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UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

October 2023 Grand Jury

UNITED STATES OF AMERICA,

Plaintiff,

v.

JOHN NIGEL BARTON SINCLAIR and
ANTHONY STEWART,

Defendants.

CR 2:24-cr-00547-MRA

I N D I C T M E N T

[18 U.S.C. § 371: Conspiracy; 26 U.S.C. § 7206(1): Filing a False Return or Document; 18 U.S.C. § 1512(b)(1): Obstruction of Justice; 31 U.S.C. §§ 5314, 5322(a): Willful Failure to File FBAR]

The Grand Jury charges:

COUNT ONE

[18 U.S.C. § 371]

[ALL DEFENDANTS]

I. INTRODUCTORY ALLEGATIONS

At times relevant to this Indictment:

A. INDIVIDUALS AND ENTITIES

1. Defendant JOHN NIGEL BARTON SINCLAIR was a dual citizen of the United States and the United Kingdom and resided in the Los Angeles area.

1 2. Defendant SINCLAIR was born in the United Kingdom where he
2 obtained a law degree and qualified as an attorney. Defendant
3 SINCLAIR also obtained a graduate law degree in New York and passed
4 the California state bar in 1981.

5 3. In or around 1989, after some time as a partner at an
6 international law firm, defendant SINCLAIR resigned his partnership
7 and founded a law firm in Los Angeles that specialized in
8 entertainment law. In or around 1996, he left his law practice to go
9 into the film business, going on to found and manage several film
10 production companies. He has received Emmy and Grammy awards.

11 4. Defendant ANTHONY STEWART was a citizen and resident of
12 Australia. He was a chartered accountant and the owner of the
13 Silverstream group of companies, including Silverstream Management
14 Pty. Limited, an accounting firm.

15 5. Strachans SA (a/k/a Elston Management) ("Strachans") was a
16 firm that provided administrative services for offshore financial
17 structures for clients in various countries, including the United
18 States. The services included the formation of trusts and offshore
19 companies, administration, bookkeeping, and accounting, but did not
20 include banking services or investment advice. In or around 1999,
21 Strachans moved its operations from the Bailiwick of Jersey to
22 Geneva, Switzerland.

23 6. The Internal Revenue Service ("IRS") was an agency of the
24 United States Department of Treasury responsible for administering
25 and enforcing the tax laws of the United States and collecting taxes
26 owed to the United States.

27 7. "Co-Conspirator 1" was a United States citizen, California-
28 licensed attorney, and defendant SINCLAIR's former law partner.

1 8. "Co-Conspirator 2" was a citizen of the United Kingdom, a
2 client of Strachans, and defendant SINCLAIR's business partner.

3 9. "Co-Conspirator 3" and "Co-Conspirator 4" were two
4 principals and owners of Strachans.

5 10. "Co-Conspirator 5" was a Strachans employee.

6 11. "Accountant 1" was a Certified Public Accountant in
7 California who prepared defendant SINCLAIR's tax returns and was also
8 a business manager for defendant SINCLAIR's businesses until
9 approximately 2011.

10 12. "Law Firm A" was a California-based law firm.

11 13. "Lawyer A-1," a California-based lawyer and a principal of
12 Law Firm A, represented defendant SINCLAIR, assisting in the
13 preparation and filing of his disclosure of foreign assets to the
14 IRS.

15 14. "Lawyer A-2," a California-based lawyer and a principal of
16 Law Firm A, represented defendant SINCLAIR.

17 15. "Law Firm B" was an international law firm.

18 16. "Lawyer B-2" was employed by Law Firm B and represented
19 Strachans.

20 B. THE UNITED STATES TAXATION SYSTEM

21 17. Citizens and residents of the United States who had income
22 more than a statutory threshold amount in any one calendar year
23 ("U.S. taxpayers") were required to file a tax return for that
24 calendar year with the IRS by April 15 of the following year.
25 Taxpayers typically used IRS Form 1040, U.S. Individual Income Tax
26 Return. On that tax return, U.S. taxpayers were obligated to report
27 their worldwide income, including professional fees earned, capital
28 gains realized, and income earned from foreign financial accounts,

1 including interest and dividends. In addition to reporting income on
2 a tax return, U.S. taxpayers were also required to pay the taxes due
3 on their income, foreign and domestic, by the April 15 deadline, or
4 the September 15 deadline, if an extension was obtained.

5 18. U.S. taxpayers also had an obligation to report to the IRS
6 on Schedule B of Form 1040 whether they had a financial interest in,
7 or signature or other authority over, a financial account in a
8 foreign country in a particular year by checking "Yes" or "No" in the
9 appropriate box and identifying the country or countries where the
10 foreign financial accounts were maintained.

11 19. IRS Form 8938, Statement of Specified Foreign Financial
12 Assets, ("Form 8938") was used by U.S. taxpayers to report specified
13 foreign financial assets if the total value of all the specified
14 foreign financial assets in which the taxpayer had an interest was
15 more than the appropriate reporting threshold. Taxpayers typically
16 attached it to their Form 1040.

17 20. In addition, U.S. taxpayers who had a financial interest
18 in, or signature or other authority over, one or more financial
19 accounts in a foreign country with an aggregate value of all such
20 foreign accounts of more than \$10,000 at any time during a particular
21 year, were required to file with the Department of the Treasury a
22 Report of Foreign Bank and Financial Accounts ("FBAR"), using Form
23 TD-F 90-22.1 prior to January 1, 2013, and FinCEN Form 114 after
24 January 1, 2013. On an FBAR, U.S. taxpayers were required to
25 disclose, among other things, the name of each financial institution
26 at which each account was held, the account number(s), and the
27 maximum value of each account during the calendar year. For calendar
28 years 2000 through 2015, the filing deadline for an FBAR was June 30

1 of the following year. For calendar years 2016 through 2022, the
2 filing deadline for an FBAR was April 15 of the following year but
3 was automatically extended to October 15.

4 C. THE IRS'S OFFSHORE VOLUNTARY DISCLOSURE PROGRAM

5 21. From 2009 until September 2018, the IRS offered U.S.
6 taxpayers who had not reported foreign bank accounts and the
7 associated income the option to belatedly come into compliance by
8 filing delinquent returns and FBARs, paying delinquent taxes, and
9 reduced penalties. The IRS's program was known as the Offshore
10 Voluntary Disclosure Program ("OVDP"). Taxpayers, even those who had
11 willfully failed to report foreign accounts and income, could enter
12 the OVDP, provided they were not already under either civil or
13 criminal investigation, and were accepted, or "cleared," by IRS-
14 Criminal Investigation to enter the program. To be "cleared," a
15 taxpayer or their representative submitted a "pre-clearance" letter
16 to the IRS that identified all financial institutions and entities,
17 both foreign and domestic, where undisclosed foreign assets were
18 held. The IRS would respond indicating whether the taxpayer was
19 cleared to enter the OVDP.

20 22. If accepted into the OVDP, a taxpayer was required to,
21 among other things: file complete and accurate delinquent or amended
22 tax returns for the previous six years; file delinquent or amended
23 FBARs for the previous six years; and pay delinquent taxes for the
24 previous six years. After August 14, 2014, taxpayers accepted into
25 the OVDP could expect to pay a one-time penalty of fifty percent of
26 the highest aggregate account balances within a single year from all
27 foreign bank accounts. In exchange for satisfying all the
28 requirements of the OVDP, taxpayers could avoid criminal prosecution

1 and resolve with finality all civil tax aspects of their
2 noncompliance.

3 23. Alternatively, taxpayers could request treatment under the
4 Streamlined Filing Compliance Procedures, which were designed for
5 U.S. taxpayers whose failure to report foreign financial accounts and
6 income was "non-willful," generally defined as attributable to
7 negligence, inadvertence, or mistake, or conduct that was the result
8 of a good-faith misunderstanding about the law. The Streamlined
9 Domestic Offshore Procedures ("SDOP") were potentially available to
10 U.S. resident taxpayers who had previously filed tax returns but had
11 failed to report on those returns their foreign assets and financial
12 accounts, as well as the income received through those assets and in
13 those accounts. Those using the SDOP were also required to certify
14 and explain, under penalties of perjury, that the failure to report
15 income, pay all tax, and submit all returns and reporting documents
16 was attributable to non-willful conduct.

