



U.S. Department of Justice

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May 18, 2016

Leigh Kessler, Esq.
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Baltimore, MD 21201

FILED ENTERED
LOGGED RECEIVED

JUN 3 2016

AT GREENBELT
CLERK, U.S. DISTRICT COURT
DISTRICT OF MARYLAND

[Signature]
DEPUTY

Re: United States v. Menachem Shoham,
Criminal No. ~~[To Be Determined]~~ *DKC 2016-0265*

Dear Ms. Kessler:

This letter confirms the plea agreement which has been offered to the Defendant by the United States Attorney's Office for the District of Maryland and the Tax Division, United States Department of Justice ("this Office"). If the Defendant accepts this offer, please have him execute it in the spaces provided below. If this offer has not been accepted by **May 25, 2016**, it will be deemed withdrawn. The terms of the agreement are as follows:

Offense of Conviction

1. The Defendant agrees to waive indictment and plead guilty to a one-count Information to be filed against him, which will charge him with conspiracy to defraud the United States, in violation of 18 U.S.C. § 371. The Defendant admits that he is, in fact, guilty of this offense and will so advise the Court.

Elements of the Offense

2. The elements of the offense to which the Defendant has agreed to plead guilty, and which this Office would prove if the case went to trial, are as follows:

- a. the Defendant and at least one other person entered into an unlawful agreement to defraud the United States;
- b. the Defendant knowingly and willfully became a member of the conspiracy;

- c. at least one of the members of the conspiracy knowingly committed at least one overt act; and
- d. the overt act was committed to further some objective of the conspiracy.

Penalties

3. The maximum sentence provided by statute for the offense to which the Defendant is pleading guilty is imprisonment for a term of not more than five years, supervised release of up to three years, and a fine of not more than \$250,000 or twice the gain or loss associated with the offense. In addition, the Defendant must pay \$100 as a special assessment pursuant to 18 U.S.C. § 3013, which will be due and should be paid at or before the time of sentencing. This Court may also order the Defendant to make restitution pursuant to 18 U.S.C. §§ 3663, 3663A, and 3664. If a fine or restitution is imposed, it shall be payable immediately, unless, pursuant to 18 U.S.C. § 3572(d), the Court orders otherwise.¹ The Defendant understands that if he serves a term of imprisonment, is released on supervised release, and then violates the conditions of his supervised release, his supervised release could be revoked -- even on the last day of the term -- and the Defendant could be returned to custody to serve another period of incarceration and a new term of supervised release. The Defendant understands that the Bureau of Prisons has sole discretion in designating the institution at which the Defendant will serve any term of imprisonment imposed.

Waiver of Rights

4. The Defendant understands that by entering into this agreement, he surrenders certain rights as outlined below:

a. If the Defendant had persisted in his plea of not guilty, he would have had the right to a speedy jury trial with the close assistance of competent counsel. That trial could be conducted by a judge, without a jury, if the Defendant, this Office, and the Court all agreed.

b. If the Defendant elected a jury trial, the jury would be composed of twelve individuals selected from the community. Counsel and the Defendant would have the opportunity to challenge prospective jurors who demonstrated bias or who were otherwise unqualified, and would have the opportunity to strike a certain number of jurors peremptorily. All twelve jurors would have to agree unanimously before the Defendant could be found guilty of any count. The jury would be instructed that the Defendant was presumed to be innocent, and that presumption could be overcome only by proof beyond a reasonable doubt.

c. If the Defendant went to trial, the government would have the burden of proving the Defendant guilty beyond a reasonable doubt. The Defendant would have the right to

¹ Pursuant to 18 U.S.C. § 3612, if the Court imposes a fine in excess of \$2,500 that remains unpaid 15 days after it is imposed, the Defendant shall be charged interest on that fine, unless the Court modifies the interest payment in accordance with 18 U.S.C. § 3612(f)(3).

