

United States District Court
District of New Jersey

In the Matter of the Execution of the Search of

The Premises More Particularly
Described in Attachment A-1

**APPLICATION AND AFFIDAVIT
FOR SEARCH WARRANT**

Mag. No. [REDACTED]

I, Special Agent [REDACTED] being duly sworn depose and say:

I am a Special Agent with the United States Department of Justice, Office of Inspector General and have reason to believe that on the premises known as (name, description, and/or location)

SEE ATTACHMENT A-1

in the District of New Jersey there is now concealed property, namely (describe the property)

SEE ATTACHMENT B-1

which is (give alleged grounds for search and seizure under Rule 41(c) of the Federal Rules of Criminal Procedure)

Evidence of the commission of federal offenses, and the fruits and instrumentalities of federal offenses

in violation of 18 U.S.C. § 1001 & 26 U.S.C. § 7206(1)

The facts to support the issuance of a Search Warrant are as follows:

SEE ATTACHMENT C

Continued on the attached sheet and made a part hereof. Yes No

[REDACTED]
Special Agent
United States Department of Justice
Office of Inspector General

Sworn to before me, and subscribed in my presence

February 26, 2013
Date

at Newark, New Jersey

Honorable [REDACTED]
United States Magistrate Judge
Name & Title of Judicial Officer

[REDACTED]
Signature of Judicial Officer

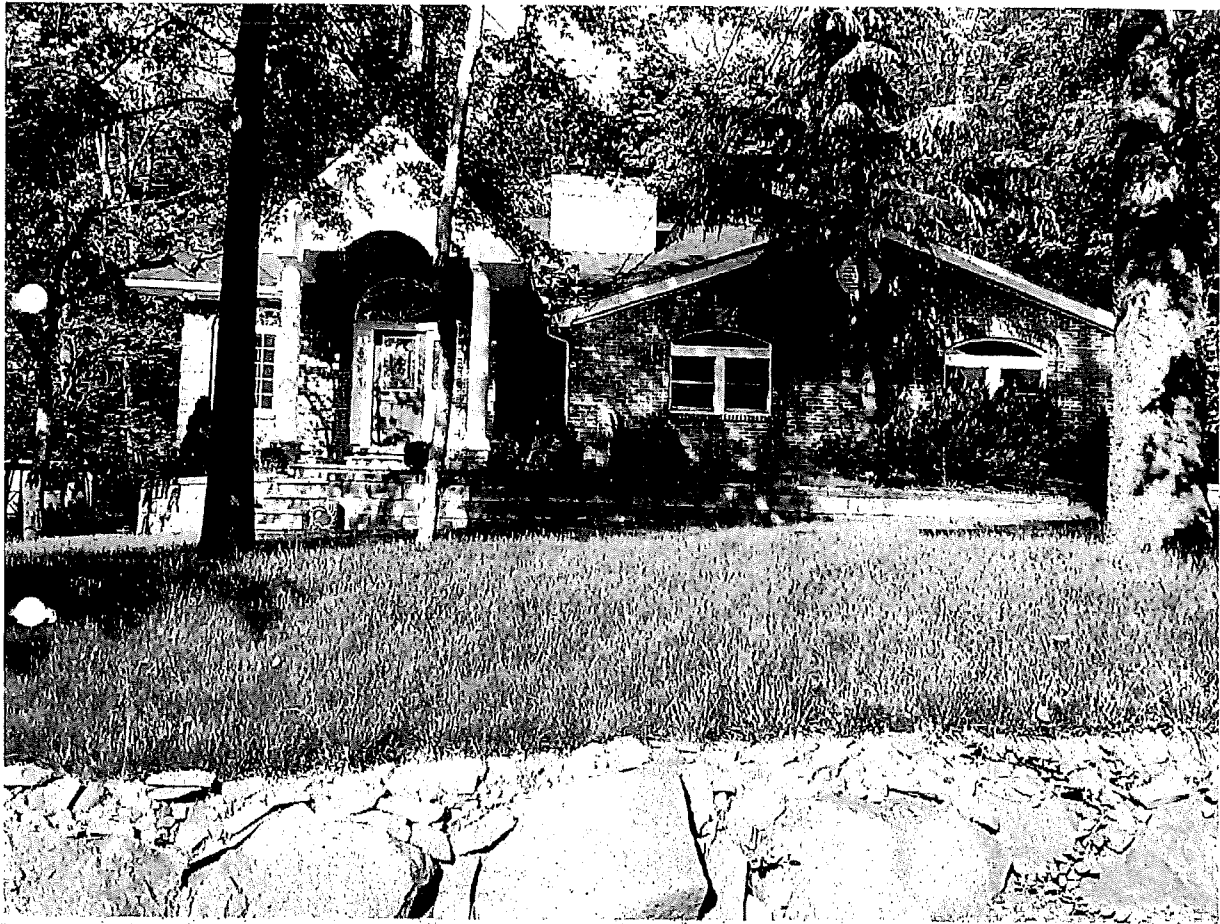
[REDACTED]

ATTACHMENT A-1

PREMISES TO BE SEARCHED
(SUBJECT LOCATION 1)

SUBJECT LOCATION 1 - The personal residence of [REDACTED], located at [REDACTED]. SUBJECT LOCATION 1 is more particularly described as a one-story red brick house with white trim and a black shingled A-frame roof. As one approaches the house from [REDACTED] the northeast corner of the house is visible from the street with the right side of the house consisting of the front entrance under a columned vestibule located close to the northeast corner, and the left side of the house consisting of three white garage doors at the subterranean level with three large white trimmed bay windows above each garage door on the first floor level. The front entrance consists of a green door with white trim and an etched glass panel in the middle. Two sconces are affixed to the wall on each side of the front door.





ATTACHMENT B-1

ITEMS TO BE SEIZED
(SUBJECT LOCATION 1)

1. The records and items sought from SUBJECT LOCATION 1 are more particularly described as the evidence, fruits and instrumentalities of Title 18, United States Code, Section 1001, and Title 26, United States Code, Sections 7206(1), to include:

- a. Cash, currency, and monetary instruments reflecting the receipt of funds and concealment of funds from the FBI and IRS;
- b. Records and items reflecting the financial status of or any financial transactions by [REDACTED]
[REDACTED]
[REDACTED] from January 1, 2007 to December 31, 2011, including: bank statements; statements of brokerage accounts; ATM slips, cards, and records; cancelled checks; copies of checks; checkbooks, passbooks, check registers, and check stubs; deposit and withdrawal records; money orders and money order receipts; monetary and currency transfer receipts; bills and receipts for taxes; mortgage documents and payments; lease agreements and lease payment records; utility and phone bills; credit card statements and receipts; W-2, W-4 and 1099 forms; payroll and commission records; general ledgers and journals; accounts payable and receivable ledgers; purchase, receipt and disbursement journals; paid bills and invoices; promissory notes and other loan documents; line of credit documents; financial and disclosure statements; partnership agreements; certificates of incorporation; records of stock or bond ownership; correspondence; memoranda; mailing records; telephone messages, diaries and message pads; handwritten and other notes; appointment books, planners and calendars;
- c. Work papers; schedules; actual, draft, blank or partial federal and state tax returns (including IRS Forms 1040, 1065 and 1120); and memoranda, records and correspondence, all relating to the preparation and filing of the tax returns of [REDACTED]
[REDACTED] from January 1, 2007 to December 31, 2011;
- d. Documents, records, correspondence, memoranda, notes and drafts pertaining to the preparation of Security Financial Disclosure Forms from January 1 2007 to May 31, 2012;
- e. Documents, records, correspondence, memoranda, keys, and notes pertaining to safety deposit boxes and/or storage units;

- f. Documents, contracts, records, correspondence, memoranda, forms, cancelled checks, deposit slips and deposited items from January 1, 2007 to December 31, 2011 pertaining to (i) payments by the FBI; (ii) payments to agents and/or informants; (iii) [REDACTED] payments received or disbursed; and (iv) payments to any contractors for work done in relation to or on behalf of [REDACTED];
- g. Any and all safes or locked storage containers, including the contents thereof to the extent said contents fall within the categories stated above;
- h. In order to search for the items described above that may be maintained in electronic media, law enforcement personnel seek authorization to search, copy, image, and seize the following items for offsite analysis:
- i. Any computer equipment and storage device capable of being used to store any of the materials listed above;
 - ii. Any computer equipment used to facilitate the transmission, creation, display, encoding or storage of any of the materials listed above, including word processing equipment, modems, routers, networking equipment, docking stations, monitors, speakers, printers, plotters, encryption devices, optical scanners, and cameras;
 - iii. Any magnetic, electronic or optical storage device capable of storing any of the materials listed above, such as floppy disks/diskettes, hard disks, tapes, CD-ROMs, CD-R, CD-RWs, DVDs, optical medium, solid-state devices, printer or memory buffers, smart cards, PC cards, flash cards, cartridges, memory calculators, electronic dialers, electronic notebooks, tablet computers (e.g., iPads), mobile phones, smart phones, blackberries, mp3 audio players, wireless devices, Universal Serial Bus (USB) and External Serial ATA (eSATA) devices, Fire Wire devices, personal digital assistants, and any other media that are capable of storing information or data;
 - iv. Any documentation, operating logs and reference manuals regarding the operation of the computer equipment, storage devices or software;
 - v. Any applications, utility programs, compilers, interpreters, and other software used to facilitate direct or indirect communication with the computer hardware, storage devices or data to be searched;
- [REDACTED]

- vi. Any physical keys, encryption devices, dongles and similar physical items that are necessary to gain access to the computer equipment, storage devices or data;
- vii. Any passwords, password files, test keys, encryption codes or other information necessary to access the computer equipment, storage devices or data;
- viii. Files, records, programs, logs, electronic communications, scanning programs, financial records, hacking software, and router configuration software; and
- ix. Any and all charging equipment as is used by the electronic devices or media specified above.

