

COUNT 1
(Possession and Concealment of Stolen Property)

104. The allegations set forth in Paragraphs 1 through 103 of this Superseding Indictment are re-alleged and incorporated as if fully set forth herein.

105. From in or about June 2008, to in or about January 2012, at Tacoma, in the Western District of Washington, and elsewhere, TROY X. KELLEY did possess and conceal stolen property, knowing the same to have been stolen, unlawfully converted, and taken, namely, money of a value of \$5,000 or more, which money had crossed a State boundary after being stolen, unlawfully converted, and taken, to wit, funds that were
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1201 PACIFIC AVENUE, SUITE 700
TACOMA, WASHINGTON 98402
(253) 428-3800

1 taken by fraud from Fidelity National Title and borrowers between January 2006 and
2 March 2008, taken by fraud from Old Republic Title and borrowers between June 2006
3 and June 2008, and stolen by TROY X. KELLEY between January 2006 and June 2008,
4 and that subsequently were transferred to an account in the name of Blackstone
5 International, Inc., at Nevada State Bank, in the State of Nevada, and further transferred
6 to an account in the name of Berkeley United, LLC, at Vanguard, in the State of
7 Pennsylvania.

8 All in violation of Title 18, United States Code, Section 2315.

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10 **COUNT 2**
11 **(False Declaration)**

12 106. The allegations set forth in Paragraphs 1 through 12, 14 through 94, and
13 102 through 103 of this Superseding Indictment are re-alleged and incorporated as if fully
14 set forth herein.

15 107. On or about August 2, 2010, at Seattle, in the Western District of
16 Washington, TROY X. KELLEY, while under oath and testifying in a civil deposition,
17 knowingly did make a false material declaration in a proceeding before and ancillary to a
18 court of the United States.

19 108. On December 10, 2009, Old Republic Title filed a civil lawsuit in King
20 County Superior Court, which was removed to the United States District Court for the
21 Western District of Washington, *Old Republic Title, Ltd v. Troy Kelley, et al.*, C10-
22 0038JLR, on January 6, 2010. The lawsuit included allegations that, pursuant to TROY
23 X. KELLEY's agreement with Old Republic Title, TROY X. KELLEY and Post Closing
24 Department were obligated to return unused reconveyance-processing fees to borrowers,
25 but did not do so. Among other things, the lawsuit alleged that this failure constituted a
26 breach of contract and unjust enrichment. Accordingly, at the time and place of
27 aforesaid deposition, it was material whether, during a previous class action lawsuit in
28 relation to an agreement similar to the one TROY X. KELLEY entered into with Old
Republic Title, TROY X. KELLEY, after the class action lawsuit was filed,
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1201 PACIFIC AVENUE, SUITE 700
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(253) 428-3800

1 acknowledged that he was obligated to pay refunds to borrowers by sending the lead
2 plaintiff, F.C., a \$250 refund under cover of a letter acknowledging Post Closing
3 Department's obligation to pay the refund.

4 109. At the time and place alleged, TROY X. KELLEY appearing as a witness
5 under oath during a deposition, knowingly made the following declarations in response to
6 questions with respect to the material matter alleged, as follows:

7
8 Question: But you're denying that you sent this letter?

9 Answer: Yes.

10 Question: Or denying a recollection of it?

11 Answer: Yes.

12 Question: Which –

13 Answer: I don't remember this at all.

14 Question: You think it's likely that you sent it?

15 Answer: No.

16 Question: Think it's most likely that you did not?

17 Answer: Yes.

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21 110. The answer given by TROY X. KELLEY to the next-to-last question, as he
22 then and there well knew and believed, was false in that, as he was well aware, TROY X.
23 KELLEY personally wrote the letter and caused the letter to be written, purchased the
24 check made payable to F.C. for \$250, and sent the letter to F.C.

25 All in violation of Title 18, United States Code, Section 1623(a).
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COUNT 3
(False Declaration)

111. The allegations set forth in Paragraphs 1 through 103 of this Superseding Indictment are re-alleged and incorporated as if fully set forth herein.

112. On or about April 8, 2011, at Olympia and Seattle, in the Western District of Washington, TROY X. KELLEY, in a declaration under penalty of perjury as permitted under Title 28, United States Code, Section 1746, knowingly did make a false material declaration in a proceeding before and ancillary to a court of the United States.