confront and cross-examine the government's witnesses. The Defendant would not have to present any defense witnesses or evidence whatsoever. If the Defendant wanted to call witnesses in his defense, however, he would have the subpoena power of the Court to compel the witnesses to attend.

d. The Defendant would have the right to testify in his own defense if he so chose, and he would have the right to refuse to testify. If he chose not to testify, the Court could instruct the jury that they could not draw any adverse inference from his decision not to testify.

e. If the Defendant were found guilty after a trial, he would have the right to appeal the verdict and the Court's pretrial and trial decisions on the admissibility of evidence to see if any errors were committed which would require a new trial or dismissal of the charges against him. By pleading guilty, the Defendant knowingly gives up the right to appeal the verdict and the Court's decisions.

f. By pleading guilty, the Defendant will be giving up all of these rights, except the right, under the limited circumstances set forth in the "Waiver of Appeal" paragraph below, to appeal the sentence. By pleading guilty, the Defendant understands that he may have to answer the Court's questions both about the rights he is giving up and about the facts of his case. Any statements the Defendant makes during such a hearing would not be admissible against him during a trial except in a criminal proceeding for perjury or false statement.

g. If the Court accepts the Defendant's plea of guilty, there will be no further trial or proceeding of any kind, and the Court will find him guilty.

h. By pleading guilty, the Defendant will also be giving up certain valuable civil rights and may be subject to deportation or other loss of immigration status. The Defendant recognizes that if he is not a citizen of the United States, pleading guilty may have consequences with respect to his immigration status. Under federal law, conviction for a broad range of crimes can lead to adverse immigration consequences, including automatic removal from the United States. Removal and other immigration consequences are the subject of a separate proceeding, however, and the Defendant understands that no one, including his attorney or the Court, can predict with certainty the effect of a conviction on immigration status. The Defendant nevertheless affirms that he wants to plead guilty regardless of any potential immigration consequences.

Advisory Sentencing Guidelines Apply

5. The Defendant understands that the Court will determine a sentencing guidelines range for this case (henceforth the "advisory guidelines range") pursuant to the Sentencing Reform Act of 1984 at 18 U.S.C. §§ 3551-3742 (excepting 18 U.S.C. §§ 3553(b)(1) and 3742(e)) and 28 U.S.C. §§ 991 through 998. The Defendant further understands that the Court will impose a sentence pursuant to the Sentencing Reform Act, as excised, and must take into account the advisory guidelines range in establishing a reasonable sentence.

Factual and Advisory Guidelines Stipulation

6. This Office and the Defendant understand, agree and stipulate to the Statement of Facts set forth in Attachment A hereto, which this Office would prove beyond a reasonable doubt, and to the following applicable sentencing guidelines factors:

a. The base offense level is **14**, pursuant to United States Sentencing Guidelines ("U.S.S.G.") §§ 2T1.1(a)(1), 2T1.9(a)(1) and 2T4.(1)(E), because the tax loss was more than \$40,000 but less than \$100,000.

b. A **2**-level increase applies, pursuant to U.S.S.G. § 2T1.1(b)(2), because the offense involved sophisticated means.

c. The adjusted offense level thus is **16**.

d. This Office does not oppose a **2** level reduction in the Defendant's adjusted offense level, based upon the Defendant's recognition and affirmative acceptance of personal responsibility for his criminal conduct. This Office agrees to make a motion pursuant to U.S.S.G. § 3E1.1(b) for an additional **1** level decrease in recognition of the Defendant's timely notification of his intention to plead guilty. This Office may oppose any adjustment for acceptance of responsibility if the Defendant: (i) fails to admit each and every item in the factual stipulation; (ii) denies involvement in the offense; (iii) gives conflicting statements about his involvement in the offense; (iv) is untruthful with the Court, this Office, or the United States Probation Office; (v) obstructs or attempts to obstruct justice prior to sentencing; (vi) engages in any criminal conduct between the date of this agreement and the date of sentencing; or (vii) attempts to withdraw his plea of guilty. If the defendant obtains a 3 level reduction, the final offense level thus is **13**.