2. In searching for data capable of being read, stored or interpreted by a computer, law enforcement personnel executing this search warrant will employ the following procedure:

- a. Upon securing the premises, law enforcement personnel will copy or secure an image of computer media containing items, materials, and evidence sought by the warrants and promptly transport such material to an appropriate law enforcement laboratory for analysis. If unable to copy or image such material, law enforcement personnel will seize the computer equipment and storage devices and promptly transport such material to an appropriate law enforcement laboratory for analysis. Such computer media, equipment, and storage devices will be analyzed by appropriately trained personnel (the "computer personnel") in order to extract and seize any data that falls within the list of items to be seized.
- b. In searching the data, the computer personnel may examine all of the data contained in the computer media, equipment, and storage devices to view their precise contents and determine whether the data falls within the items to be seized as set forth herein. In addition, the computer personnel may search for and attempt to recover "deleted," "hidden" or encrypted data to determine whether the data falls within the list of items to be seized as set forth herein.
- c. If the computer personnel determine that the data does not fall within any of the items to be seized pursuant to this warrant or is not otherwise properly seized, law enforcement personnel will return these items within a reasonable period of time.





I, [REDACTED], being duly sworn, depose and state:

1. I am a Special Agent with the United States Department of Justice, Office of Inspector General (“DOJ/OIG”), assigned to the New Jersey Area Office in Trenton, New Jersey. I have been a special agent for over 23 years and have been employed with DOJ/OIG since August 1998. As part of my duties as an agent, I investigate criminal violations relating to corruption and fraud by Department of Justice employees, contractors and vendors. Before joining DOJ/OIG, I was employed as a Criminal Investigator with the U.S. Department of Defense, Criminal Investigative Service, for 9 years. During my tenure in law enforcement, I have participated in the execution of approximately 75 search warrants.

2. I have been involved, along with special agents of the Internal Revenue Service – Criminal Investigation Division (“IRS/CI”), in the investigation of the conduct of [REDACTED] and others known and unknown for, among other things, violations of: (a) Title 18, United States Code, Section 1001 (making false statements); and (b) Title 26, United States Code, Section 7206(1) (subscribing to false tax returns) (collectively, the “Specified Federal Offenses”).



3. The subject locations sought to be searched (collectively, the "SUBJECT LOCATIONS") are as follows:

- a. SUBJECT LOCATION 1 - The personal residence of [REDACTED] located at [REDACTED] SUBJECT LOCATION 1 is more particularly described as a one-story red brick house with white trim and a black shingled A-frame roof. As one approaches the house from [REDACTED], the northeast corner of the house is visible from the street with the right side of the house consisting of the front entrance under a columned vestibule located close to the northeast corner, and the left side of the house consisting of three white garage doors at the subterranean level with three large white trimmed bay windows above each garage door on the first floor level. The front entrance consists of a green door with white trim and an etched glass panel in the middle. Two sconces are affixed to the wall on each side of the front door.
- b. SUBJECT LOCATION 2 - [REDACTED] is located at [REDACTED]. The entrance to SUBJECT LOCATION 2 is located along the side of the building on [REDACTED] and is adjacent to a doctor's office called [REDACTED]. Looking at the store from the [REDACTED] entrance, a blue awning is affixed over the entrance with white lettering that reads [REDACTED]. Upon entering the pharmacy from the [REDACTED] entrance, the cash register and counter are located immediately to the right. The pharmacy and store office are located in the left rear portion of the store as one faces in from the [REDACTED] entrance.

4. Authority is sought to search (a) SUBJECT LOCATION 1 for items described in Paragraph 58 and (b) SUBJECT LOCATION 2 for items described in Paragraph 66.

5. I am thoroughly familiar with the information contained in this affidavit through: (a) review of the tax records and bank account records of the individuals and entities referenced within this affidavit; (b) review of documents and records received from the individuals and entities referenced within this affidavit; (c) witness interviews; and (d) briefings with other agents and law enforcement officers. On the basis of this familiarity, and on the basis of other information that I have reviewed and determined to be reliable, I submit that:

- a. There is probable cause to believe that [REDACTED] and others known and unknown have committed the Specified Federal Offenses.
- b. There is probable cause to believe that [REDACTED] has used the SUBJECT LOCATIONS in connection with the commission of the Specified Federal Offenses, namely obtaining cash that he did not claim on his federal income tax returns or disclose on his yearly security disclosure forms.
- c. There is probable cause to believe that the items described in Paragraph 58 and Paragraph 66 of this affidavit will be found at SUBJECT LOCATION 1 and SUBJECT LOCATION 2, respectively.

6. Because this affidavit is submitted for the limited purpose of securing authorization to search the SUBJECT LOCATIONS, I have not included each and every fact known concerning this investigation. When I refer to statements of others, those statements have been related in substance and in part.

OVERVIEW OF AFFIDAVIT

7. The first section of this affidavit provides background information concerning [REDACTED] and other individuals and entities material to this ongoing investigation. The second section of this affidavit sets forth a detailed summary of the conduct involving the Specified Federal Offenses uncovered during the investigation. The final section of this affidavit describes the evidence, fruits and instrumentalities of the Specified Federal Offenses that there is probable cause to believe are located at the SUBJECT LOCATIONS and sets forth a request: (a) for permission to search the SUBJECT LOCATIONS after 6:00 a.m. and before 10:00 p.m. and (b) that this application and related documents remain sealed, except for a copy of the particular search warrant and inventory notice necessary for execution at the particular SUBJECT

LOCATION, until further order of this Court due to the continuing nature of this ongoing criminal and grand jury investigation.

I. SUBJECTS AND OTHER INDIVIDUALS AND ENTITIES

8. [REDACTED] is a Special Agent assigned to the New York field office of the Federal Bureau of Investigation ("FBI"). [REDACTED] has served most of his approximately 16-year tenure as a Special Agent in the Foreign Counter-Intelligence Unit of the FBI.

9. [REDACTED] is [REDACTED] wife and is the part owner and operator of [REDACTED]. [REDACTED] is located at SUBJECT LOCATION 2. [REDACTED] also has an ownership interest in [REDACTED], a company likely formed to manage and operate the commercial property located at [REDACTED]. [REDACTED] leases a unit of the commercial space, SUBJECT LOCATION 2, to [REDACTED] and separate units to other medical-service related businesses at the same address.

10. Bank records obtained during the investigation indicate that [REDACTED] maintains a checking account with [REDACTED] in [REDACTED] (Account # [REDACTED]) (the [REDACTED]), which is jointly held with [REDACTED]. Bank records also show that [REDACTED] and [REDACTED] (collectively, the [REDACTED]) maintained a joint savings account at the [REDACTED] located in [REDACTED] (Account # [REDACTED]), and [REDACTED] maintained a separate individual savings account at [REDACTED] (Account # [REDACTED]).

11. [REDACTED] maintained approximately seven business bank accounts in the name of [REDACTED] and [REDACTED] over which she had custody and control as the part-owner and proprietor of both businesses. All seven accounts were with [REDACTED] in [REDACTED].

██████████. Six of the accounts were in the name of ██████████
██████████ and one of the accounts was in the name of ██████████
██████████ (collectively, the ██████████).

12. The ██████████ have two minor children, ██████████
██████████. Bank records reflect that ██████████ maintained two additional bank accounts at the
██████████ held jointly in the name of ██████████ and the ██████████. The first account was in
the name of ██████████ (Account # ██████████) and the second account was in the name of ██████████
(Account # ██████████). Records reflect that the ██████████ accounts at ██████████ were
controlled by ██████████.

II. SUMMARY OF THE INVESTIGATION

13. The investigation has revealed probable cause to believe that ██████████ made
material misrepresentations on his Security Financial Disclosure Forms ("SFDF") between 2007
and 2011 by attributing cash holdings of the ██████████ to gifts from ██████████ parents and
in-laws. Records obtained during the investigation show, however, that the source of those cash
holdings funds likely could not have been ██████████ parents or in-laws. Records obtained during
the investigation also indicate that the ██████████ cash holdings were greater than what
██████████ had claimed on his SFDFs. The investigation has revealed that ██████████ has taken steps to
conceal his cash holdings through financial transactions, including: (1) depositing checks from
the FBI related to the payment of informants and approximately \$51,000 in checks from
██████████ home owners' association for payment to a contractor into ██████████ personal bank
account, and likely providing cash or a cash equivalent to third parties for the deposited checks,
(2) paying certain personal living expenses with cash payments and money orders, and (3)
purchasing thousands of dollars of money orders, some of it in a structured manner. Based on
the evidence and an analysis of tax and bank records, there also is probable cause to believe that

the [REDACTED] have failed to report substantial portions of income for calendar years 2008, 2009, and 2010 to the IRS and have subscribed to false tax returns and statements.

A. Material Misrepresentations on the 2007-2011 SFDFs

14. As part of [REDACTED] employment as an FBI Agent, he is subject to an internal FBI-conducted background re-investigation every five years for security purposes or as required by FBI policy. In 2011, during a background re-investigation, the FBI discovered certain discrepancies with respect to [REDACTED] activities, including numerous financial transactions that generated bank currency transaction reports (“CTRs”) during the reporting period.

15. As an FBI agent with access to certain sensitive and classified data, [REDACTED] has been required on a yearly basis to submit a sworn disclosure statement, the Security Financial Disclosure Form (“SFDF”), which discloses the financial status of [REDACTED] and his immediate family (the [REDACTED] – including [REDACTED] [REDACTED] for the preceding calendar year. Thus, for the past five years, [REDACTED] has been required to disclose on the SFDFs items such as his and his wife’s income; year-end balances of all [REDACTED] bank accounts and stock accounts in which they have beneficial ownership; real property owned by the [REDACTED] and all debts owed by the [REDACTED], among other financial information. Most important here, the SFDF has required [REDACTED] to disclose any [REDACTED] cash holdings, as well as provide a separate written explanation for such cash holdings. Upon completion of the SFDF, [REDACTED] was required to acknowledge the truthfulness and accuracy of the form by electronically signing the SFDF under the penalty of perjury.

