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CLERK U S DISTRICT COURT DISTRICT OF ARIZONA	
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SEALED

UNITED STATES DISTRICT COURT
DISTRICT OF ARIZONA

UNITED STATES OF AMERICA,

Plaintiff,

v.

1. STEPHEN M. KERR,
(Counts 1, 2-3, 6-7)
2. MICHAEL QUIEL,
(Counts 1, 4-5, 8-9)
3. CHRISTOPHER M. RUSCH,
(Count 1)

Defendants.

**CR '11 2385 PHX JAT DKD
INDICTMENT**

VIO: 18 U.S.C. § 371
(Conspiracy to Defraud United States)
Count 1

26 U.S.C. § 7206(1)
(Willful Subscription to False Individual Income Tax Returns)
Counts 2-5

31 U.S.C. § 5314 and §5322(a);
31 C.F.R. §1010.350 and
§1010.306 (c) & (d)
(Willful Failure to File FBARs)
Counts 6-9

The grand jury charges that at all times material to this Indictment unless otherwise noted:

INTRODUCTORY ALLEGATIONS

THE DEFENDANTS

1. Defendant Stephen M. Kerr (herein "KERR"), was a United States citizen and resident of the State of Arizona. KERR owned and operated a number of businesses in Arizona including, among others, CCN Worldwide, Inc., (herein "CCN Worldwide"), a venture capital firm that provided financial capital to start-up companies, and provided services for businesses seeking to become publicly traded through mergers and acquisitions.

1 2. Defendant Michael Quiel (herein "QUIEL"), was a United States citizen and
2 resident of the State of Arizona. QUIEL owned and operated a number of businesses in Arizona
3 including, among others, Legend Advisory Corporation, (herein "Legend"), a venture capital
4 firm that provided financial capital to start-up companies, and provided services for businesses
5 seeking to become publicly traded through mergers and acquisitions.

6 3. Defendant Christopher M. Rusch (herein "RUSCH"), was a United States
7 citizen and resident of the State of California. RUSCH was an attorney licensed and practicing
8 in the State of California. RUSCH's law practice focused on international business planning,
9 criminal and civil tax defense, international tax, and creating and maintaining offshore
10 structures.

11 4. Beginning in or before 2004, and continuing through at least December 2007,
12 KERR and QUIEL obtained control of numerous shares of stock of domestic companies that
13 they assisted in becoming publicly traded in the United States (herein "domestic public
14 companies") in a way that concealed their ownership of the shares of stock.

15 **FOREIGN PERSONS, ENTITIES, AND BANK ACCOUNTS**

16 5. UBS AG (herein "UBS") was a corporation organized under the laws of
17 Switzerland. UBS, directly and through its subsidiaries, operated a global financial services
18 business. Among other things, UBS provided banking, wealth management, and asset
19 management services to United States citizens.

20 6. "Swiss Bank A" was a partnership and one of the largest private banks in
21 Switzerland, with headquarters in Geneva, Switzerland. Among other things, Swiss Bank A
22 provided wealth management and investment services to customers, including United States
23 citizens.

24 7. "Panamanian Bank A" was a private capital bank headquartered in Panama City,
25 Panama. Among other things, Panamanian Bank A provided consumer and corporate banking
26 products and services throughout Panama to customers, including United States citizens.

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1 8. “Financial Intermediary A” was an investment management firm based in the
2 United Kingdom with an office in Geneva, Switzerland. Among other things, Financial
3 Intermediary A provided asset management and financial and strategic services to institutions,
4 companies, and high net worth individuals.

5 9. “Financial Intermediary B” was an independent Swiss wealth management
6 company with an office in Bach, Switzerland. Among other things, Financial Intermediary B
7 provided wealth management services to an international high net worth clientele.

8 10. “Account Manager” was a Swiss national and managing director of Financial
9 Intermediary A before he became a partner of Financial Intermediary B in or about late 2008.
10 Account Manager received a Masters of Business Administration degree from Columbia
11 University in New York and previously was an analyst at the asset management unit of UBS in
12 Zurich, Switzerland. According to Account Manager, RUSCH was a long-time friend and they
13 attended school together. Acting through Financial Intermediaries A and B, Account Manager
14 served as an intermediary for KERR’s and QUIEL’s undeclared accounts.

