

caused donation request letters, UMCC brochures and self-mailer remittance envelopes to be sent by the USPS to potential donors located in Maine and elsewhere. Donors were told that monies donated to UMCC would be used to support service agencies and charities in Knox and Waldo Counties. Annual nonprofit tax filings signed by the defendant under the penalty of perjury stated that UMCC's purpose was to provide grants to local charities providing literary, charitable and medical benefits to the community and that the defendant received no compensation. UMCC's constitution provided that no assets of the charity would inure to the benefit of any individual. Donors were not told that donated funds would be used for the defendant's personal expenses or benefit. Each year, from 1999 to 2014, donors sent donation checks to UMCC's post office box in Camden, UMCC staff retrieved donor checks from the post office and gave them to the defendant who determined where they should be deposited.

Between 1999 and 2014, UMCC had bank accounts at Camden National Bank, Machias Savings Bank and Bangor Savings Bank for the purpose of receiving donated funds, paying expenses and awarding grants. On or before July 1999, the defendant opened a bank account in the name of Brace Management Group Inc. d/b/a "UCRC Charitable Fund," at The First bank, a financial institution located in Camden. ("The First Bank Account"). The First Bank Account was not associated with UMCC and the defendant was the only signor on the account. The First Bank Account statements were mailed by USPS from the bank to a post office box in Camden (#639) or Rockport (#606) controlled by the defendant. UMCC's Camden National Bank and Machias Savings Bank statements were mailed by USPS to the charity's post office box (#205) in Camden.

In September 2014, UMCC learned that three donation checks totaling \$75,000 from a charitable foundation to UMCC were not deposited into a UMCC bank account, but instead had

been deposited into The First Bank Account. On September 22, 2014, UMCC contacted The First bank to discuss the missing funds. As a result of the inquiry, The First bank issued a check for \$75,000 to UMCC in order to cover the UMCC loss. The deposit of UMCC checks into The First Bank Account affected The First bank and exposed it to a risk of loss or civil liability.

A preliminary internal bank investigation conducted with the consent of the defendant revealed that between about July 1999 and September 25, 2014, the defendant deposited, without authority, at least \$3.8 million into The First Bank Account and thereafter used the funds to pay personal expenses and for his benefit. On September 25, 2014, UMCC confronted the defendant with improperly taking \$3.8 million in donations made to UMCC and he admitted taking the funds and apologized.

An ensuing forensic investigation revealed that, in fact, between about July 1999 and September 25, 2014, the defendant improperly obtained by fraud in the manner set forth above and deposited 377 checks payable to UMCC totaling \$4,646,636.45 into The First Bank Account and thereafter used the funds to pay personal expenses and for his benefit. The deposit of UMCC checks into The First Bank Account affected The First bank and exposed it to a risk of loss or civil liability.

COUNT TWO
Tax Fraud and False Statements

On about the offense dates set forth below, in the District of Maine, the defendant, a resident of Camden, Maine, did willfully make and subscribe joint U.S. Individual Income Tax Returns, Form 1040s, which were verified by written declarations that they were made under the penalties of perjury and which defendant did not believe to be true and correct as to every material matter; namely, in each of the returns identified below, which were filed with the Internal Revenue Service ("IRS") on about the "Date of Offense," for the "Tax Year" indicated,

the defendant "Reported Taxable Income," failed to report "Unreported Income" and therefore owed "Additional Tax Due and Owing" based on the "Corrected Taxable Income" in the approximate amounts set forth below:

Date of Offense (Date Return Filed)	Tax Year	Reported Taxable Income	Unreported Income	Corrected Taxable Income	Additional Tax Due and Owing
10/7/2009	2008	-\$1,142,538	\$305,500	\$259,872	\$66,408
9/21/2010	2009	-\$1,202,312	\$335,452	\$301,528	\$78,398
10/6/2011	2010	-\$946,419	\$303,000	\$298,968	\$79,342
9/20/12	2011	-\$932,391	\$227,100	\$232,787	\$61,854
10/9/13	2012	-\$700,042	\$202,000	\$365,441	\$101,181

The evidence would show that the defendant was a resident of Camden, Maine. Between 2009 and 2014, the defendant prepared, signed and filed joint IRS Forms 1040 for the calendar Tax Years set forth below with the IRS as follows:

Date of Offense (Date Return Filed)	Tax Year	Reported Taxable Income
10/7/2009	2008	-\$1,142,538
9/21/2010	2009	-\$1,202,312
10/6/2011	2010	-\$946,419
9/20/12	2011	-\$932,391
10/9/13	2012	-\$700,042

The forensic accounting evidence would show that the defendant obtained by the fraudulent scheme described in Count One \$305,500 in 2008, \$335,452 in 2009, \$303,000 in 2010, \$227,100 in 2011, and \$202,000 in 2012 by depositing, without authorization, UMCC checks into The First Bank Account and thereafter using the funds to pay personal expenses and for his benefit. During an interview, the defendant admitted that he prepared, signed and filed the tax returns and did not report to the IRS the income he obtained by fraud on those returns.