113. On December 10, 2009, Old Republic Title filed a civil lawsuit in King County Superior Court, which was removed to the United States District Court for the Western District of Washington, *Old Republic Title, Ltd v. Troy Kelley, et al.*, C10-0038JLR, on January 6, 2010. The lawsuit included allegations that, pursuant to TROY X. KELLEY's agreement with Old Republic Title, TROY X. KELLEY and Post Closing Department were obligated to return unused reconveyance-processing fees to borrowers, but did not do so. Among other things, the lawsuit alleged that this failure constituted a breach of contract and unjust enrichment. Accordingly, it was material whether during a previous class action lawsuit, in relation to an agreement similar to the one TROY X. KELLEY entered into with Old Republic Title, TROY X. KELLEY, after the class action lawsuit was filed, acknowledged that he was obligated to pay refunds to borrowers by sending the lead plaintiff, F.C., a \$250 refund under cover of a letter acknowledging Post Closing Department's obligation to pay the refund.

114. At the time and place alleged, TROY X. KELLEY signed and filed with the court a declaration in which he knowingly made the following statement with respect to the material matter alleged:

Old Republic has also submitted a copy of a letter from the *Cornelius* litigation in which someone tried to return money to the plaintiff in that case. As I testified at my deposition, I didn't send this letter, and I don't know who did.

1 115. The aforesaid statement of TROY X. KELLEY, as he then and there well
2 knew and believed, was false in that, as he was well aware, TROY X. KELLEY
3 personally wrote the letter and caused the letter to be written, purchased the check made
4 payable to F.C. for \$250, sent the letter to F.C., and knew who sent the letter to F.C.

5 All in violation of Title 18, United States Code, Section 1623(a).

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7 **COUNT 4**
8 **(False Declaration)**

9 116. The allegations set forth in Paragraphs 1 through 12, 14 through 94, and
10 102 through 103 of this Superseding Indictment are re-alleged and incorporated as if fully
11 set forth herein.

12 117. On or about August 2, 2010, at Seattle, in the Western District of
13 Washington, TROY X. KELLEY, while under oath and testifying in a civil deposition,
14 knowingly did make a false material declaration in a proceeding before and ancillary to a
15 court of the United States.

16 118. On December 10, 2009, Old Republic Title filed a civil lawsuit in King
17 County Superior Court, which was removed to the United States District Court for the
18 Western District of Washington, *Old Republic Title, Ltd v. Troy Kelley, et al.*, C10-
19 0038JLR, on January 6, 2010. The lawsuit included allegations that, pursuant to TROY
20 X. KELLEY's agreement with Old Republic Title, TROY X. KELLEY and Post Closing
21 Department were obligated to return unused reconveyance-processing fees to borrowers,
22 but did not do so. Among other things, the lawsuit alleged that this failure constituted a
23 breach of contract and unjust enrichment. Accordingly, at the time and place of
24 aforesaid deposition, it was material whether any verbal amendments had been made
25 which would allow Post Closing Department to charge more for reconveyance tracking
26 than had been provided for in the written agreement.

27 119. At the time and place alleged, TROY X. KELLEY appearing as a witness
28 under oath during a deposition knowingly made the following declaration in response to
questions with respect to the material matter alleged, as follows:

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1 Question: Who at Old Republic discussed or negotiated with you any of
2 your charges beyond the \$20 fee specified in the agreement
3 with Old Republic?

4 Answer: Carl [Lago].

5 120. The aforesaid testimony of TROY X. KELLEY, as he then and there
6 well knew and believed, was false in that Carl Lago never discussed or negotiated with
7 TROY X. KELLEY the option of earning more than \$20 per file.

8 All in violation of Title 18, United States Code, Section 1623(a).

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10 **COUNT 5**
11 **(False Declaration)**

12 121. The allegations set forth in Paragraphs 1 through 12, 14 through 94, and
13 102 through 103 of this Superseding Indictment are re-alleged and incorporated as if fully
14 set forth herein.

15 122. On or about August 2, 2010, at Seattle, in the Western District of
16 Washington, TROY X. KELLEY, while under oath and testifying in a civil deposition,
17 knowingly did make a false material declaration in a proceeding before and ancillary to a
18 court of the United States.

19 123. On December 10, 2009, Old Republic Title filed a civil lawsuit in King
20 County Superior Court, which was removed to the United States District Court for the
21 Western District of Washington, *Old Republic Title, Ltd v. Troy Kelley, et al.*, C10-
22 0038JLR, on January 6, 2010. The lawsuit included allegations that, pursuant to TROY
23 X. KELLEY's agreement with Old Republic Title, TROY X. KELLEY and Post Closing
24 Department were obligated to return unused reconveyance processing fees to borrowers,
25 but did not do so. Among other things, the lawsuit alleged that this failure constituted a
26 breach of contract and unjust enrichment. It was TROY X. KELLEY's position that he
27 had not returned unused reconveyance fees because the agreement he had entered with
28 Old Republic Title had been verbally modified, providing that Post Closing Department
could charge additional fees for every task it performed in relation to each file, and, as a
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1 result, there were no unused reconveyance-processing fees. Accordingly, at the time and
2 place of aforesaid deposition, it was material whether Post Closing Department
3 employees kept records reflecting all of the tasks they performed on each file.