15 11. Red Rock Investment AG (herein “Red Rock”) was a nominee Swiss entity created
16 in or about December 2006 for KERR’s benefit with the assistance of RUSCH and others. In
17 or about January 2007, RUSCH and KERR opened bank account number xxxxxx962 at UBS
18 in Switzerland in the name of Red Rock. KERR was the beneficial owner of the Red Rock UBS
19 account, and RUSCH had signature authority. The year-end total net assets in the Red Rock
20 UBS account exceeded \$750,000 in 2007 and \$126,000 in 2008. In or about January 2007,
21 RUSCH also assisted KERR in opening bank account number x-xxx531 at Swiss Bank A, also
22 held in the name of Red Rock. KERR was also the beneficial owner of this Red Rock account,
23 and RUSCH had Power of Attorney over the account. The year-end total net assets in the Red
24 Rock account at Swiss Bank A exceeded \$500,000 in 2007 and \$400,000 in 2008.

25 12. Swiss Fidelity Investment AG (herein “Swiss Fidelity”) was a nominee Swiss
26 entity created in or about May 2007 for KERR’s benefit with the assistance of RUSCH and
27 others. In or about June 2007, RUSCH and KERR opened account number xxxxxx796 at UBS
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1 in Switzerland in the name of Swiss Fidelity. KERR was the beneficial owner of the Swiss
2 Fidelity account, and RUSCH had signature authority. The year-end total net assets in the Swiss
3 Fidelity account exceeded \$1,400,000 in 2007 and \$160,000 in 2008.

4 13. Cyril Capital, LLC (herein "Cyril Capital") was a nominee St. Kitts & Nevis entity
5 created in or about October 2007 for KERR's benefit with the assistance of RUSCH and others.
6 In or about November 2007, RUSCH and KERR opened account number xxxxxx593 at UBS
7 in Switzerland in the name of Cyril Capital. KERR was the beneficial owner of the Cyril Capital
8 account, and RUSCH had signature authority. The year-end total net assets in the Cyril Capital
9 account exceeded \$3,000,000 in 2007. As of October 2008, the total net assets exceeded
10 \$970,000, and the account was closed on or about November 18, 2008.

11 14. Legacy Asset Management AG (herein "Legacy") was a nominee Swiss entity
12 created in or about December 2006 for QUIEL's benefit with the assistance of RUSCH and
13 others. In or about January 2007, RUSCH and QUIEL opened account number xxxxxx090 at
14 UBS in Switzerland in the name of Legacy. QUIEL was the beneficial owner of the Legacy
15 UBS account, and RUSCH had signature authority. The year-end total net assets in the Legacy
16 UBS account exceeded \$850,000 in 2007 and \$250,000 in 2008. In or about January 2007,
17 RUSCH also assisted QUIEL in opening bank account number x-xxx625 at Swiss Bank A also
18 held in the name of Legacy. QUIEL was also the beneficial owner of this Legacy account, and
19 RUSCH had Power of Attorney over the account. The year-end total net assets in the Legacy
20 account at Swiss Bank A exceeded \$500,000 in 2007 and \$980,000 in 2008.

21 15. Swiss International Trust Company AG (herein "Swiss International") was a
22 nominee Swiss entity created in or about May 2007 for QUIEL's benefit with the assistance of
23 RUSCH and others. In or about June 2007, RUSCH and QUIEL opened account number
24 xxxxxx363 at UBS in Switzerland in the name of Swiss International. QUIEL was the beneficial
25 owner of the Swiss International account, and RUSCH had signature authority. The year-end
26 total net assets in the Swiss International account exceeded \$1,300,000 in 2007 and \$235,000
27 in 2008.

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1 16. Worldnet Corporate Services, S.A. (herein "Worldnet") was a nominee entity
2 created in Panama, a known tax haven, in or about May 2008. Worldnet was controlled by
3 RUSCH. As a Panamanian entity, Worldnet issued shares of stock in bearer form providing for
4 anonymous ownership and control. On or about May 20, 2008, RUSCH opened account number
5 xxxxxxxx415 at Panamanian Bank A in the name of Worldnet. RUSCH was the owner of the
6 Worldnet account and had signature authority. The account balance in the Worldnet account at
7 times exceeded \$235,000 in 2008 and \$200,000 in 2009.