17 24. U.S. resident taxpayers who met the eligibility
18 requirements for the SDOP were required to, among other things: file
19 a Form 14654, Certification by U.S. Person Residing in the United
20 States for Streamlined Domestic Offshore Procedures; file amended tax
21 returns for the three preceding years; file delinquent FBARs for the
22 preceding six years; and pay a penalty of 5% of the highest aggregate
23 value of the unreported foreign assets and accounts.

24 D. THE ECONOMIC SUBSTANCE DOCTRINE

25 25. To be recognized as a separate taxable entity, a trust or
26 organization must have "economic substance." A trust or organization
27 that lacks economic substance may be treated as a "sham" or
28 "disregarded" entity, which results in any income that was previously

1 attributed to the trust or organization to be reassigned to the
2 grantor or creator of that trust or organization. That grantor or
3 creator was then responsible for reporting that income on a Form 1040
4 and paying taxes on it.

5 26. Under the Internal Revenue Code, a transaction (e.g., the
6 creation of a trust or other organization) had economic substance if
7 it met two requirements: first, the transaction meaningfully changed
8 the taxpayer's economic position apart from federal income tax
9 effects and, second, the taxpayer had a substantial purpose, apart
10 from federal income tax effects, for entering such transaction.

11 E. STRACHANS

12 27. Strachans marketed so-called "confidential trust
13 structures" whereby clients appeared to turn over to Strachans, "on
14 paper," control of their assets and income earned or held overseas,
15 thereby hiding the clients' connection to those assets and income
16 from taxing authorities in their countries of residence. Strachans
17 created layered structures consisting of foreign trusts and offshore
18 companies, which lacked economic substance, that would house clients'
19 assets and participate in transactions on behalf of clients while
20 clients kept a nominal distance. In reality, clients had control
21 over the assets held in trust by Strachans, and Strachans acted as a
22 mere nominee.

23 28. Typically, Strachans' confidential trust structures
24 consisted of a parent trust that owned multiple layers of foreign
25 companies beneath it. The clients were the beneficial owners of all
26 of these related entities and their assets.

27 29. Strachans also created sham transactions—whether it be
28 through fake loans, consultancy agreements, dummy invoicing or other

1 transactions—to allow clients access to and use of their offshore
2 funds. Strachans sought to ensure that the movement of a client’s
3 offshore funds had the appearance of a genuine, often business,
4 purpose to conceal the true purpose of the transaction or the true
5 source or ownership of the funds.

6 30. When Strachans sent or received money from third parties on
7 behalf of their clients, it also frequently layered transactions,
8 passing money between multiple entities and bank accounts, including
9 Strachans-owned conduit companies, to further conceal the origin of
10 the funds and make it difficult for any government entity,
11 particularly the IRS, to trace.

12 31. It similarly swapped currencies, moving funds among, for
13 example, dollars, euros, and pounds, to create additional layers of
14 complexity.

15 F. DEFENDANT SINCLAIR BECAME A STRACHANS’ CLIENT

16 32. In or around the early 1990s, defendants SINCLAIR and
17 STEWART, acting as an attorney and accountant, respectively,
18 represented clients who hired Strachans, including Australians who
19 were well-known in the entertainment industry.

20 33. Starting in or about 1994, two English directors retained
21 defendant SINCLAIR and Co-Conspirator 1 to represent them in their
22 acquisition of a film studio outside of London, United Kingdom.

23 34. Defendant SINCLAIR and Co-Conspirator 1 worked with Co-
24 Conspirator 3 and Co-Conspirator 5 at Strachans to form and use an
25 offshore company designed to disguise the source and receipt of the
26 legal fees (income) that defendant SINCLAIR and Co-Conspirator 1
27 earned from the English directors.

28

1 35. When defendant SINCLAIR or Co-Conspirator 1 wanted to
2 access these fees, they sent Strachans a bogus invoice purportedly
3 for services performed for the offshore company on which payment was
4 owed. Thus, defendant SINCLAIR and Co-Conspirator 1 received their
5 offshore legal fee income, albeit in taxable form, but piecemeal and
6 over time, which allowed them to spread out the reporting of this
7 income over many years. Some of defendant SINCLAIR's and Co-
8 Conspirator 1's fees remained with Strachans for many years.

9 G. INTERMEDIA IPO

10 36. In the mid-1990s, Co-Conspirator 2 retained defendant
11 SINCLAIR as his attorney. In or around 1996, defendant SINCLAIR and
12 Co-Conspirator 2 co-founded Intermedia Film Equities Ltd.
13 ("Intermedia"), a film production company. Defendant SINCLAIR and
14 Co-Conspirator 2 agreed that they would be equal partners and each
15 own half of Intermedia.

16 37. Defendant SINCLAIR and Co-Conspirator 2 structured the
17 ownership of Intermedia so that they owned half in their own names
18 and the other half in the name of Hornbeam Holdings Limited
19 ("Hornbeam"), an offshore nominee entity based in Malta.

20 38. Defendants SINCLAIR and STEWART, Co-Conspirator 3, and
21 others at Strachans set up Hornbeam's structure.

22 39. Hornbeam was controlled by defendant SINCLAIR and Co-
23 Conspirator 2, with defendant STEWART also having a small ownership
24 percentage. Thus, defendant SINCLAIR owned approximately 25% of
25 Intermedia in his own name and approximately 25% offshore through
26 Hornbeam.

27 40. By design, defendants SINCLAIR and STEWART, Co-Conspirator
28 2, Co-Conspirator 3, and others at Strachans ensured that there were

1 no corporate records indicating that defendant SINCLAIR or Co-
2 Conspirator 2 had any ownership interest or involvement in Hornbeam.
3 Instead, "on paper" defendant STEWART appeared to be in control of
4 it.

5 41. Intermedia achieved success when it produced several hit
6 films, including *Sliding Doors*, which premiered in or around 1998.
7 Subsequently, defendant SINCLAIR and Co-Conspirator 2 decided to take
8 Intermedia public with an initial public offering ("IPO").

9 42. In preparation for doing so, in or around April 2000,
10 defendant SINCLAIR and Co-Conspirator 2 caused Intermedia to merge
11 with another company to form Internationalmedia AG, which continued
12 to do business as Intermedia.

13 43. On or about May 18, 2000, defendant SINCLAIR and Co-
14 Conspirator 2 caused Intermedia to be listed on a German stock
15 exchange.

16 44. In or about late 2000, defendant SINCLAIR sold shares of
17 Intermedia that he held in his own name and reported income from the
18 sales on his U.S. income tax return and paid tax.

19 45. Starting in late 2000 and continuing through at least 2003,
20 defendant SINCLAIR and Co-Conspirator 2 caused Hornbeam to sell
21 Intermedia shares held in Hornbeam's name and to transfer the
22 proceeds from these sales to Strachans. By 2003, Strachans received
23 over approximately \$50,000,000 from these sales, of which nearly half
24 belonged to defendant SINCLAIR and nearly half belonged to Co-
25 Conspirator 2. The proceeds from the sales of defendant SINCLAIR's
26 shares of Intermedia held in Hornbeam's name were income to defendant
27 SINCLAIR. Defendant SINCLAIR did not report this income on his U.S.
28 income tax return or pay tax on it. Defendant SINCLAIR's funds

1 derived from the sale of the Intermedia shares held in Hornbeam's
2 name shall hereafter be referred to as his "Intermedia Funds."

3 46. Defendant SINCLAIR and Co-Conspirator 2 caused defendant
4 STEWART to receive a portion of the proceeds from the sales of
5 Intermedia shares held in Hornbeam's name as payment for services
6 defendant STEWART rendered relating to their offshore funds.

7 47. Defendant STEWART continued to provide services to
8 defendant SINCLAIR and Co-Conspirator 2. Beginning no later than
9 October 2003 and continuing through at least October 2013, defendant
10 STEWART received approximately \$25,000 per quarter from defendant
11 SINCLAIR and Co-Conspirator 2's offshore funds for those services.

