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dividends, capital gains, or other income generated from account activity on his federal income tax returns.

**Payments to SMITH through the Catholic Cemeteries Association ("CCA")**

35. In January of 1997, 1998, 1999, and 2000, SMITH, without authorization, caused Diocese funds to be paid to him, indirectly by checks from the CCA to JHS Enterprises, as follows:

36. In January of each of the four years 1997 through 2000, SMITH caused the CCA to issue a check payable to JHS Enterprises, which he deposited to the JHS Enterprises Account. The 1997 check was in the amount of \$12,500; in each of the other three years the check was in the amount of \$15,000. Each check was recorded on the books of the CCA as being for executive and professional services.

37. Following the issuance of each check, SMITH caused the Diocese Finance Office to issue a check in the same amount payable to the CCA. Each check was recorded on the books of the Diocese Finance Office as a reimbursement of part of the yearly fee (or "administrative tax") the Diocese charged the CCA for Diocesan services.

38. No formal entries were made on the Diocese records to reflect that SMITH received the yearly payments from the CCA as compensation, and the payments to SMITH were not reported to the IRS by either the Diocese or the CCA on any tax reporting form.

39. SMITH concealed and disguised his receipt of the CCA January payments by not reporting the income on some of his federal income tax returns and by including the amount in the gross receipts reported on the JHS Enterprises Schedule C on at least one of his returns.