8 17. Attorney Trust Corp. AG (herein "Attorney Trust Corp.") was a nominee entity
9 controlled by RUSCH. In or about June 2007, RUSCH caused to be opened account number
10 xxxxxx776 at UBS in Switzerland in the name of Attorney Trust Corp. RUSCH controlled the
11 Attorney Trust Corp. account at UBS. The account balance in the Attorney Trust Corp. account
12 at times exceeded \$150,000 in 2007 and \$175,000 in 2008. The account was closed on or about
13 August 15, 2008.

14 **FOREIGN ACCOUNT REPORTING OBLIGATIONS**

15 18. United States citizens, resident aliens, and legal permanent residents of the United
16 States had an obligation to report to the Internal Revenue Service ("IRS") on Schedule B, Part
17 III, Line 7a of a U.S. Individual Income Tax Return, Form 1040, whether that individual had a
18 financial interest in, or a signature or other authority over, a financial account in a foreign
19 country in a particular year by checking "Yes" or "No" in the appropriate box, unless other
20 exceptions not relevant here applied. If the answer to Line 7a was "Yes," then Line 7b required
21 the taxpayer to identify the foreign country in which the financial account was located. United
22 States citizens and residents had an obligation to report all income earned from foreign bank
23 accounts on the tax return.

24 19. United States citizens, resident aliens, and legal permanent residents of the United
25 States who had a financial interest in, or signature or other authority over, one or more financial
26 accounts in a foreign country each with an aggregate value of more than \$10,000 at any time
27 during a particular year were required to file with the Department of the Treasury a Report of
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1 Foreign Bank and Financial Accounts, Form TD F 90-22.1 (the "FBAR"). The FBAR for the
2 applicable year was due by June 30 of the following year.

3 20. An "undeclared account" was a financial account owned by individuals subject to
4 United States tax and maintained in a foreign country that has not been reported to the United
5 States government on a tax return and an FBAR.

6 **COUNT 1**
7 **(Conspiracy to Defraud-18 U.S.C. § 371)**

8 21. The grand jury realleges and incorporates the Introductory Allegations contained
9 in paragraphs 1 through 20 above.

10 22. Beginning in or about 2006, the exact date unknown to the Grand Jury, and
11 continuing to the date of the indictment, within the District of Arizona and elsewhere, defendants
12 STEPHEN KERR, MICHAEL QUIEL, and CHRISTOPHER RUSCH, did unlawfully,
13 voluntarily, intentionally, and knowingly conspire, combine, confederate, and agree together and
14 with each other, and with other individuals both known and unknown to the Grand Jury, to
15 defraud the United States by deceitful and dishonest means for the purpose of impeding,
16 impairing, obstructing, and defeating the lawful government functions of the IRS of the Treasury
17 Department, in the ascertainment, computation, assessment, and collection of revenue, that is,
18 income taxes.

19 **MANNER AND MEANS**

20 Among the manner and means by which the defendants and their co-conspirators carried
21 out the conspiracy were the following:

22 23. It was part of the conspiracy that KERR and QUIEL, with the assistance of
23 RUSCH and others, established nominee entities in Switzerland and elsewhere for the purpose
24 of concealing KERR's and QUIEL's ownership of assets and receipt of income from the IRS.

25 24. It was further part of the conspiracy that KERR and QUIEL, with the assistance
26 of RUSCH and others, established undeclared accounts at UBS in Switzerland and Swiss Bank
27 A in the name of the nominee entities, of which KERR and QUIEL were the beneficial owners,
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1 for the purpose of concealing KERR's and QUIEL's ownership of assets and receipt of income
2 from the IRS.

3 25. It was further part of the conspiracy that RUSCH and Account Manager acted as
4 intermediaries between KERR and QUIEL and the Swiss banks by directing transactions on their
5 behalf to further conceal KERR's and QUIEL's ownership of the undeclared accounts.

