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**COUNTS 10 - 17**  
**Money Laundering, 18 U.S.C. § 1956(a)(1)(B)(i)**  
**Defendant: JOSEPH H. SMITH**

The Grand Jury further charges:

1. The allegations in paragraphs 1-29 of the General Allegations are re-alleged and incorporated by reference in this count, as though fully restated herein.
  
2. On or about the dates set forth below, in the Northern District of Ohio, Eastern Division, the defendant, JOSEPH H. SMITH, did knowingly conduct and attempt to conduct the following financial transactions affecting interstate and foreign commerce, which involved the proceeds of specified unlawful activity, that is mail fraud in violation of Title 18, Sections 1341 and 1346, United States Code, knowing that the transaction was designed in whole and in part to conceal and disguise, the nature, location, source, ownership, and control of the proceeds of said specified unlawful activity and that while conducting and attempting to conduct such financial transactions, the defendant knew that the property involved in the financial transactions -- that is, the checks described below -- represented the proceeds of some form of unlawful activity.
  
3. Each financial transaction charged in Counts 10 through 17 was a payment by a check issued on the DBA Tee Sports Account at Fifth Third Bank, a federally-insured financial institution engaged in business in and affecting interstate commerce, as follows:

<b>Count</b>	<b>Date</b>	<b>Check No.</b>	<b>Amount</b>	<b>Payee and type of expense</b>
10	04/25/2002	1060	\$9,000.00	Fidelity Investments - deposit to personal investment account of SMITH
11	04/29/2002	1061	\$1,500.00	Fifth Third Funds - deposit to personal investment account of SMITH

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Count	Date	Check No.	Amount	Payee and type of expense
12	07/10/2002	1064	\$3,218.87	Contemporary Landscapes - payment for services at SMITH's family residence
13	02/10/2003	1106	\$1,741.75	Smart Tuition - payment of school tuition for SMITH's daughter
14	05/21/2003	1179	\$1,300.78	Saddlebrook Resort - payment on resort membership account for SMITH and his wife
15	08/18/2003	1209	\$2,100.00	Holy Trinity School - payment of school tuition for SMITH's son
16	10/22/2003	1233	\$1,722.72	South Trust Mortgage Corp. - mortgage loan payment for condominium owned by SMITH and his wife in Florida
17	01/13/2004	1251	\$1,949.93	Fairway Association, Inc. - payment of charges relating to condominium owned by SMITH and his wife in Florida

All in violation of Title 18, United States Code, Section 1956(a)(1)(B)(i)

**COUNT 18**

Conspiracy to Defraud the IRS, 18 U.S.C. § 371  
 Defendants: JOSEPH H. SMITH and ANTON ZGOZNIK

The Grand Jury further charges:

1. The allegations in paragraphs 1- 44 of the General Allegations are re-alleged and incorporated by reference in this count, as though fully restated herein.

**Conspiracy to Defraud the United States**

2. From approximately March 1996 through December 2003, the exact dates unknown to the Grand Jury, the defendants, JOSEPH H. SMITH and ANTON ZGOZNIK, in the Northern District of Ohio, Eastern Division, and elsewhere, did unlawfully, willfully and

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knowingly, conspire, combine, confederate, and agree together and with each other and with others, both known and unknown to the Grand Jury, to defraud the United States by impeding, impairing, obstructing, and defeating the lawful functions of the Internal Revenue Service of the United States Treasury Department in the ascertainment, computation, and assessment of income taxes owing by JOSEPH H. SMITH and by two of the Zgoznic Entities -- ZJA/IFA and IBS.

#### **Objects of the Conspiracy**

3. The objects of the conspiracy were for the coconspirators to conceal the income SMITH was receiving through the DOC Fidelity Account and through payments from ZJA, IFA, and IBS and to conceal and disguise the tax consequences to SMITH and those Zgoznic Entities.

#### **Manner and Means by which the Conspiracy was Carried Out**

The manner and means by which the conspiracy was sought to be accomplished included, among others, the following:

4. SMITH's receipt of income deposited into and earned through the DOC Fidelity Account was concealed by transferring Diocese funds into the account without recording the transfers as compensation to him on the Diocese records or having the Diocese report the transfers to the IRS and by placing the account under his personal control while maintaining it under the name and tax identification number of the Diocese.