4 124. At the time and place alleged, TROY X. KELLEY appearing as a witness
5 under oath during a deposition knowingly made the following declarations in response to
6 questions with respect to the material matter alleged, as follows:

7 Question: So you had a log or spreadsheet? What word would you use?

8 Answer: I would use either word.

9 Question: And it would have a specific breakdown of each of these fees
10 and expenses on each transaction?

11 Answer: Correct.

12 Question: Would it identify who the – what the specific fee was paid to
13 PCD?

14 Answer: Correct.

15 Question: So for example, you mentioned a fee for contacting lenders.

16 Answer: Correct.

17 Question: Would it say what the fee was and that this particular fee was
18 charged to that escrow file and to contact the lender?

19 Answer: That's exactly how –

20 Question: It wouldn't just be "PCD fees \$55" without indicating what?

21 Answer: No, there were separate columns for each different fee.

22 125. The answer given by TROY X. KELLEY to the last question, as he then
23 and there well knew and believed, was false in that, as he was well aware, TROY X.
24 KELLEY had entered into an agreement with Old Republic Title to track its
25 reconveyances for a flat fee of \$20.00 per transaction tracked. Therefore, Post Closing
26 Department employees were not asked to, and did not, keep track of the individual tasks
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28

1 they performed on files. As a result, Post Closing Department's spreadsheets did not
2 identify specific fees paid to Post Closing Department.

3 All in violation of Title 18, United States Code, Section 1623(a).

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5 **COUNT 6**
6 **(Money Laundering)**

7 126. The allegations set forth in Paragraphs 1 through 103 of this Superseding
8 Indictment are re-alleged and incorporated as if fully set forth herein.

9 127. On or about June 7, 2011, at Tacoma, in the Western District of
10 Washington, and elsewhere, TROY X. KELLEY, did knowingly conduct and attempt to
11 conduct a financial transaction affecting interstate and foreign commerce, to wit, deposit
12 a check in the amount of \$245,000 written on an account at Wells Fargo Bank in the
13 name of Berkeley United, LLC, into an account at Columbia Bank in the name of
14 Blackstone International, Inc., which involved the proceeds of a specified unlawful
15 activity, that is, mail fraud, in violation of Title 18, United States Code, Section 1341,
16 and wire fraud in violation of Title 18, United States Code, Section 1343, knowing that
17 the transaction was designed in whole and in part to conceal and disguise the nature,
18 location, source, ownership, and control of the proceeds of specified unlawful activity,
19 and while conducting and attempting to conduct such financial transaction knew that the
20 property involved in the financial transaction represented the proceeds of some form of
21 unlawful activity.

22 All in violation of Title 18, United States Code, Sections 1956(a)(1)(B)(i) and 2.

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24 **COUNT 7**
25 **(Money Laundering)**

26 128. The allegations set forth in Paragraphs 1 through 103 of this Superseding
27 Indictment are re-alleged and incorporated as if fully set forth herein.

28 129. On or about January 6, 2012, at Tacoma, in the Western District of
Washington, and elsewhere, TROY X. KELLEY, did knowingly conduct and attempt to

1 conduct a financial transaction affecting interstate and foreign commerce, to wit, deposit
2 a check in the amount of \$245,000 written on an account at Vanguard in the name of
3 Berkeley United, LLC, into an account at Columbia Bank in the name of Blackstone
4 International, Inc., which involved the proceeds of a specified unlawful activity, that is,
5 mail fraud, in violation of Title 18, United States Code, Section 1341, and wire fraud in
6 violation of Title 18, United States Code, Section 1343, knowing that the transaction was
7 designed in whole and in part to conceal and disguise the nature, location, source,
8 ownership, and control of the proceeds of specified unlawful activity, and while
9 conducting and attempting to conduct such financial transaction knew that the property
10 involved in the financial transaction represented the proceeds of some form of unlawful
11 activity.

12 All in violation of Title 18, United States Code, Sections 1956(a)(1)(B)(i) and 2.

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14 **COUNT 8**
15 **(Money Laundering)**

16 130. The allegations set forth in Paragraphs 1 through 103 of this Superseding
17 Indictment are re-alleged and incorporated as if fully set forth herein.