6 26. It was further part of the conspiracy that RUSCH and others caused to be
7 submitted to UBS and Swiss Bank A forms falsely declaring that the nominee entities were the
8 beneficial owners of the undeclared accounts, when in reality, KERR and QUIEL were the
9 beneficial owners.

10 27. It was further part of the conspiracy that KERR and QUIEL, with the assistance
11 of RUSCH, Account Manager, and others, caused the transfer of assets, including shares of
12 stock of domestic public companies, to the undeclared accounts and subsequently sold these
13 shares of stock through the undeclared accounts in order to conceal ownership of these assets
14 and receipt of income from the IRS.

15 28. It was further part of the conspiracy that KERR, with the assistance of RUSCH,
16 caused shares of stock of Intelligentias, Inc., a domestic public company, to be deposited and
17 sold through a nominee Cyril Capital domestic securities account.

18 29. It was further part of the conspiracy that KERR and RUSCH caused the proceeds
19 from the sale of Intelligentias, Inc. stock to be transferred to KERR's undeclared Cyril Capital
20 UBS account in order to conceal the receipt of income from the IRS.

21 30. It was further part of the conspiracy that RUSCH used his law practice's attorney
22 trust fund account, also known as an Interest on Lawyers Trust Account (herein "IOLTA
23 account"), to transfer proceeds from the sale of Intelligentias, Inc. stock to KERR's and
24 QUIEL's undeclared accounts in order to conceal the receipt of income from the IRS.

25 31. It was further part of the conspiracy that RUSCH used his IOLTA account to help
26 KERR and QUIEL repatriate funds back to the United States from their undeclared accounts in
27 order to conceal the receipt of income from the IRS.

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1 40. On or about October 16, 2007, KERR and RUSCH cause the creation of nominee
2 entity Cyril Capital.

3 41. On or about May 29, 2008, RUSCH caused the creation of nominee entity
4 Worldnet.

5 **OPENING OF UNDECLARED ACCOUNTS IN FOREIGN TAX HAVENS**

6 42. In or about January 2007, KERR and RUSCH opened bank account number
7 xxxxxx962 at UBS in Switzerland in the name of Red Rock.

8 43. In or about January 2007, QUIEL and RUSCH opened bank account number
9 xxxxxx090 at UBS in Switzerland in the name of Legacy.

10 44. In or about June 2007, KERR and RUSCH opened bank account number
11 xxxxxx796 at UBS in Switzerland in the name of Swiss Fidelity.

12 45. In or about June 2007, QUIEL and RUSCH opened bank account number
13 xxxxxx363 at UBS in Switzerland in the name of Swiss International.

14 46. In or about November 2007, KERR and RUSCH opened bank account number
15 xxxxxx593 at UBS in Switzerland in the name of Cyril Capital.

16 47. In or about May 2008, RUSCH opened bank account number xxxxxxxx415 at
17 Panamanian Bank A in Panama in the name of Worldnet.

18 **DEPOSIT OF STOCK INTO UNDECLARED ACCOUNTS**

19 48. On or about February 9, 2007, RUSCH and KERR caused approximately
20 400,000 shares of Intelligentias, Inc. stock to be deposited into KERR's undeclared Red
21 Rock UBS account.

22 49. On or about February 9, 2007, RUSCH and QUIEL caused approximately
23 400,000 shares of Intelligentias, Inc. stock to be deposited into QUIEL's undeclared Legacy
24 UBS account.

25 50. On or about May 3, 2007, RUSCH and KERR caused approximately 586,640
26 shares of stock of Nascent Wine Company, a domestic public company, to be deposited into
27 KERR's undeclared Red Rock UBS account.

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1 51. On or about May 3, 2007, RUSCH and QUIEL caused approximately 586,640
2 shares of Nascent Wine Company stock to be deposited into QUIEL's undeclared Legacy
3 UBS account.