5. SMITH received kickback income by checks from ZJA, IFA, and IBS payable either to JHS Enterprises or Tee Sports, Inc., which ZGOZNIK caused to be falsely recorded on the books and records of the Zgoznic Entities as payments for legal, consulting and other professional services purportedly rendered under those names.

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6. In many instances, false and fictitious invoices under the names of JHS Enterprises and Tee Sports, Inc., were prepared and maintained in the files of ZJA and IFA, reflecting purported legal, consulting and other professional services rendered, in the amounts of the kickback payments.

7. ZGOZNIK caused the income tax returns of ZJA and IFA to claim false deductions for payments to JHS Enterprises and Tee Sports as purported business expenses, even though the payments were not for such expenses and were actually non-deductible kickbacks.

8. SMITH deposited the kickback checks payable to JHS Enterprises into the JHS Enterprises Account and recorded the deposits on a register for that account as consulting income.

9. SMITH deposited most of the kickback checks payable to Tee Sports Inc., into the DBA Tee Sports Account.

10. SMITH prepared and filed false federal income tax returns which did not report his income deposited into or earned through the DOC Fidelity Account and which concealed and disguised his receipt of income from the Zgoznic Entities as follows:

a. SMITH did not report the transfers into the DOC Fidelity Account, his subsequent expenditures from the account, or the dividend and capital gains earned through the account on his returns.

b. SMITH reported the kickback checks payable to JHS Enterprises as business gross receipts on the JHS Enterprises Schedule C but reduced the amount of reported profit by claiming offsetting deductions for purported business expenses which he was not entitled to claim. The Schedule C deductions included the type of office, travel and other

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expenses that he would be entitled to deduct if honestly incurred in operating an actual business, but which were not actually incurred in such a business. By reporting the kickbacks as purported business receipts, the Schedule C gave the false apparent legitimacy to the deducted business expenses.

c. For the years 1999, 2000, and 2002, SMITH did not report the kickback income he received from Zgoznic Entity checks payable to Tee Sports, Inc., on his federal income tax returns or on the income tax returns of Tee Sports, Inc.

d. For 2003, SMITH reported most of the kickback check payments to Tee Sports, Inc., on the S Corporation tax return for that corporation, and then reported the S Corporation income as flow-through income on his personal return, thereby disguising the nature of the income as being corporate business receipts.

11. During an IRS examination ("audit") of SMITH's 1999 federal income tax return, ZGOZNIK represented SMITH, during which time ZGOZNIK made false representations to the IRS Revenue Agent that JHS Enterprises was a legal and consulting business, the receipts of which represented payments for consulting services, and concealed the fact that most of the amounts reported as receipts were actually kickback payments. ZGOZNIK also fraudulently presented documentation of expenses purportedly incurred by SMITH in the course of the supposed consulting business. ZGOZNIK also misrepresented that SMITH had no other sources of income than reported on his return, thereby concealing SMITH's income from kickback checks payable in the name of Tee Sports, Inc.

12. During IRS audits of ZJA/IFA's June 1998, June 1999, and June 2000 fiscal year tax liabilities, ZGOZNIK provided a false unsigned corporate income tax return for the June

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2000 tax year and false and fictitious invoices from JHS Enterprises and Tee Sports to support deductions for purported consulting services that were actually kickback payments to SMITH.

#### **Overt Acts**

In furtherance of the conspiracy, and to effect its illegal objects, the following overt acts, among others, were committed in the Northern District of Ohio, Eastern Division, and elsewhere:

13. On or about April 1, 1996, and August 22, 1997, checks written on a Diocese account in the amounts of \$185,000 and \$85,000, respectively, were deposited into the DOC Fidelity Account.

14. From approximately June 30, 1997, through December 26, 2003, checks were periodically issued on accounts of ZJA, IFA, and IBS payable in the names of JHS Enterprises and Tee Sports, Inc., for purported legal, consulting, and other services.

15. During 1997 through 2002, invoices in the names of JHS Enterprises and Tee Sports, Inc., for purported legal, consulting and other services were prepared and placed in the files of ZJA and IFA.

16. During 1999, 2000, 2002, and 2003, ZJA, IFA, and IBS checks payable to Tee Sports, Inc., were deposited to the DBA Tee Sports Account.

17. On or about October 16, 2000, October 18, 2001, October 15, 2002, and October 10, 2003, respectively, SMITH filed federal income tax returns for the years 1999 through 2002 that were false in the manner described above.