12 48. At all times, defendant SINCLAIR and Co-Conspirator 2
13 controlled the funds derived from the sales of the Intermedia shares
14 held in Hornbeam's name. Those funds were always held for their
15 benefit.

16 49. Defendant SINCLAIR caused his Intermedia Funds to be
17 transferred by Strachans to bank accounts associated with the Madrid
18 Trust. The Madrid Trust was a Jersey-based trust established by
19 Strachans that eventually was the purported owner of various layers
20 of corporations that defendant SINCLAIR used to invest his Intermedia
21 Funds and disguise his beneficial ownership of them. The proceeds
22 from Co-Conspirator 2's share of the sales of Intermedia shares held
23 in Hornbeam's name were transferred to the bank accounts associated
24 with the Paris Trust, another Jersey-based trust established by
25 Strachans. The proceeds from defendant STEWART's shares were
26 transferred to bank accounts associated with the Rome Trust, another
27 Jersey-based trust established by Strachans.

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1 50. Defendant SINCLAIR, Co-Conspirator 2, and defendant STEWART
2 caused there to be no "on paper" affiliation with or connection to
3 their respective Strachans-created trusts. They were not listed as
4 the grantors, trustees, or beneficiaries. However, at all times,
5 they controlled the funds held by the trusts and the funds were
6 always held for their benefit.

7 51. Initially, defendant SINCLAIR's Intermedia Funds were
8 transferred to a bank account at Deutsche Bank. In or around 2003,
9 the funds were transferred to an account at Cornèr Banca SA in
10 Switzerland in the name of the purported trustees of the Madrid
11 Trust. The Form A, a Swiss banking form used to verify the
12 beneficial owner's identity, filed with Cornèr Banca listed defendant
13 SINCLAIR as the 100% beneficial owner of the account and included a
14 copy of defendant SINCLAIR's U.K. passport.

15 52. Co-Conspirator 2's offshore funds were similarly
16 transferred to a bank account at Cornèr Banca in Switzerland in the
17 name of the purported trustees of the Paris Trust.

18 H. SINCLAIR AND CO-CONSPIRATOR 2 USED THEIR OFFSHORE FUNDS

19 53. Defendant SINCLAIR's and Co-Conspirator 2's newly found \$25
20 million fortunes did not just sit idle in bank accounts in
21 Switzerland. Over the years, they instead used them and invested
22 them. Defendant SINCLAIR primarily did so in four ways.

23 *Invested in Securities*

24 54. Defendant SINCLAIR and Co-Conspirator 2 caused their
25 offshore funds to be invested in brokerage accounts in the U.S. and
26 the U.K. that were nominally owned by Strachans. Defendant STEWART
27 managed the accounts at defendant SINCLAIR's and Co-Conspirator 2's
28 direction. To conceal the true ownership of the funds, Strachans

1 used Elm Regional Investments Limited ("Elm"), a British Virgin
2 Islands ("BVI") company it owned, to open these brokerage accounts,
3 hold funds for investment, and receive the income from these
4 investments.

5 55. By 2003, Elm was owned equally by defendant SINCLAIR and
6 Co-Conspirator 2 through their beneficial ownership of the Madrid and
7 the Paris Trusts, respectively. Elm had a bank account at Cornèr
8 Banca and the Form A for this account listed defendant SINCLAIR and
9 Co-Conspirator 2 each as the 50% beneficial owner of the account.

10 56. Defendant STEWART advised defendant SINCLAIR and Co-
11 Conspirator 2 on the investment of their funds held by Elm and
12 regularly kept them apprised of the performance of their investments.
13 Defendant STEWART met with defendant SINCLAIR and Co-Conspirator 2
14 either together or separately. When defendant STEWART met with them
15 separately, defendant STEWART would provide defendant SINCLAIR or Co-
16 Conspirator 2 with an update on the performance of the other's
17 investments with the understanding that they would provide the
18 information to the other. Defendant STEWART did not provide them
19 account statements to retain, but instead, provided the information
20 in code.

21 57. Over the years, defendant SINCLAIR did not report any of
22 the sizable income from the investments made through Elm on his U.S.
23 income tax returns.

24 *Funded a New Movie Production Company*

25 58. In or about 2002, defendant SINCLAIR and Co-Conspirator 2
26 decided to leave Intermedia and start a new movie production company.
27 Defendant SINCLAIR and Co-Conspirator 2 used their offshore funds to
28 finance the creation of Spitfire Pictures ("Spitfire"), a new

1 U.S.-based movie production company. As they had done with
2 Intermedia, defendant SINCLAIR and Co-Conspirator 2 arranged to own
3 half of Spitfire in their own names and half in the name of an
4 offshore company that "on paper" would have no affiliation with them.

5 59. To do this, defendant SINCLAIR and Co-Conspirator 2 caused
6 Strachans to use Wilkins Financial Ltd. ("Wilkins") and George Square
7 Trading Ltd. ("George Square"), both BVI entities that Strachans
8 created and owned. On paper, the Madrid and Paris Trusts owned
9 Wilkins, Wilkins owned the majority of George Square, which, in turn,
10 owned the majority of Spitfire. Defendant SINCLAIR and Co-
11 Conspirator 2 were listed as minority owners of both George Square
12 and Spitfire. However, the Forms A for both Wilkins' and George
13 Square's bank accounts at Cornèr Banca listed defendant SINCLAIR and
14 Co-Conspirator 2 as each being the beneficial owner of half of the
15 accounts.

16 60. Defendant SINCLAIR, Co-Conspirator 2, and defendant STEWART
17 disguised the true ownership of George Square by mischaracterizing
18 Wilkins as a third-party "private investor" brought in by defendant
19 STEWART.

20 61. Over the years, to maintain the fiction that defendant
21 STEWART represented the purported third-party investor, defendant
22 STEWART attended Spitfire board meetings ostensibly representing this
23 third-party investor. Defendant SINCLAIR also instructed Spitfire
24 employees to keep defendant STEWART regularly apprised of the
25 Spitfire's activities, including the movies it was developing.
26 Defendant SINCLAIR and Co-Conspirator 2 would also ask for defendant
27 STEWART's nominal approval for certain Spitfire invoices or funding
28 requests.

Paid Personal Expenses

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2 62. Defendant SINCLAIR and Co-Conspirator 2 used George
3 Square's bank account as an untaxed personal expense account for
4 themselves. Over the years, George Square paid for defendant
5 SINCLAIR to travel on private jets and to amass a more than one
6 million-dollar collection of rock and roll memorabilia, including a
7 guitar owned and played by a musician who was a three-time inductee
8 into the Rock and Roll Hall of Fame (the "Collector's Guitar").
9 Defendant SINCLAIR did not report the expenditure of these funds for
10 his personal benefit as income on his U.S. income tax returns.

11 63. Defendant SINCLAIR and Co-Conspirator 2 collected cash from
12 Strachans' office, which was debited from their offshore bank
13 accounts at Cornèr Banca.

Paid for a Jackson Hole Vacation Property

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15 64. In or around 2003, through in or around 2011, defendant
16 SINCLAIR used his Intermedia Funds to build himself a vacation home
17 near Jackson Hole, Wyoming (the "Jackson Hole Property") while
18 concealing his ownership of the property and his use of his
19 Intermedia Funds. To assist defendant SINCLAIR, Strachans used an
20 account at Cornèr Banca in the name of Wabuska, Ltd. ("Wabuska"), a
21 Strachans-owned BVI company, to transfer a portion of defendant
22 SINCLAIR's Intermedia Funds to the U.S. for this purpose. The Form A
23 for Wabuska's account listed defendant SINCLAIR as its sole
24 beneficial owner.

25 65. To further conceal defendant SINCLAIR's ownership of the
26 Jackson Hole Property, Strachans structured the ownership of the
27 Jackson Hole Property so that Wabuska owned two U.S.-based
28 corporations, HP Properties Inc. and HP Properties 2 Inc., which in

1 turn owned the majority of two U.S.-based limited liability
2 companies: Heron Properties LLC and Heron Properties 2 LLC. The LLCs
3 owned adjoining parcels of land, which together constituted the
4 Jackson Hole Property.