7. The Defendant understands that there is no agreement as to his criminal history or criminal history category, and that his criminal history could alter his offense level if he is a career offender or if the instant offense was a part of a pattern of criminal conduct from which he derived a substantial portion of his income.

8. This Office and the Defendant agree that with respect to the calculation of the advisory guidelines range, with the exception of establishing the offense level increase for the value of the benefit received or to be received at sentencing, no other offense characteristics, sentencing guidelines factors, potential departures or adjustments set forth in the United States Sentencing Guidelines will be raised or are in dispute. If the Defendant intends to argue for any factor that could take the sentence outside of the advisory guidelines range, he will notify the Court, the United States Probation Officer and government counsel at least 14 days in advance of sentencing of the facts or issues he intends to raise.

Tax and FBAR Provisions

9. The Defendant understands that this agreement does not resolve any civil tax liability that he may have, and that this agreement is with the United States Attorney's Office for the District of Maryland and the Tax Division, United States Department of Justice, and not with the Internal Revenue Service. The Internal Revenue Service is not a party to this agreement and remains free to pursue any and all lawful remedies it may have. The Defendant agrees, however, as a special condition of supervised release, (a) to execute a final and conclusive "Closing Agreement" with the Internal Revenue Service, pursuant to section 7121 of the Internal Revenue Code, in order to resolve his tax liabilities for the years 1999 through and including 2010; (b) to provide a complete and accurate financial statement, under penalty of perjury, to the United States which shall identify all assets valued at \$1,000 or more owned or held directly or indirectly by him, as well as all such assets transferred by him to any third parties since 1999, including the location of said assets and identities of the third parties; and (c) to pay to the Internal Revenue Service all additional taxes, interest and penalties which the Internal Revenue Service may determine that he owes for the tax years 1999-2010, pursuant to the aforesaid Closing Agreement. The Defendant understands that a failure to comply with any of the conditions of his supervised release may result in revocation of his release conditions, resulting in his imprisonment for all or part of the term of supervised release. This Office will recommend that the Court order restitution in the amount of **\$36,287**, the amount of tax owing for the count to which he is pleading guilty and any other relevant conduct, and will recommend that the restitution be applied against the gross amount determined in the Closing Agreement, all of which is to be paid as a condition of supervised release.

10. The Defendant agrees to give up any and all objections, and specifically waives all rights under 26 U.S.C. § 6103 that could be asserted to or against the Examination Division of the Internal Revenue Service receiving materials or information obtained during the criminal investigation of this matter, including materials and information obtained through grand jury subpoenas.

11. The Defendant further agrees that in order to resolve his civil liability for failing to file, with the Department of the Treasury, Reports of Foreign Bank and Financial Accounts, FinCEN Reports 114 (formerly Forms TD F90-22.1), for tax years 1999 through 2010, he will pay a penalty in the amount of **\$306,000**, which is 50% of the highest balance in the undeclared foreign financial account for year 2007, the year with the highest balance. If the Defendant is not able to pay the penalty by the time of sentencing, he agrees to enter into a payment plan with the IRS by the time of sentencing.

Obligations of this Office

12. At the time of sentencing, this Office will recommend a reasonable sentence.

13. The parties reserve the right to bring to the Court's attention at the time of sentencing, and the Court will be entitled to consider, all relevant information concerning the Defendant's background, character and conduct.

Waiver of Appeal

14. In exchange for the concessions made by this Office and the Defendant in this plea agreement, this Office and the Defendant waive their rights to appeal as follows:

a. The Defendant knowingly waives all right, except his right to effective assistance of counsel, pursuant to 28 U.S.C. § 1291 or otherwise, to appeal the Defendant's conviction;

b. The Defendant and this Office knowingly waive all rights, pursuant to 18 U.S.C. § 3742 or otherwise, to appeal whatever sentence is imposed (including the right to appeal any issues that relate to the establishment of the advisory guidelines range, the determination of the Defendant's criminal history, the weighing of the sentencing factors, the decision whether to impose and the calculation of any term of imprisonment, fine, order of forfeiture, order of restitution, and term or condition of supervised release), except as follows: (i) the Defendant reserves the right to appeal any term of imprisonment to the extent that it exceeds any sentence within the advisory guidelines resulting from an adjusted offense level 13; and (ii) this Office reserves the right to appeal any term of imprisonment to the extent that it is below any sentence within the advisory guidelines range resulting from an adjusted offense level 13.