18. On May 8, 2001, during the IRS audit of SMITH's 1999 federal income tax return, ZGOZNIK, as representative of SMITH, provided information and documents to the IRS Revenue Agent that were false and misleading in the manner described above.

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19. ZGOZNIK caused federal corporation income tax returns to be prepared and filed for ZJA for the fiscal year 1999, on or about March 17, 2000, and for the fiscal years 2001 and 2002, and the tax period from July through December 2002, on or about July 30, 2003, that were false in the manner described above.

20. During the audit of ZJA/IFA for the June 1999 and June 2000 fiscal years, ZGOZNIK provided the IRS Revenue Agent conducting the audit:

- a. copies of false purported invoices from JHS Enterprises in support of deductions claimed on the June 1999 corporation income tax return;
- b. an unsigned corporation income tax return of ZJA/IFA for the June 2000 fiscal year that was false in the manner described above; and
- c. copies of three false purported invoices from Tee Sports, Inc., in support of deductions claimed on the unsigned corporation income tax return.

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

**COUNT 19**

**Making a false return, 26 U.S.C. § 7206(1),  
Defendant: JOSEPH H. SMITH; Re: 1999 Form 1040**

The Grand Jury further charges:

1. The allegations in paragraphs 1-44 of the General Allegations are re-alleged and incorporated by reference in this count, as though fully restated herein.
2. On or about October 16, 2000, in the Northern District of Ohio, Eastern Division, the defendant, JOSEPH H. SMITH, did willfully make and subscribe a U.S. Individual Income Tax Return, Form 1040, for the calendar year 1999, which was verified by a written declaration

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that it was made under the penalties of perjury and was filed with the Internal Revenue Service on his and his wife's joint behalf, which said return the defendant did not believe to be true and correct as to every material matter, in that, as the defendant then and there knew well knew and believed, said return was false as follows:

- a. the return reported ordinary dividends of \$2,941 on line 9 and on Schedule B, which failed to include additional dividends of approximately \$2,153 the defendant had that year from the DOC Fidelity Account;
- b. the return overstated the amount of capital loss claimed on line 13, as computed on Schedule D, by failing to report capital gains the defendant had that year from the sales of securities held through the DOC Fidelity Account, as follows:

Capital loss reported on Schedule D:	\$4,200
Capital loss claimed on line 13:	\$3,000 (maximum allowed)
Unreported capital gains:	\$3,117
Correct Schedule D and line 13 loss:	\$1,083

- c. the return contained a Schedule C, reporting a purported net profit of \$59,126 for a sole proprietorship business identified as Joseph H. Smith, doing business as JHS Enterprises, which disguised the nature of the income reported on the Schedule and falsely understated his income in that:
  - (i) Part I of Schedule C reported gross receipts and sales from the purported business in the amount of \$107,964, when, in fact, that amount was not income from a trade or business, reportable on Schedule C, but actually consisted of the following payments deposited into the JHS Enterprises Account:

Kickback payments from ZJA	\$77,964
Kickback payments from the Insurance Firm	\$15,000
Improper payment from the CCA	\$15,000

and;

- (ii) Part II of Schedule C claimed expenses totaling \$48,838 which the defendant was not entitled to claim, in that the amounts claimed



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were not deductible expenses of a business and were not deductible from the income reported in Part I of the Schedule;

- d. the return failed to report income of approximately \$33,634 the defendant had that year in the form of checks from ZJA payable to Tee Sports, Inc., which he deposited into the DBA Tee Sports Account; and
- e. the return reported (on line 22) that the defendant had total income of \$197,713, when, in fact, the defendant's actual total income for that year was approximately \$284,255.

All in violation of Title 26, Section 7206(1), United States Code.