5 66. From in or around 2003, through in or around 2011,
6 defendant SINCLAIR funneled approximately \$12 million in Intermedia
7 Funds to finance the acquisition of the land and the design,
8 construction, and furnishment of an 8,000 square foot house:



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20 67. To further conceal the source of the funds used for the
21 Jackson Hole Property, defendant SINCLAIR caused the funds to be sent
22 from either the Madrid Trust or Elm to Wabuska and then to the U.S.-
23 based client trust account of Accountant 1, defendant SINCLAIR's
24 then-return preparer and business manager. From there, defendant
25 SINCLAIR caused the funds to either be dispersed to a bank for the
26 purchase of the land or transferred to the bank accounts of HP
27 Properties Inc. or Heron Properties LLC and used to pay property-
28 related expenses.

1 68. Defendant SINCLAIR told Accountant 1 that the funds used
2 for the Jackson Hole Property came from defendant STEWART.

3 69. For tax years 2003 through 2007, defendant STEWART signed
4 false tax returns for HP Properties Inc. and HP Properties 2 Inc.
5 that did not report that defendant SINCLAIR owned the companies
6 through his ownership of Wabuska.

7 I. PROJECT WICKENBY AND ITS FALLOUT

8 70. In or around early February 2004, authorities in both the
9 Bailiwick of Jersey and Switzerland, acting on behalf of the
10 Australian government, searched Strachans' offices and seized
11 business records. At the time of the searches, Co-Conspirator 3 was
12 traveling to Melbourne, Australia. Co-Conspirator 4 informed Co-
13 Conspirator 3, his fellow Strachans principal, of the seizures when
14 Co-Conspirator 3 landed in Melbourne. Co-Conspirator 3 immediately
15 went to his hotel and requested a document shredder. Before one was
16 delivered to him, Australian authorities detained Co-Conspirator 3
17 and seized his laptop pursuant to a search warrant. The laptop
18 contained Strachans client files, including those related to
19 defendant SINCLAIR and Co-Conspirator 2, and defendant STEWART,
20 albeit in coded form. Defendant SINCLAIR and Co-Conspirator 2
21 learned about the laptop seizure almost immediately.

22 71. The seizure of Co-Conspirator 3's laptop was the impetus
23 for a significant tax evasion investigation in Australia, code-named
24 Project Wickenby. Eventually, defendant STEWART, Co-Conspirator 3,
25 and Co-Conspirator 5 were targets of Australia's investigation.

26 72. Shortly after Co-Conspirator 3 returned to Geneva,
27 Switzerland, he met with defendant SINCLAIR, Co-Conspirator 2, and
28

1 defendant STEWART in Geneva to discuss their potential exposure from
2 the seizure of Co-Conspirator 3's laptop.

3 73. To conceal the true purpose of their trip to Geneva,
4 defendant STEWART created false meeting minutes to make it appear
5 that defendant SINCLAIR, Co-Conspirator 2, Co-Conspirator 3, and
6 defendant STEWART had gathered there for a last-minute George Square
7 board meeting.

8 74. In or around June 2005, defendant STEWART's home and office
9 were searched as part of Project Wickenby. The Australian government
10 seized records, including those that related to defendant SINCLAIR
11 and Co-Conspirator 2.

12 75. In July 2005, defendant SINCLAIR, Co-Conspirator 2, and Co-
13 Conspirator 3 met at a hotel near the airport in Nice, France. Co-
14 Conspirator 3 arrived at the meeting with a briefcase. From the
15 briefcase, he took out and activated a device that purported to block
16 out any potential electronic surveillance of their meeting.

17 76. At, or shortly after, this meeting, defendant SINCLAIR and
18 Co-Conspirator 2 decided they needed to review Strachans' files.

19 77. Around this time, defendant SINCLAIR and Co-Conspirator 2
20 also caused Strachans to purchase two Subscriber Identity Module
21 ("SIM") cards from a Swiss telecommunications company for defendant
22 SINCLAIR and Co-Conspirator 2 to use in burner phones, which were
23 pay-as-you-go cell phones that "on paper" were not owned by or
24 associated with defendant SINCLAIR or Co-Conspirator 2. Defendant
25 SINCLAIR and Co-Conspirator 2 wanted a second set of phones because
26 they were concerned about the possibility of government surveillance
27 of their communications.

28

1 78. To signal that they wanted to speak over their burner
2 phones, defendant SINCLAIR and Co-Conspirator 2 developed a code. If
3 one said they needed to speak at "precisely" a certain time, it
4 signaled that they should use their burner phones to communicate.

5 79. In or around September 2005, defendant SINCLAIR, Co-
6 Conspirator 2, and defendant STEWART traveled to Geneva to review
7 Strachans' records. During the review, defendant SINCLAIR and Co-
8 Conspirator 2 saw records that linked them to their offshore
9 Strachans' structures. Defendant SINCLAIR and Co-Conspirator 2
10 removed several documents and, together, defendant SINCLAIR and Co-
11 Conspirator 2 destroyed them by tearing them up in the bathroom and
12 flushing them down the toilet. They also flagged other documents and
13 requested that Co-Conspirator 5, a Strachans employee, destroy them.

14 80. To disguise the true purpose of their trip to Geneva,
15 defendant STEWART created false George Square board meeting minutes
16 that represented that defendant SINCLAIR and Co-Conspirator 2 met to
17 discuss reorganizing Spitfire to sell it.

18 81. After meeting in Geneva and reviewing Strachans' records,
19 defendant SINCLAIR and Co-Conspirator 2 decided to distance
20 themselves from Strachans on paper.

21 82. In or around late 2005, defendants SINCLAIR and STEWART,
22 Co-Conspirator 2, Co-Conspirator 3, and discussed a plan to have Co-
23 Conspirator 2 relocate from London to the Principality of Monaco. By
24 becoming a Monégasque resident, Co-Conspirator 2 would avoid tax
25 reporting requirements in the U.K., which meant he could also become
26 a nominee for defendant SINCLAIR's offshore assets, further assisting
27 defendant SINCLAIR in continuing to conceal these assets from the
28

1 IRS. Co-Conspirator 2 became a Monégasque resident in or around
2 February 2006.

3 83. Defendant STEWART created meeting notes that falsely
4 attributed a business purpose to Co-Conspirator 2's relocation to
5 Monaco, such as his desire to "become culturally French" and reduce
6 his travel time to the Cannes Film Festival.

7 84. In or around December 2005, defendant SINCLAIR caused the
8 reorganization of George Square so that it would appear that he no
9 longer had any interest in it.

10 85. In or around April 2006, defendant SINCLAIR caused Elm's
11 bank account to be closed.

12 86. In or around September 2006, defendant SINCLAIR directed
13 the Madrid Trust's bank account be closed and his remaining
14 Intermedia Funds to be co-mingled with Co-Conspirator 2's offshore
15 funds in the Paris Trust's bank account. On or around September 22,
16 2006, approximately \$9,500,000, was transferred from the Madrid
17 Trust's bank account at Cornèr Banca to the Paris Trust's bank
18 account.

19 87. On or about March 8, 2007, defendant SINCLAIR, Co-
20 Conspirator 2, Co-Conspirator 5, and defendant STEWART met in Geneva
21 to form a plan to transfer the "on paper" ownership of the Jackson
22 Hole Property.

23 88. The group created documents to make it appear that Co-
24 Conspirator 2 purchased Wabuska, and thus ultimately making him the
25 majority "on paper" owner of the Jackson Hole Property, for a \$12.9
26 million promissory note. Thus, once the documents were executed in
27 or around October 2007, "on paper" the Jackson Hole Property was
28

1 owned by Co-Conspirator 2. However, defendant SINCLAIR remained the
2 true beneficial owner of the property.

3 89. Around that time, Wabuska was renamed Virtual Graphic
4 Properties. Defendant SINCLAIR and Co-Conspirator 2 caused an
5 account for Virtual Graphic Properties to be opened at Edmund De
6 Rothschild Bank in Switzerland. The account remained open until
7 2015.

8 90. In spring 2007, the Australian press identified defendant
9 SINCLAIR, defendant STEWART, and Co-Conspirator 3 as being involved
10 in transactions under investigation as part of Project Wickenby.

