

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF LOUISIANA**

UNITED STATES OF AMERICA	*	CRIMINAL DOCKET NO. 13-155
v.	*	SECTION: "J"
JOHN LABEE	*	
	* * *	

FACTUAL BASIS

Should this matter proceed to trial, both the Government and the defendant, **JOHN LABEE** (hereinafter "Defendant" or "**LABEE**") do hereby stipulate and agree that the following facts set forth a sufficient factual basis for the crimes to which the defendant is pleading guilty. Specifically, **LABEE** has agreed to plead guilty to Counts 6, 11, and 13, of the Indictment pending against him, charging **LABEE** with aiding and assisting in the preparation of false documents under internal revenue laws, in violation of Title 26, United States Code, Section 7206(2) (Count 6), making false statements on income tax returns, in violation of Title 26, United States Code, Section 7206(1) (Count 11), and making false declarations before the Grand Jury, in violation of Title 18, United States Code, Section 1623 (Count 13), respectively. The Government and the defendant further stipulate that the Government would have proven, through the introduction of competent testimony and admissible, tangible exhibits, the following facts, beyond a reasonable doubt, to support the allegations in the Indictment now pending against the defendant:

Documentary evidence would be introduced to establish that the Internal Revenue Service (“IRS”) is an agency of the Treasury Department of the United States of America responsible for administering and enforcing the tax laws of the United States, including the taxes paid into the treasury of the United States by its citizens.

Documentary evidence and eyewitness testimony would be introduced to prove that at all times material, **LABEE** was a resident of Slidell, Louisiana and was engaged in the preparation of federal income tax returns. **LABEE** owned and operated several tax preparation companies, including Millenium Bookkeeping Services (“Millenium” [*sic*]) and IP Financial Services (“IP”). Both Millenium and IP were tax preparation businesses located in Slidell, Louisiana, located in the Eastern District of Louisiana. As part of his business, **LABEE** prepared the taxes of hundreds of customers annually. During the time the defendant operated Millenium and IP, **JOHN LABEE** engaged and assisted in the preparation of false and fraudulent financial income tax returns.

The Government would present testimonial evidence, including from taxpaying clients and former employees of IP, as well as documentary evidence to prove that as a regular part of his business **LABEE** would prepare tax returns that contained false or fraudulent information for his clients. In many cases, **LABEE** would create false W-2s for his clients that artificially and erroneously overinflated and/or fabricated the amount of federal income tax that had been withheld from their income. **LABEE** would also artificially inflate certain deductions, including deductions for “hobbies,” “home repairs,” and “unreimbursed business expenses,” claimed by his taxpaying clients on a schedule known as a “Schedule A.”

Documentary evidence, including the tax returns of the tax payers, as well as testimonial evidence, would be admitted to prove that, in cases where the tax returns of his clients were

falsified, **LABEE** charged substantial tax preparation fees for the preparation and transmittal of these tax returns to the IRS. Additionally, in cases where the tax returns were falsified in the manner described above, many of **LABEE'S** taxpaying clients received substantial refunds from the IRS.

Aiding or Assisting in the Preparation of False Tax Returns

Testimonial evidence, including testimony from special agents, representatives from the IRS, and customers of **LABEE**, as well as documentary evidence, including tax returns and financial information, would be introduced to prove that, in the years 2009 through 2013 (*i.e.*, tax years 2008 through 2012), in the Eastern District of Louisiana, **LABEE** willfully aided and assisted in the preparation and presentation of false federal tax returns. Evidence would be introduced to prove that, in many cases, **LABEE** would falsely and artificially inflate certain Schedule A items on his customers' tax returns, which he willfully aided and assisted in preparing, including inflate certain deductions, including deductions for "hobbies," "home repairs," and "unreimbursed business expenses." **LABEE**, further, would create and submit false W-2 wage statements for entities that either did not exist, for whom the customer did not receive wages, or that grossly overstated the amount of income received and amount of federal income tax that was withheld from the customer's pay. The Government would admit as evidence not fewer than 24 such false federal tax returns **LABEE** prepared and/or presented as a representative sample.

For example, **LABEE** prepared and filed the tax returns of B.W. for tax years 2008 and 2009. In B.W.'s actual employment, B.W. made approximately \$18,580 in tax year 2009 and had approximately \$899 in federal income tax withheld. He also led a small religious organization. In the course of preparing and filing B.W. federal tax return, **LABEE** created and

attached a false W-2 falsely representing that B.W. had earned \$65,000 in income through his small religious organization and had withheld \$9,875.00 in federal income taxes. **LABEE** further falsely represented on B.W. Schedule C that B.W. had incurred a \$35,000 business loss, which **LABEE** listed as “church expenses.” As a result of these false representations, the IRS paid a refund in the amount of approximately \$12,320 when, in fact, B.W. would have been entitled to, at most, a nominal refund. As a result, the IRS suffered a tax loss of approximately \$11,792.00. **LABEE** kept a significant portion of the refund as his fee for preparing and filing the tax return.

