanded that the IRS produce evidence to justify penalties levied against him for previous tax years because he falsely claimed he should not be required to pay them;

(16) On or about August 7, 2009, the defendant, **DAVID CASTLE**, became an account holder of a bank account in the name of "Healthquest Global, LLC," for purposes of using that account to store finances related to the Gold and Silver Exchange's operations and to pay for personal expenses;

(17) On or about June 2010, the defendant, **DAVID CASTLE**, sent correspondence to representatives of the IRS in which he demanded that the IRS cease pursuing collection action for valid financial penalties previously assessed against him because he falsely claimed he should not be required to pay them;

(18) In February 2012 and April 2012, the defendant, **DAVID CASTLE**, sent correspondence to representatives of the IRS in which he demanded that the IRS cease pursuing valid outstanding tax debts owed by him because he falsely claimed he should not be required to pay them;

(19) From 2010 to 2013, from business accounts held by "Capital Dynamics, LLC," "Healthquest Global, LLC," and "Elite Marketing, LLC," the defendant, **DAVID CASTLE**, withdrew approximately \$20,454,052.90 in Gold and Silver Exchange revenue, of which \$14,512,528 was in the form of cash;

(20) From 2010 to 2013, business accounts held by “Capital Dynamics, LLC,” “Healthquest Global, LLC,” and “Elite Marketing, LLC,” received approximately \$20,537,939.23 in deposits;

(21) In May 2016, the defendant, **DAVID CASTLE**, sent correspondence to the IRS within which he denied being a “taxpayer,” and thus, he concluded, he was not to be subject to the internal revenue laws of the United States of America;

(22) In January 2018, the defendant, **DAVID CASTLE**, sent two pieces of correspondence to the United States Attorney’s Office within which he claimed to “deny jurisdiction” to the United States of America, Department of Justice, and denied that he should be subject to federal income tax.

In violation of 26 U.S.C. § 7212(a).

Count 2

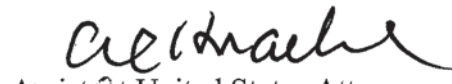

On or about December 27, 2008, and continuing through on or about December 29, 2017, in the District of New Mexico, and elsewhere, the defendant, **DAVID CASTLE**, a resident of Albuquerque, New Mexico, and the owner and operator of the “Gold and Silver Exchange,” did willfully attempt to evade and defeat the payment of tax due and owing by him to the United States of America for the years 1992-1993, 1995-2002, 2005, and 2006, in the amount of approximately \$104,446.81, by concealing and attempting to conceal from the Internal Revenue Service the nature and extent of business revenue and the location thereof; placing funds in bank accounts belonging to nominees companies; emphasizing cash operations in order to place that revenue beyond the reach of legal process; and by failing to file personal and business income tax returns or, if filing them, filing false or frivolous tax returns.

In violation of 26 U.S.C. § 7201.

A TRUE BILL:

/s/

FOREPERSON OF THE GRAND JURY


Assistant United States Attorney
 02/12/18 1:47PM