16. A review of the [REDACTED] bank records, including the aforementioned CTRs, revealed that from in or about January 2007 to in or about May 2011, the [REDACTED] deposited approximately \$369,420 in cash in bank accounts belonging to members of the [REDACTED]

FAMILY. A review of ██████████ bank records and other materials revealed evidence that ██████████ likely made material misrepresentations in his 2007-2011 SFDFs regarding that cash and has failed to claim cash assets in his tax filings for tax years 2008, 2009 and 2010.

17. According to ██████████ 2007 through 2011 SFDFs, ██████████ reported that ██████████ and the ██████████ received approximately \$194,000 in cash from ██████████ parents and in-laws during that period, and that ██████████ maintained approximately \$20,000 to \$25,000 cash on hand at all times for her business. ██████████ also claimed that, in years 2007 and 2010, there were outstanding loans totaling approximately \$90,000.

18. ██████████ explanations on these SFDFs for the sources of cash to the ██████████ ██████████ are inconsistent with the financial records reviewed during the investigation. The submitted SFDFs for 2007 through 2011, electronically signed by ██████████ under the penalty of perjury, reveal that ██████████ offered two general explanations for his yearly cash holdings: (1) ██████████ wife and children “receives [sic] financial/cash gifts toward their college funds, religious holidays, and birthdays from [██████████ parents and in-laws]”; and (2) ██████████ ██████████ “maintaines [sic] a cash running business and had [an] average [of] 25000 [cash] on hand on average.”

19. Specifically, ██████████ explained the ██████████ cash holdings in the SFDFs in the following manner:

SFDF Category	Code	Amount	Comments/Explanation
2007 SFDF Explanations			
Other Assets	Spouse/Cash On Hand	\$20,000	“Spouse is owner and operator of a cash based business and therefore she has approximately \$20,000 on hand on any given day.”
Cash Explanation	Filer & Spouse	\$20,000	“Spouse has many investments and ownership in business and other ventures. Grandparents [are] planning to contribute 40,000+ in to children’s college funds and possiable [sic] additional 50,000 gift.”
Comments			“There are outstanding loans to friends and family



			members that adds over \$50,000. Any given year meternal [sic] and peternal [sic] grandparents contributes [sic] large sum of money toward dependents college funds."
2008 SFDF Explanations			
Other Assets	Spouse/Cash On Hand	\$25,000	"[S]pouse has business that deals with cash, she has approx [sic] 20,000 to 25,000 on hand any given day."
Cash Explanation	Dependent	\$20,000	"[M]y children receives [sic] cash payments on their bdays and religious holidays toward their college funds."
2009 SFDF Explanations			
Other Assets	Spouse/Cash On Hand	\$25,000	"Spouse maintaines [sic] a cash running business and had average 25000 on hand on average"
Cash Explanation	Dependent	\$40,000	"My both children receives [sic] cash donations from their grandparents for college funds, on religious holidays and birthdays."
Cash Explanation	Spouse	\$20,000	"Approximate amount spousr [sic] receives from her parents."
2010 SFDF Explanations			
Other Assets	Spouse/Cash On Hand	\$25,000	"[S]pouse runs retail business and has appros [sic] \$25000 cash on hand all the times."
Cash Explanation	Spouse	\$20,000	"Spouse is a owner of multiple business and maintaines [sic] about \$20K-25K in cash all the time."
Comments			"My children receives [sic] financial/cash gifts toward their college funds, religious holidays, and birthdays from grandparents toward college funds. \$40K Loan to relative/friends were returned during reporting period."
2011 SFDF Explanations			
Other Assets	Spouse/Cash On Hand	\$25,000	"Spouse ownes [sic] and operates retail business and any given day she has approximately 25000 on hand."
Cash Explanation	Dependent	\$24,000	"Both of my children receives [sic] college funds and cash gifts from grandparents and other relatives during birthdays, religious holidays, and rewards for getting good grades. [T]hey also earn good sum of amount from their odd jobs, landscaping and snow removal work."
Comments			"[S]ome numbers are approximate and planning to amend this disclosure as i get it. i may be overreporting some income."

20. An examination of New Jersey Department of Labor records for [REDACTED] parents [REDACTED] and [REDACTED] in-laws [REDACTED] cast doubt upon [REDACTED] sworn representations to the FBI that [REDACTED] parents and in-laws have funded large cash gifts to his children. According to such records, for the past several years, [REDACTED] parents and mother-in-law, [REDACTED] have relied solely on Social Security as a source of income. [REDACTED] father-in-law, [REDACTED] who also receives Social Security, earned only approximately \$30,000 per year working for a chemical

company, according to the records obtained during the investigation.

21. Bank records for [REDACTED] in-laws also give little indication of any financial wherewithal to fund significant cash gifts to [REDACTED] and the [REDACTED]. A review of [REDACTED] in-law's bank records shows that, aside from a nine-month period from in or about July 2005 to in or about April 2006 when approximately \$17,000 in cash was deposited into their joint account, the account deposits consisted mostly of Social Security checks and payroll from the above-mentioned chemical company. Likewise, bank records for [REDACTED] parents do not show any financial wherewithal to fund significant cash gifts to [REDACTED] and the [REDACTED] children. A review of those bank records shows that, aside for tax refund checks totaling approximately \$4,600 deposited in 2011 and a \$7,500 deposit in 2010, most of the yearly account deposits consisted of Social Security funds and other deposits in amounts no greater than a few thousand dollars.

22. Although [REDACTED] represented to the FBI that the cash distributions to his children came from [REDACTED] parents and in-laws, the documents obtained during the investigation, along with witness interviews, indicate that when [REDACTED] deposited cash into [REDACTED] bank accounts at the [REDACTED] he informed bank tellers, on at least on three different occasions, that the large sums of cash that he was depositing came from his wife's business. [REDACTED] statements to bank tellers appear to be supported by a review of the activity between the [REDACTED] accounts and [REDACTED] account (Account # [REDACTED]). A history of the financial exchanges between the [REDACTED] accounts and the [REDACTED] accounts is summarized as follows:

Deposits From [REDACTED] Into [REDACTED] & Loans To [REDACTED] from [REDACTED]	[REDACTED]			
	2007	2008	2009	2010
[REDACTED] Payroll to [REDACTED]	\$53,301	\$52,670	\$52,920	\$60,756
Other Checks from [REDACTED]	\$57,655	\$37,348	\$27,400	\$12,000
Checks from [REDACTED] to [REDACTED]	-	\$20,000	-	\$23,000

[REDACTED]

Loans to [REDACTED]	(\$40,000)	-	-	(\$24,300)
Totals	\$70,956	\$110,019	\$80,320	\$71,456

23. As is represented in the above chart, [REDACTED] received her payroll and other funds from [REDACTED] through the JFCU account that she shared with [REDACTED] (Account # [REDACTED]). Of note is that checks and transfers between the [REDACTED] account and the [REDACTED] accounts were not limited to disbursements to only [REDACTED] [REDACTED]. Between 2007 and 2010, approximately \$43,000 was disbursed directly into the [REDACTED] [REDACTED] accounts (Accounts # [REDACTED] and # [REDACTED]). Furthermore, between 2007 and 2010, approximately \$64,300 was transferred from the [REDACTED] account to the [REDACTED] account as loans to the business. As the chart demonstrates, funds freely moved between the [REDACTED] accounts and the [REDACTED] accounts, consistent with the pattern of cash deposits made by [REDACTED] into the [REDACTED] accounts (summarized below in Paragraph 50) and consistent with [REDACTED] statements to bank tellers and others.

24. Cash deposits into the [REDACTED] accounts total approximately \$369,420 between 2007 and 2011. The cash deposits are summarized as follows:

[REDACTED] FAMILY Accounts	2007 Cash Deposits	2008 Cash Deposits	2009 Cash Deposits	2010 Cash Deposits	2011 Cash Deposits
[REDACTED]	\$17,500	\$16,000	\$12,000	\$42,500	\$9,000
[REDACTED]	\$17,500	-	\$18,000	\$42,500	\$9,000
[REDACTED]	\$34,550	\$34,900	\$27,000	\$54,950	\$8,900
[REDACTED]	-	-	-	\$20	-
[REDACTED]	\$5,500	\$2,000	\$6,000	\$11,600	-
Totals	\$75,050	\$52,900	\$63,000	\$151,550	\$26,900
GRAND TOTAL					\$369,420

25. Given the limited financial resources of [REDACTED]'s parents and in-laws, as evidenced by their bank records, it is unlikely that they were the source of the large cash deposits into the [REDACTED] bank accounts, as [REDACTED] indicated in his 2007-2011 SFDFs.

Furthermore, [REDACTED]'s other explanations for the cash holdings – i.e., that his wife maintained \$25,000 in cash on hand due to the nature of her business and that there were outstanding loans – do not provide a sufficient explanation for the approximately \$369,420 in cash deposits made by the [REDACTED] during that period. The sums of cash being deposited into the [REDACTED] accounts, coupled with [REDACTED] own statements to bank tellers, suggests that [REDACTED] was the source of the cash holdings and that the business proceeds from [REDACTED] were deposited into the [REDACTED] accounts in an effort to avoid reporting such income.

B. Check Deposits Into [REDACTED] Personal Bank Account

26. Further evidence of other cash holdings by [REDACTED] that are not accounted for in [REDACTED] SFDFs is [REDACTED] deposits of checks from the FBI into his personal bank account. Most of the FBI checks that were deposited into [REDACTED]'s account are from an FBI account designated for payments related to informants, according to FBI records. When an FBI agent wants to pay an FBI informant for the informant's services, the FBI agent must submit paperwork to a supervisor for authorization. If the authorization is approved, the FBI then issues a check made payable to the agent. The agent is then responsible for cashing the check and paying the informant in cash. Once the informant is paid, the informant signs a receipt which is then submitted to the FBI for record keeping.