Evidence, including testimonial evidence by a representative of the IRS and documentary evidence, would be presented to establish that the United States suffered a tax loss for the 24 income tax returns prepared and/or presented by **LABEE**, in the amount of approximately \$227,002. In total, the Government would establish that **LABEE** prepared and filed approximately 460 federal tax returns that falsely claimed, and resulted in an intended loss to the United States, of approximately \$2,242,121 of federal income tax withholdings.

Subscribing False Tax Returns

Furthermore, documentary evidence, including bank records, financial information, and tax returns, as well as testimony from agents and representatives from the IRS, would be admitted to prove that, from approximately 2007 through 2012 (*i.e.*, tax years 2006 through 2011), in the Eastern District of Louisiana, **LABEE** knowingly and willfully made and subscribed false tax returns, each of which contained a verified written declaration that it was made under the penalty of perjury, which the defendant knew was not true and correct as to every material matter. The false tax returns, subscribed and transmitted by **LABEE**, were false because they under-reported the amount of gross business income obtained by **LABEE** and

overstated the amount of federal income tax that had been withheld, in the following years, as set forth below:

Taxpayer Name	Tax Year	Refund Amount Based on Return	Refund Amount Due Based on True Figures (If amount due, in parentheses)	Total Loss
John Labee	2006	\$36,898	\$447	\$36,451
John Labee	2007	\$10,822	\$1,546	\$9,276
John Labee	2008	\$7,394	\$1,977	\$5,417
John Labee	2009	\$12,934	(\$14,243)	\$27,177
John Labee	2010	\$11,807	(\$62,188)	\$73,995
John Labee	2011	\$11,141.00	\$0.00	\$11,141

Thus, as set forth above, for the tax years 2006 through 2011 (*i.e.*, in years 2007 through 2012), **LABEE** willfully and knowingly made and subscribed false returns, under a declaration of perjury, that **LABEE** knew were false as to material matters (specifically, the under-reporting of gross receipts **LABEE** received from his tax business, that he was “single” when, in fact, he was married, and the over-reporting of the amount of federal income tax that had been withheld). Evidence, including testimonial evidence from a representative of the IRS and documentary evidence, would be presented reflecting that the total amount of loss suffered by the IRS as a result of the false statements on **LABEE’S** tax returns (including both excessive money refunded and the under-reporting of his business income) was approximately \$163,457.

Making False Material Declarations Before the Grand Jury

IRS Special Agent Benjamin Johnson would testify, and documentary evidence would be introduced to establish, that on about March 14, 2013, **LABEE** appeared before a Grand Jury sitting in the Eastern District of Louisiana. **LABEE** was placed under oath.

Documentary evidence would be admitted to establish that during his testimony before the Grand Jury, **LABEE** was asked numerous questions and provided material declarations in response to those questions. Among the questions **LABEE** was asked was whether he had prepared and/or filed any federal tax returns for tax years 2012 for anyone other than himself. **LABEE** responded falsely that he had only prepared and filed his own tax return for tax year 2012 and, further, that he had neither prepared, nor filed, any other tax returns for tax year 2012.

Documentary evidence would further be admitted to establish that during his testimony before the Grand Jury, **LABEE** was also asked whether he knew J.C. and whether he had prepared and/or filed a federal tax return for J.C. for tax year 2012. **LABEE** responded falsely that he did not know J.C. and had not prepared a tax return for J.C. for tax year 2012. Specifically, among other false, material declarations, **LABEE** was asked the following questions and provided the following answers:

Q: You said that the only tax return you did for tax year 2012 is your own, correct?

A: Yes.

Q: Did you help prepare [J.C.'s] tax return?

A: I didn't prepare anybody else's tax return.

Special Agent Johnson, other representatives of the IRS, and J.C. would testify, and documentary evidence, including e-mails, would be introduced to establish, that beginning in about January 2013, and continuing until at least February 15, 2013, J.C. met with **LABEE** on multiple occasions at **LABEE'S** offices for the purpose of **LABEE** preparing and filing a tax

return for J.C. In addition to meeting in person, **LABEE** corresponded with J.C. via e-mail on numerous occasions concerning the preparation and filing of J.C.'s tax year 2012 federal tax return. On about February 14, 2013, after preparing J.C.'s federal tax return, **LABEE** attempted to file via electronic means a false, fraudulent federal tax return for J.C. that grossly overstated the amount of federal income tax withheld and created a fictitious business loss for J.C. during tax year 2012.

Financial records, including profit and loss statements of IP Financial Services, bank records of **LABEE** and **LABEE'S** business, and other records, would be introduced to prove the facts set forth above. Additionally, tax returns, including the false tax returns of the taxpayers noted above, along with the **LABEE'S** tax returns, would be admitted to further prove and corroborate the facts set forth above.

Finally, testimonial evidence, including testimony from representatives of the IRS, would also be admitted to prove the facts set forth above, including the calculations of tax loss and tax amounts due and owing by **LABEE**.

APPROVED AND ACCEPTED:

JOHN LABEE	Date
Defendant	

JOHN H. MUSSER, IV, ESQ.	Date
(Louisiana Bar No. _____)	
Attorney for Defendant Labee	

JORDAN GINSBERG	Date
(Illinois Bar. No. 6282956)	
Assistant United States Attorney	