4 **SALE OF STOCK HELD IN UNDECLARED ACCOUNTS**

5 52. On or about March 2, 2007, Account Manager directed UBS to sell shares of
6 Intelligencias, Inc. stock held in KERR's undeclared Red Rock UBS account and QUIEL's
7 undeclared Legacy UBS account as follows: "When the stock hits \$1.50, sell 5,000 shares for
8 Legacy and 5,000 for Red Rock (therefore, 10,000 total shares are sold). For every 2 cent-
9 increase, sell another 5,000 shares for each. Therefore, between \$1.50 and \$2.00 you will
10 have sold 250,000 shares."

11 53. On or about March 7, 2007, RUSCH and KERR, with the assistance of
12 Account Manager, caused the sale of approximately 25,000 shares Intelligencias, Inc. stock
13 held in KERR's undeclared Red Rock UBS account.

14 54. On or about March 7, 2007, RUSCH and QUIEL, with the assistance of
15 Account Manager, caused the sale of approximately 25,000 shares of Intelligencias, Inc.
16 stock held in QUIEL's undeclared Legacy UBS account.

17 55. On or about May 15, 2007, an associate of Account Manager at Financial
18 Intermediary A directed UBS to sell shares of Nascent Wine Company stock held in KERR's
19 undeclared Red Rock UBS account and QUIEL's undeclared Legacy UBS account as
20 follows: "Sell 5,000 shares every 2 cents starting at \$1.56 up to \$2.50."

21 56. On or about May 23, 2007, RUSCH and KERR, with the assistance of Account
22 Manager, caused the sale of approximately 20,000 shares of Nascent Wine Company held in
23 KERR's undeclared Red Rock UBS account.

24 57. On or about May 23, 2007, RUSCH and QUIEL, with the assistance of
25 Account Manager, caused the sale of approximately 170,000 shares of Nascent Wine
26 Company held in QUIEL's undeclared Legacy UBS account.

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1 **SALE OF STOCK HELD IN CYRIL CAPITAL'S DOMESTIC ACCOUNT**

2 58. On or about November 7, 2007, KERR caused an engagement agreement
3 to be faxed from the offices of CCN Worldwide to Indigo Securities for the purpose of
4 selling a block of shares of Intelligentias, Inc. stock held in the name of Cyril Capital.

5 59. On or about November 8, 2007, RUSCH and others opened a domestic
6 securities account in the name of Cyril Capital with W. Quillen Securities acting as the
7 broker, and Sterne, Agee & Leach, Inc. acting as the clearing firm.

8 60. On or about November 20, 2007, RUSCH and others caused approximately
9 11,400,000 shares of Intelligentias, Inc. stock to be deposited into Cyril Capital's domestic
10 securities account. The shares of stock were valued at approximately \$15,732,000 as of
11 November 30, 2007.

12 61. On or about November 30, 2007, RUSCH and others caused Pershing LLC to
13 transfer approximately \$2,000,000 to RUSCH's IOLTA account related to Vision
14 Opportunity Master Fund's purchase of shares of Intelligentias, Inc. stock held in the name
15 of Cyril Capital.

16 62. On or about December 6, 2007, RUSCH and others caused Sands Brothers
17 Venture Capital to transfer approximately \$500,000 to KERR's undeclared Cyril Capital
18 UBS account related to Sands Brothers Venture Capital's purchase of shares of Intelligentias,
19 Inc. stock held in the name of Cyril Capital.

20 63. On or about December 19, 2007, RUSCH instructed W. Quillen Securities to
21 deliver approximately 1,000,000 shares of Intelligentias, Inc. stock to Sands Brothers
22 Venture Capital.

23 64. On or about December 19, 2007, RUSCH instructed W. Quillen Securities to
24 deliver approximately 6,108,000 shares of Intelligentias, Inc. stock to Vision Opportunity
25 Master Fund.

26 65. On or about February 29, 2008, RUSCH and others caused Jeffries & Co., Inc.
27 to transfer approximately \$872,000 to RUSCH's IOLTA account related to Vision
28

1 Opportunity Master Fund's purchase of shares of Intelligentias, Inc. stock held in the name
2 of Cyril Capital.

3 **TRANSFER OF PROCEEDS FROM SALE OF STOCK IN CYRIL CAPITAL'S**
4 **DOMESTIC ACCOUNT TO UNDECLARED ACCOUNTS**

5 66. On or about December 14, 2007, RUSCH transferred approximately
6 \$2,000,000, consisting of proceeds from the sale of shares of Intelligentias, Inc. stock, from
7 his IOLTA account to KERR's undeclared Cyril Capital UBS account.