11 91. In or around July 2007, defendant SINCLAIR, Co-Conspirator
12 2, Co-Conspirator 3, and Co-Conspirator 4 met in Monaco. At this
13 meeting, they decided to transfer defendant SINCLAIR's and Co-
14 Conspirator 2's remaining offshore funds to bank accounts owned "on
15 paper" by Co-Conspirator 4. By doing so, defendant SINCLAIR and Co-
16 Conspirator 2 would no longer appear to be Strachans clients or have
17 any affiliation with Co-Conspirator 3.

18 92. On or around November 7, 2007, defendant SINCLAIR and Co-
19 Conspirator 2 caused their commingled funds (approximately £22.5
20 million or \$45 million) to be transferred through intermediary bank
21 accounts at Cornèr Banca to a bank account at UBS, N.A., in
22 Switzerland in the name of Gold Paterson Technology Ltd. ("Gold
23 Paterson").

24 93. On or about November 11, 2007, defendant SINCLAIR caused
25 £6,000,000 (approximately \$12 million) to be transferred from the UBS
26 account in the name of Gold Paterson to another UBS account in
27 Switzerland in the name of Penville Global Technology Ltd.
28 ("Penville"), which was also nominally owned by Co-Conspirator 4.

1 94. Co-Conspirator 4 was "on paper" the sole owner of Gold
2 Paterson and Penville and the Forms A filed with UBS listed only Co-
3 Conspirator 4 as the beneficial owner. Thus, the UBS records for
4 these accounts did not show any link to defendant SINCLAIR, Co-
5 Conspirator 2, Co-Conspirator 3, or Strachans. Regardless of what
6 the bank records showed, at all times, defendant SINCLAIR was the
7 beneficial owner of the funds in the Penville account and Co-
8 Conspirator 2 was the beneficial owner of the funds in the Gold
9 Paterson account.

10 95. In or around October 2008, defendant SINCLAIR and Co-
11 Conspirator 2 sold an interest in Spitfire. As they had done before,
12 defendant SINCLAIR and Co-Conspirator 2 structured the distribution
13 of the sale proceeds so that they received half of the proceeds in
14 their own names and concealed the remaining proceeds offshore.
15 Eventually, the funds paid to the offshore entities were deposited
16 into a bank account at Credit Suisse Monaco in the name of Gold
17 Paterson and controlled "on paper" by Co-Conspirator 4 (collectively
18 with the funds deposited at UBS in the custody of Co-Conspirator 4
19 referred to as the "UBS/CS Offshore Funds").

20 96. Defendant SINCLAIR did report on his U.S. income tax return
21 the portion of the income from the sale of Spitfire that he received
22 in his own name and did not report the portion he caused to be
23 concealed offshore.

24 97. To disguise the true nature of the payment that was
25 concealed offshore, defendant STEWART, Co-Conspirator 2, and Co-
26 Conspirator 3 created documents to make it appear that Co-Conspirator
27 2 was repaying Co-Conspirator 3 for a purported loan he made to
28

1 Spitfire. Defendant STEWART created board meeting minutes to help
2 substantiate this false narrative.

3 J. SINCLAIR AND CO-CONSPIRATOR 2 REGULARLY MONITORED THE OFFSHORE
4 FUNDS

5 98. Over the years, defendant SINCLAIR and Co-Conspirator 2
6 monitored the performance of their UBS/CS Offshore Funds and directed
7 their investment.

8 99. From 2007 through spring 2014, defendant SINCLAIR, Co-
9 Conspirator 2, and Co-Conspirator 4 met in person in Europe to review
10 bank records, including unredacted copies of defendant SINCLAIR's and
11 Co-Conspirator 2's account statements that showed, among other
12 things, the name of the bank, the account name, the account number,
13 and the current balance in the account.

14 100. During that same time frame, Co-Conspirator 2 and Co-
15 Conspirator 4 met at golf courses in the South of France to play golf
16 and to discuss defendant SINCLAIR's and Co-Conspirator 2's UBS/CS
17 Offshore Funds. At these meetings, Co-Conspirator 4 brought bank
18 statements for both defendant SINCLAIR's and Co-Conspirator 2's
19 UBS/CS Offshore Funds.

20 101. Co-Conspirator 2 then called defendant SINCLAIR and used a
21 code to convey defendant SINCLAIR's bank balances to him over the
22 telephone. Co-Conspirator 2 remarked that he had played golf with a
23 friend and provided his "score." The "score" corresponded to the
24 balance of defendant SINCLAIR's offshore funds.

25 102. From approximately 2010 to 2013, defendant SINCLAIR and Co-
26 Conspirator 2 used a portion of their offshore funds at Credit Suisse
27 Monaco to pay the legal fees and living expenses of Co-Conspirator 5,
28 who was facing criminal charges in Australia in connection with

1 Project Wickenby. Defendant SINCLAIR and Co-Conspirator 2 ceased
2 doing so shortly after it was reported that Co-Conspirator 5 intended
3 to plead guilty and to cooperate with the Australian authorities
4 against Strachans.

5 K. SINCLAIR FILED A FALSE DISCLOSURE WITH THE IRS

6 103. In October 2014, defendant SINCLAIR retained Lawyer A-1 at
7 Law Firm A to prepare a disclosure to the IRS so that defendant
8 SINCLAIR could participate in the IRS's Offshore Voluntary Disclosure
9 Program ("OVDP"), described above in paragraph 21.

10 104. On or about October 20, 2014, defendant SINCLAIR caused
11 Lawyer A-1 to send a pre-clearance letter to the IRS. The letter
12 disclosed an account at UBS. It also falsely stated that defendant
13 SINCLAIR did not have "any foreign or domestic entities" that held
14 undisclosed foreign assets.

15 105. In response, on or around November 24, 2014, the IRS sent a
16 letter to Lawyer A-1 indicating that defendant SINCLAIR was
17 ineligible to participate in the OVDP due to lack of timeliness
18 and/or completeness.

19 106. On or about April 13, 2015, after arranging it with Lawyer
20 B-1 at Law Firm B, who represented Strachans, Lawyer A-1 and
21 defendant SINCLAIR went to Strachans' office in Switzerland and
22 reviewed Strachans' files, including bank records and trust
23 documentation related to defendant SINCLAIR.

24 107. In or around September 2015, Lawyer A-1 corresponded with
25 Lawyer B-1 about defendant SINCLAIR's offshore funds. On or about
26 September 25, 2015, Lawyer B-1 offered to either provide defendant
27 SINCLAIR and Lawyer A-1 with copies of records related to defendant
28

1 SINCLAIR's offshore funds or to make those records available
2 immediately for their review in Switzerland.

3 108. On or about October 7, 2015, defendant SINCLAIR filed or
4 caused to be filed with the IRS a Form 14654, Certification by U.S.
5 Person Residing in the United States for Streamlined Domestic
6 Offshore Procedures ("SDOP Disclosure") that incorporated two written
7 statements. At the same time, defendant SINCLAIR filed or caused to
8 be filed amended tax returns for 2011 through 2013, amended FBARs for
9 2009 through 2011, and original FBARs for 2012 through 2014.
10 Defendant SINCLAIR signed the SDOP Disclosure and the amended tax
11 returns under penalties of perjury.

12 109. Defendant SINCLAIR's SDOP Disclosure falsely claimed that
13 his failure to comply with his disclosure and tax obligations was
14 non-willful, specifically that it was due to a "combination of his
15 negligence, lack of knowledge of applicable tax forms, mistake of law
16 as to his reporting obligations, and his good faith misunderstanding
17 of the same."

18 110. In addition, defendant SINCLAIR did not disclose all his
19 offshore assets in his SDOP Disclosure, despite affirming under
20 penalties of perjury that his disclosure was "true, correct, and
21 complete." Defendant SINCLAIR only disclosed his ownership of the
22 Jackson Hole Property and the Collector's Guitar.

