

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLUMBIA

Holding a Criminal Term  
Grand Jury Sworn in on October 31, 2003

UNITED STATES OF AMERICA,	:	Criminal No.
	:	
	:	Grand Jury Original
	:	
v.	:	Violations:
	:	26 U.S.C. § 7212(a) (Corruptly
WALTER ANDERSON,	:	Obstructing, Impeding, and
	:	Impairing the Due Administration
a/k/a	:	of the Internal Revenue Laws);
Mark Roth,	:	26 U.S.C. § 7201 (Tax Evasion);
	:	22 D.C. Code § 3221(a)
Defendant.	:	(Fraud in the First Degree).

**INDICTMENT**

The Grand Jury charges:

At all times relevant to the Indictment:

**INTRODUCTION**

1. Defendant, WALTER ANDERSON ("ANDERSON"), was a citizen of the United States and a resident of the District of Columbia;
2. According to the revenue laws of the United States, citizens of the United States were obligated to pay taxes on their worldwide income.
3. According to the laws of the United States, citizens of the United States who controlled a foreign corporation were required to pay income taxes on certain income of the foreign corporation. Generally, United States citizen owners of the foreign corporation were subject to tax on investment type income of the foreign corporation.
4. The British Virgin Islands ("BVI"), Jersey Channel Islands ("Jersey"), and the Republic

of Panama ("Panama"), among others, were foreign countries that were commonly referred to as "tax havens" because these countries afforded greater bank and commercial secrecy than other countries, including the United States.

5. In these tax haven countries, corporate service companies existed to incorporate International Business Corporations ("IBCs"). Under the laws of these tax haven countries, IBCs were not required to pay taxes to the tax haven on income earned outside the borders of the tax haven.
6. In addition to filing required documentation with the tax haven governments, the corporate service company could provide additional services for a fee. These services included acting as the registered agent and a nominee director for the IBC. The nominee director was the publicly registered director of the IBC and the only individual whose name appeared in the public record associated with the IBC. It was understood that the nominee director acted at the sole direction of the actual owner of the IBC, and did not actually get involved in the day to day management of the IBC.
7. Under the laws of these foreign tax haven countries, corporate service companies were not required to disclose the identity of the beneficial owner or the person who actually benefitted from the IBC. Moreover, they were often prohibited from such disclosures.
8. The Internal Revenue Service ("IRS"), an agency within the United States Department of the Treasury, was responsible for administering the federal revenue laws and regulations regarding the ascertainment, computation, assessment, and collection of income taxes owed to the United States. In particular, the IRS was responsible for administering, maintaining and reviewing, among other forms, the Form TD-F 90-22.1 ("Form TD-F").

The Form TD-F was a one page form, entitled Report of Foreign Bank and Financial Accounts, on which a taxpayer was required to disclose foreign financial accounts with a combined balance of more than \$10,000 during any time in the tax year. Any United States citizen with signatory authority or any financial interest in foreign financial accounts with a combined balance of more than \$10,000 was obligated to file the Form TD-F by June 30 of the following calendar year. The government relied on these forms to monitor offshore financial transactions and ensure compliance with United States laws.

9. Since 1962, the United States revenue laws specifically addressed the tax treatment of foreign corporations, such as IBCs. Generally, United States citizens who were shareholders of an entity known as a controlled foreign corporation ("CFC") were required to report foreign investment income and other kinds of foreign source business income on their United States Individual Income Tax Returns.
10. A CFC was a foreign corporation in which more than 50% of its shares were owned by United States shareholders. A United States shareholder was a United States citizen who owned, either directly, indirectly or constructively, 10% or more of the CFC's voting stock. The United States shareholder was required to report his or her share of the CFC's investment type income on his United States Individual Income Tax Return. Such income included interest, dividends and gains or losses on stock transactions and was commonly referred to as Subpart F Income.
11. A United States shareholder of a CFC was required to inform the IRS of a relationship with the CFC by filing a Form 5471, entitled Information Return of United States Persons with Respect to Certain Foreign Corporations. In addition, a Form 926, entitled Return

- by a United States Transferor of Property to a Foreign Corporation, was required to be filed by a United States citizen who transferred certain property to foreign corporations.
12. On or about September 6, 1992, ANDERSON hired Arias, Fabrega & Fabrega Trust Company ("Arias Fabrega"), a corporate service company located in the BVI, to form Gold & Appel Transfer, S.A. ("G&A"). According to the incorporating documents, 1,000 shares were authorized for issuance. Thereafter, Anderson specifically directed Arias Fabrega to use a pre-existing "shelf" corporation to form G&A, an IBC, and to issue only 10 shares of G&A stock. At ANDERSON's direction, the stock was issued to Icomnet S.A., another IBC previously formed by ANDERSON in the BVI. ANDERSON granted himself an exclusive option to purchase the remaining 990 shares of G&A for a total of \$990.
  13. On or about September 23, 1993, ANDERSON, using the alias Mark Roth, hired another corporate service company, The Company Store, to form Iceberg Transport, S.A. ("Iceberg") in Panama. Iceberg was an IBC. ANDERSON directed that Iceberg's stock be issued as bearer shares, which were an unregistered form of stock certificates that did not identify the owner. As its name implied, whoever had actual possession of the corporation's share certificates was deemed the owner of the stock. ANDERSON directed The Company Store to send Iceberg's bearer shares to a private mail box he controlled in the Netherlands. ANDERSON had possession of Iceberg's bearer shares in March 2002.
  14. In or about November 1993, ANDERSON made Iceberg the owner of G&A by transferring Icomnet's 10 shares of G&A to Iceberg. ANDERSON continued to hold the