**COUNT 20**

Making a false return, 26 U.S.C. § 7206(1),  
Defendant: JOSEPH H. SMITH; Re: 2000 Form 1040

The Grand Jury further charges:

1. The allegations in paragraphs 1-44 of the General Allegations are re-alleged and incorporated by reference in this count, as though fully restated herein.
2. On or about October 18, 2001, in the Northern District of Ohio, Eastern Division, the defendant, JOSEPH H. SMITH, did willfully make and subscribe a U.S. Individual Income Tax Return, Form 1040, for the calendar year 2000, which was verified by a written declaration that it was made under the penalties of perjury and was filed with the Internal Revenue Service on his and his wife's joint behalf, which said return the defendant did not believe to be true and correct as to every material matter, in that, as the defendant then and there knew well knew and believed, said return was false as follows:
  - a. the return reported ordinary dividends of \$5,806 on line 9 and on Schedule B, which failed to include additional dividends of approximately \$702 the defendant had that year from the DOC Fidelity Account;

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- b. the return overstated the amount of capital loss claimed on line 13, as computed on Schedule D, by failing to report capital gains the defendant had that year from the sales of securities held through the DOC Fidelity Account and by including a false carry forward loss from the prior year's return, as follows:

Capital loss reported on Schedule D and line 13:	\$2,352
Unreported capital gains:	\$ 643
Falsely claimed carry forward loss:	\$1,200
Correct Schedule D and line 13 loss:	\$ 509

- c. the return contained a Schedule C, reporting a purported net profit of \$47,058 for a sole proprietorship business identified as Joseph H. Smith, doing business as JHS Enterprises, which disguised the nature of the income reported on the Schedule and falsely understated his income in that:
- (i) Part I of Schedule C reported gross receipts and sales from the purported business in the amount of \$101,375, when, in fact, that amount was not income from a trade or business, reportable on Schedule C, but actually consisted of the following payments deposited into the JHS Enterprises Account:
- |   |          |
|---|----------|
| Kickback payments from ZJA:   | \$86,375 |
| Kickback payments from the Insurance Firm or improper payment from the CCA: | \$15,000 |
- and;
- (ii) Part II of Schedule C claimed expenses totaling \$54,317 which the defendant was not entitled to claim, in that the amounts claimed were not deductible expenses of a business and were not deductible from the income reported in Part I of the Schedule;
- d. the return failed to report income of approximately \$106,932 the defendant had that year in the form of checks from ZJA payable to Tee Sports, Inc., which he deposited into the DBA Tee Sports Account;
- e. the return failed to report income of approximately \$15,000 the defendant had that year, representing the amount of income he deposited into the JHS Enterprises Account that he did report as gross receipts on the JHS Enterprises Schedule C; and

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- f. the return reported (on line 22) that the defendant had total income of \$209,111, when, in fact, the defendant's actual total income for that year was approximately \$386,705.

All in violation of Title 26, Section 7206(1), United States Code.

COUNT 21

Making a false return, 26 U.S.C. § 7206(1),  
Defendant: JOSEPH H. SMITH; Re: 2001 Form 1040

The Grand Jury further charges:

1. The allegations in paragraphs 1-34 of the General Allegations are re-alleged and incorporated by reference in this count, as though fully restated herein.
2. On or about October 15, 2002, in the Northern District of Ohio, Eastern Division, the defendant, JOSEPH H. SMITH, did willfully make and subscribe a U.S. Individual Income Tax Return, Form 1040, for the calendar year 2001, which was verified by a written declaration that it was made under the penalties of perjury and was filed with the Internal Revenue Service on his and his wife's joint behalf, which said return the defendant did not believe to be true and correct as to every material matter, in that, as the defendant then and there knew well knew and believed, said return was false as follows:

- a. the return reported ordinary dividends of \$3,087 on line 9 and on Schedule B, which failed to include additional dividends of approximately \$325 the defendant had that year from the DOC Fidelity Account;
- b. the return overstated the amount of capital loss claimed on line 13, as computed on Schedule D, by failing to report capital gains the defendant had that year from the sales of securities held through the DOC Fidelity Account, as follows:

Capital loss reported on Schedule D:	\$5,243
Capital loss claimed on line 13:	\$3,000 (maximum allowed)

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Unreported capital gains:	\$2,293
Correct Schedule D and line 13 loss:	\$2,950

- c. the return contained a Schedule C, reporting a purported net profit of \$45,374 for a sole proprietorship business identified as Joseph H. Smith, doing business as JHS Enterprises, which disguised the nature of the income reported on the Schedule and falsely understated his income in that:
- (i) Part I of Schedule C reported gross receipts and sales from the purported business in the amount of \$112,753, when, in fact, that amount was not income from a trade or business, reportable on Schedule C, but actually consisted of kickback payments from ZJA and IFA deposited into the JHS Enterprises Account; and
  - (ii) Part II of Schedule C claimed expenses totaling \$67,379 which the defendant was not entitled to claim, in that the amounts claimed were not deductible expenses of a business and were not deductible from the income reported in Part I of the Schedule; and
- d. the return reported (on line 22) that the defendant had total income of \$208,639, when, in fact, the defendant's actual total income for that year was approximately \$276,393.