The Government would offer into evidence the tax returns that were filed by the defendant for tax years 2008, 2009, 2010, 2011 and 2012. An IRS Special Agent would testify that he reconstructed the defendant's taxable income by utilizing the specific items method of

proof and reviewing the defendants admissions and determined that the defendant had failed to report on his income tax returns \$305,500 in calendar year 2008, \$335,452 in calendar year 2009, \$303,000 in calendar year 2010, \$227,100 in calendar year 2011, and \$202,000 in calendar year 2012. An IRS Revenue Agent would testify that using the summaries prepared by the Special Agent, she determined that the tax returns filed by the defendant for the years 2008, 2009, 2010, 2011 and 2012 understated taxable income and that based on the corrected taxable income, the defendant owed the following additional tax due and owing for each of those years is as follows:

Tax Year	Corrected Taxable Income	Additional Tax Due and Owing
2008	\$259,872	\$66,408
2009	\$301,528	\$78,398
2010	\$298,968	\$79,342
2011	\$232,787	\$61,854
2012	\$365,441	\$101,181

Evidence of wilfulness by the defendant includes a five-year pattern of understating taxable income, a failure to report illegal income, and the defendant's direct involvement in preparing, signing and filing the income tax returns. In addition, during an interview, the defendant admitted that he did not report the funds he obtained from UMCC as income.

COUNT THREE
Tax Fraud and False Statements

On about the offense dates set forth below, in the District of Maine, the defendant, a resident of Camden, Maine, did willfully make and subscribe Organization Exempt From Income Tax Returns, Form 990s, for the Fiscal Tax Years set forth below, which were verified by written declarations that they were made under the penalties of perjury and which the defendant did not believe to be true and correct as to every material matter, in that in each of the returns which were filed with the IRS on about the "Filing Date," the defendant answered "no" to

the question, “Was the organization a party to a business transaction with ... (a) a[n] ... officer [or] director”, whereas, as the defendant then and there knew and believed, that the Funds set forth below were deposited into an account in the name of Brace Management Group Inc. d/b/a UCRC Charitable Fund, at The First, NA, an account for which defendant was the only signator, and thereafter, without authority, expended by the defendant for his personal expenses and benefit:

Date of Offense (Date Return Filed)	Fiscal Tax Year	Funds
May 26, 2010	10/1/08-9/30/09	\$245,652
July 22, 2011	10/1/09-9/30/10	\$334,800
July 16, 2012	10/1/10-9/30/11	\$275,000
July 13, 2013	10/1/11-9/30/12	\$244,100
July 14, 2014	10/1/12-9/30/13	\$176,000

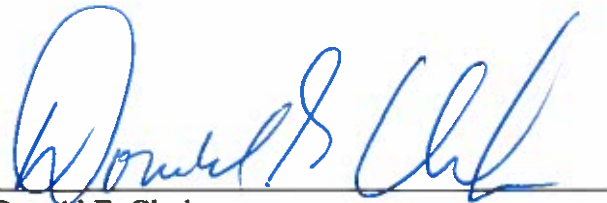
The evidence would show that for fiscal tax years 2008-2009, 2009-2010, 2010-2011, 2011-2012 and 2012-2013 the defendant prepared, signed and filed Organization Exempt From Income Tax Returns, Form 990s, with the IRS. The Government would offer into evidence the Form 990 non-profit tax returns that were filed by the defendant for fiscal tax years 2008-2009, 2009-2010, 2010-2011, 2011-2012 and 2012-2013. In each return the defendant answered “no” to the question, “Was the organization a party to a business transaction with ... (a) a[n] ... officer [or] director.”

The forensic accounting evidence would show that the defendant obtained by the fraudulent scheme described in Count One \$245,652 in fiscal year 2008, \$334,800 in fiscal year 2009, \$275,000 in fiscal year 2010, \$244,100 in fiscal year 2011, and \$176,000 in fiscal year 2012 by depositing, without authorization, UMCC checks into The First Bank Account and thereafter using the funds to pay personal expenses and for his benefit.

Evidence of wilfulness by the defendant includes: (a) a five-year pattern of not reporting business transactions in which he deposited, without authorization, UMCC checks into The First

Bank Account and thereafter used the funds to pay personal expenses and for his benefit and (b) the defendant's direct involvement in preparing, signing and filing the Form 990 non-profit tax returns.

Dated: April 28, 2015



Donald E. Clark
Assistant United States Attorney