exclusive option to purchase the remaining 990 G&A shares. Thereafter, ANDERSON represented that Iceberg owned G&A.

15. ANDERSON attempted to disguise his ownership of G&A and Iceberg by, among other methods, using aliases, private mail boxes and nominee directors and officers, who took all direction from ANDERSON and exercised no discretion of their own. In reality, ANDERSON owned and controlled the affairs of these corporations, including having exclusive control over these corporations' officers, directors, business records, bank and brokerage accounts. ANDERSON directed all aspects of G&A and Iceberg through broadly drafted powers of attorney.
16. Beginning in or about October 1992, and continuing through in or about July 1996, ANDERSON transferred most of his personal holdings in three telecommunication companies, Mid-Atlantic Telecom ("MAT"), Esprit Telecom ("Esprit") and Telco Communications Group ("Telco"), to G&A and Iceberg for little or no consideration.
17. After these transfers, each of these telecommunication corporations became much more valuable. Between 1995 and 1999, ANDERSON used the assets of G&A and Iceberg, which included the profits realized from these three telecommunication corporations, to invest in other business ventures. ANDERSON successfully generated more than approximately \$450,000,000 in earnings for G&A and Iceberg during this period.
18. ANDERSON did not report these earnings, as was required by law, on his United States and District of Columbia Individual Income Tax returns for 1995 through 1999. As a result of this scheme, ANDERSON evaded more than \$200,000,000 in federal and District of Columbia income taxes.

**COUNT ONE**  
**Corruptly Obstructing, Impeding, and Impairing the**  
**Due Administration of the Internal Revenue Laws**

19. Paragraphs 1 through 18 of this Indictment are hereby realleged and incorporated as if fully set forth herein.
20. From in or about January 1987 through in or about at least March 2002, in the District of Columbia and elsewhere, ANDERSON corruptly obstructed and impeded, and endeavored to obstruct and impede, the due administration of the internal revenue laws through various means, by committing, among others, the acts described in paragraphs 21 through 36.
21. ANDERSON did not timely file his 1987, 1988, 1989, 1990, 1991, 1992, and 1993 United States Individual Income Tax Returns with the IRS despite earning sufficient income to trigger his legal duty to file returns.
22. After repeated contacts by the IRS, ANDERSON filed delinquent returns for these years, but did not pay the taxes due and owing. ANDERSON also filed Amended 1988 and 1989 United States Individual Income Tax Returns but again did not pay the amount of taxes due and owing. ANDERSON refused to cooperate with the IRS in its efforts to audit, assess and collect the taxes he owed for 1987 through 1993, and ANDERSON obstructed the efforts of the IRS to locate his income and assets.
23. In or about September 1992, ANDERSON created G&A and Iceberg in tax haven countries to conceal his assets from the IRS and obstruct efforts by the IRS to monitor his financial transactions. ANDERSON transferred his personal holdings in MAT, Telco and

- Esprit to G&A and Iceberg. ANDERSON concealed these transfers from his accountants. As a result, the accountants prepared, and ANDERSON filed, false United States Individual Income Tax Returns and failed to file Forms 926 and 5471 with the IRS.
24. For the tax years 1992 through 1999, ANDERSON concealed from his accountants about his ownership of G&A and Iceberg. As a result, the accountants prepared, and ANDERSON filed, false United States Individual Income Tax Returns for these years that falsely failed to include the net profits of G&A and Iceberg as income to ANDERSON.
25. In or about 1994, ANDERSON opened two bank accounts at Barclays Bank in Jersey. He opened one account in the name of G&A ("the G&A account"). He opened another in his own name ("the ANDERSON 1 account"). ANDERSON was the sole signatory on both accounts. In the bank application for the ANDERSON 1 account, ANDERSON falsely stated that he was a citizen of the Dominican Republic. In that application, ANDERSON provided a mailing address in the Netherlands.
26. On or about February 4, 1997, ANDERSON opened a high-interest account at Barclays Bank in Jersey ("the ANDERSON 2 account") by transferring funds from the ANDERSON 1 account. He directed that account statements for the ANDERSON 2 account be sent to the Netherlands address.
27. For tax years 1994 through 1999, ANDERSON concealed from his accountants his control over these foreign bank accounts. As a result, the accountants prepared, and ANDERSON filed, false United States Individual Income Tax Returns for those years that falsely omitted the Schedule B information relating to his foreign bank accounts, and