27. Checks also are issued to agents for other expenditures related to informants under the same procedure. Funds must be approved and a check will issue for use on expenses such as hotels, travel or phones for informants, etc. The account is not a reimbursement account for agents. Reimbursements for travel and other agent expenses are handled through a different process. Indeed, bank records reflect that [REDACTED] reimbursements for ordinary work related expenses were direct deposited into the [REDACTED] account along with all of his paychecks during the 2007 through 2010 period.

28. Between 2007 and 2010, FBI records reflect numerous checks that were made payable to [REDACTED] and to other agents that were deposited into [REDACTED] and [REDACTED] accounts (Accounts # [REDACTED] and # [REDACTED], respectively). With respect to the checks that were intended for payment to informants for services, FBI records also reflect that signed receipts from the informants were submitted, as evidence that the informants received the cash. FBI records demonstrate the following examples with respect to some of the checks intended as payment to an informant:

Check Date	Amount	Payable To	Depositor Account	Informant Payment Receipt
12/31/2007	\$4,000	[REDACTED]	[REDACTED]	Submitted
6/2/2008	\$100	[REDACTED]	[REDACTED]	Submitted
12/16/2008	\$4,000	[REDACTED]	[REDACTED]	Submitted
12/16/2008	\$250	[REDACTED]	[REDACTED]	Submitted
3/17/2010	\$1,000	[REDACTED]	[REDACTED]	Submitted
12/28/2010	\$5,000	[REDACTED]	[REDACTED]	Submitted
TOTAL	\$14,350			

29. Bank records from [REDACTED] personal bank account reflect that the above-referenced checks, among others, were in fact deposited into [REDACTED] account. What is significant is that bank records do not indicate any associated cash withdrawals from [REDACTED] accounts that would explain the cash ultimately being received by the informants. Thus, the records suggest that [REDACTED] had cash on hand to give to the agents in exchange for the checks.

30. Furthermore, on occasion, [REDACTED] immediately converted the FBI checks to money orders. This conduct was highly irregular given the fact that the purpose behind the FBI giving the agents checks to obtain cash was so that the payments to informants or entities related to informants could not be traced. Therefore, it is unlikely that [REDACTED] provided money orders to the agents for the informants. Rather, the investigation has revealed that some of those money orders were made payable directly to [REDACTED] and that others were used to pay expenses of

¹ Special agents referenced in the affidavit will be referred to by initials only; "SA" stands for "Special Agent."

██████████ that appear personal in nature. Thus, it is believed that ██████████ used cash on hand to facilitate the payments to informants and then converted the FBI undercover checks into money orders to, among other things, pay personal expenses. Accordingly, FBI checks considered as evidence of ██████████ further cash holdings are summarized as follows:

SUMMARY OF FBI EXPENSE CHECKS DEPOSITED				
Bank Account	2007	2008	2009	2010
██████████	\$15,644	\$14,953	\$2,414	\$494
██████████	\$822			
Total	\$16,466	\$14,953	\$2,414	\$494
TOTAL			\$34,327	

31. Similarly, ██████████ bank records reflect that in or about July 2008, he deposited two checks totaling approximately \$51,000 from his home owner's association, ██████████ ██████████, into his bank account. The investigation revealed that ██████████ ██████████ took up a collection from the home owners to repave the street. Bank records reflect that ██████████ contributed a check in the amount of \$3,450 towards the project, along with the other home owners involved in the project. ██████████ subsequently received two checks totaling \$51,000 from ██████████ to pay the contractor for the work. What is noteworthy is that the investigation has uncovered no records of a check being issued from the ██████████ accounts to the contractor for the work associated with the street re-pavement project. There also are no corresponding cash withdrawals that would suggest a cash payment to the contractor coming from the ██████████ bank account. Indeed, an analysis of the ██████████ accounts demonstrated that just two days after receiving the \$51,000 from ██████████ ██████████ transferred approximately \$48,000 into the bank accounts associated with the ██████████ ██████████, approximately \$24,000 to the account in the name of ██████████ (Account # ██████████) and approximately \$24,000 to the account in the name of ██████████ (Account # ██████████). It is reasonable to believe, based on a review of these records, that ██████████ paid the contractor with



cash that he had on hand, providing further evidence of [REDACTED] significant cash holdings.

32. In sum, between 2007 and 2011, bank records reflect a total of approximately \$85,327 in checks from the FBI and [REDACTED] home owner's association that [REDACTED] deposited into bank accounts that he controlled for which there were no corresponding cash withdrawals or subsequent check payments to the intended recipients. It is reasonable to infer that [REDACTED] caused these individuals to be paid with cash on hand. These cash proceeds likely were not accounted for in [REDACTED] filed SFDFs.

C. Money Order and Cash Payments

33. Records obtained in the course of the investigation further reveal that [REDACTED] purchased thousands of dollars of money orders between 2007 and 2011. Records indicate that at least some of the money orders were used to pay [REDACTED] personal living expenses.

34. Bank records from [REDACTED] indicate that, in or about 2007 and 2008, [REDACTED] appeared at the [REDACTED] bank in [REDACTED] on several occasions with significant amounts of cash and purchased money orders directly from the bank. As mentioned above, [REDACTED] also, on occasion, deposited FBI checks into the [REDACTED] account and immediately converted the funds to money orders. The [REDACTED] money orders were purchased in the following manner and in the following approximate amounts:

Money Order Source	Date Issued	Amount	Purchaser
[REDACTED]	2/07/07	\$1,000	[REDACTED]
[REDACTED]	2/07/07	\$685	[REDACTED]
[REDACTED]	6/28/07	\$331	[REDACTED]
[REDACTED]	11/09/07	\$625	[REDACTED]
[REDACTED]	11/09/07	\$771	[REDACTED]
[REDACTED]	11/09/07	\$704	[REDACTED]
[REDACTED]	11/21/07	\$1,000	[REDACTED]
[REDACTED]	11/21/07	\$665	[REDACTED]
[REDACTED]	11/21/07	\$4	[REDACTED]
[REDACTED]	11/21/07	\$930	[REDACTED]
[REDACTED]	4/07/08	\$1,000	[REDACTED]
[REDACTED]	4/07/08	\$900	[REDACTED]

		3/09/09	\$179	
		3/09/09	\$1,000	
		3/09/09	\$821	
TOTAL			\$10,645	

35. Other records obtained during the investigation demonstrate that [REDACTED] purchased thousands of dollars worth of money orders in or about 2009, 2010, and 2011 through different financial institutions and used those money orders to pay some of his living expenses in the following manner:

Money Order Type	Serial Number	Date Issued	Amount	Payee Name
Money Gram	[REDACTED]	6/8/09	\$893.90	[REDACTED]
USPIS	[REDACTED]	10/10/09	\$950	[REDACTED]
USPIS	[REDACTED]	10/10/09	\$1,000	[REDACTED]
Money Gram	[REDACTED]	12/08/09	\$1,000	[REDACTED]
Money Gram	[REDACTED]	12/08/09	\$1,000	[REDACTED]
Money Gram	[REDACTED]	12/08/09	\$1,000	[REDACTED]
Money Gram	[REDACTED]	12/08/09	\$1,000	[REDACTED]
Money Gram	[REDACTED]	12/14/09	\$1,000	[REDACTED]
Money Gram	[REDACTED]	2/17/10	\$1,000	[REDACTED]
Money Gram	[REDACTED]	2/17/10	\$1,000	[REDACTED]
Money Gram	[REDACTED]	2/17/10	\$1,000	[REDACTED]
Money Gram	[REDACTED]	2/17/10	\$253.41	[REDACTED]
Money Gram	[REDACTED]	2/17/10	\$736.59	[REDACTED]
Money Gram	[REDACTED]	8/17/10	\$1,000	[REDACTED]
Money Gram	[REDACTED]	8/17/10	\$450	[REDACTED]
Money Gram	[REDACTED]	11/30/10	\$1,000	[REDACTED]
Money Gram	[REDACTED]	11/30/10	\$503	[REDACTED]
Money Gram	[REDACTED]	11/30/10	\$1,000	[REDACTED]
Money Gram	[REDACTED]	11/30/10	\$570	[REDACTED]
Money Gram	[REDACTED]	3/17/11	\$980	[REDACTED]
Western Union	[REDACTED]	5/17/11	\$500	[REDACTED]
Western Union	[REDACTED]	5/17/11	\$500	[REDACTED]
Western Union	[REDACTED]	5/17/11	\$500	[REDACTED]
Western Union	[REDACTED]	5/17/11	\$500	[REDACTED]
Money Gram	[REDACTED]	11/29/11	\$147.59	[REDACTED]
Total			\$19,484.49	

36. As indicated in the above charts, between the money orders that [REDACTED] purchased at the [REDACTED] and those that he purchased from the other financial institutions, [REDACTED] purchased a total of approximately \$30,129 in money orders between in or about 2007 and 2011. Of import is the fact that [REDACTED] purchased many of the above-referenced money orders with cash, and that he used them to pay personal living expenses, despite the fact that [REDACTED] maintained a checking account from which all of these payments could have been made. Indeed, bank records reflect that many of these same payees were paid through [REDACTED] checking account on occasion between 2007 and 2010. This conduct provides further evidence that [REDACTED] likely possessed much more cash than he reported on his SFDFs.

37. The records also reflect that [REDACTED] engaged in structuring currency transactions when he purchased the money orders. As is noted in the above chart, on several occasions, [REDACTED] purchased a number of money orders from the same location and at the same time, with sequential serial numbers. [REDACTED] also purchased the money orders at their maximum allowable amount of \$1,000 on several occasions. For example, as noted in the above chart, on December 8, 2009, [REDACTED] purchased four money orders from Money Gram, all for \$1,000 and all sent to the same payee - [REDACTED]. Rather than merely write a check for \$4,000 from his checking account, [REDACTED] used four separate money orders for \$1,000 each. [REDACTED] engaged in the same type of conduct on several occasions, as is represented by the above chart.

