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UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

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UNITED STATES OF AMERICA : Hon. Zahid N. Quraishi
 :
v. : Crim. No. 22-318
 :
GORDIAN A. NDUBIZU : 26 U.S.C. § 7201
 : 26 U.S.C. § 7206(1)
 :

INDICTMENT

The Grand Jury in and for the District of New Jersey, sitting at Trenton, charges as follows:

COUNTS ONE THROUGH FOUR
(Evasion of the Assessment of Taxes Due and Owing)

1. At all times relevant to this Indictment:

a. Defendant GORDIAN A. NDUBIZU (“NDUBIZU”) was a resident of Mercer County, New Jersey, who held a Ph.D. in accounting and was employed as professor of accounting at a Pennsylvania university. In addition to his work as a professor, NDUBIZU co-owned with his wife Healthcare Pharmacy (“HCP”), a pharmacy organized as an S corporation, located in Trenton, New Jersey.

b. “S corporations” were corporations that elected to pass corporate income, losses, deductions, and credits through to their shareholders for federal tax purposes. Shareholders of S corporations reported the flow-through of income and losses on their personal tax returns and were assessed tax at their individual income tax rates.

c. As an S corporation, HCP was required to make and file annually a United States S Corporation Income Tax Return, Form 1120S

(“Form 1120S”), reporting, among other items, HCP’s Gross Receipts or Sales on Line 1a; Costs of Goods Sold on Line 2; and Total Income on Line 6.

d. Federal tax law permitted small business owners of companies, including S corporations, that made or bought goods to sell to deduct their legitimate “Costs of Goods Sold” from their “Gross Receipts.” Costs of Goods Sold were determined by tallying the value of the business’s inventory at the beginning of each year, adding the value of any purchases, adding the costs of labor (other than the owner’s labor), adding the costs of materials and supplies, adding any other goods or inventory-related costs, and finally subtracting the value of the business’s inventory at the end of the year. The purpose of this calculation was to avoid taxing a business on the money it spent to manufacture or acquire the goods it sold. The government did not tax this money because, when properly calculated, the business and business owner did not retain any of this money — it had all been spent manufacturing or acquiring the goods the business sold.

e. As a citizen and resident of the United States who received income in excess of the minimum filing amount established by law for each tax year, NDUBIZU was required to make and file annually a United States Individual Income Tax Return, Form 1040 (“Form 1040”). NDUBIZU was responsible for reporting on his Form 1040, among other items, his total income from whatever sources derived, including the pass-through income he received as a co-owner and shareholder of his S corporation, HCP.

f. NDUBIZU and HCP utilized the tax preparation services of Company-1 (“Company-1”) in Robbinsville, New Jersey.

g. Tax Preparer-1, an employee of Company-1, prepared HCP’s Forms 1120S for tax years 2014, 2015, 2016, and 2017. Tax Preparer-1 also prepared NDUBIZU’s Form 1040 for tax year 2017.

h. Tax Preparer-2, an employee of Company-1, prepared NDUBIZU’s Forms 1040 for tax years 2014, 2015, and 2016.

i. Tax Preparer-1 and Tax Preparer-2 prepared HCP’s and NDUBIZU’s tax forms using information supplied by NDUBIZU, and electronically filed HCP’s and NDUBIZU’s tax forms at NDUBIZU’s direction and with his authorization.

j. For each of tax years 2014, 2015, 2016, and 2017, NDUBIZU signed IRS e-file Signature Authorization Forms 8879 (“Forms 8879”), declaring under penalty of perjury that his tax returns were true, correct, and complete; and authorizing Company-1 to electronically file those forms with the IRS on his behalf.

2. In each of the tax years 2014, 2015, 2016, and 2017, NDUBIZU concealed income passed through to him from HCP by willfully and fraudulently inflating HCP’s Costs of Goods Sold. Among other things, Costs of Goods Sold are deducted from a business’s Gross Receipts to determine the Total Income or Loss generated by the business. NDUBIZU provided false information to Company-1 that characterized numerous wire transfers from HCP’s business account to other accounts as payments by wire for goods

purchased by HCP, to be included in HCP's Costs of Goods Sold. In fact, many of these wire transfers were to personal bank accounts owned and controlled by NDUBIZU and to overseas bank accounts in Nigeria held in the name of Ndubizu Motors, Ltd., an automotive company controlled by NDUBIZU; and Individual-1, a person associated with Ndubizu Motors, Ltd. These transfers were not made to pay for any of the goods sold by HCP.

3. NDUBIZU willfully caused the preparation and electronic filing of materially false Forms 1120S for HCP and Forms 1040 for NDUBIZU, which understated the income passing through from HCP to NDUBIZU and his wife, in order to evade additional taxes due and owing.

4. NDUBIZU did not inform Tax Preparer-1 or Tax Preparer-2 of the existence of the bank accounts of Ndubizu Motors, Ltd., in Nigeria, that he controlled.