23 111. Defendant SINCLAIR did not disclose his interest in the UBS
24 or Credit Suisse accounts, or Virtual Graphic Properties' account at
25 Edmund de Rothschild Bank. Thus, defendant SINCLAIR underreported
26 the value of his undisclosed foreign financial assets. In turn,
27 defendant SINCLAIR falsely reported owing a penalty of \$457,000 based
28 solely on the value of the two assets he disclosed.

1 112. Statement A, attached to defendant SINCLAIR's SDOP
2 Disclosure, included a false narrative regarding defendant SINCLAIR's
3 UBS/CS Offshore Funds. In that statement, defendant SINCLAIR
4 acknowledged that he co-founded Intermedia and that when it was sold
5 in 2000 defendant SINCLAIR's share of the proceeds were deposited
6 "into an account controlled by Strachans." Defendant SINCLAIR also
7 acknowledged that "[a]t one time," "his" funds were held at UBS, but
8 then falsely claimed that in 2009, Strachans transferred the funds to
9 an undisclosed bank account "with the intention of preventing him
10 from ever claiming an interest" in them. In addition, defendant
11 SINCLAIR falsely claimed that he and Lawyer A-1 made "repeated
12 attempts to obtain information about the account and gain access to
13 the funds, but [had] been unsuccessful." Finally, defendant SINCLAIR
14 falsely claimed that he understood that he only had to report and pay
15 tax on his offshore funds when they were "distributed to him."

16 113. Statement B attached to defendant SINCLAIR's SDOP
17 Disclosure, included a false narrative about the Jackson Hole
18 Property and the Collector's Guitar. In that statement, defendant
19 SINCLAIR claimed that Virtual Graphic Properties acquired both the
20 Jackson Hole Property and the Collector's Guitar "for speculative
21 purposes" or "investment" when in fact both were purchased for
22 defendant SINCLAIR's personal use.

23 114. He also falsely reported owing no additional tax on the
24 Forms 1040X, Amended U.S. Income Tax Returns, for 2011 through 2013.
25 The Forms 1040X incorporated the two false statements included with
26 his SDOP Disclosure.

27 115. Defendant SINCLAIR also filed or caused to be filed false
28 FBARs, or amended FBARs, for the UBS account for 2009 through 2014.

1 In each, defendant SINCLAIR did not disclose the account number or
2 its maximum balance. Instead, defendant SINCLAIR included a false
3 narrative similar to the one included with his SDOP Disclosure.
4 Defendant SINCLAIR did not file any FBARS for the Credit Suisse
5 account or Virtual Graphic Properties' account at Edmund De
6 Rothschild Bank.

7 L. DEFENDANT SINCLAIR AND CO-CONSPIRATOR 2 PREPARED TO LIE TO
8 INVESTIGATORS

9 116. During the course of the conspiracy, in addition to
10 creating fake documents to conceal their offshore funds and their
11 activities related thereto, defendant SINCLAIR narrated a false
12 account, consistent with the documents they created, to tell
13 investigators if they were ever questioned. Co-Conspirator 2
14 memorialized the false account in handwritten notes to help him
15 remember the story.

16 117. Over the years, defendant SINCLAIR and Co-Conspirator 2 met
17 and rehearsed the story, with defendant SINCLAIR directing what Co-
18 Conspirator 2 was to say if questioned by government authorities.

19 118. On or about January 17, 2020, defendant SINCLAIR and Co-
20 Conspirator 2 met in the London office of Co-Conspirator 2's lawyers,
21 following the notification that the U.S. Department of Justice and
22 the IRS wanted to interview Co-Conspirator 2 as part of the Grand
23 Jury's investigation into defendant SINCLAIR.

24 119. Before the meeting started, defendant SINCLAIR handed Co-
25 Conspirator 2 a note instructing Co-Conspirator 2 to tell the "truth"
26 including that, among other things, in 2005 they had traveled to
27 Switzerland to review Strachans' documents in anticipation of a
28 business deal involving Spitfire. In actuality, as alleged above in

1 paragraph 79, they traveled to Switzerland to review Strachans
2 records in response to developments in the Australian investigation.

3 120. On or about March 8, 2022, and May 11, 2022, Co-Conspirator
4 2 met with representatives of the U.S. Department of Justice and the
5 IRS. During those meetings, Co-Conspirator 2 made false statements
6 and provided false documents consistent with the false narrative that
7 defendant SINCLAIR and Co-Conspirator 2 had devised and had practiced
8 together for years.

9 M. DEFENDANT SINCLAIR REPATRIATED HIS OFFSHORE FUNDS

10 121. On or about February 15, 2017, defendant SINCLAIR, Lawyer
11 A-1, Lawyer A-2, and Co-Conspirator 3, along with his attorneys, met
12 in Nice, France to discuss the return of defendant SINCLAIR's
13 offshore funds, which were still held in the Penville bank account at
14 UBS. During this meeting, in the presence of the group, defendant
15 SINCLAIR admitted that the money in the UBS account was his.

16 122. Despite admitting that his offshore funds were held in the
17 Penville bank account at UBS, defendant SINCLAIR filed FBARs for 2016
18 and 2017 reporting other foreign accounts, but did not report the UBS
19 account. In addition, on his 2017 Form 1040, defendant SINCLAIR
20 listed one bank account in the U.K. as his only foreign financial
21 account and did not list the UBS account.

22 123. Defendant SINCLAIR caused a tax loss to the IRS of over \$5
23 million.

24 **II. THE CONSPIRACY**

25 A. OBJECT OF THE CONSPIRACY

26 124. Starting no later than 1995, and continuing until in or
27 about May 2022, in Los Angeles County, within the Central District of
28 California, and elsewhere, defendants SINCLAIR and STEWART

1 unlawfully, voluntarily, intentionally, and knowingly conspired,
2 combined, confederated, and agreed together and with each other and
3 with other individuals both known and unknown to the Grand Jury to
4 defraud the United States by impeding, impairing, obstructing, and
5 defeating the lawful government functions of the IRS in the
6 ascertainment, computation, assessment, and collection of revenue:
7 namely, federal income taxes.

8 B. MEANS BY WHICH THE OBJECT OF THE CONSPIRACY WAS TO BE
9 ACCOMPLISHED

10 125. The object of the conspiracy was carried out, and to be
11 carried out, as set forth above and as follows:

12 a. They would and did create and caused to be created nominee
13 entities, including foreign trusts and corporations, that were
14 designed to hold defendant SINCLAIR's assets and to conceal defendant
15 SINCLAIR's ownership interest in them, the source of the funds used
16 to acquire those assets, and any income earned from those assets.

17 b. They would and did create and caused to be created false
18 records or documents that mischaracterized or concealed the true
19 nature of meetings or transactions.

20 c. They would and did structure defendant SINCLAIR's and Co-
21 Conspirator 2's movie production companies such that they were owned
22 partly in defendant SINCLAIR's and Co-Conspirator 2's own names and
23 partly in the name of nominee foreign entities.

24 d. They would and did cause defendant SINCLAIR's and Co-
25 Conspirator 2's offshore funds to be transferred between numerous
26 foreign nominee entities and individuals to disguise their ultimate
27 beneficial ownership and to make it difficult for the IRS to trace
28 the source of the funds.

1 e. They would and did communicate in coded language.

2 f. They would and did use burner phones to communicate about
3 defendant SINCLAIR's and Co-Conspirator 2's offshore funds.

4 g. They would and did destroy documents that linked defendant
5 SINCLAIR and Co-Conspirator 2 to their offshore funds.

6 h. They would and did use devices designed to block electronic
7 surveillance.

8 i. They would and did provide false information to return
9 preparers.

10 j. They would and did prepare, sign and, and cause to be filed
11 false original and amended tax returns with the IRS.

12 k. They would and did prepare and cause to be filed false
13 FBARs with the U.S. Department of Treasury.

14 l. They would and did prepare a false SDOP Disclosure.

15 m. They would and did create a false narrative to tell
16 investigators if they were ever questioned about defendant SINCLAIR's
17 and Co-Conspirator 2's offshore funds.

18 n. They would and did provide false information and documents
19 during interviews with the Department of Justice and the IRS held
20 pursuant to the Grand Jury's investigation into defendant SINCLAIR.