38. Further evidence that [REDACTED] structuring was intentional is the fact that the records reveal that on the Money Gram purchases made by [REDACTED] on May 17, 2011, there was a gap in the timing of the purchases. On May 17, 2011, [REDACTED] purchased two money orders, [REDACTED] and [REDACTED], at Western Union at 11:33 a.m. [REDACTED] then purchased two money orders from the same location approximately 45 minutes later at 12:13 and 12:14 p.m. - money orders [REDACTED] and [REDACTED], respectively. All four money orders were for

the amount of \$500, which is well below the \$1,000 maximum set by Western Union, and all four money orders were sent as payment to [REDACTED] credit card. Such conduct provides evidence tending to demonstrate intent to disguise and conceal [REDACTED] cash on hand.

39. In addition to the above-referenced payments made by [REDACTED] with money orders, [REDACTED] also made numerous direct cash payments towards his [REDACTED] account in a likely effort to spend down his significant cash reserve. Between 2007 and 2010, cash payments were made in the following manner:

Date	Vendor	Payment Amount	Payment Method
12/9/09	[REDACTED]	\$1,500	Cash
5/11/10	[REDACTED]	\$1,150	Cash
10/18/10	[REDACTED]	\$900	Cash
5/18/11	[REDACTED]	\$900	Cash
11/4/11	[REDACTED]	\$400	Cash
Total		\$4,850	

40. Of import is that there are no corresponding bank withdrawals contemporaneous with the cash payments to [REDACTED] on the above-referenced dates. Such evidence indicates that [REDACTED] used cash on hand to pay the bills, cash that as a whole likely was not disclosed in his SFDFs.

41. In sum, cash deposits into the [REDACTED] bank accounts over the course of the last five years total approximately \$369,420. In addition, as discussed above, it is believed that [REDACTED] used cash on hand to fund (a) the approximately \$85,327 in checks that he likely cashed for others, (b) the approximately \$30,129 he used over the last five years to purchase money orders, and (c) the approximately \$4,850 in direct cash payments to [REDACTED]. Thus, it is believed that [REDACTED] likely has maintained more in cash holdings than what he reported on his sworn SFDFs.

D. Subscribing to False Claims

42. Similarly, the investigation has revealed probable cause to believe that [REDACTED] violated the law by willfully making and subscribing to false tax returns and statements. A review of the personal tax returns filed by [REDACTED] demonstrates that he has failed to report substantial portions of his income for calendar years 2008, 2009 and 2010. Based solely on an analysis of the [REDACTED] bank accounts, an IRS/CI agent has determined that [REDACTED] owes approximately \$123,820 to the IRS due to unreported income for the 2008 through 2010 period.

1. The Internal Revenue Service

43. According to IRS personnel and IRS regulations, the internal revenue laws of the United States require every citizen and resident of the United States who receives gross income in excess of the minimum filing amount established by law for a particular year (\$8,940 for 2008, and \$9,350 for 2009 and 2010) to make and file annually an income tax return for that calendar year. Individuals are required to prepare and file income tax returns on an IRS Form 1040, United States Individual Income Tax Return, or its equivalent, and to pay any taxes that are owed.

44. When an individual files a United States Individual Tax Return, the IRS is authorized to check the accuracy of the tax return and determine if an individual has paid the correct amount of tax. If an individual has not paid all of the tax that is owed, then the IRS has the authority to take action to have the individual make payment of the tax due.

45. The internal revenue laws of the United States also require every citizen and resident of the United States to properly report business income. Self-employed individuals, sole-proprietors, independent contractors and persons who have net earnings of \$400 or more are required to pay self-employment tax by filing a Schedule E attached to an IRS Form 1040,

United States Individual Tax Return. A self-employed individual (someone who owns an unincorporated business) or an independent contractor is required to report income and expenses on a Schedule C attached to their federal income tax return. If the individual is a member of a limited liability company (“LLC”), that chooses to be treated as a partnership, such partnership income and expenses must be reported on IRS Form 1065, U.S. Return of Partnership Income along with a Schedule K-1 reporting each partner’s net income or loss. A Schedule E also must be completed and filed along with the individual tax return.

46. All domestic corporations (including corporations filing for bankruptcy) also must file an income tax return whether or not they have taxable income. Domestic corporations must file an IRS Form 1120, unless they are required, or elect to file a special return listed under “Special Returns for Certain Organizations.” In this case, an entity also must file an IRS Form 8832, Entity Classification Election, and attach a copy of the form to the Form 1120 for the year of the election. If an entity with more than one owner was formed as an LLC under state law, it generally is treated as a partnership for federal income tax purposes and should file Form 1065, U.S. Return of Partnership Income. Generally, a single-member LLC is disregarded as an entity separate from its owner and reports its income and deductions on its owner’s federal income tax return. The LLC can file a Form 1120 only if it has filed Form 8832 to elect to be treated as an association taxable as a corporation.

2. [REDACTED] Personal Tax Returns

47. A review of the personal federal income tax returns for [REDACTED] conducted by an IRS/CI Agent reveals that [REDACTED] likely has failed to report substantial amounts of income for the years 2008, 2009, and 2010. A review of the tax returns, the [REDACTED] bank records, as well as other documents, has revealed that during the years 2008 through 2010, [REDACTED] deposited significant amounts of cash and checks into the [REDACTED] bank accounts, and

such funds were not reported on his personal tax returns as income.

48. In 2008, 2009, and 2010, [REDACTED] and [REDACTED] filed joint tax returns on IRS Forms 1040. The returns were all prepared by the same tax preparer in [REDACTED] and signed by both [REDACTED] and [REDACTED] under penalty of perjury. The income reported on each return is summarized as follows:

Income Reported on IRS Forms 1040			
	2008	2009	2010
Salary— [REDACTED] (W2 & Line 7)	\$120,740.60	\$119,511.56	\$122,867.56
Salary— [REDACTED] (W2&Line 7)	\$85,856.94	\$85,856.94	\$99,242.91
Taxable Interest (Schedule B)	\$21,555	\$9,735	\$3,472
Dividends (Schedule B)	\$1,648	\$1,290	\$386
Capital Gain or (Loss) (Schedule D)	blank	(\$3,000)	(\$3,000)
Income from Partnership (Schedule E)	\$10,124	\$11,064	\$7,727
Total Income	\$239,925	\$224,458	\$230,696

49. As is reflected on the above chart, the income claimed by the [REDACTED] on their 2008, 2009, and 2010 income tax returns, IRS Forms 1040, is primarily based on their salaries, interest income from their savings and investment accounts (reported on Schedule B of each return), and income from [REDACTED] (reported on Schedule E of each return). Based on the financial activity discussed in the previous sections of this affidavit, and a review of the [REDACTED] bank accounts, there is probable cause to believe that the income tax returns filed by [REDACTED] failed to account for a substantial amount of income for each year.

50. A summary of the financial activity related to [REDACTED] and leading to the conclusion that such activity is evidence of unreported income is summarized in the following charts for each year of the tax periods in question.²

² The charts do not include deposits pertaining to [REDACTED] or [REDACTED] salaries which have been completely accounted for in the [REDACTED] account (Account # [REDACTED]) and the [REDACTED] Account (Account # [REDACTED]) where [REDACTED] and [REDACTED] receive their pay, respectively.

2008 SUMMARY OF LIKELY CASH ITEMS

Date of Deposit	Use of Funds	Amount
1/08/08	FBI Check - [REDACTED]	\$4,000
1/08/08	FBI Check - [REDACTED]	\$303.41
1/08/08	FBI Check - [REDACTED]	\$540.41
1/14/08	Cash - [REDACTED] # [REDACTED]	\$4,000
1/18/08	Cash - [REDACTED] # [REDACTED]	\$6,000
1/25/08	Withdrawal - [REDACTED] # [REDACTED]	(\$12,000)
2/12/08	Withdrawal - [REDACTED] # [REDACTED]	(\$3,000)
2/12/08	FBI Check - [REDACTED]	\$150.00
2/14/08	FBI Check - [REDACTED]	458.71
2/19/08	FBI Check - [REDACTED]	303.41
2/28/08	Cash - [REDACTED] # [REDACTED]	\$2,000
3/03/08	Cash - [REDACTED] # [REDACTED]	\$7,000
3/5/08	FBI Check - [REDACTED]	303.41
3/6/08	Cash - [REDACTED]	\$2,000
4/1/08	FBI Check - [REDACTED]	\$73.41
4/7/08	FBI Check - [REDACTED]	\$127.07
4/7/08	FBI Check - [REDACTED]	\$667.74
4/7/08	Cash - [REDACTED] # [REDACTED]	\$10,000
4/7/08	Cash - [REDACTED] # [REDACTED]	\$1,900
5/16/08	FBI Check - [REDACTED]	\$300.41
5/16/08	FBI Check - [REDACTED]	\$300.41
5/16/08	FBI Check - [REDACTED]	\$586.88
6/4/08	FBI Check - [REDACTED]	\$100.00
6/4/08	FBI Check - [REDACTED]	\$300.42
6/4/08	FBI Check - [REDACTED]	\$157.00
6/30/08	[REDACTED]	\$25,000
7/1/08	Cash - [REDACTED]	\$2,000.10
7/2/08	[REDACTED]	\$26,000
9/5/08	FBI Check - [REDACTED]	\$535.42
9/25/08	Cash - [REDACTED]	\$4,000
9/26/08	FBI Check - [REDACTED]	\$61.48
10/10/08	FBI Check - [REDACTED]	\$182.66
10/14/08	Cash - [REDACTED]	\$10,000
10/20/08	FBI Check - [REDACTED]	\$501.35
10/20/08	Cash - [REDACTED]	\$11,000
12/5/08	FBI Check - [REDACTED]	\$580.33
12/15/08	Cash - [REDACTED]	\$8,000
12/19/08	FBI Check - [REDACTED]	\$169.24
12/19/08	FBI Check - [REDACTED]	\$4,000
12/19/08	FBI Check - [REDACTED]	\$250
		\$118,853.27