c. Nothing in this agreement shall be construed to prevent the Defendant or this Office from invoking the provisions of Federal Rule of Criminal Procedure 35(a), or from appealing from any decision thereunder, should a sentence be imposed that resulted from arithmetical, technical, or other clear error.

d. The Defendant waives any and all rights under the Freedom of Information Act relating to the investigation and prosecution of the above-described matter and agrees not to file any request for documents from this Office or any investigating agency.

Obstruction or Other Violations of Law

15. The Defendant agrees that he will not commit any offense in violation of federal, state or local law between the date of this agreement and his sentencing in this case. In the event that the Defendant: (i) engages in conduct after the date of this agreement which would justify a finding of obstruction of justice under U.S.S.G. § 3C1.1; (ii) fails to accept personal responsibility for his conduct by failing to acknowledge his guilt to the probation officer who prepares the Presentence Report; or (iii) commits any offense in violation of federal, state or local law, then this Office will be relieved of its obligations to the Defendant as reflected in this agreement. Specifically, this Office will be free to argue sentencing guidelines factors other than those stipulated in this agreement, and it will also be free to make sentencing recommendations other than those set out in this agreement. As with any alleged breach of this agreement, this Office will bear the burden of convincing the Court of the Defendant's obstructive or unlawful behavior and/or failure to acknowledge personal responsibility by a preponderance of the evidence. The Defendant acknowledges that he may not withdraw his guilty plea because this Office is relieved of its obligations under the agreement pursuant to this paragraph.

Court Not a Party

16. The Defendant expressly understands that the Court is not a party to this agreement. In the federal system, the sentence to be imposed is within the sole discretion of the Court. In particular, the Defendant understands that neither the United States Probation Office nor the Court is bound by the stipulation set forth above, and that the Court will, with the aid of the Presentence Report, determine the facts relevant to sentencing. The Defendant understands that the Court cannot rely exclusively upon the stipulation in ascertaining the factors relevant to the determination of sentence. Rather, in determining the factual basis for the sentence, the Court will consider the stipulation, together with the results of the presentence investigation, and any other relevant information. The Defendant understands that the Court is under no obligation to accept this Office's recommendations, and the Court has the power to impose a sentence up to and including the statutory maximum stated above. The Defendant understands that if the Court ascertains factors different from those contained in the stipulation set forth above, or if the Court should impose any sentence up to the maximum established by statute, the Defendant cannot, for that reason alone, withdraw his guilty plea, and will remain bound to fulfill all of his obligations under this agreement. The Defendant understands that neither the prosecutors, defense counsel, nor the Court can make a binding prediction, promise, or representation as to what guidelines range or sentence the Defendant will receive. The Defendant agrees that no one has made such a binding prediction or promise.

Entire Agreement

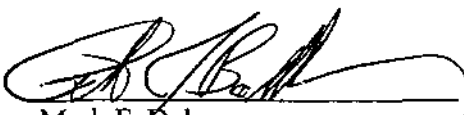
17. This agreement supersedes any prior understandings, promises, or conditions between this Office and the Defendant and constitutes the complete plea agreement in this case. The Defendant acknowledges that there are no other agreements, promises, undertakings or understandings between the Defendant and this Office other than those set forth in this agreement and none will be entered into unless in writing and signed by all parties.


If the Defendant fully accepts each and every term and condition of this letter, please sign and have the Defendant sign the original and return it to me promptly.