21 C. OVERT ACTS

22 126. In furtherance of the conspiracy, and to accomplish its
23 object, defendants SINCLAIR and STEWART, together with Co-
24 Conspirators 1, 2, 3, 4, and 5, and others known and unknown to the
25 Grand Jury, committed various overt acts on or about the following
26 dates, within the Central District of California, and elsewhere,
27 including, but not limited to, the following:
28

1 Overt Act No. 1: On or about November 26, 2013, defendant
2 SINCLAIR and Co-Conspirator 2 caused defendant STEWART to receive
3 over \$10,000 paid from their offshore funds that was designated as a
4 consultant fee.

5 Overt Act No. 2: On or about October 7, 2015, defendant SINCLAIR
6 signed under penalties of perjury a false Form 14654, Certification
7 by U.S. Person Residing in the United States for Streamlined Domestic
8 Offshore Procedures, and caused it to be filed with the IRS.

9 Overt Act No. 3: On or about October 7, 2015, defendant SINCLAIR
10 signed under penalties of perjury and caused to be filed with the IRS
11 a false Form 1040X, Amended U.S. Individual Tax Return, for 2011.

12 Overt Act No. 4: On or about October 7, 2015, defendant SINCLAIR
13 signed under penalties of perjury and caused to be filed with the IRS
14 a false Form 1040X, Amended U.S. Individual Tax Return, for 2012.

15 Overt Act No. 5: On or about October 7, 2015, defendant SINCLAIR
16 signed under penalties of perjury and caused to be filed with the IRS
17 a false Form 1040X, Amended U.S. Individual Tax Return, for 2013.

18 Overt Act No. 6: On or about October 15, 2015, defendant
19 SINCLAIR caused a false Report of Foreign Bank and Financial Accounts
20 ("FBAR") for 2009 to be submitted to the Department of the Treasury.

21 Overt Act No. 7: On or about October 15, 2015, defendant
22 SINCLAIR caused a false FBAR for 2010 to be submitted to the
23 Department of the Treasury.

24 Overt Act No. 8: On or about October 15, 2015, defendant
25 SINCLAIR caused a false FBAR for 2011 to be submitted to the
26 Department of the Treasury.

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1 Overt Act No. 9: On or about October 15, 2015, defendant
2 SINCLAIR caused a false FBAR for 2012 to be submitted to the
3 Department of the Treasury.

4 Overt Act No. 10: On or about October 15, 2015, defendant
5 SINCLAIR caused a false FBAR for 2013 to be submitted to the
6 Department of the Treasury.

7 Overt Act No. 11: On or about July 24, 2017, defendant SINCLAIR
8 signed a release of funds agreement with Strachans, Co-Conspirator 3,
9 and Co-Conspirator 4 related to the distribution of his offshore
10 funds to him but omitting any declaration about defendant SINCLAIR's
11 ownership of them.

12 Overt Act No. 12: On or about October 13, 2018, defendant
13 SINCLAIR signed under penalties of perjury a false Form 1040, U.S.
14 Individual Income Tax Return, for 2017 and caused it to be filed with
15 the IRS.

16 Overt Act No. 13: On or about July 30, 2019, defendant SINCLAIR
17 sold the Jackson Hole Property and received the proceeds from the
18 sale.

19 Overt Act No. 14: On or about January 10, 2020, defendant
20 SINCLAIR gave Co-Conspirator 2 a handwritten note that told Co-
21 Conspirator 2 to tell a false narrative to government authorities.

22 Overt Act No. 15: On or about October 12, 2020, defendant
23 SINCLAIR caused to be prepared, signed, and then caused to be filed
24 with the IRS a false Form 1040, U.S. Individual Income Tax Return,
25 for 2019, which reported the sale of the Jackson Hole Property, but
26 falsely reported that the Jackson Hole Property was held by defendant
27 SINCLAIR as an investment property.

28

1 Overt Act No. 16: On or about March 8, 2022, Co-Conspirator 2
2 met with representatives from the U.S. Department of Justice and the
3 IRS and made false statements and provided false documents to
4 investigators.

5 Overt Act No. 17: On or about May 11, 2022, Co-Conspirator 2 met
6 with representatives from the U.S. Department of Justice and the IRS
7 and made false statements and provided false documents to
8 investigators.

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COUNT TWO

[26 U.S.C. § 7206(1)]

[DEFENDANT SINCLAIR]

127. Paragraphs 1 through 123, 125, and 126 of this Indictment are realleged as if set forth fully herein.

128. On or about October 6, 2015, in Los Angeles County, within the Central District of California, and elsewhere, defendant JOHN NIGEL BARTON SINCLAIR willfully made and subscribed a false Certification by U.S. Person Residing in the United States for Streamlined Domestic Offshore Procedures, Form 14654, ("SDOP Disclosure") with attachments, which was verified by a written declaration that it was made under the penalties of perjury and filed with the IRS, and which defendant SINCLAIR did not believe to be true and correct as to every material matter. The SDOP Disclosure and attached Statements A and B, were not true and correct in the following ways:

a. On Statement A:

i. Defendant SINCLAIR falsely stated that it was his understanding that the funds held and controlled by Strachans would be properly reportable and subject to tax when distributed to him, whereas defendant SINCLAIR knew that the funds were reportable and subject to tax when they were earned by him.

ii. Defendant SINCLAIR falsely stated that he believed that in 2009 Strachans transferred an undetermined amount of the Intermedia proceeds to an undisclosed bank under the custody and control of entities presumably owned by Strachans, whereas defendant SINCLAIR knew that the funds were transferred to UBS in 2007, had remained there, and were not held or controlled by Strachans but were

1 instead defendant SINCLAIR's funds held in an account in the name of
2 Co-Conspirator 4 for defendant SINCLAIR's benefit.

3 iii. Defendant SINCLAIR falsely stated that he was unaware
4 of the balance of the funds, where the account was maintained, the
5 account number, the account name, or how to access the funds, whereas
6 defendant SINCLAIR knew that information, could access that
7 information, and did access that information.

8 iv. Defendant SINCLAIR falsely stated that he and his
9 attorney made repeated attempts to obtain information about the
10 account and gain access to the funds but were unsuccessful, whereas
11 Strachans and Co-Conspirator 4 had given defendant SINCLAIR
12 information about the account and defendant SINCLAIR had the ability
13 to access the funds.

14 v. Defendant SINCLAIR falsely stated that it was his
15 understanding that the funds were placed out of his reach with the
16 intention of preventing him from ever claiming an interest in the
17 funds, whereas defendant SINCLAIR knew that the funds were
18 transferred to UBS at his instruction and were held for his benefit.

19 b. On Statement B:

20 i. Defendant SINCLAIR falsely stated that the Collector's
21 Guitar and the Jackson Hole Property were purchased for investment
22 purposes, whereas defendant SINCLAIR knew that both assets were
23 acquired for his personal use and enjoyment.

24 ii. Defendant SINCLAIR falsely stated that the Collector's
25 Guitar was controlled by Virtual Graphics Properties, whereas
26 defendant SINCLAIR knew that at all times he controlled the
27 Collector's Guitar and that it was held in the name of George Square.

28 c. On Form 14654:

1 i. Defendant SINCLAIR falsely listed under "Amount of Tax
2 I Owe" as \$0.00 for 2011, 2012, and 2013, whereas defendant SINCLAIR
3 knew that he owed additional tax for those years.

4 ii. For years 2009 through 2014, defendant SINCLAIR
5 falsely stated that the total value of his foreign financial assets
6 subject to the 5% miscellaneous offshore penalty was \$9,150,000,
7 where defendant SINCLAIR knew that the total value was substantially
8 greater than what was reported.

9 iii. For years 2009 through 2014, defendant SINCLAIR did
10 not report all his interests in foreign financial assets, omitting
11 interests he knew he had in bank accounts at UBS, Edmund De
12 Rothschild Bank, and Credit Suisse Monaco.

13 iv. Defendant SINCLAIR falsely stated that the Collector's
14 Guitar was held by Virtual Graphic Properties, whereas defendant
15 SINCLAIR knew that the Collector's Guitar was nominally held for his
16 benefit by George Square Trading.