8 67. On or about December 28, 2007, RUSCH caused the transfer of approximately
9 \$2,045,467.94, consisting of proceeds from the sale of shares of Intelligentias, Inc. stock,
10 from Cyril Capital's domestic securities account to KERR's undeclared Cyril Capital UBS
11 account.

12 68. On or about March 14, 2008, RUSCH transferred approximately \$670,602,
13 consisting of proceeds from the sale of shares of Intelligentias, Inc. stock, from his IOLTA
14 account to KERR's undeclared Cyril Capital UBS account.

15 **TRANSFERS BETWEEN KERR'S AND QUIEL'S UNDECLARED ACCOUNTS**

16 69. On or about December 21, 2007, RUSCH caused the transfer of approximately
17 \$750,000 from KERR's undeclared Cyril Capital UBS account, consisting of proceeds from
18 the sale of shares of Intelligentias, Inc. stock, to QUIEL's undeclared Swiss International
19 UBS account.

20 70. On or about January 11, 2008, RUSCH caused the transfer of approximately
21 \$500,000 from KERR's undeclared Cyril Capital UBS account, consisting of proceeds from
22 the sale of shares of Intelligentias, Inc. stock, to QUIEL's undeclared Legacy account at
23 Swiss Bank A.

24 **REPATRIATION AND USE OF FUNDS HELD IN UNDECLARED ACCOUNTS**

25 71. On or about November 3, 2008, RUSCH caused the transfer of approximately
26 \$1,000,000 from KERR's undeclared Red Rock account at Swiss Bank A to RUSCH's
27 IOLTA account.

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1 72. On or about November 12, 2008, RUSCH caused the transfer of approximately
2 \$950,000 from KERR's undeclared Cyril Capital UBS account to RUSCH's IOLTA account.

3 73. On or about November 14, 2008, RUSCH transferred approximately \$2,008,887
4 from his IOLTA account to an escrow account at the First Bank of Colorado for the purchase
5 of a golf course in Erie, Colorado by the Colorado National Golf Club, LLC, an entity
6 controlled by KERR.

7 74. On or about December 8, 2008, RUSCH caused the transfer of approximately
8 \$400,000 from QUIEL's undeclared Legacy account at Swiss Bank A to RUSCH's IOLTA
9 account.

10 75. On or about December 10, 2008, RUSCH wrote a check from his IOLTA
11 account in the amount of approximately \$400,000 to Legend Asset Opportunity Fund, LTD,
12 an entity controlled by QUIEL.

13 76. On or about February 25, 2009, RUSCH caused the transfer of approximately
14 \$130,000 from QUIEL's undeclared Legacy account at Swiss Bank A to a domestic bank
15 account at JPMorgan Chase Bank in the name of Worldwide Capital, Ltd, an account
16 controlled by KERR.

17 77. On or about April 16, 2009, RUSCH caused the transfer of approximately
18 \$100,000 from KERR's undeclared Red Rock account at Swiss Bank A to a domestic account
19 at JPMorgan Chase Bank in the name of Worldwide Capital, Ltd, an account controlled by
20 KERR.

21 **CONCEALMENT OF ASSETS PURCHASED WITH REPATRIATED FUNDS**

22 78. On or about November 1, 2008, RUSCH, on behalf of nominee entity Worldnet,
23 signed an Operating Agreement as a member of the Colorado National Golf Club, LLC, an
24 entity controlled by KERR, related to KERR's purchase and operation of a golf course in
25 Erie, Colorado. RUSCH signed as "Attorney for WorldNet Corporate Services, Inc.," a
26 "Panama Corporation."
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1 **FILING OF FALSE INDIVIDUAL FEDERAL INCOME TAX RETURNS**

2 79. On or about the dates set forth below, KERR caused to be prepared, signed, and
 3 filed with the IRS false joint U.S. Individual Income Tax Returns, Forms 1040, which
 4 concealed his ownership of, interest in, and signature and other authority over his undeclared
 5 accounts, and which failed to report any income earned from or diverted to these accounts:

6

<u>Overt Act</u>	<u>Tax Year</u>	<u>Date Filed</u>
7 (a)	2007	April 15, 2008
8 (b)	2008	April 15, 2009

9 80. On or about the dates set forth below, QUIEL caused to be prepared, signed,
 10 and filed with the IRS false joint U.S. Individual Income Tax Returns, Forms 1040, which
 11 concealed his ownership of, interest in, and signature and other authority over his undeclared
 12 accounts, and which failed to report any income earned from or diverted to these accounts:

13

<u>Overt Act</u>	<u>Tax Year</u>	<u>Date Filed</u>
14 (a)	2007	April 15, 2008
15 (b)	2008	April 15, 2009

16 81. On or about the dates set forth below, RUSCH caused to be prepared, signed,
 17 and filed with the IRS false joint U.S. Individual Income Tax Returns, Forms 1040, which
 18 concealed his ownership of, interest in, and signature and other authority over undeclared
 19 accounts:

20

<u>Overt Act</u>	<u>Tax Year</u>	<u>Date Filed</u>
21 (a)	2007	April 15, 2008
22 (b)	2008	October 18, 2009

23 **FAILING TO DISCLOSE UNDECLARED ACCOUNTS ON FBARS**

24 82. On or about the dates set forth below, QUIEL caused to be prepared, signed,
 25 and filed FBARS that disclosed his interest in a foreign bank account in Belize but which
 26 failed to report his ownership of, interest in, and signature and other authority over, financial
 27

1 accounts in other foreign countries and which each had an aggregate value of more than
2 \$10,000 during the years set forth below:

<u>Overt Act</u>	<u>Tax Year</u>	<u>Date Filed</u>
(a)	2007	April 21, 2008
(b)	2008	April 14, 2009

6 83. On or about the dates set forth below, KERR failed to file an FBAR disclosing
7 that he had ownership of, interest in, and signature and other authority over, financial
8 accounts in a foreign country and which each had an aggregate value of more than \$10,000
9 during the years set forth below:

<u>Overt Act</u>	<u>Tax Year</u>	<u>Due Date of FBAR</u>
(a)	2007	June 30, 2008
(b)	2008	June 30, 2009

13 84. On or about the dates set forth below, RUSCH failed to file an FBAR disclosing
14 that he had ownership of, interest in, and signature and other authority over, financial
15 accounts in a foreign country and which each had an aggregate value of more than \$10,000
16 during the years set forth below:

<u>Overt Act</u>	<u>Tax Year</u>	<u>Due Date of FBAR</u>
(a)	2007	June 30, 2008
(b)	2008	June 30, 2009

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

21 **COUNTS 2-3**

22 **(Making and Subscribing a False Tax Return-26 U.S.C. § 7206(1))**

24 85. The grand jury realleges and incorporates the Introductory Allegations
25 contained in paragraphs 1 through 20 above.

26 86. On or about the following dates within the District of Arizona and elsewhere,
27
28

1 defendant STEPHEN KERR, did willfully make and subscribe joint U.S. Individual Income
 2 Tax Returns, Forms 1040, for the tax years set forth below, which were verified by a written
 3 declaration that the income tax returns were made under penalties of perjury, and did file
 4 these income tax returns with the IRS, which returns he did not believe to be true and correct
 5 as to every material matter, in that KERR: (a) on Line 22 (total income) of the Forms 1040
 6 failed to report income earned from one or more bank, securities, and other financial accounts
 7 in Switzerland, and (b) on Schedule B, Part II, line 7a of the Forms 1040, reported that he did
 8 not have an interest in, and signature and other authority over, a financial account in a foreign
 9 country, whereas KERR then and there well knew and believed that he received income in
 10 addition to the total income reported and had an interest in, and signature and other authority
 11 over, bank, securities, and other financial accounts in Switzerland:

COUNT	TAX YEAR	DATE FILED
Two	2007	April 15, 2008
Three	2008	April 15, 2009

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

16 **COUNTS 4-5**
 17 **(Making and Subscribing a False Tax Return-26 U.S.C. § 7206(1))**

18 87. The grand jury realleges and incorporates the Introductory Allegations
 19 contained in paragraphs 1 through 20 above.

