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CLERK U.S. DISTRICT COURT
CENTRAL DIST. OF CALIF.
SANTA ANA

BY _____

UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA
SOUTHERN DIVISION

September 2018 Grand Jury

No. SA CR 18-053(A)-AG

UNITED STATES OF AMERICA,
Plaintiff,
v.
LUIS E. PEREZ,
Defendant.

F I R S T
S U P E R S E D I N G
I N D I C T M E N T
[26 U.S.C. § 7201:
Evasion of Payment of Tax]

The Grand Jury charges:

[26 U.S.C. § 7201]

A. INTRODUCTORY ALLEGATIONS

At times relevant to this First Superseding Indictment:

1. Defendant LUIS E. PEREZ was a resident of Anaheim Hills, Yorba Linda, and Dove Canyon, California. L.C. was defendant PEREZ's girlfriend, fiancé, and wife.

2. Defendant PEREZ was the owner and primary decision-maker for Checkmates Staffing Inc., Checkmate Transport, Inc.,

1 Checkmate Staffing National Inc., Checkmate Staffing East, Inc.,
2 Checkmate Staffing West, Inc., Staffaide Inc., Staffcore
3 Intelligent Solutions, Inc., Staffstore Enterprises, Inc.,
4 BaronHR, LLC ("BaronHR"), BHRPEO, LLC, BaronHR Healthcare, LLC,
5 Fortress Holding Group, LLC ("Fortress"), and Fortress Holding
6 Group, Inc. (collectively "defendant PEREZ's companies").

7 Defendant PEREZ controlled bank accounts in the name of and was
8 the primary decision-maker for defendant PEREZ's companies.

9 3. Defendant PEREZ's companies were required to withhold
10 employee income taxes and FICA taxes from the wages paid to
11 their employees, and to pay over the withheld amounts to the
12 Internal Revenue Service ("IRS"). The employee income taxes and
13 FICA taxes that defendant PEREZ's companies were required to
14 withhold and pay over to the IRS were commonly referred to as
15 "trust fund taxes" because of the provision in the Internal
16 Revenue Code requiring that such taxes "shall be held to be a
17 special fund in trust for the United States."

18 4. Defendant PEREZ's companies were required to make
19 deposits of payroll taxes, including trust fund taxes, to the
20 IRS on a periodic basis. Defendant PEREZ was a "responsible
21 person" for defendant PEREZ's companies, that is, defendant
22 PEREZ had the corporate responsibility to collect, truthfully
23 account for, and pay over to the IRS defendant PEREZ's
24 companies' payroll taxes.

25 5. During at least tax years 2001, 2002, 2003, 2006,
26 2007, 2008, and 2010, defendant PEREZ's companies failed to pay
27 over to the IRS payroll taxes due and owing, including trust
28

1 fund taxes that defendant PEREZ's companies withheld from
2 employees' paychecks.

3 6. Beginning no later than in or about June 2007,
4 defendant PEREZ knew he had a personal tax liability to the IRS,
5 specifically, the Trust Fund Recovery Penalty, as the
6 responsible person of defendant PEREZ's companies for taxes and
7 additions to taxes for tax years 2001, 2002, 2003, 2006, 2007,
8 2008, and 2010.

9 7. Beginning no later than in or about June 2007, the IRS
10 actively attempted to collect defendant PEREZ's outstanding tax
11 liability, including penalties and interest, which totaled
12 approximately \$29,593,378 by in or about February 2017.

13 B. EVASION OF PAYMENT OF TAXES

14 8. Beginning no later than in or about May 2009 and
15 continuing through at least in or about January 2017, in Orange
16 County, within the Central District of California, and
17 elsewhere, defendant PEREZ, a resident of Orange County,
18 California, willfully and affirmatively attempted to evade and
19 defeat the payment of a substantial part of \$29,593,378 in taxes
20 and additions to taxes then due and owing by defendant PEREZ to
21 the United States of America, specifically, the Trust Fund
22 Penalty Assessment, for the calendar years 2001, 2002, 2003,
23 2006, 2007, 2008, and 2010, which had been assessed against
24 defendant PEREZ, by committing the following affirmative acts,
25 among others, the likely effect of each of which would be to
26 mislead or conceal defendant PEREZ's assets and ability to pay
27 defendant PEREZ's outstanding taxes from the IRS:
28

1 a. Defendant PEREZ purchased luxury items, including
2 numerous cars and a boat, for use by defendant PEREZ, from the
3 BaronHR and Fortress business bank accounts, and defendant PEREZ
4 placed the title in these luxury items in nominee names to
5 conceal defendant PEREZ's purchase of and ownership in these
6 luxury items, including, but not limited to, the following:

7 i. On or about May 20, 2011, defendant PEREZ
8 purchased a 2005 Ferrari 360 Spider F for approximately \$135,000
9 and placed the title in the car under the name Fortress Holdings
10 LLC.

11 ii. On or about June 17, 2011, defendant PEREZ
12 purchased a 2007 Rolls Royce Phantom for approximately \$224,606
13 and placed the title in the car under the name Fortress, Inc.