5. NDUBIZU willfully caused the preparation and electronic filing of materially false Forms 1040, which did not disclose the existence of the Ndubizu Motors, Ltd., accounts in Nigeria, and declared in Schedule B that NDUBIZU did not have a financial interest in or signature authority over any financial account, such as a bank account, located in a foreign country.

6. Between in or around the dates set forth in the table below, in Mercer County, in the District of New Jersey, and elsewhere, the defendant,

GORDIAN A. NDUBIZU,

did willfully attempt to evade and defeat substantial income tax due and owing by him and his spouse to the United States of America, for the tax years set

forth below, by committing the following affirmative acts, among others, with each tax year constituting a separate count of this Indictment:

a. paragraphs 1 through 5 of this Indictment are realleged as if set forth in full herein;

b. preparing and causing to be prepared, and signing and causing to be signed, false and fraudulent Forms 1040, which were submitted to the Internal Revenue Service;

c. preparing and causing to be prepared, and signing and causing to be signed, false and fraudulent Forms 1120S for HCP, which were submitted to the Internal Revenue Service;

d. submitting false and fraudulent business records and ledgers to Tax Preparer-1 and Tax Preparer-2 inflating HCP's Costs of Goods Sold;

e. wiring substantial amounts of HCP's gross receipts to personal bank accounts in the United States and to Ndubizu Motors, Ltd., bank accounts in Nigeria controlled by NDUBIZU and individuals associated with Ndubizu Motors, Ltd.; and

f. failing to report NDUBIZU's financial interest in and control over accounts in a foreign country, namely, Nigeria, and falsely reporting to the Internal Revenue Services that NDUBIZU had no financial interest in or control over any bank account in a foreign country.

Count	Approximate Date Return Filed	Tax Year	Approximate Amount Not Reported	Approximate Tax Due & Owing (Excluding Penalties & Interest)
One	April 13, 2015	2014	\$ 787,421.00	\$ 300,352.00
Two	April 15, 2016	2015	\$ 606,265.00	\$ 223,301.00
Three	April 7, 2017	2016	\$ 969,170.00	\$ 375,024.00
Four	April 17, 2018	2017	\$ 920,346.00	\$ 354,342.00
		Total:	\$ 3,283,202.00	\$ 1,253,019.00

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

COUNTS FIVE THROUGH EIGHT
(Making and Subscribing False Tax Returns)

7. The allegations set forth in paragraphs 1 through 6 of Counts One through Four of this Indictment are realleged as if set forth in full herein.

8. On or about the dates set forth in the table below, in Mercer County, in the District of New Jersey, and elsewhere, the defendant,

GORDIAN A. NDUBIZU,

did willfully make and subscribe and file and cause to be filed with the Internal Revenue Service the Forms 1040 set forth below, for the tax periods and taxpayers set forth below, each of which Forms 1040 was verified by a written declaration that it was made under the penalties of perjury, each of which NDUBIZU knew not to be true and correct as to every material matter in that each Form 1040 reported total income that NDUBIZU knew to be false and each Form 1040 Schedule B reported that NDUBIZU did not have a financial interest in or signature authority over any financial account, such as a bank account, located in a foreign country, which NDUBIZU knew to be false; and each false Form 1040 constituting a separate count of this Indictment:

Count	Approximate Date Return Filed	Tax Year	Tax Form	False Statements
Five	April 13, 2015	2014	1040	Line 22 Total Income - \$239,545
				Schedule B, Line 7a - At any time during 2014, did you have a financial interest in or signature authority over a financial account (such as a bank account, securities account, or brokerage account) located in a foreign country? - No
Six	April 15, 2016	2015	1040	Line 22 Total Income - \$215,308
				Schedule B, Line 7a - At any time during 2015, did you have a financial interest in or signature authority over a financial account (such as a bank account, securities account, or brokerage account) located in a foreign country? - No
Seven	April 7, 2017	2016	1040	Line 22 Total Income - \$230,074
				Schedule B, Line 7a - At any time during 2016, did you have a financial interest in or signature authority over a financial account (such as a bank account, securities account, or brokerage account) located in a foreign country? - No
Eight	April 17, 2018	2017	1040	Line 22 Total Income - \$258,426
				Schedule B, Line 7a - At any time during 2017, did you have a financial interest in or signature authority over a financial account (such as a bank account, securities account, or brokerage account) located in a foreign country? - No

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

A TRUE BILL

FOREPERSON

Philip R. Sellinger b7c

PHILIP R. SELLINGER
United States Attorney

CASE NUMBER: 22-318

**United States District Court
District of New Jersey**

UNITED STATES OF AMERICA

v.

GORDIAN A. NDUBIZU

INDICTMENT FOR

**26 U.S.C. § 7201
26 U.S.C. § 7206(1)**

A True Bill,

Foreperson

**PHILIP R. SELLINGER
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FOR THE DISTRICT OF NEW JERSEY**

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