Very truly yours,

STUART M. GOLDBERG
Acting Deputy Assistant Attorney General
for Criminal Matters
Tax Division
Department of Justice

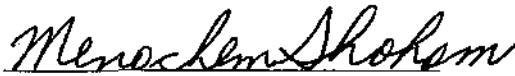
ROD J. ROSENSTEIN
United States Attorney
District of Maryland

By: 
Mark F. Daly
Senior Litigation Counsel
Robert Boudreau
Trial Attorney

By: 
David I. Salem
Assistant United States Attorney

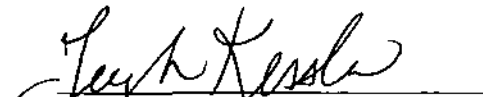
I have read this agreement and carefully reviewed every part of it with my attorney. I understand it, and I voluntarily agree to it. Specifically, I have reviewed the Factual and Advisory Guidelines Stipulation with my attorney, and I do not wish to change any part of it. I am completely satisfied with the representation of my attorney.

May 19, 2016
Date


Menachem Shoham

I am Menachem Shoham's attorney. I have carefully reviewed every part of this agreement with him. He advises me that he understands and accepts its terms. To my knowledge, his decision to enter into this agreement is an informed and voluntary one.

5/23/2016
Date


Leigh Kessler, Esq.

ATTACHMENT A:
STIPULATED FACTS – UNITED STATES v. MENACHEM SHOHAM

If this matter had proceeded to trial, the Government would have proven the following facts beyond a reasonable doubt. The parties agree that the following facts do not encompass all of the facts that would have been proven had this matter proceeded to trial.

MENACHEM SHOHAM (“SHOHAM”) was a citizen of both the United States and Israel and a resident of Maryland at all times relevant.

Co-Conspirator 1, a citizen of the United States and resident of Maryland, was **SHOHAM’s** spouse.

Co-Conspirator 2, a citizen of the United States and resident of Florida, was **SHOHAM’s** mother.

Co-Conspirator 3, a citizen of the United States and resident of Florida, was **SHOHAM’s** sister.

Co-Conspirator 4, a citizen of the United States and a resident of Florida, was Co-Conspirator 3’s spouse and **SHOHAM’S** brother-in-law. Co-Conspirator 4 served for 20 years as a Special Agent in the Criminal Investigation Division of the Internal Review Service (“IRS”).

A Co-Conspirator, **Martin Lack** (“Lack”), was a citizen and a resident of Switzerland. From approximately 1983 through approximately 2002, **Lack** was employed by UBS AG, and its predecessor Swiss Bank Corporation, as Executive Director, Private Banking, UBS AG, Zurich branch. From approximately 2002 to 2003, **Lack** was an asset manager at an asset management firm in Zurich, Switzerland. From 2003 to 2011, **Lack** worked as an asset manager at **Lack & Partner**, a Swiss asset management firm that he owned and operated. **Lack** previously pled guilty in 2014 to conspiracy to defraud the United States in the United States District Court for the Southern District of Florida.

UBS AG (“UBS AG”), a corporation organized under the laws of Switzerland, directly and through its subsidiaries, operated a worldwide financial services business. UBS AG provided banking, wealth management, asset management and investment banking services, among other services, around the world, including through branches located in the District of Maryland. UBS AG previously entered into a Deferred Prosecution Agreement with the United States Attorney’s Office for the Southern District of Florida, Case No. 09-60033-CR-COHN, Docket No. 20. As part of the Deferred Prosecution Agreement, UBS AG admitted that, beginning in 2000 and continuing until 2007, UBS AG, through certain private bankers and managers in the U.S. cross-border business, participated in a scheme to defraud the United States and its agency, the IRS, by actively assisting or otherwise facilitating a number of U.S. individual taxpayers in establishing accounts at UBS AG in a manner designed to conceal the U.S. taxpayers’ ownership or beneficial interest in said accounts.

Subsidiary Bank A, a wholly owned subsidiary of UBS AG, provided private banking services through its offices in Nassau, Bahamas. Subsidiary Bank A was established in or around 1968 and changed its name in or around 1998.