- ANDERSON failed to file Forms TD-F with the United States Department of the Treasury, disclosing his interest and control in any of these foreign bank accounts.
28. From on or about November 6, 1995 through on or about November 11, 1996, ANDERSON directed Esprit to deposit into the ANDERSON 1 account a total of \$250,000 earned by him. ANDERSON concealed these payments from his accountants. As a result, they prepared and ANDERSON filed false United States Individual Income Tax Returns that omitted this income.
29. In or about April 1998 through in or about September 1998, ANDERSON was audited by the IRS. In connection with that audit, ANDERSON represented to accountant R.M. that certain deductions on his 1995 US Individual Income Tax Return were for unreimbursed legal fees incurred in litigation. He failed to disclose to accountant R.M. that most of those legal fees had been reimbursed to ANDERSON in 1997. ANDERSON made these false and misleading representations knowing that R.M. would repeat them to the IRS during his representation of ANDERSON in the audit. The reimbursement should have been reported as income on ANDERSON's 1997 United States Individual Income Tax Return. As a result of ANDERSON's misrepresentation, the IRS closed the audit without reviewing his 1997 United States Individual Income Tax Return.
30. On or about August 31, 1998, ANDERSON filed a 1997 United States Individual Income Tax Return that falsely omitted the reimbursed legal expenses referred to in paragraph 29 as income. ANDERSON failed to pay that portion of taxes due and owing to the IRS on that reimbursement.
31. After receiving notifications from the IRS of federal tax liens filed in the name of

ANDERSON, reflecting that he owed more than \$390,000 for tax years 1987 through 1993, ANDERSON purchased real property with G&A funds and held the properties in the name of corporate or trust entities created and controlled by him, including "TWCD," "Red Tulip," "Vaca Trust," and "One World Properties," to conceal his ownership interests in these assets from the IRS.

32. In or about the Spring of 2001, ANDERSON agreed to sell the only District of Columbia property that he held in his name, located at 2012 Wyoming Avenue, N.W. ("Wyoming Avenue Property"). To fraudulently obtain a release from an IRS lien against this property, ANDERSON made false and misleading statements to his representatives, knowing that they would repeat these false and misleading statements to the IRS. Specifically, in an attempt to mislead the IRS as to the value of its lien, ANDERSON falsely stated that G&A still held a mortgage on the Wyoming Avenue Property. In or about November 2001, ANDERSON caused his attorney to forward a check in the amount of \$49,162 to the IRS, under the false pretense that the amount of \$49,162 represented the full amount of proceeds from the sale available to satisfy the IRS lien when, in fact, ANDERSON knew that the G&A mortgage on the Wyoming Avenue Property had previously been satisfied. ANDERSON further caused his attorney to wire transfer the balance of \$140,542.69 to the G&A account at Barclays Bank, purportedly satisfying a mortgage that ANDERSON knew no longer existed.
33. From on or about August 3, 1998, through on or about June 22, 2001, ANDERSON caused to be filed United States Corporate Income Tax Returns for TWCD for the tax years 1997 through 2000, which returns contained false and inconsistent statements

- relating to the ownership of TWCD.
34. From on or about October 19, 2000, through on or about October 15, 2001, ANDERSON caused to be filed United States Partnership Income Tax Returns for Red Tulip for the tax years 1999 and 2000, which returns contained false and inconsistent statements relating to the ownership of Red Tulip.
35. From in or about 1993, ANDERSON filed or caused to be filed false and misleading forms with government agencies, including the United States Securities Exchange Commission, United States Federal Trade Commission, and United States Department of Justice insofar as he denied the ownership of G&A and Iceberg and misstated facts relating to the funding of G&A and Iceberg.
36. From on or about September 14, 1994, through on or about April 15, 2000, ANDERSON falsely represented his accountants, and to the IRS that he was a resident of the State of Florida when, in fact, ANDERSON did not reside there.

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

**COUNT TWO**  
**Tax Evasion 1995**

37. Paragraphs 1 through 18, 21 through 25, 27, 28, 29, 30, 31, 35, and 36 of this Indictment are hereby realleged and incorporated as if fully set forth herein.
38. From on or about January 1, 1995, through on or about September 30, 1999, in the District of Columbia and elsewhere, ANDERSON did willfully attempt to evade and defeat a large part of the income tax due and owing by him to the United States for the tax year 1995 by various means, including but not limited to the following:

- a) filing and causing to be filed a false and fraudulent 1995 United States Individual Income Tax Return, wherein he falsely stated that his total income was \$156,323, and that the total tax due and owing thereon was \$27,194, whereas, as he then and there well knew and believed, his total income was substantially greater than what he reported and a substantial additional tax was due and owing to the United States. Specifically, he failed to report the following additional items of income in the following approximate amounts:
- (i) \$1,045,952 Subpart F investment-type income from G&A;
  - (ii) \$75,000 bonus income from Esprit; and
  - (iii) \$337 interest income from Barclays Bank.
- b) failing to notify the IRS, as required by law, on a Schedule B of the 1995 United States Individual Income Tax Return of his signature authority and control of the G&A and ANDERSON 1 accounts at Barclays Bank;
- c) failing to file the required Form TD-F, The Report of Foreign Bank and Financial Accounts, with the Department of the Treasury, to report his control of the G&A and ANDERSON 1 accounts at Barclay's Bank;
- d) operating his business affairs in a manner designed to conceal his ownership and control of G&A and Iceberg during tax year 1995, through various means, including but not limited to the following:
- (i) directing nominees to create and sign documents of G&A and Iceberg;
  - (ii) engaging corporate service centers to receive mail addressed to G&A and Iceberg; and

- (iii) making or causing to be made false and fraudulent statements regarding the ownership and control of G&A and Iceberg;
- e) making and causing to be made a false and fraudulent statement to the IRS during an audit relating to the unreimbursed business deductions he claimed on his 1995 Schedule A;
- f) filing and causing to be filed false original and amended 1997 United States Individual Income Tax Returns, which omitted the reimbursement of the business deductions claimed on his 1995 United States Individual Income Tax Return as income.

In violation of Title 26, United States Code, Section 7201.

**COUNT THREE**  
**Tax Evasion 1996**

38. Paragraphs 1 through 18, 21 through 25, 27, 28, 31, 35, and 36 of this Indictment are hereby realleged and incorporated as if fully set forth herein.
39. From on or about January 1, 1996, through on or about September 30, 1999, in the District of Columbia and elsewhere, ANDERSON did willfully attempt to evade and defeat a large part of the income tax due and owing by him to the United States for the tax year 1996 by various means, including but not limited to the following:
- a) filing and causing to be filed a false and fraudulent 1996 United States Individual Income Tax Return, wherein he falsely stated that his total income was \$139,708, and that the total tax due and owing thereon was \$32,096, whereas, as he then and there well knew and believed, his total income was substantially greater than what

he reported and a substantial additional tax was due and owing to the United States. Specifically, he failed to report the following additional items of income in the following approximate amounts:

- (i) \$4,901,740 Subpart F investment-type income from G&A;
  - (ii) \$175,000 bonus income from Esprit; and
  - (iii) \$1,102 interest income from Barclays Bank.
- b) failing to notify the IRS, as required by law, on a Schedule B of the 1996 United States Individual Income Tax Return of his signature authority and control of the G&A and ANDERSON 1 accounts at Barclays Bank;
- c) failing to file the required Form TD-F, The Report of Foreign Bank and Financial Account, with the Department of the Treasury to report his control of G&A and ANDERSON 1 accounts at Barclays Bank;
- d) failing to report on his Schedule D of his 1996 United States Individual Income Tax Return that he transferred 220,000 shares in Esprit to G&A;
- e) failing to file the required Form 926, Return by a United States Transferor of Property to a Foreign Corporation, disclosing that he transferred 220,000 shares in Esprit to G&A;
- f) operating his business affairs in a manner designed to conceal his ownership and control of G&A and Iceberg during tax year 1996, through various means, including but not limited to the following:
- (i) directing nominees to create and sign documents of G&A and Iceberg;
  - (ii) engaging corporate service centers to receive mail addressed to G&A and

Iceberg; and

- (iii) making or causing to be made false and fraudulent statements regarding the ownership and control of G&A and Iceberg.
- g) filing and causing to be filed a false 1996 Amended United States Individual Income Tax Return, which omitted the additional items of income detailed in subsection a(i)(ii) & (iii).

In violation of Title 26, United States Code, Section 7201.

**COUNT FOUR**  
**Tax Evasion 1997**

- 40. Paragraphs 1 through 18, 21 through 31, 35, and 36 of this Indictment are hereby realleged and incorporated as if fully set forth herein.
- 41. From on or about January 1, 1997, through on or about September 30, 1999, in the District of Columbia and elsewhere, ANDERSON did willfully attempt to evade and defeat a large part of the income tax due and owing by him to the United States for the tax year 1997 by various means, including but not limited to the following:
  - a) filing and causing to be filed a false and fraudulent 1997 United States Individual Income Tax Return, wherein he falsely stated that his total income was \$251,396, and that the total tax due and owing thereon was \$51,514, whereas, as he then and there well knew and believed, his total income was substantially greater than what he reported and a substantial additional tax was due and owing to the United States. Specifically, he failed to report the following additional items of income in the following approximate amounts:

- (i) \$91,880,465 Subpart F investment-type income from G&A;
  - (ii) \$10,879 wage income from Esprit;
  - (iii) \$11,349 interest income from Barclays Bank; and
  - (iv) \$232,106 in proceeds from a lawsuit, a substantial portion of which represented reimbursement for legal expenses previously deducted on his 1995 United States Individual Income Tax Return.
- b) failing to notify the IRS, as required by law, on a Schedule B of the 1997 United States Individual Income Tax Return of his signature authority and control of the G&A, ANDERSON 1 and ANDERSON 2 accounts at Barclays Bank;
- c) failing to file the required Form TD-F, The Report of Foreign Bank and Financial Account, with the Department of the Treasury to report his control of G&A, ANDERSON 1 and ANDERSON 2 accounts at Barclays Bank;
- d) operating his business affairs in a manner designed to conceal his ownership and control of G&A and Iceberg during tax year 1997, through various means, including but not limited to the following:
- (i) directing nominees to create and sign documents of G&A;
  - (ii) engaging corporate service centers to receive mail addressed to G&A and Iceberg; and
  - (iii) making or causing to be made false and fraudulent statements regarding the ownership and control of G&A and Iceberg.
- e) filing and causing to be filed a false 1997 Amended United States Individual Income Tax Return, which omitted the additional items of income detailed in

subsection a(i)(ii)(iii) & (iv).

In violation of Title 26, United States Code, Section 7201.

**COUNT FIVE**  
**Tax Evasion 1998**

42. Paragraphs 1 through 18, 21 through 31, 33, 35, and 36 of this Indictment are hereby realleged and incorporated as if fully set forth herein.
43. From on or about January 1, 1998, through on or about September 30, 1999, in the District of Columbia and elsewhere, ANDERSON did willfully attempt to evade and defeat a large part of the income tax due and owing by him to the United States for the tax year 1998 by various means, including but not limited to the following:
- a) filing and causing to be filed a false and fraudulent 1998 United States Individual Income Tax Return, wherein he falsely stated that his total income was \$67,939 and that the total tax due and owing thereon was \$494, whereas, as he then and there well knew and believed, his total income was substantially greater than what he reported and a substantial additional tax was due and owing to the United States. Specifically, he failed to report the following additional items of income in the following approximate amounts:
    - (i) \$126,303,951 Subpart F investment-type income from G&A; and
    - (ii) \$24,760 interest income from Barclays Bank.
  - b) failing to notify the IRS, as required by law, on a Schedule B of the 1998 United States Individual Income Tax Return of his signature authority and control of the G&A, ANDERSON 1 and ANDERSON 2 accounts at Barclays Bank;
  - c) failing to file the required Form TD-F, The Report of Foreign Bank and Financial

Account, with the Department of the Treasury to report his control of G&A, ANDERSON 1 and ANDERSON 2 accounts at Barclays Bank;

d) operating his business affairs in a manner designed to conceal his ownership and control of G&A and Iceberg during tax year 1998, through various means, including but not limited to the following:

- (i) directing nominees to create and sign documents of G&A and Iceberg;
- (ii) engaging corporate service centers to receive mail addressed to G&A and Iceberg; and
- (iii) making or causing to be made false and fraudulent statements regarding the ownership and control of G&A and Iceberg.

In violation of Title 26, United States Code, Section 7201.

**COUNT SIX**  
**Tax Evasion 1999**

44. Paragraphs 1 through 18, 21 through 31, and 33 through 36 of this Indictment are hereby realleged and incorporated as if fully set forth herein.

45. From on or about January 1, 1999, through on or about October 19, 2000, in the District of Columbia and elsewhere, ANDERSON did willfully attempt to evade and defeat a large part of the income tax due and owing by him to the United States for the tax year 1999 by various means, including but not limited to the following:

- a) filing and causing to be filed a false and fraudulent 1999 United States Individual Income Tax Return, wherein he falsely stated that his total income was \$3,324,179, and that the total tax due and owing thereon was \$458,370, whereas, as he then well knew and believed, his total income was substantially greater than

what he reported and a substantial additional tax was due and owing to the United States. Specifically, he failed to report the following additional items of income in the following approximate amounts:

- (i) \$238,561,316 Subpart F investment-type income from G&A;
  - (ii) \$400,629 income from Esprit;
  - (iii) \$16,822 interest income from Barclays Bank; and
  - (iv) \$133,348 capital gain income;
- b) failing to notify the IRS, as required by law, on a Schedule B of the 1999 United States Individual Income Tax Return of his signature authority and control of the G&A, ANDERSON 1 and ANDERSON 2 accounts at Barclays Bank;
- c) failing to file the required Form TD-F, The Report of Foreign Bank and Financial Account, with the Department of the Treasury to report his control of G&A, ANDERSON 1 and ANDERSON 2 accounts at Barclays Bank;
- d) operating his business affairs in a manner designed to conceal his ownership and control of G&A and Iceberg during tax year 1999, through various means, including but not limited to the following:
- (i) directing nominees to create and sign documents of G&A and Iceberg;
  - (ii) engaging corporate service centers to receive mail addressed to G&A and Iceberg; and
  - (iii) making or causing to be made false and fraudulent statements regarding the ownership and control of G&A and Iceberg.