2009 SUMMARY OF LIKELY CASH ITEMS

Date of Deposit	Use of Funds	Amount
1/5/09	Cash - [REDACTED]	\$4,000
1/7/09	Cash - [REDACTED]	\$4,000
1/7/09	Cash - [REDACTED]	\$4,000
2/26/09	FBI Check - [REDACTED]	\$561.87
2/26/09	FBI Check - [REDACTED]	\$220.96
3/9/09	Cash - [REDACTED]	\$2,000



3/13/09	FBI Check - [REDACTED]	\$160.08
4/6/09	FBI Check - [REDACTED]	\$132.12
4/6/09	FBI Check - [REDACTED]	\$455.40
4/24/09	FBI Check - [REDACTED]	\$191.97
6/8/09	Money Gram [REDACTED]	\$893.90
6/9/09	FBI Check - [REDACTED]	456.52
7/22/09	FBI Check - [REDACTED]	\$120.00
9/29/09	Cash - [REDACTED]	\$6,000
10/1/09	Cash - [REDACTED]	\$2,000
10/10/09	USPIS [REDACTED]	\$950
10/10/09	USPIS [REDACTED]	\$1,000
10/26/09	Cash - [REDACTED]	\$4,000
10/26/09	Cash - [REDACTED]	\$4,000
10/26/09	Cash - [REDACTED]	\$6,000
11/3/09	FBI Check - [REDACTED]	\$115
11/23/09	Cash - [REDACTED]	\$14,000
12/8/09	Money Gram [REDACTED]	\$1,000
12/8/09	Money Gram [REDACTED]	\$1,000
12/8/09	Money Gram [REDACTED]	\$1,000
12/8/09	Money Gram [REDACTED]	\$1,000
12/8/09	Cash - [REDACTED]	\$4,000
12/8/09	Cash - [REDACTED]	\$4,000
12/9/09	Cash Payment - [REDACTED]	\$472.72
12/9/09	Cash Payment - [REDACTED]	\$29.59
12/9/09	Cash Payment - [REDACTED]	\$461.97
12/9/09	Cash Payment - [REDACTED]	\$535.72
12/14/09	Money Gram [REDACTED]	\$1,000
12/23/09	Cash - [REDACTED]	\$5,000
		\$74,757.82

2010 SUMMARY OF LIKELY CASH ITEMS		
Date of Deposit	Use of Funds	Amount
1/6/10	Cash - [REDACTED]	\$10,000
1/6/10	Cash - [REDACTED]	\$10,000
1/6/10	Cash - [REDACTED]	\$2,000
2/17/10	Cash - [REDACTED]	\$5,000
2/17/10	Cash - [REDACTED]	\$5,000
2/17/10	Money Gram [REDACTED]	\$1,000
2/17/10	Money Gram [REDACTED]	\$1,000
2/17/10	Money Gram [REDACTED]	\$1,000
2/17/10	Money Gram [REDACTED]	\$253.41
2/17/10	Money Gram [REDACTED]	\$736.59
3/2/10	Cash - [REDACTED]	\$4,000
4/29/10	FBI Check - [REDACTED]	\$196.48
5/11/10	Cash Payment - [REDACTED]	\$935.33
5/11/10	Cash Payment - [REDACTED]	\$93.94
5/11/10	Cash Payment - [REDACTED]	\$120.73
5/21/10	Cash [REDACTED]	\$2,700
6/16/10	Cash - [REDACTED]	\$10,000
6/16/10	FBI Check - [REDACTED]	\$127.79
8/2/10	FBI Check - [REDACTED]	\$98.55
8/5/10	Cash - [REDACTED]	\$14,000



8/5/10	Cash - [REDACTED]	\$14,000
8/17/10	Money Gram [REDACTED]	\$1,000
8/17/10	Money Gram [REDACTED]	\$450
8/17/10	FBI Check - [REDACTED]	\$71.12
8/17/10	Cash - [REDACTED]	\$1,450
9/10/10	Cash [REDACTED]	\$2,900
9/22/10	Cash - [REDACTED]	\$4,000
9/22/10	Cash [REDACTED]	\$12,000
10/18/10	Cash Payment - [REDACTED]	\$437.36
10/18/10	Cash Payment - [REDACTED]	\$329.69
10/18/10	Cash Payment - [REDACTED]	\$132.95
11/10/10	Cash - [REDACTED]	\$10,000
11/10/10	Cash - [REDACTED]	\$10,000
11/30/10	Money Gram [REDACTED]	\$1,000
11/30/10	Money Gram [REDACTED]	\$503
11/30/10	Money Gram [REDACTED]	\$1,000
11/30/10	Money Gram [REDACTED]	\$570
12/13/10	Cash - [REDACTED]	\$25,000
12/16/10	Cash - [REDACTED]	\$3,500
12/16/10	Cash [REDACTED]	\$3,500
12/23/10	Cash - [REDACTED]	\$2,500
		\$162,606.94

51. As is illustrated by the charts above, [REDACTED] made substantial cash deposits into the [REDACTED] accounts between 2008 and 2010. Based on statements made by [REDACTED] to others, and a review of the bank records associated with [REDACTED], it is likely that the source of the funds was [REDACTED] and not [REDACTED] parents and in-laws.

52. The charts further indicate that [REDACTED] did not only deposit large sums of cash that he maintained, but he may have used the acquired cash in many transactions to conceal the source of the funds. As illustrated above, [REDACTED] deposited into his accounts numerous FBI checks in the name of other agents. As discussed earlier, there are no corresponding withdrawals or checks written to those agents, evidencing that [REDACTED] had the cash on hand to provide to the agents for the checks. Similarly, the charts illustrate the deposit of the [REDACTED] checks for approximately \$51,000 without any corresponding withdrawals or checks to the contractor hired to repave the streets in that project.

53. With respect to [REDACTED] use of cash to purchase money orders, the charts illustrate this practice most clearly for years 2009 and 2010 when he purchased the money orders from third party vendors. Although [REDACTED] did purchase money orders in 2008, he primarily did so at the [REDACTED] by either depositing cash and buying money orders in the sum of the deposit, or purchasing money orders with funds from the balance of the [REDACTED] accounts. For that reason, the 2008 chart only reflects the cash deposits in the [REDACTED] accounts, some of which were immediately converted into money orders, as discussed above.

54. In summary, the understatement of income results in likely additional tax due and owing for the years 2008 through 2010 as follows:

Year	Unreported Funds	Tax Due & Owing
2008	\$118,853	\$41,342
2009	\$74,758	\$25,801
2010	\$162,607	\$56,677
Total	\$356,218	\$123,820

55. Accordingly, there is probable cause to believe that, for the years 2008 through 2010, other income should have been reported on IRS Forms 1040, in whole or in part, by the [REDACTED]. As stated above, the total unreported income for tax years 2008, 2009, and 2010 is approximately \$356,218.³

III. SEARCH LOCATIONS AND MATERIALS SOUGHT

56. In light of the conduct outlined above, there is probable cause to believe that the Specified Federal Offenses have been committed. There also is probable cause to believe that evidence, fruits, and instrumentalities of the Specified Federal Offenses exist at the SUBJECT

³ On January 27, 2012, [REDACTED] sent an e-mail to an administrator at FBI headquarters, asking whether he could amend his previously-filed SFDFs because he had learned from his accountant that his wife had "additional income from her business under her corporate filing." The administrator responded that there was no need to amend prior disclosures but that [REDACTED] should add the additional income to the 2011 SFDF (which was due to be filed) and note that he had inadvertently left income off of the previous filings. [REDACTED] 2011 SFDF does not indicate that [REDACTED] had failed to include additional income in previously-filed SFDFs.

LOCATIONS. I therefore seek search warrants for SUBJECT LOCATION 1 and SUBJECT LOCATION 2.

57. Based upon the information set forth above, permission is sought from this Court to seize the items described below. Primarily, materials sought from the SUBJECT LOCATIONS comprise the personal and business financial records of [REDACTED] and the [REDACTED] to include: [REDACTED]

and [REDACTED]

A. SUBJECT LOCATION 1 – THE [REDACTED]

58. The records and items sought from SUBJECT LOCATION 1 are primarily the financial records of the [REDACTED] including any business documents and records of [REDACTED] and any records bearing on [REDACTED] receipt and concealment of funds from the FBI and the IRS in violation of the Specified Federal Offenses. The records and items sought from SUBJECT LOCATION 1 are more particularly described as the evidence, fruits and instrumentalities of the Specified Federal Offenses, to include:

- a. Cash, currency, and monetary instruments reflecting the receipt of funds and concealment of funds from the FBI and IRS;
- b. Records and items reflecting the financial status of or any financial transactions by [REDACTED]

[REDACTED] from January 1, 2007 to December 31, 2011, including: bank statements; statements of brokerage accounts; ATM slips, cards, and records; cancelled checks; copies of checks; checkbooks, passbooks, check registers, and check stubs; deposit and withdrawal records; money orders and money order receipts; monetary and currency transfer receipts; bills and receipts for taxes; mortgage documents and payments; lease agreements and lease payment records; utility and phone bills; credit card statements and receipts; W-2, W-4 and 1099 forms; payroll and commission records; general ledgers and journals; accounts payable and receivable ledgers; purchase, receipt and disbursement journals; paid bills and invoices; promissory notes