All in violation of Title 26, Section 7206(1), United States Code.

COUNT 22

Making a false return, 26 U.S.C. § 7206(1),  
Defendant: JOSEPH H. SMITH; Re: 2002 Form 1040

The Grand Jury further charges:

1. The allegations in paragraphs 1-34 of the General Allegations are re-alleged and incorporated by reference in this count, as though fully restated herein.
2. On or about October 10, 2003, in the Northern District of Ohio, Eastern Division, the defendant, JOSEPH H. SMITH, did willfully make and subscribe a U.S. Individual Income Tax Return, Form 1040, for the calendar year 2002, which was verified by a written declaration

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that it was made under the penalties of perjury and was filed with the Internal Revenue Service on his and his wife's joint behalf, which said return the defendant did not believe to be true and correct as to every material matter, in that, as the defendant then and there knew well knew and believed, said return was false as follows:

- a. the return reported ordinary dividends of \$2,745 on line 9 and on Schedule B, which failed to include additional dividends of approximately \$11 the defendant had that year from the DOC Fidelity Account;
- b. the return overstated the amount of capital loss claimed on line 13, as computed on Schedule D, by including a false carry forward loss from the prior year's return, as follows:

Capital loss reported on Schedule D and line 13:	\$2,484
Falsely claimed carry forward loss:	\$2,243
Correct Schedule D and line 13 loss:	\$ 241

- c. the return contained a Schedule C, reporting a purported net profit of \$27,165 for a sole proprietorship business identified as Joseph H. Smith, doing business as JHS Enterprises, which disguised the nature of the income reported on the Schedule and falsely understated his income in that:
  - (i) Part I of Schedule C, reported gross receipts and sales from the purported business in the amount of \$88,050, when, in fact, that amount was not income from a trade or business, reportable on Schedule C, but actually consisted of the following payments deposited into the JHS Enterprises Account:

Kickback payments from ZJA:	\$83,650
Board of Directors fees:	\$ 4,400

and;
  - (ii) Part II of Schedule C claimed expenses totaling \$60,885 which the defendant was not entitled to claim, in that the amounts claimed were not deductible expenses of a business and were not deductible from the income reported in Part I of the Schedule;

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- d. the return failed to report income of approximately \$31,260 the defendant had that year in the form of checks from IFA payable to Tee Sports, Inc., which he deposited into the DBA Tee Sports Account; and
- e. the return reported (on line 22) that the defendant had total income of \$200,861, when, in fact, the defendant's actual total income for that year was approximately \$295,249.

All in violation of Title 26, Section 7206(1), United States Code.

**COUNT 23**

Corruptly Endeavoring to Obstruct and Impede, 26 U.S.C. § 7212(a),  
Defendants: JOSEPH H. SMITH and ANTON ZGOZNIK  
Re: IRS audit of SMITH's 1999 Form 1040

The Grand Jury further charges:

1. The allegations in paragraphs 1-29 of the General Allegations are re-alleged and incorporated by reference in this count, as though fully restated herein.
2. From approximately April 23 through May 18, 2001, the exact dates unknown to the Grand Jury, in the Northern District of Ohio, Eastern Division, the defendants, JOSEPH H. SMITH and ANTON ZGOZNIK, did corruptly endeavor to obstruct and impede the due administration of the internal revenue laws (Title 26, United States Code) as follows:

**BACKGROUND OF THE IRS AUDIT**

3. On May 8, 2001, Revenue Agent Egan of the IRS conducted an examination ("audit") of the 1999 personal income tax return filed by SMITH, pursuant to a pre-arranged appointment. SMITH did not appear at the audit, and, instead, signed a power of attorney authorizing ZGOZNIK to appear and represent him.

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4. Based on the information and documents presented by ZGOZNIK on behalf of SMITH during the audit, the IRS accepted SMITH's return as filed, without any changes or proposed assessments of additional taxes.