20 88. On or about the following dates within the District of Arizona and elsewhere,
 21 defendant MICHAEL QUIEL, did willfully make and subscribe joint U.S. Individual Income
 22 Tax Returns, Forms 1040, for the tax years set forth below, which were verified by a written
 23 declaration that the income tax returns were made under penalties of perjury, and did file
 24 these income tax returns with the IRS, which returns he did not believe to be true and correct
 25 as to every material matter, in that QUIEL: (a) on Line 22 (total income) of the Forms 1040
 26 failed to report income earned from one or more bank, securities, and other financial accounts
 27 in Switzerland, and (b) on Schedule B, Part II, line 7b of the Forms 1040, reported that he did
 28 not have an interest in, and authority over, a financial account in Switzerland, whereas QUIEL

1 then and there well knew and believed that he received income in addition to the total income
 2 reported and had an interest in, and signature and other authority over, bank, securities, and
 3 other financial accounts in Switzerland:

COUNT	TAX YEAR	DATE FILED
Four	2007	April 15, 2008
Five	2008	April 15, 2009

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

9 **COUNTS 6-7**

10 **(Willful Failure to File Report of Foreign Bank and Financial Accounts- 31 U.S.C. §§**
5314 and 5322(a); 31 C.F.R. §§ 1010.350 and 1010.306 (c) & (d))

11 89. The grand jury realleges and incorporates the Introductory Allegations
 12 contained in paragraphs 1 through 20 above.

13 90. On or about the following dates within the District of Arizona and elsewhere,
 14 defendant STEPHEN KERR, did knowingly and willfully fail to file with the U.S.
 15 Department of the Treasury a Report of Foreign Bank and Financial Accounts, Form TD F
 16 90-22.1, disclosing that he had a financial interest in, and signature and other authority over,
 17 financial accounts in a foreign country, including undeclared accounts in Switzerland at UBS
 18 and Swiss Bank A, which each had an aggregate value of more than \$10,000 during the years
 19 set forth below:

COUNT	TAX YEAR	DUE DATE OF FORM TD F 90-22.1
Six	2007	June 30, 2008
Seven	2008	June 30, 2009

23 All in violation of Title 31, United States Code, Sections 5314 and 5322(a), Title 31,
 24 Code of Federal Regulations, Sections 1010.350 and 1010.306 (c) & (d).

25 **COUNTS 8-9**

26 **(Willful Failure to File Report of Foreign Bank and Financial Accounts- 31 U.S.C. §§**
5314 and 5322(a); 31 C.F.R. §§ 1010.350 and 1010.306 (c) & (d))

1 91. The grand jury realleges and incorporates the Introductory Allegations
 2 contained in paragraphs 1 through 20 above.

3 92. On or about the following dates within the District of Arizona and elsewhere,
 4 defendant MICHAEL QUIEL, did knowingly and willfully fail to file with the U.S.
 5 Department of the Treasury a Report of Foreign Bank and Financial Accounts, Form TD F
 6 90-22.1, disclosing that he had a financial interest in, and signature and other authority over,
 7 financial accounts in a foreign country, including undeclared accounts in Switzerland at UBS
 8 and Swiss Bank A, which each had an aggregate value of more than \$10,000 during the years
 9 set forth below:

COUNT	TAX YEAR	DUE DATE OF FORM TD F 90-22.1
Eight	2007	June 30, 2008
Nine	2008	June 30, 2009

13 All in violation of Title 31, United States Code, Sections 5314 and 5322(a), Title 31,
 14 Code of Federal Regulations, Sections 1010.350 and 1010.306 (c) & (d).

16 DATED: December 8, 2011

19 A TRUE BILL:

20 /S/

21 FOREPERSON OF THE GRAND JURY

22
 23 ANN BIRMINGHAM SCHEEL
 Acting United States Attorney
 District of Arizona

25 /S/

26 MONICA B. EDELSTEIN
 27 TIMOTHY J. STOCKWELL
 Trial Attorneys, Department of Justice
 Tax Division