[REDACTED]

and other loan documents; line of credit documents; financial and disclosure statements; partnership agreements; certificates of incorporation; records of stock or bond ownership; correspondence; memoranda; mailing records; telephone messages, diaries and message pads; handwritten and other notes; appointment books, planners and calendars;

- c. Work papers; schedules; actual, draft, blank or partial federal and state tax returns (including IRS Forms 1040, 1065 and 1120); and memoranda, records and correspondence, all relating to the preparation and filing of the tax returns of [REDACTED] from January 1, 2007 to December 31, 2011;
- d. Documents, records, correspondence, memoranda, notes and drafts pertaining to the preparation of Security Financial Disclosure Forms from January 1 2007 to May 31, 2012;
- e. Documents, records, correspondence, memoranda, keys, and notes pertaining to safety deposit boxes and/or storage units;
- f. Documents, contracts, records, correspondence, memoranda, forms, cancelled checks, deposit slips and deposited items from January 1, 2007 to December 31, 2011 pertaining to (i) payments by the FBI; (ii) payments to agents and/or informants; (iii) [REDACTED] payments received or disbursed; and (iv) payments to any contractors for work done in relation to or on behalf of [REDACTED]
- g. Any and all safes or locked storage containers, including the contents thereof to the extent said contents fall within the categories stated above;
- h. In order to search for the items described above that may be maintained in electronic media, law enforcement personnel seek authorization to search, copy, image, and seize the following items for offsite analysis:
 - i. Any computer equipment and storage device capable of being used to store any of the materials listed above;
 - ii. Any computer equipment used to facilitate the transmission, creation, display, encoding or storage of any of the materials listed above, including word processing equipment, modems, routers, networking equipment, docking stations, monitors, speakers, printers, plotters, encryption devices, optical scanners, and cameras;
 - iii. Any magnetic, electronic or optical storage device capable of storing any of the materials listed above, such as floppy disks/diskettes, hard disks, tapes, CD-ROMs, CD-R, CD-RWs, DVDs, optical medium, solid-state devices, printer or memory buffers, smart cards, PC cards, flash cards, cartridges, memory

calculators, electronic dialers, electronic notebooks, tablet computers (e.g., iPads), mobile phones, smart phones, blackberries, mp3 audio players, wireless devices, Universal Serial Bus (USB) and External Serial ATA (eSATA) devices, Fire Wire devices, personal digital assistants, and any other media that are capable of storing information or data;

- iv. Any documentation, operating logs and reference manuals regarding the operation of the computer equipment, storage devices or software;
- v. Any applications, utility programs, compilers, interpreters, and other software used to facilitate direct or indirect communication with the computer hardware, storage devices or data to be searched;
- vi. Any physical keys, encryption devices, dongles and similar physical items that are necessary to gain access to the computer equipment, storage devices or data;
- vii. Any passwords, password files, test keys, encryption codes or other information necessary to access the computer equipment, storage devices or data;
- viii. Files, records, programs, logs, electronic communications, scanning programs, financial records, hacking software, and router configuration software; and
- ix. Any and all charging equipment as is used by the electronic devices or media specified above.

59. There is probable cause to believe that the materials sought will be present at SUBJECT LOCATION 1. The investigation has shown that SUBJECT LOCATION 1 is the personal address of [REDACTED] and is the current home of the [REDACTED]. In my experience in executing search warrants over the years, individuals who run closely held businesses, like [REDACTED], often maintain both their business and personal financial records in their home.

60. As recently as February 25, 2013, law enforcement officials specifically observed [REDACTED] at SUBJECT LOCATION 1, indicating that [REDACTED] and his family still reside at SUBJECT LOCATION 1.

61. Further, FBI records indicate that [REDACTED] and his family continue to reside at SUBJECT LOCATION 1. [REDACTED] most recent SFDF for 2011 filed by [REDACTED] on or about May 12, 2012 confirmed his continued residence at SUBJECT LOCATION 1. Moreover, recent cellular telephone service records for a cell phone associated with [REDACTED] provided by Verizon Wireless and subscribed to [REDACTED] are mailed to SUBJECT LOCATION 1.

62. A review of bank account records indicates that account statements are mailed to SUBJECT LOCATION 1. As discussed in the previous section of this affidavit, bank records obtained during the investigation for the [REDACTED] [REDACTED] and [REDACTED] indicate that between in and about 2007 and 2011, funds were moved between the [REDACTED] accounts and the [REDACTED] accounts in the form of deposits to the [REDACTED] accounts and loans to [REDACTED]. Accordingly, it is likely that financial records pertaining to the [REDACTED] and [REDACTED] will be located at SUBJECT LOCATION 1.

63. It also is likely that the [REDACTED] maintain records of their individual tax returns and finances, as well as the tax returns and finances of [REDACTED] and [REDACTED] at SUBJECT LOCATION 1. This is particularly true in cases such as this, where [REDACTED] likely relied on filed tax returns and other documentation of both his family's finances and his wife's business finances to prepare the 2007 through 2011 SFDFs. Also, in my experience in conducting financial investigations, people generally maintain their personal financial records at home. I have further found that individuals generally maintain personal financial records in their residence for the purpose of preparing to file tax returns and dealing with other personal financial matters.

64. Furthermore, in my experience in conducting financial investigations, it is normal and customary for businesspeople, like [REDACTED] in connection with her businesses, including [REDACTED] and [REDACTED], to maintain diaries, appointment logs and calendars, telephone records, and materials detailing contacts, meetings and arrangements with other business associates for years after their creation or receipt. These records contain vast amounts of material useful to running businesses day-to-day, and consequently are kept close at hand, for instance at a person's residence or place of business.

65. Accordingly, it is likely that the [REDACTED] maintain, and continue to maintain on an ongoing basis, records related to the [REDACTED] and [REDACTED] at the [REDACTED] including materials relating to the preparation for and filing of tax returns for the [REDACTED] and those records of [REDACTED] and [REDACTED]

B. SUBJECT LOCATION 2 - [REDACTED]

66. The records and items sought from SUBJECT PREMISES 2 are more particularly described as the evidence, fruits and instrumentalities of the Specified Federal Offenses, to include:

- a. Cash, currency, and monetary instruments reflecting the receipt of funds and concealment of funds from the FBI and Internal Revenue Service;
- b. Records and items reflecting the payment or transfer of money or funds to

[REDACTED]

from January 1, 2007 to December 31, 2011, including: bank statements; statements of brokerage accounts; ATM slips, cards and records; cancelled checks; copies of checks; checkbooks, passbooks, check registers, and check stubs; deposit and withdrawal records; money orders and money order receipts; monetary and currency transfer receipts; W-2, W-4 and 1099 forms; payroll and commission records; general ledgers and journals; accounts payable and receivable ledgers; purchase, receipt and disbursement journals; paid bills and invoices; promissory notes and other loan documents; line of credit documents; financial and disclosure statements; partnership agreements; certificates of incorporation; records of stock or bond ownership;

correspondence; memoranda; telephone messages, diaries and message pads; handwritten and other notes; appointment books, planners and calendars;

- c. Work papers; schedules; actual, draft, blank or partial federal and state tax returns (including IRS Forms 1040, 1065 and 1120); and memoranda, records and correspondence, all relating to the preparation and filing of the tax returns of [REDACTED] from January 1, 2007 to December 31, 2011;
- d. Any and all safes or locked storage containers, including the contents thereof to the extent said contents fall within the categories stated above;
- e. In order to search for the items described above that may be maintained in electronic media, law enforcement personnel seek authorization to search, copy, image, and seize the following items for offsite analysis:
- i. Any computer equipment and storage device capable of being used to store any of the materials listed above (including ATM machines);
 - ii. Any computer equipment used to facilitate the transmission, creation, display, encoding or storage of any of the materials listed above, including word processing equipment, modems, routers, networking equipment, docking stations, monitors, speakers, printers, plotters, encryption devices, optical scanners, and cameras;
 - iii. Any magnetic, electronic or optical storage device capable of storing any of the materials listed above, such as floppy disks/diskettes, hard disks, tapes, CD-ROMs, CD-R, CD-RWs, DVDs, optical medium, solid-state devices, printer or memory buffers, smart cards, PC cards, flash cards, cartridges, memory calculators, electronic dialers, electronic notebooks, tablet computers (e.g., iPads), mobile phones, smart phones, blackberries, mp3 audio players, wireless devices, Universal Serial Bus (USB) and External Serial ATA (eSATA) devices, Fire Wire devices, personal digital assistants, and any other media that are capable of storing information or data;
 - iv. Any documentation, operating logs and reference manuals regarding the operation of the computer equipment, storage devices or software;
 - v. Any applications, utility programs, compilers, interpreters, and other software used to facilitate direct or indirect communication with the computer hardware, storage devices or data to be searched;

- vi. Any physical keys, encryption devices, dongles and similar physical items that are necessary to gain access to the computer equipment, storage devices or data;
- vii. Any passwords, password files, test keys, encryption codes or other information necessary to access the computer equipment, storage devices or data;
- viii. Files, records, programs, logs, electronic communications, scanning programs, financial records, hacking software, and router configuration software; and
- ix. Any and all charging equipment as is used by the electronic devices or media specified above.

67. There is probable cause to believe that the above-described materials are contained at SUBJECT LOCATION 2. As explained above, the [REDACTED] likely failed to report as income on their 2008, 2009 and 2010 federal income tax returns and on [REDACTED] SFDFs for years 2007 through 2011, cash holdings and income. In this regard, [REDACTED] has indicated to bank employees that certain cash deposits came from his wife's business. The office associated with [REDACTED] and [REDACTED] is located at SUBJECT LOCATION 2. Based on information obtained pursuant to a grand jury subpoena, bank records for [REDACTED] and [REDACTED] are mailed to SUBJECT LOCATION 2. In addition, tax returns for [REDACTED] and [REDACTED] list SUBJECT LOCATION 2 as the address of record.