#### **OBJECTS OF THE OFFENSE**

5. The objects of the offense were for the defendants to cause false and fraudulent documents and information to be presented to the IRS during an audit of SMITH's 1999 tax return, in order to prevent the IRS from determining (a) the true nature of the amounts reported as receipts on the JHS Enterprises Schedule C, (b) the non-deductibility of the expenses claimed as deductions on that Schedule C, (c) the failure of the return to report other income SMITH had that year in the form of checks from ZJA payable to Tee Sports, Inc., and (d) the additional taxes owing to the IRS by SMITH.

#### **MANNER AND MEANS**

The manner and means by which the defendants corruptly endeavored to obstruct and impede the due administration of the internal revenue laws are as follows:

6. During the audit, ZGOZNIK made false representations and omissions of material facts concerning the amounts reported as business receipts on Schedule C of the return, in the name of JHS Enterprises, including:

- a. that JHS Enterprises was a legal and consulting business conducted by SMITH from his home as an attorney and CPA, including services involving valuations and investments;
- b. that SMITH had a local client base and also worked for clients of other large law firms throughout northern Ohio; and
- c. that SMITH had engagement letters with clients by which he billed them on an hourly basis;

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when, in fact, the amounts reported as receipts of JHS Enterprises were not receipts of a legal and/or consulting business, but were actually kickback and other improper payments received by SMITH through checks payable to JHS Enterprises.

7. In response to the Revenue Agent's inquiry whether all sources of SMITH's income were reported on the return, ZGOZNIK falsely represented that all sources were reported, and failed to disclose other kickback income ZGOZNIK paid and caused to be paid to SMITH in the form of ZJA checks payable to Tee Sports, Inc.

8. ZGOZNIK provided purported documentation of expenses supposedly incurred by SMITH in the ordinary course of the JHS Enterprises legal and consulting business, when, in fact, SMITH had not incurred the expenses in the course of a business and was not entitled to deduct the amounts against the kickback and other income reported as receipts on the Schedule C.

All in violation of Title 26, Section 7212(a), United States Code.

COUNT 24

Aiding and Assisting Preparation of a False Document, 26 U.S.C. § 7206(2),  
Defendant: ANTON ZGOZNIK; Re: ZJA unsigned Form 1120 for tax year June 2000

The Grand Jury further charges:

1. The allegations in paragraphs 1-29 of the General Allegations are re-alleged and incorporated by reference in this count, as though fully restated herein.
2. On or about September 18, 2000, a U.S. Corporation Income Tax Return, Form 1120, of Z J & Associates, Inc., was filed with the Internal Revenue Service, reporting activity of



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the corporation for the period from July 1 through December 31, 1999. The return was signed by defendant ZGOZNIK as preparer.

3. During an IRS examination ("audit") of ZJA, an IRS Revenue Agent ("Revenue Agent") notified the certified public accountant ("CPA") representing the corporation that because ZJA had not complied with the procedure to change its tax year from a June fiscal year to a calendar year, the Form 1120 would have to be adjusted to include the period through the end of the June 2000 fiscal year.

4. As a result, an arrangement was made for the CPA to prepare and provide the Revenue Agent an unsigned Form 1120, reporting the income and expenses claimed by the corporation for the entire fiscal year ended June 30, 2000, for use in the audit.

5. On or about January 22, 2003, in the Northern District of Ohio, Eastern Division, the defendant, ANTON ZGOZNIK, did willfully aid and assist in, and procure, counsel, and advise the preparation and presentation to the Internal Revenue Service, of an unsigned U.S. Corporation Income Tax Return, Form 1120, of Z J & Associates, Inc., for the tax year ended June 30, 2000, for use in the audit described above, which was false and fraudulent as to a material matter, in that, as the defendant then and there well knew and believed:

- a. the supporting schedule of "Other deductions" ("Statement 4") listed \$342,474 of deductions for "Consulting Services," when, in fact, that amount included checks totaling \$62,363.50 payable to JHS Enterprises and checks totaling \$78,566 payable to Tee Sports Inc., which were not payments for such expenses of the corporation; and
- b. the total amount of "Other deductions" on Statement 4 and on line 26 of the return was falsely inflated by including non-deductible kickback payments to Joseph H. Smith of approximately \$140,929.50.

All in violation of Title 26, United States Code, Section 7206(2).

