

Name: Alert ID: TMML2024039389309 A federal grand jury in San Francisco, California, returned a 39 count indictment charging Robert T. Brockman, the Chief Executive Officer of an Ohio-based software company, with tax evasion, wire fraud, money laundering, and other offenses, announced Principal Deputy Assistant Attorney General Richard E. Zuckerman of the Tax Division, U.S. Attorney David L. Anderson for the Northern District of California, and Chief of Internal Revenue Service (IRS) Criminal Investigation Jim Lee. The charges stem from an alleged decades-long scheme to conceal approximately \$2 billion in income from the IRS as well as a scheme to defraud investors in the software company's debt securities. "Today's indictment reflects the Department of Justice's commitment to finding and prosecuting the costliest and most sophisticated tax crimes in the United States," said Principal Deputy Assistant Attorney General of the Tax Division Richard E. Zuckerman. "Complexity will not hide crime from law enforcement," said U.S. Attorney Anderson. "Sophistication is not a defense to federal criminal charges. We will not hesitate to prosecute the smartest guys in the room." "As alleged, Mr. Brockman is responsible for carrying out an approximately two billion dollar tax evasion scheme," said Jim Lee, Chief of IRS Criminal Investigation. "IRS Criminal Investigation aggressively pursues tax cheats domestically and abroad. No scheme is too complex or sophisticated for our investigators. Those hiding income or assets offshore are encouraged to come forward and voluntarily disclose their holdings." According to the indictment, Brockman, a resident of Houston, Texas, and Pitkin County, Colorado, used a web of offshore entities based in Bermuda and Nevis to hide from the IRS income earned on his investments in private equity funds which were managed by a San Francisco-based investment firm. As part of the alleged scheme, Brockman directed untaxed capital gains income to secret bank accounts in Bermuda and Switzerland. The indictment further alleges that to execute the fraud, between 1999 and 2019, Brockman took measures such as backdating records and using encrypted communications and code words to communicate with a co-conspirator, among other alleged actions. In addition to the tax offenses, the indictment alleges that, between 2008 and 2010, Brockman engaged in a fraudulent scheme to obtain approximately \$67.8 million in the software company's debt securities. As CEO, Brockman was contractually restricted from purchasing any of the software company's debt securities without prior notice, full disclosure, and amending the associated credit agreements. The indictment alleges that Brockman used a third-party to circumvent those requirements, to acquire the debt securities, and to conceal from the sellers valuable economic information. The indictment further alleges that Brockman used material, non-public information about the software company to make decisions about purchasing the debt. In addition, Brockman allegedly persuaded another individual to alter, destroy, and mutilate documents and computer evidence with the intent to impair the use of such evidence in a grand jury investigation. Brockman is charged with conspiracy, in violation of 18 U.S.C. § 371; seven counts of tax evasion, in violation of 26 U.S.C. § 7201; six counts of failing to file foreign bank account reports, in violation of 31 U.S.C. §§ 5314 & 5322(b); 20 counts of wire fraud affecting a financial institution, in violation of 18 U.S.C. § 1343; two counts of concealment money laundering, in violation of 18 U.S.C. § 1956(a)(1)(B)(i)), and tax evasion money laundering, in violation of 18 U.S.C. § 1956(a)(1)(A)(ii)); and one count each of international concealment money laundering, in violation of 18 U.S.C. § 1956(a)(2)(B)(i)); evidence tampering, in violation of 18 U.S.C. § 1512(b)(2)(B), and destruction of evidence, in violation of 18 U.S.C. § 1512(c)(1). An indictment merely alleges that crimes have been committed. The defendant is presumed innocent until proven guilty beyond a reasonable doubt. If convicted, Brockman potentially faces a substantial period of incarceration, as well as restitution and criminal forfeiture. Any sentence following conviction would be imposed by the court only after consideration of the U.S. Sentencing Guidelines and the federal statute governing the imposition of a sentence, 18 U.S.C. § 3553. Brockman is scheduled to make his initial federal court appearance before U.S. Magistrate Judge Nathanael M. Cousins today. The case is being prosecuted by Senior Litigation Counsel Corey Smith of the Tax Division, Assistant U.S. Attorney Michael G. Pitman, and Trial Attorneys Lee Langston and Christopher Magnani of the Tax Division. The Justice Department's Office of International Affairs of the Department's Criminal Division also provided extensive assistance in this matter.