68. Furthermore, on or about February 25, 2013, law enforcement agents specifically observed employees of [REDACTED] including [REDACTED], entering SUBJECT LOCATION 2 and conducting normal business. As recently as February 25, 2013, law enforcement agents again witnessed [REDACTED] open and conducting normal business. Accordingly, there is reason to believe that the above-described documents will be present at SUBJECT LOCATION 2.

69. Moreover, based upon my knowledge, training and experience, I know that individuals who are engaging in the Specified Federal Offenses usually maintain records, documents and items of the type set forth in paragraph 66 related to those activities at their place of business. It also is common for individuals who engage in property management such as [REDACTED] [REDACTED] to keep documents and information regarding transactions, loans, expenditures, commissions, and communications with personnel, clients, government agencies, financial institutions, and other information regarding real estate at their offices for ease of access in conducting their business. Furthermore, it is common for individuals who engage in financial and business transactions, such as real estate management and retail business, to maintain books and records, such as ledgers, journals, balance sheets and financial statements, to track business income and expenses.

70. Furthermore, in my experience in conducting financial investigations, it is normal and customary for businesspeople, like the [REDACTED] in connection with their businesses, including [REDACTED] and [REDACTED], to maintain diaries, appointment logs and calendars, telephone records, and materials detailing contacts, meetings and arrangements with other business associates for years after their creation or receipt. These records contain vast amounts of material useful to running businesses day-to-day, and consequently are kept close at hand, for instance at a person's residence or place of business, like SUBJECT LOCATION 2. Finally, it is my understanding, based on conversations with other agents, that businesspeople seeking to evade the payment of taxes may conceal cash in storage containers, such as ATM machines.

IV. SPECIFICS OF SEARCH AND SEIZURE OF COMPUTER SYSTEMS

71. As execution of prior warrants has shown, it is now common for individuals to keep financial and other records on computers, both fixed and portable, and to use computers to

communicate with others. The investigation has revealed that [REDACTED] has a Verizon FiOS account, which includes telephone, internet and cable service, at SUBJECT LOCATION 1. The investigation also has revealed that [REDACTED] conducts on-line banking (including financial transfers) through, for instance, his [REDACTED] and [REDACTED], and that such activity at times occurs in the evening hours. In addition, records indicate that [REDACTED] provided his personal email address (i.e., [REDACTED]) to those investment companies for correspondence with those companies. Moreover, it does not appear that [REDACTED] conducts financial activity of this sort on his work computer. It is therefore believed that records of financial transactions likely will be found on [REDACTED] home computer or other electronic devices at SUBJECT LOCATION 1.

72. Furthermore, recent surveillance conducted at [REDACTED] confirms the use of computers at the counters by the tellers. There is reason to believe that records of receipts and sales are kept in computerized format. Indeed, it is common for businesses such as [REDACTED] to maintain much of their records in computer format to facilitate the generation of reports and pertinent lists.

73. Based on my knowledge, training, and experience, I know that computer files or remnants of such files can be recovered months or even years after they have been downloaded onto a hard drive, deleted or viewed via the Internet. Electronic files downloaded to a hard drive can be stored for years at little or no cost. Even when such files have been deleted, they can be recovered months or years later using readily available forensics tools. When a person “deletes” a file on a home computer, the data contained in the file does not actually disappear; rather, that data remains on the hard drive until it is overwritten by new data. Therefore, deleted files, or remnants of deleted files, may reside in free space or slack space—that is, in space on the hard drive that is not allocated to an active file or that is unused after a file has been allocated to a set

block of storage space for long periods of time before they are overwritten. In addition, a computer's operating system also may keep a record of deleted data in a "swap" or "recovery" file. Similarly, files that have been viewed via the Internet are automatically downloaded into a temporary Internet directory or "cache." The browser typically maintains a fixed amount of hard drive space devoted to these files, and the files are only overwritten as they are replaced with more recently viewed Internet pages. Thus, the ability to retrieve residue of an electronic file from a hard drive depends less on when the file was downloaded or viewed than on a particular user's operating system, storage capacity, and computer habits.

74. For all these reasons, there is probable cause to believe that computers and computer equipment were used in conjunction with the Specified Federal Offenses and exist at the SUBJECT LOCATIONS. Accordingly, I seek permission to search and seize computer and electronic media and computer equipment from the SUBJECT LOCATIONS, as more particularly set forth in paragraphs 58 and 66.

75. During this investigation, I have consulted with Special Agent [REDACTED], a Computer Investigative Specialist (CIS) currently assigned to the Newark Field Office of the IRS. Special Agent [REDACTED] has been employed as an IRS Special Agent for approximately 21 years. He has received extensive training in the area of Seized Computer and Evidence Recovery at the Federal Law Enforcement Training Center located in Glynco, Georgia. The training that he has received includes the planning, preparation, and execution of search warrants involving computers and related equipment, electronic data preservation, and the recovery, documentation, and authentication of computer evidence. As a CIS, Special Agent [REDACTED] has assisted in the preparation and execution of numerous search warrants involving computers, including warrants for the seizure of computers and the subsequent forensic examination of those computers for evidence of crimes. Special Agent [REDACTED] has received additional computer

forensic training at the Internal Revenue Service, Electronic Crimes Technology Lab in Springfield, Virginia. In addition, he has assisted other law enforcement agencies and departments in computer evidence seizure and recovery issues.

76. Based upon my training and experience and information related to me by Special Agent [REDACTED] and others involved in the forensic examination of computers, I know that computer data can be stored on a variety of systems and storage devices including hard disk drives, floppy disks, compact disks, magnetic tapes and memory chips. I also know that during the search of a premises it is not always possible to search computer equipment and storage devices for data for a number of reasons, including the following:

- a. Searching computer systems is a highly technical process which requires specific expertise and specialized equipment. There are so many types of computer hardware and software in use today that it is impossible to bring to the search site all of the necessary technical manuals and specialized equipment necessary to conduct a thorough search. In addition, it may also be necessary to consult with computer personnel who have specific expertise in the type of computer, software application or operating system that is being searched.
- b. Searching computer systems requires the use of precise, scientific procedures which are designed to maintain the integrity of the evidence and to recover "hidden," erased, compressed, encrypted or password-protected data. Computer hardware and storage devices may contain "booby traps" that destroy or alter data if certain procedures are not scrupulously followed. Because computer data is particularly vulnerable to inadvertent or intentional modification or destruction, a controlled environment, such as a law enforcement laboratory, is essential to conducting a complete and accurate analysis of the equipment and storage devices from which the data will be extracted.
- c. The volume of data stored on many computer systems and storage devices will typically be so large that it will be highly impractical to search for data during the execution of the physical search of the premises. A single megabyte of storage space is the equivalent of 500 double-spaced pages of text. A single gigabyte of storage space, or 1,000 megabytes, is the equivalent of 500,000 double-spaced pages of text. Storage devices capable of storing 500 gigabytes (GB) of data are now commonplace in desktop computers. Consequently, each non-networked, desktop computer found during a search can easily contain the equivalent of 250

million pages of data, which, if printed out, would result in a stack of paper over ten miles high.

- d. Computer users can attempt to conceal data within computer equipment and storage devices through a number of methods, including the use of innocuous or misleading filenames and extensions. For example, files with the extension “.jpg” often are image files; however, a user can easily change the extension to “.txt” to conceal the image and make it appear that the file contains text. Computer users can also attempt to conceal data by using encryption, which means that a password or device, such as a “dongle” or “keycard,” is necessary to decrypt the data into readable form. In addition, computer users can conceal data within another seemingly unrelated and innocuous file in a process called “steganography.” For example, by using steganography a computer user can conceal text in an image file which cannot be viewed when the image file is opened. Therefore, a substantial amount of time is necessary to extract and sort through data that is concealed or encrypted to determine whether it is evidence, contraband or instrumentalities of a crime.

77. In searching for data capable of being read, stored or interpreted by a computer, law enforcement personnel executing this search warrant will employ the following procedure:

- a. Upon securing the premises, law enforcement personnel will copy or secure an image of computer media containing items, materials, and evidence sought by the warrants and promptly transport such material to an appropriate law enforcement laboratory for analysis. If unable to copy or image such material, law enforcement personnel will seize the computer equipment and storage devices and promptly transport such material to an appropriate law enforcement laboratory for analysis. Such computer media, equipment, and storage devices will be analyzed by appropriately trained personnel (the “computer personnel”) in order to extract and seize any data that falls within the list of items to be seized.
- b. In searching the data, the computer personnel may examine all of the data contained in the computer media, equipment, and storage devices to view their precise contents and determine whether the data falls within the items to be seized as set forth herein. In addition, the computer personnel may search for and attempt to recover “deleted,” “hidden” or encrypted data to determine whether the data falls within the list of items to be seized as set forth herein.
- c. If the computer personnel determine that the data does not fall within any of the items to be seized pursuant to this warrant or is not otherwise properly seized, law enforcement personnel will return these items within a reasonable period of time.

78. In sum, I have probable cause to believe that evidence, fruits and instrumentalities of the Specified Federal Offenses exist at the SUBJECT LOCATIONS.

V. APPLICATION FOR SEALING ORDER

79. It also is respectfully requested that this Court issue an order sealing, until further order of this Court, all papers submitted in support of the application, including the application, affidavit, search warrants, and requisite inventory notices (with the exception of one copy of the pertinent warrant and inventory notice that will be left at the particular SUBJECT LOCATION). Sealing is necessary because the items and information to be seized are relevant to this ongoing investigation. Premature disclosure of the contents of this material may have a negative impact on this continuing investigation and jeopardize its effectiveness.

[REDACTED]

[REDACTED] Special Agent
United States Department of Justice
Office of the Inspector General

Sworn to before me on the
26th day of February, 2013

[REDACTED]

HONORABLE [REDACTED]
UNITED STATES MAGISTRATE JUDGE

[REDACTED]