14 iii. On or about July 18, 2011, defendant PEREZ
15 purchased a Duffy D 22 Bay Island boat for approximately \$51,560
16 and placed the title in the boat under the name Fortress, Inc.

17 iv. On or about November 8, 2011, defendant
18 PEREZ purchased a 2011 Mercedes SLS for approximately \$195,000
19 and placed the title in the car under the name Fortress Inc.

20 v. On or about February 8, 2016, defendant PEREZ
21 purchased a 2015 Mercedes G-Class for approximately \$157,500 and
22 placed the title in the car under the name Fortress Holding
23 Group, LLC.

24 vi. On or about July 25, 2016, defendant PEREZ
25 purchased a 2012 Audi R8 for approximately \$135,000 and placed
26 the title in the car under the name Legendary Staffing Inc.

27 vii. On or about December 15, 2016, defendant
28 PEREZ purchased a 2014 Lamborghini Aventador for approximately

1 \$340,000 from a BaronHR account and placed the title in the car
2 under the name KRP Motorcars.

3 viii. On or about January 30, 2017, defendant
4 PEREZ purchased a 2014 Audi R8 for approximately \$147,500 from a
5 BaronHR account and placed the title in the car under the name
6 KRP Motorcars.

7 b. Defendant PEREZ obtained a credit card in the
8 name of L.C. for defendant PEREZ to make personal purchases on
9 the credit card account and to pay off the credit card account
10 from the BaronHR and Fortress business bank accounts.

11 c. Defendant PEREZ made payments to L.C. and other
12 nominees from the BaronHR and Fortress business bank accounts
13 for use by defendant PEREZ.

14 d. Defendant PEREZ made false statements and
15 representations to and omitted material information from IRS
16 revenue officers during interviews and in documents submitted to
17 the IRS, including, but not limited to, the following:

18 i. On or about March 2, 2011, defendant PEREZ
19 caused a Form 433-A, Collection Information Statement for Wage
20 Earners and Self-Employed Individuals ("Form 433-A"), to be
21 submitted to the IRS, which included false information,
22 including, but not limited to, defendant knowingly
23 underreporting his income, assets, and expenses.

24 ii. On or about April 11, 2011, defendant PEREZ
25 caused a Form 433-A to be submitted to the IRS, which included
26 false information, including, but not limited to, defendant
27 PEREZ knowingly underreporting his income, assets, and expenses.

1 iii. On or about April 28, 2011, defendant PEREZ
2 made false statements and representations to and omitted
3 material facts from an IRS revenue officer during an interview,
4 including, but not limited to, when defendant PEREZ claimed
5 that, despite being the owner of BaronHR, he received only
6 \$1,000 per week in salary, approximately \$52,000 annually,
7 because that was all the company could afford to pay him, and
8 that he did not receive any other funds from the company.

9 iv. On or about June 8, 2011, defendant PEREZ
10 caused a Form 433-A to be submitted to the IRS, which included
11 false information, including, but not limited to, defendant
12 knowingly underreporting his income, assets, and expenses.

13 v. On or about June 17, 2011, in response to an
14 IRS revenue officer questioning whether or not defendant PEREZ
15 was paying for personal expenses from his business, defendant
16 PEREZ made false statements and representations to and omitted
17 material facts from an IRS revenue officer, when defendant PEREZ
18 claimed: "This is to advise, in accordance to your request,
19 BaronHR no longer pays any of my personal expenses. Instead I
20 now receive weekly compensation from which I pay my personal
21 expenses."

22 vi. On or about September 27, 2012, defendant
23 PEREZ caused a Form 433-A to be submitted to the IRS, which
24 included false information, including, but not limited to,
25 defendant knowingly underreporting his income, assets, and
26 expenses.

27 vii. On or about April 10, 2013, defendant PEREZ
28 caused a Form 433-A to be submitted to the IRS, which included

1 false information, including, but not limited to, defendant
2 knowingly underreporting his income, assets, and expenses, and
3 providing false information about his residence.

4 viii. On or about July 19, 2013, defendant PEREZ
5 made false statements and representations to and omitted
6 material facts from an IRS revenue officer during an interview,
7 including, but not limited to, defendant PEREZ falsely
8 underreporting his income, assets, and expenses.

9 ix. On or about April 23, 2014, defendant PEREZ
10 caused a Form 656, Offer in Compromise, and a Form 433-A to be

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1 submitted to the IRS, which included false information,
2 including, but not limited to, defendant knowingly
3 underreporting his income, assets, and expenses.

4 A TRUE BILL

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6 181
7 Foreperson

8 NICOLA T. HANNA
9 United States Attorney

10 

11 Scott M. Garringer
Deputy Chief, Criminal Division For:

12 BRANDON D. FOX
13 Assistant United States
14 Attorney
15 Chief, Criminal Division

16 BENJAMIN R. BARRON
17 Assistant United States
18 Attorney
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21 DANIEL H. AHN
22 Assistant United States
23 Attorney
24 Deputy Chief, Santa Ana
25 Branch Office

26 BRETT A. SAGEL
27 Assistant United States
28 Attorney