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**COUNT 25**

**Aiding and Assisting Preparation of a False Return, 26 U.S.C. § 7206(2)  
Defendant: ANTON ZGOZNIK; Re: IFA Form 1120 for tax year June 2001**

The Grand Jury further charges:

1. The allegations in paragraphs 1-29 of the General Allegations are re-alleged and incorporated by reference in this count, as though fully restated herein.
2. On or about July 30, 2003, in the Northern District of Ohio, Eastern Division, the defendant, ANTON ZGOZNIK, did willfully aid and assist in, and procure, counsel, and advise the preparation and presentation to the Internal Revenue Service, of a U.S. Corporation Income Tax Return, Form 1120, of Institutional Financial Advisors, Inc., for the tax year ended June 30, 2001, which was false and fraudulent as to a material matter, in that, as the defendant then and there well knew and believed:
  - a. the supporting schedule of "Other deductions" ("Statement 5") listed \$85,778 of "Management Consulting" expenses, when, in fact, that amount actually consisted of checks payable to JHS Enterprises, which were not payments for such expenses of the corporation;
  - b. Statement 5 listed \$50,000 of "Professional Advisory Services" expenses, when, in fact, that amount actually consisted of checks payable to Tee Sports Inc., which were not payments for such expenses of the corporation; and
  - c. the total amount of "Other deductions" on Statement 5 and on line 26 of the return was falsely inflated by including non-deductible kickback payments to Joseph H. Smith of approximately \$135,778.

All in violation of Title 26, United States Code, Section 7206(2).

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**COUNT 26**

**Aiding and Assisting Preparation of a False Return, 26 U.S.C. § 7206(2)  
Defendant: ANTON ZGOZNIK; Re: IFA Form 1120 for tax year June 2002**

The Grand Jury further charges:

1. The allegations in paragraphs 1-29 of the General Allegations are re-alleged and incorporated by reference in this count, as though fully restated herein.

2. On or about July 30, 2003, in the Northern District of Ohio, Eastern Division, the defendant, ANTON ZGOZNIK, did willfully aid and assist in, and procure, counsel, and advise the preparation and presentation to the Internal Revenue Service, of a U.S. Corporation Income Tax Return, Form 1120, of Institutional Financial Advisors, Inc., for the tax year ended June 30, 2002, which was false and fraudulent as to a material matter, in that, as the defendant then and there well knew and believed:

- a. the supporting schedule of "Other deductions" ("Statement 3") listed \$124,375 of "Management Consulting" expenses, when, in fact, that amount actually consisted of checks payable to JHS Enterprises, which were not payments for such expenses of the corporation;
- b. Statement 5 listed \$15,000 of "Professional Advisory Services" expenses when, in fact, that amount actually consisted of checks payable to Tee Sports Inc., which were not payments for such expenses of the corporation; and
- c. the total amount of "Other deductions" on Statement 5 and on line 26 of the return was falsely inflated by including non-deductible kickback payments to Joseph H. Smith of approximately \$139,375.

All in violation of Title 26, United States Code, Section 7206(2).

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**COUNT 27**

**Aiding and Assisting Preparation of a False Return, 26 U.S.C. § 7206(2)  
Defendant: ANTON ZGOZNIK; Re: IFA Form 1120S for tax period July-December 2002**

The Grand Jury further charges:

1. The allegations in paragraphs 1-29 of the General Allegations are re-alleged and incorporated by reference in this count, as though fully restated herein.
2. On or about July 30, 2003, in the Northern District of Ohio, Eastern Division, the defendant, ANTON ZGOZNIK, did willfully aid and assist in, and procure, counsel, and advise the preparation and presentation to the Internal Revenue Service, of a U.S. Income Tax Return for an S Corporation, Form 1120S, of Institutional Financial Advisors, Inc., for the tax period July 1 through December 31, 2002, which was false and fraudulent as to a material matter, in that, as the defendant then and there well knew and believed:
  - a. the supporting schedule of "Other deductions" ("Statement 3") listed \$48,985 of "Management Consulting" expenses, when, in fact, that amount actually consisted of checks totaling \$32,725 payable to JHS Enterprises and checks totaling \$16,260 payable to Tee Sports Inc., which were not payments for such expenses of the corporation; and
  - b. The total amount of "Other deductions" on Statement 5 and on line 19 of the return was falsely inflated by including non-deductible kickback payments to Joseph H. Smith of approximately \$48,985.

All in violation of Title 26, United States Code, Section 7206(2).

A TRUE BILL.

Original document – Signatures on file with the Clerk of Courts, pursuant to the E-Government Act of 2002.