In violation of Title 26, United States Code, Section 7201.

**COUNT SEVEN**  
**Fraud in the First Degree**  
**1995**

46. Paragraphs 1 through 18, 21 through 25, 27, 28, 31, 35 and 36 of this Indictment are hereby realleged and incorporated as if fully set forth herein.
47. Beginning on or about January 1, 1995, and continuing through on or about April 15, 1996, in the District of Columbia and elsewhere, ANDERSON engaged in a scheme and systematic course of conduct with intent to defraud the District of Columbia and to obtain for ANDERSON property of the District of Columbia by means of false and fraudulent pretenses, representations and promises, and thereby obtained property of the District of Columbia and caused the District of Columbia to lose property, consisting of District of Columbia income taxes required by law to be paid by ANDERSON, in the approximate value of \$100,000, by committing the following acts:
- a) failing to file a 1995 District of Columbia Individual Income Tax Return;
  - b) filing or causing to be filed a false 1995 United States Individual Income Tax Return;
  - c) concealing and attempting to conceal from the District of Columbia his District of Columbia residency by falsely stating on his 1995 United States Individual Income Tax Return that he was a resident of Florida;
  - d) lying to his employer and/or its payroll company that he had changed his residency to Florida. Florida did not impose income taxes upon its residents. As a result, the payroll company only withheld District of Columbia income taxes for one pay period;

- e) concealing from accountant R.D. income he had received as a resident of the District of Columbia by failing to provide R.D. with the Form W-2, reflecting District of Columbia wages and withholding, that was issued by the payroll company;
- f) operating his business affairs in a manner designed to conceal his ownership and control of G&A and Iceberg during tax year 1995, through various means, including but not limited to the following:
  - (i) directing nominees to create and sign documents of G&A and Iceberg;
  - (ii) engaging corporate service centers to receive mail addressed to G&A and Iceberg; and
  - (iii) making or causing to be made false and fraudulent statements regarding the ownership and control of G&A and Iceberg.
- g) concealing his status as a resident of the District of Columbia from the District of Columbia taxing authorities by various means, including but not limited to the following:
  - (i) failing to obtain a District of Columbia driver's license as required by law;
  - (ii) maintaining a Virginia driver's license, which he obtained by falsely representing that he was a resident of Virginia;
  - (iii) failing to register his automobiles in the District of Columbia;
  - (iv) registering his automobiles in Virginia by falsely representing that he, or his business, resided in Virginia.

In violation of Title 22, District of Columbia Code, Section 3221(a).

**COUNT EIGHT**  
**Fraud in the First Degree**  
**1996**

48. Paragraphs 1 through 18, 21 through 25, 27, 28, 31, 35, and 36 of this Indictment are hereby realleged and incorporated as if fully set forth herein.
49. Beginning on or about January 1, 1996, and continuing through on or about April 15, 1997, in the District of Columbia and elsewhere, ANDERSON engaged in a scheme and systematic course of conduct with intent to defraud the District of Columbia and to obtain for ANDERSON property of the District of Columbia by means of false and fraudulent pretenses, representations and promises, and thereby obtained property of the District of Columbia and caused the District of Columbia to lose property, consisting of District of Columbia income taxes required by law to be paid by ANDERSON, in the approximate value of \$270,000, by committing the following acts:
- a) failing to file a 1996 District of Columbia Individual Income Tax Return;
  - b) filing or causing to be filed false original and Amended 1996 United States Individual Income Tax Returns;
  - c) concealing and attempting to conceal from the District of Columbia his District of Columbia residency by falsely alleging on his original and Amended 1996 United States Individual Income Tax Returns that he was a resident of Florida;
  - d) fraudulently causing his employer's payroll company not to withhold any District of Columbia income taxes from his salary;
  - e) operating his business affairs in a manner designed to conceal his ownership and control of G&A and Iceberg during tax year 1996, through various means,

including but not limited to the following:

- (i) directing nominees to create and sign documents of G&A and Iceberg;
  - (ii) engaging corporate service centers to receive mail addressed to G&A and Iceberg; and
  - (iii) making or causing to be made false and fraudulent statements regarding the ownership and control of G&A and Iceberg.
- f) concealing his status as a resident of the District of Columbia from the District of Columbia taxing authorities by various means, including but not limited to the following:
- (i) failing to obtain a District of Columbia driver's license as required by law;
  - (ii) maintaining a Virginia driver's license, which he obtained by falsely representing that he was a resident of Virginia;
  - (iii) failing to register his automobiles in District of Columbia;
  - (iv) registering his automobiles in Virginia by falsely representing that he, or his business, resided in Virginia.

In violation of Title 22, District of Columbia Code, Section 3221(a).