17 v. Defendant SINCLAIR falsely stated that his failure to
18 report all of his foreign financial assets was due to a "combination
19 of his negligence, lack of knowledge of applicable tax forms, mistake
20 of law as to his reporting obligations, and his good faith
21 misunderstanding of the same," whereas defendant SINCLAIR knew his
22 failure to report his financial assets was willful and intentional.

23 vi. Defendant SINCLAIR falsely stated that he was unable
24 to obtain the location, the account number, the account balance, and
25 the name of the foreign account, whereas defendant SINCLAIR knew and
26 had access to all that information.

27 vii. Defendant SINCLAIR falsely stated that he believed the
28 Form 14654 and the accompany schedules and statements to be true,

1 correct, and complete to the best of his knowledge, whereas defendant
2 SINCLAIR knew that the Form 14654 and the accompanying schedules and
3 statements to be untrue, incorrect, and incomplete.

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COUNT THREE

[26 U.S.C. § 7206(1)]

[DEFENDANT SINCLAIR]

129. Paragraphs 1 through 123, 125, and 126 of this Indictment are realleged as if set forth fully herein.

130. On or about October 6, 2015, in Los Angeles County, within the Central District of California, and elsewhere, defendant JOHN NIGEL BARTON SINCLAIR willfully made and subscribed a false Form 1040X, Amended U.S. Individual Income Tax Return, for 2011, which was verified by a written declaration that it was made under the penalties of perjury and filed with the IRS, which defendant SINCLAIR did not believe to be true and correct as to every material matter. The amended return included a declaration that defendant SINCLAIR had examined the amended return, including accompanying schedules and statements, and that the amended return was true, correct, and complete. In fact, as defendant SINCLAIR knew, the return was not complete because on Form 8938, Statement of Specified Foreign Financial Assets, including continuation sheets, defendant SINCLAIR did not report the Penville Global account-Acct. XXX-XX7447-at UBS, N.A., of which he was the beneficial owner.

COUNT FOUR

[26 U.S.C. § 7206(1)]

[DEFENDANT SINCLAIR]

131. Paragraphs 1 through 123, 125, and 126 of this Indictment are realleged as if set forth fully herein.

132. On or about October 6, 2015, in Los Angeles County, within the Central District of California, and elsewhere, defendant JOHN NIGEL BARTON SINCLAIR willfully made and subscribed a false Form 1040X, Amended U.S. Individual Income Tax Return, for 2012, which was verified by a written declaration that it was made under the penalties of perjury and filed with the IRS, which defendant SINCLAIR did not believe to be true and correct as to every material matter. The amended return included a declaration that defendant SINCLAIR had examined the amended return, including accompanying schedules and statements, and that the amended return was true, correct, and complete. In fact, as defendant SINCLAIR knew, the return was not complete because on Form 8938, Statement of Specified Foreign Financial Assets, including continuation sheets, defendant SINCLAIR did not report the Penville Global Limited account-Acct. XXX-XX7447- at UBS, N.A., of which he was the beneficial owner.

COUNT FIVE

[26 U.S.C. § 7206(1)]

[DEFENDANT SINCLAIR]

133. Paragraphs 1 through 123, 125, and 126 of this Indictment are realleged as if set forth fully herein.

134. On or about October 6, 2015, in Los Angeles County, within the Central District of California, and elsewhere, defendant JOHN NIGEL BARTON SINCLAIR willfully made and subscribed a false Form 1040X, Amended U.S. Individual Income Tax Return, for 2013, which was verified by a written declaration that it was made under the penalties of perjury and filed with the IRS, which defendant SINCLAIR did not believe to be true and correct as to every material matter. The return was false in the following ways:

a. On Form 8938, Statement of Specified Foreign Financial Assets; Part I, Foreign Deposit and Custodial Accounts Summary; Line 1, Number of Deposit Accounts (reported on Form 8938), defendant SINCLAIR reported 2, whereas he knew that he had more than two foreign deposit accounts;

b. On Form 8938, Statement of Specified Foreign Financial Assets; Part I, Foreign Deposit and Custodial Accounts Summary; Line 2, Maximum Value of All Deposit Accounts, defendant SINCLAIR reported \$8,685, whereas he knew that the maximum value of all his foreign deposit accounts was greater than this amount; and

c. The amended return included a false declaration that it was true, correct, and complete, whereas defendant SINCLAIR knew, it was not complete because Form 8938, Statement of Specified Foreign Financial Assets, including continuation sheets, did not report the

1 Penville Global Limited account-Acct. XXX-XX7447-at UBS, N.A., of
2 which he was the beneficial owner.

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COUNT SIX

[18 U.S.C. § 1512(b)(1)]

[DEFENDANT SINCLAIR]

135. Paragraphs 1 through 123, 125, and 126 of this Indictment are realleged as if set forth fully herein.

136. On or about January 10, 2020, in Los Angeles County, within the Central District of California and elsewhere, defendant JOHN NIGEL BARTON SINCLAIR knowingly, intentionally and corruptly persuaded another person, or attempted to do so, or engaged in misleading conduct toward another person, with the intent to influence, delay, or prevent the testimony of such person in an official proceeding, to wit, an investigation conducted by a grand jury empaneled in the Central District of California, by passing a note to Co-Conspirator 2 that instructed him to tell "the truth" to investigators when questioned pursuant to the grand jury investigation, to wit, that defendant SINCLAIR and Co-Conspirator 2 went to Switzerland to review documents in anticipation of a business deal, whereas defendant SINCLAIR knew that was not the purpose of their trip to Switzerland.

COUNT SEVEN

[31 U.S.C. §§ 5314, 5322(a),
31 C.F.R. §§ 1010.350, 1010.306(c)-(d), and 1010.840(b)]

[DEFENDANT SINCLAIR]

137. Paragraphs 1 through 123, 125, and 126 of this Indictment are realleged as if set forth fully herein.

138. On or about October 15, 2017, in Los Angeles County, within the Central District of California, and elsewhere, defendant JOHN NIGEL BARTON SINCLAIR willfully failed to file with the U.S. Department of the Treasury an FBAR disclosing that he had a financial interest in, and signature and other authority over, a bank, securities, and financial account in a foreign country, which had an aggregate value exceeding \$10,000 during the 2016 calendar year, to wit, the Penville Global Limited account-Acct. XXX-XX7447-at UBS, N.A.

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COUNT EIGHT

[31 U.S.C. §§ 5314, 5322(a),
31 C.F.R. §§ 1010.350, 1010.306(c)-(d), and 1010.840(b)]

[DEFENDANT SINCLAIR]

139. Paragraphs 1 through 123, 125, and 126 of this Indictment are realleged as if set forth fully herein.

140. On or about October 15, 2018, in Los Angeles County, within the Central District of California, and elsewhere, defendant JOHN NIGEL BARTON SINCLAIR willfully failed to file with the U.S. Department of the Treasury an FBAR disclosing that he had a financial interest in, and signature and other authority over, a bank, securities, and financial account in a foreign country, which had an

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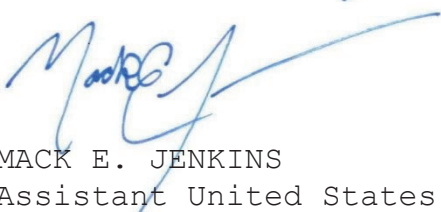
1 aggregate value exceeding \$10,000 during the 2017 calendar year, to
2 wit, the Penville Global Limited account-Acct. XXX-XX7447-at UBS,
3 N.A.

4 A TRUE BILL

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7 /s/ _____

8 Foreperson
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10
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12 E. MARTIN ESTRADA
13 United States Attorney

14 
15
16 MACK E. JENKINS
17 Assistant United States Attorney
18 Chief, Criminal Division

19 KRISTEN A. WILLIAMS
20 Assistant United States Attorney
21 Chief, Major Frauds Section

22 PETER J. ANTHONY
23 Trial Attorney, Tax Division
24 United States Department of Justice

25 ERIKA V. SUHR
26 Trial Attorney, Tax Division
27 United States Department of Justice

28 MATTHEW J. KLUGE
Assistant Chief, Tax Division
United States Department of Justice