Swiss Bank One, a corporation organized under the laws of Switzerland, provided private banking services in Zurich, Switzerland.

United States taxpayers who had income in excess of a certain amount were obligated to file an individual income tax return with the IRS, on which they were obligated to report their worldwide income. Additionally, United States taxpayers who had an interest in, or signature or other authority over, a financial account in a foreign country with assets in excess of \$10,000 were required to disclose the existence of such account on Schedule B, Part III of their U.S. Individual Income Tax Return, Form 1040 ("Form 1040").

United States citizens who had a financial interest in, or signature authority over, one or more financial accounts in a foreign country with an aggregate value of more than \$10,000 at any time during a particular year were required to file, with the Department of the Treasury, a Report of Foreign Bank and Financial Accounts, FinCEN Report 114 (formerly Form TD F 90-22.1) (the "FBAR"). The FBAR for the applicable year was due by June 30 of the following year.

In or about December 1986, Co-Conspirator 2 inherited financial assets from a late spouse's undeclared foreign financial account ("Account 1") that was maintained at a predecessor bank to UBS AG in Zurich, Switzerland. In or about that same date, Co-Conspirator 2 granted **SHOHAM** power of attorney with complete control over the assets in the account.

In or about 1999, Co-Conspirator 2 divided the assets in Account 1 into three parts: Co-Conspirator 2 retained one-third and gave approximately one-third each to **SHOHAM** and Co-Conspirator 3. On or about July 26, 2001, Co-Conspirator 2 granted both **SHOHAM** and Co-Conspirator 3 power of attorney with complete control over the assets in Account 1.

On or about November 15, 1999, **SHOHAM** and Co-Conspirator 1 executed documents to open a foreign financial account at UBS AG in Zurich, Switzerland ("Account 2"). On that same date, **SHOHAM** and Co-Conspirator 1 granted Co-Conspirator 2 power of attorney with complete control over the assets in Account 2. On or about March 30, 2001, **SHOHAM** and Co-Conspirator 1 granted Co-Conspirator 3 and Co-Conspirator 4 power of attorney with complete control over the assets in Account 2.

On or about February 7, 2000, Co-Conspirator 3 and Co-Conspirator 4 opened a foreign financial account at UBS AG in Zurich, Switzerland ("Account 3"). On or about March 30, 2001, Co-Conspirator 3 and Co-Conspirator 4 granted **SHOHAM** and Co-Conspirator 1 power of attorney with complete control over the assets in Account 3.

In furtherance of the conspiracy, in order to have access to the funds in their undeclared accounts, and in order to conceal those accounts from the IRS, **SHOHAM** and his co-conspirators arranged to obtain cash in Nassau, Bahamas at the Subsidiary Bank A office; in

London, United Kingdom at the UBS AG office; and in Zurich, Switzerland at the UBS AG office, **Lack**'s office, and at Swiss Bank 1, as withdrawals from their undeclared accounts. In order to obtain the cash, **SHOHAM** would direct Co-Conspirator 1 to email **Lack** to arrange to have the cash available. For example, on January 2, 2002, **SHOHAM** caused Co-Conspirator 1 to send an email to **Lack** that stated "Menachem and [Co-Conspirator 3] plan to be in Nassau on 18 January. They would like to make a visit and pick up 10@." **Lack**'s assistant replied by email the next day stating: "[W]e have to send 20@ that menas [sic] 10@ for M. [SHOHAM] and 10@ for [Co-Conspirator 3]." On January 18, 2002, **SHOHAM** and Co-Conspirator 3 received \$20,000 in cash at Subsidiary Bank A in Nassau, Bahamas.

In furtherance of the conspiracy, in order both to have access to the funds in Accounts 1, 2 and 3, and in order to conceal those accounts from the IRS, **SHOHAM** and his co-conspirators also obtained credit cards linked to Accounts 1, 2 and 3, which they used for personal expenses.

