

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Criminal No. 10-
 :
 v. :
 :
 STEPHEN CHIOLIS : 26 U.S.C. § 7206(1)

I N F O R M A T I O N

COUNT ONE - FILING A FALSE TAX RETURN

The defendant having waived in open court prosecution by indictment, the United States Attorney for the District of New Jersey charges:

1. At all times relevant to this Information:
 - a. Defendant STEPHEN CHIOLIS ("defendant" or "CHIOLIS") was a resident of Washington Township, New Jersey.
 - b. CHIOLIS was a shareholder of All American Abstract Inc. ("AAAI"), a real estate title company with an office located in Hillsdale, New Jersey.
 - c. J.L., a business associate of CHIOLIS, was the principal shareholder of All American Funding Services Inc. ("AAFSI"), a mortgage-broker company that specialized in processing high risk or sub-prime loans, with an office located in Brick, New Jersey.
2. From in or about 2004 through at least in or about 2005, CHIOLIS received income from AAAI in the form of partnership draws, and income from AAFSI in the form of fees.
3. From in or about 2004 through in or about 2005,

CHIOLIS engaged in a scheme with others whereby he did not report income received from AAAI on his Form 1040 tax return for tax years 2004 and 2005.

4. From in or about 2004 through in or about 2005, CHIOLIS engaged in a scheme whereby CHIOLIS did not report income received from AAFSI on his Form 1040 tax return for tax years 2004 and 2005.

The AAAI Scheme

5. In or about April 2003, CHIOLIS invested \$30,000 to help fund the start-up costs for AAAI with two other partners, J.S. and R.M.

6. During 2003, 2004, and 2005, CHIOLIS worked at AAAI in various capacities. CHIOLIS'S duties at AAAI included, among other things, soliciting mortgages, telemarketing, networking, title review, and attending mortgage closings.

7. CHIOLIS was also responsible at AAAI for determining the amount and approving the payment of partnership distributions to himself, J.S. and R.M. Once he had approved such payments, CHIOLIS directed AAAI's bookkeeper and office manager, D.S., to issue checks to CHIOLIS, J.S., and R.M.

8. In 2004, CHIOLIS received approximately \$127,500 in partnership distributions from AAAI. CHIOLIS did not report any of this income on his Form 1040 for tax year 2004, and in doing so, under-reported his income for tax year 2004.

9. In 2005, CHIOLIS received approximately \$111,450 in partnership distributions from AAI. CHIOLIS did not report all of this income on his Form 1040 for tax year 2005, and in doing so, under-reported his income for tax year 2005.

The AAFSI Scheme

10. In or about 2003, J.L. obtained a New Jersey mortgage broker's license and opened AAFSI.

11. During 2003, J.L. offered to purchase all title work through AAI. For each loan referred to AAFSI by CHIOLIS, J.L. paid CHIOLIS half of the net fee received, after deducting expenses.

12. In order to disguise payments made to CHIOLIS, J.L. typically wrote AAFSI checks payable to R.C., an intermediary, who would in turn endorse the checks and deliver them to CHIOLIS, or would otherwise deliver them to CHIOLIS so that he could negotiate the checks himself.

13. In 2004, AAFSI issued CHIOLIS \$256,000 in checks payable to R.C., and \$5,000 in checks payable to CHIOLIS.

14. In 2005, AAFSI issued CHIOLIS \$266,500 in checks made payable to R.C., and \$10,500 in checks made payable to CHIOLIS.

15. J.L. did not provide a Form 1099 or Form W-2 for any of the monies paid to CHIOLIS during 2004 or 2005, and CHIOLIS did not report this income on his Form 1040 for tax year

2004 or 2005, and in doing so, under-reported his income for both years.

False Form 1040 Filings - 2004

16. As part of the AAAI and AAFSI schemes, defendant CHIOLIS caused to be filed with the IRS a 2004 U.S. Individual Income Tax Return, Form 1040 (the "2004 Tax Return") which failed to report income from AAAI and AAFSI.

17. On or about April 15, 2005, defendant CHIOLIS signed, filed, and caused to be filed with the IRS the 2004 Tax Return, which stated that defendant CHIOLIS'S taxable income for calendar year 2004 totaled approximately \$49,743.

18. The 2004 Tax Return was signed by defendant CHIOLIS and contained a written declaration that it was signed under penalties of perjury.

19. The 2004 Tax Return was not true and correct as to every material matter, in that the return failed to report income that defendant CHIOLIS received in the form of payments from AAAI and AAFSI during the calendar year 2004, upon which a substantial additional tax was due and owing.

20. On or about April 15, 2005, in Washington Township, in Bergen County, in the District of New Jersey, and elsewhere, defendant

STEPHEN CHIOLIS

did knowingly and willfully make and subscribe a 2004 U.S. Individual Income Tax Return, Form 1040, as described in paragraph 17 of this Information, which he did not believe to be true and correct as to every material matter, as described in paragraph 19 of this Information.

In violation of Title 26, United States Code, Section 7206(1).

COUNT TWO - FILING A FALSE TAX RETURN

1. The allegations set forth in paragraphs 1 through 15 of this Information are realleged and incorporated herein.

False Form 1040 Filings - 2005

2. As part of the AAAI and AAFSI schemes, defendant CHIOLIS caused to be filed with the IRS a 2005 U.S. Individual Income Tax Return, Form 1040 (the "2005 Tax Return") which failed to report income from AAAI and AAFSI.

3. On or about April 15, 2006, defendant CHIOLIS signed, filed, and caused to be filed with the IRS the 2005 Tax Return, which stated that defendant CHIOLIS'S taxable income for calendar year 2005 totaled approximately \$42,207.

4. The 2005 Tax Return was signed by defendant CHIOLIS and contained a written declaration that it was signed under penalties of perjury.

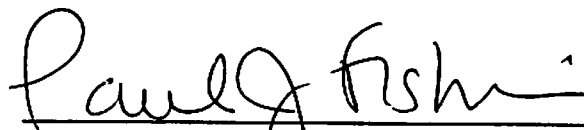
5. The 2005 Tax Return was not true and correct as to every material matter, in that the return failed to report income that defendant CHIOLIS received in the form of payments from AAAI and AAFSI during the calendar year 2005, upon which a substantial additional tax was due and owing.

6. On or about April 15, 2006, in Washington Township, in Bergen County, in the District of New Jersey, and elsewhere, defendant

STEPHEN CHIOLIS

did knowingly and willfully make and subscribe a 2005 U.S. Individual Income Tax Return, Form 1040, as described in paragraph 3 of this Information, which he did not believe to be true and correct as to every material matter, as described in paragraph 5 of this Information.

In violation of Title 26, United States Code, Section 7206(1).


PAUL J. FISHMAN
United States Attorney