**COUNT NINE**  
**Fraud in the First Degree**  
**1997**

50. Paragraphs 1 through 18, 21 through 31, 35, and 36 of this Indictment are hereby realleged and incorporated as if fully set forth herein.
51. Beginning on or about January 1, 1997, and continuing through on or about April 15, 1998, in the District of Columbia and elsewhere, ANDERSON engaged in a scheme and

systematic course of conduct with intent to defraud the District of Columbia and to obtain for ANDERSON property of the District of Columbia by means of false and fraudulent pretenses, representations and promises, and thereby obtained property of the District of Columbia and caused the District of Columbia to lose property, consisting of District of Columbia income taxes required by law to be paid by ANDERSON, in the approximate value of \$8,000,000 by committing the following acts:

- a) failing to file a 1997 District of Columbia Individual Income Tax Return;
- b) filing or causing to be filed false original and Amended 1997 United States Individual Income Tax Returns;
- c) concealing and attempting to conceal from the District of Columbia his District of Columbia residency by falsely alleging on his original and Amended 1997 United States Individual Income Tax Returns that he was a resident of Florida;
- d) filing or causing to be filed a 1997 Florida Intangible Tax Return listing a Florida post office box as his residence;
- e) fraudulently causing his employer's payroll company not to withhold any District of Columbia income taxes from his salary;
- f) operating his business affairs in a manner designed to conceal his ownership and control of G&A and Iceberg during tax year 1997, through various means, including but not limited to the following:
  - (i) directing nominees to create and sign documents of G&A;
  - (ii) engaging corporate service centers to receive mail addressed to G&A and Iceberg; and

- (iii) making or causing to be made false and fraudulent statements regarding the ownership and control of G&A and Iceberg; and
- g) concealing his status as a resident of the District of Columbia from the District of Columbia taxing authorities by various means, including but not limited to the following:
  - (i) failing to obtain a District of Columbia driver's license as required by law;
  - (ii) maintaining a Virginia driver's license which he obtained by falsely representing that he was a resident of Virginia;
  - (iii) failing to register his automobiles in the District of Columbia; and
  - (iv) registering his automobiles in Virginia by falsely representing that he, or his business, resided in Virginia.

In violation of Title 22, District of Columbia Code, Section 3221(a).

**COUNT TEN**  
**Fraud in the First Degree**  
**1998**

52. Paragraphs 1 through 18, 21 through 31, 33, 35, and 36 of this Indictment are hereby realleged and incorporated as if fully set forth herein.
53. Beginning on or about January 1, 1998, and continuing through on or about April 15, 1999, in the District of Columbia and elsewhere, ANDERSON engaged in a scheme and systematic course of conduct with intent to defraud the District of Columbia and to obtain for ANDERSON property of the District of Columbia by means of false and fraudulent pretenses, representations and promises, and thereby obtained property of the District of Columbia and caused the District of Columbia to lose property, consisting of District of

Columbia income taxes required by law to be paid by ANDERSON, in the approximate value of \$10,000,000, by committing the following acts:

- a) failing to file a 1998 District of Columbia Individual Income Tax Return;
- b) filing or causing to be filed a false 1998 United States Individual Income Tax Return;
- c) concealing and attempting to conceal from the District of Columbia his District of Columbia residency by falsely alleging on his 1998 United States Individual Income Tax Return that he was a resident of Florida;
- d) filing or causing to be filed a 1998 Florida Intangible Tax Return listing a Florida post office box as his residence;
- e) operating his business affairs in a manner designed to conceal his ownership and control of G&A and Iceberg during tax year 1998, through various means, including but not limited to the following:
  - (i) directing nominees to create and sign documents of G&A and Iceberg;
  - (ii) engaging corporate service centers to receive mail addressed to G&A and Iceberg; and
  - (iii) making or causing to be made false and fraudulent statements regarding the ownership and control of G&A and Iceberg;
- f) concealing his status as a resident of the District of Columbia from the District of Columbia taxing authorities by various means, including but not limited to the following:
  - (i) failing to obtain a District of Columbia driver's license as required by law;

- (ii) maintaining a Virginia driver's license, which he obtained by falsely representing that he was a resident of Virginia;
- (iii) failing to register his automobiles in the District of Columbia; and
- (iv) registering his automobiles in Virginia by falsely representing that he, or his business, resided in Virginia.

In violation of Title 22, District of Columbia Code, Section 3221(a).

**COUNT ELEVEN**  
**Fraud in the First Degree**  
**1999**

54. Paragraphs 1 through 18, 21 through 31, and 33 through 36 of this Indictment are hereby realleged and incorporated as if fully set forth herein.
55. Beginning on or about January 1, 1999, and continuing through on or about October 23, 2000, in the District of Columbia and elsewhere, ANDERSON engaged in a scheme and systematic course of conduct with intent to defraud the District of Columbia and to obtain for ANDERSON property of the District of Columbia by means of false and fraudulent pretenses, representations and promises, and thereby obtained property of the District of Columbia and caused the District of Columbia to lose property, consisting of District of Columbia income taxes required by law to be paid by ANDERSON, in the approximate value of \$22,000,000, by committing the following acts:
- a) filing and causing to be filed a false and fraudulent 1999 District of Columbia Individual Income Tax Return, wherein he falsely stated that his District of Columbia adjusted gross income was \$3,324,179 and that the total tax due and owing thereon was \$218,235 whereas, as he then and there well knew and

believed, that his District of Columbia adjusted gross income was substantially greater than what he reported and that a substantial additional tax was due and owing to the District of Columbia. Specifically, he failed to report the following additional items of income in the approximate amount of:

- (i) \$238,561,316 Subpart F investment-type income from G&A;
  - (ii) \$400,629 income from Esprit;
  - (iii) \$16,821 interest income from Barclays Bank; and
  - (iv) \$133,348 capital gain income;
- b) filing or causing to be filed a false 1999 United States Individual Income Tax Return; and
- c) operating his business affairs in a manner designed to conceal his ownership and control of G&A and Iceberg during tax year 1999 through various means, including but not limited to the following:
- (i) directing nominees to create and sign documents of G&A and Iceberg;
  - (ii) engaging corporate service centers to receive mail addressed to G&A and Iceberg; and
  - (iii) making or causing to be made false and fraudulent statements regarding the ownership and control of G&A and Iceberg.

In violation of Title 22, District of Columbia Code, Section 3221(a).

**COUNT TWELVE**  
**Fraud in the First Degree**  
**Use Tax**

56. Paragraphs 1 through 18, 21 through 31, and 33 through 36 of this Indictment are hereby realleged and incorporated as if fully set forth herein.
57. A "use tax" was due in the District of Columbia when a purchase was made of taxable merchandise or services for use, storage or consumption within the District of Columbia, from a seller located outside the District of Columbia, where the buyer was not charged any District of Columbia or other state sales tax on the purchase outside of the District of Columbia. The buyer was required to file a Form FR-329, Consumer Use Tax Return, with the District of Columbia to report the purchase and pay the tax due.
58. Beginning on or about January 1997 and continuing through on or about April 15, 2001, in the District of Columbia and elsewhere, ANDERSON engaged in a scheme and systematic course of conduct with intent to defraud the District of Columbia and to obtain for ANDERSON property of the District of Columbia by means of false and fraudulent pretenses, representations and promises, and thereby obtained property of the District of Columbia and caused the District of Columbia to lose property, consisting of District of Columbia use tax required by law to be paid by the defendant in the approximate amount of more than \$250,000 for property purchased outside of the District of Columbia and used, stored, or consumed inside the District of Columbia. As part of this scheme and systematic course of conduct, ANDERSON, at times, had certain purchases shipped to a Virginia address in order to avoid having out-of state merchants charge appropriate taxes. Also, ANDERSON failed to file the required Forms FR-329 and pay the use tax

for the following purchases:

- a) 18k gold Bvlgari bracelet, purchased on or about December 5, 1997, in New York for approximately \$10,600;
- b) two statues of bronze panthers, purchased on or about April 14, 1998, from Asprey in London for approximately \$54,633;
- c) wine cooling unit, purchased on or about May 16, 1998, from International Wine Accessories in Texas for approximately \$1,845;
- d) Rene Magritte painting entitled "La Peine Perdu," purchased on or about November 27, 1998, from Christie's Auction House in New York for approximately \$1,212,500;
- e) Rene Magritte painting entitled "A la Rencontre du Plaisir," purchased on or about November 27, 1998, from Christie's Auction House in New York for approximately \$442,500;
- f) Paul Delvaux painting entitled "Douce Nuit," purchased on or about November 27, 1998, purchased from Christie's Auction House in New York for \$662,500;
- g) Antoni Tapis landscape painting, purchased on or about December 15, 1998, from Christie's Auction House in London for approximately \$163,362;
- h) Antonio Saura painting entitled "Rubiloba," purchased on or about December 15, 1998, from Christie's Auction House in London for approximately \$145,380;
- i) Salvador Dali painting entitled "Le Bateau Echoue," purchased on or about December 15, 1998, from Christie's Auction House in London for approximately \$516,618;

- j) Rene Magritte painted wine bottle entitled "Paysage au Clair de Lune," purchased on or about November 15, 1999, from Christie's Auction House in New York for approximately \$112,500;
- k) Giorgio de Chirico painting entitled "Piazza d'Italia," purchased on or about December 21, 1999, from Christie's Auction House in London for approximately \$82,294;
- l) wine racks, purchased on or about April 21, 1999, from International Wine Accessories in Texas for approximately \$2,844;
- m) fine wines, purchased on or about June 29, 2000, from Christie's Auction House in London for approximately \$47,101; and
- n) Paul Delvaux painting entitled "Rosine," purchased on or about July 19, 2000, from American-European Art Associates, Inc. in New York for approximately \$1,000,000.

In violation of Title 22, District of Columbia Code, Section 3221(a).

A True Bill

Foreperson

*Kenneth L. Weinstein / SEB*

Attorney for the United States  
in and for the District of Columbia