In furtherance of the conspiracy, and in order to conceal Account 1 from the IRS, **Lack** warned **SHOHAM** and Co-Conspirator 1 not to use their credit cards in the United States. On or about February 2, 2001, **Lack**, in reply to an email from Co-Conspirator 1 regarding access to statements for the credit cards, stated: "Keep in mind though that Visa debits are traceable and we therefore recommend not to use it in your home country!" Co-Conspirator 1 replied with an email stating: "Thanks for the advice. We only use it as recommended."

In or about June 2003, **SHOHAM** and Co-Conspirators 1, 2, 3 and 4 met with **Lack** in Miami, Florida, to discuss that UBS AG purchased a United States company and that their undeclared accounts would no longer be safe because of United States reporting requirements. **SHOHAM**, Co-Conspirator 1, Co-Conspirator 2, Co-Conspirator 3, and Co-Conspirator 4 subsequently instructed UBS AG to close their undeclared accounts and transfer the contents to accounts at Swiss Bank 1. In furtherance of the conspiracy, and in order to conceal assets and income from the IRS, **SHOHAM** and his co-conspirators opened accounts at Swiss Bank 1 and transferred assets from their undeclared accounts at UBS AG into the newly opened accounts at Swiss Bank 1.

In furtherance of the conspiracy, and in order to conceal the undeclared foreign financial accounts from the IRS, **SHOHAM** and his co-conspirators arranged to obtain at least \$379,930 in the Bahamas, the United States, the United Kingdom and Switzerland from **Lack** as withdrawals from their undeclared accounts at UBS and Swiss Bank 1.

SHOHAM also maintained substantial balances in his foreign financial accounts as set forth below:

DATE	BALANCE	ACCOUNT
December 31, 2003	\$569,709.25	Swiss Bank 1
December 31, 2004	\$547,477.95	Swiss Bank 1
December 31, 2005	\$541,427.78	Swiss Bank 1
December 31, 2006	\$578,325.20	Swiss Bank 1
December 31, 2007	\$588,076.48	Swiss Bank 1
December 31, 2008	\$415,188.20	Swiss Bank 1
December 31, 2009	\$358,041.48	Swiss Bank 1
December 31, 2010	\$347,332.85	Swiss Bank 1
December 31, 2011	\$ (4.56)	Swiss Bank 1

In furtherance of the conspiracy, and in order to conceal the undeclared accounts, **SHOHAM** and Co-Conspirator 1 deliberately misled their accountants about their ownership and control over their undeclared accounts. For example, on or about March 16, 2011, **SHOHAM** caused Co-Conspirator 1 to provide the accountants with a "2010 Tax Organizer" that Co-Conspirator 1 declared was "true, correct and complete to the best of my (our) knowledge." The Tax Organizer was false as Co-Conspirator 1 checked "No" in answer to a question that specifically asked: "Were you or your spouse a grantor or transferor for a foreign trust, have an interest in or a signature or other authority over a bank account, securities account or other financial account in a foreign country?"

In furtherance of the conspiracy, and in order to conceal their foreign financial accounts, **SHOHAM** and Co-Conspirator 1 failed to file the FBARs reporting their foreign financial accounts for the years 1999 through 2010.

In furtherance of the conspiracy, for tax years 1999 through 2010, **SHOHAM** and Co-Conspirator 1 jointly filed false and fraudulent joint Forms 1040 with the IRS on which they failed to report income received from the assets in **SHOHAM**'s undeclared foreign financial bank account and also failed to report his ownership of the foreign financial account on Schedule B of the tax returns.

As a result of the conspiracy, **SHOHAM** failed to pay all of his due and owing individual income taxes, resulting in a total tax loss, for which he is responsible, of \$36,287.

I have read this statement of facts and carefully reviewed it with my attorney. I acknowledge that it is true and correct.

May 19, 2016
Date

5/23/2016
Date

Menachem Shoham
Menachem Shoham

Leigh Kessler
Leigh Kessler, Esq.