18 131. On or about January 3, 2013, at Tacoma, in the Western District of
19 Washington, and elsewhere, TROY X. KELLEY, did knowingly conduct and attempt to
20 conduct a financial transaction affecting interstate and foreign commerce, to wit, deposit
21 a check in the amount of \$245,000 written on an account at Vanguard in the name of
22 Blackstone International, Inc., into an account at Columbia Bank in the name of
23 Blackstone International, Inc., which involved the proceeds of a specified unlawful
24 activity, that is, mail fraud, in violation of Title 18, United States Code, Section 1341,
25 and wire fraud in violation of Title 18, United States Code, Section 1343, knowing that
26 the transaction was designed in whole and in part to conceal and disguise the nature,
27 location, source, ownership, and control of the proceeds of specified unlawful activity,
28 and while conducting and attempting to conduct such financial transaction knew that the

1 property involved in the financial transaction represented the proceeds of some form of
2 unlawful activity.

3 All in violation of Title 18, United States Code, Sections 1956(a)(1)(B)(i) and 2.
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5 **COUNT 9**
6 **(Money Laundering)**

7 132. The allegations set forth in Paragraphs 1 through 103 of this Superseding
8 Indictment are re-alleged and incorporated as if fully set forth herein.

9 133. On or about January 24, 2014, at Tacoma, in the Western District of
10 Washington, and elsewhere, TROY X. KELLEY, did knowingly conduct and attempt to
11 conduct a financial transaction affecting interstate and foreign commerce, to wit, deposit
12 a check in the amount of \$245,000 written on an account at Vanguard in the name of
13 Blackstone International, Inc., into an account at Columbia Bank in the name of
14 Blackstone International, Inc., which involved the proceeds of a specified unlawful
15 activity, that is, mail fraud, in violation of Title 18, United States Code, Section 1341,
16 and wire fraud in violation of Title 18, United States Code, Section 1343, knowing that
17 the transaction was designed in whole and in part to conceal and disguise the nature,
18 location, source, ownership, and control of the proceeds of specified unlawful activity,
19 and while conducting and attempting to conduct such financial transaction knew that the
20 property involved in the financial transaction represented the proceeds of some form of
21 unlawful activity.

22 All in violation of Title 18, United States Code, Sections 1956(a)(1)(B)(i) and 2.
23

24 **COUNT 10**
25 **(Money Laundering)**

26 134. The allegations set forth in Paragraphs 1 through 103 of this Superseding
27 Indictment are re-alleged and incorporated as if fully set forth herein.
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1 135. On or about February 2, 2015, at Tacoma, in the Western District of
2 Washington, and elsewhere, TROY X. KELLEY, did knowingly conduct and attempt to
3 conduct a financial transaction affecting interstate and foreign commerce, to wit, deposit
4 by means of wire transfer \$245,000 from an account at Vanguard in the name of
5 Blackstone International, Inc., into an account at Columbia Bank in the name of
6 Blackstone International, Inc., which involved the proceeds of a specified unlawful
7 activity, that is, mail fraud, in violation of Title 18, United States Code, Section 1341,
8 and wire fraud in violation of Title 18, United States Code, Section 1343, knowing that
9 the transaction was designed in whole and in part to conceal and disguise the nature,
10 location, source, ownership, and control of the proceeds of specified unlawful activity,
11 and while conducting and attempting to conduct such financial transaction knew that the
12 property involved in the financial transaction represented the proceeds of some form of
13 unlawful activity.

14 All in violation of Title 18, United States Code, Sections 1956(a)(1)(B)(i) and 2.

15
16 **COUNT 11**
17 **(Corrupt Interference with Internal Revenue Laws)**

18 136. The allegations set forth in Paragraphs 1 through 103 of this Superseding
19 Indictment are re-alleged and incorporated as if fully set forth herein.

20 137. Beginning in or before 2007 and continuing until the present, at Tacoma
21 and elsewhere, in the Western District of Washington, TROY X. KELLEY did corruptly
22 endeavor to obstruct and impede the due administration of the internal revenue laws by
23 failing to declare income that he had obtained by fraud and stolen in the years in which
24 he obtained such income, by falsely declaring a portion of that income in later years in an
25 attempt to make the income legitimate, by claiming fraudulent deductions to reduce his
26 tax obligation on the portion of the income that he did declare, and by making false
27 statements to Internal Revenue Service employees who interviewed him concerning the
28 income.

138. The Internal Revenue Service ("IRS") is an agency of the United States
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1201 PACIFIC AVENUE, SUITE 700
TACOMA, WASHINGTON 98402
(253) 428-3800

1 within the Department of Treasury of the United States responsible for enforcing and
2 administering the tax laws of the United States. The federal income tax system of the
3 United States relies upon citizens to truthfully, accurately, and timely report income and
4 expense information to the IRS.

5 139. Between 2006 and 2008, having fraudulently obtained and stolen funds
6 from Fidelity National Title, Old Republic Title, and borrowers, TROY X. KELLEY
7 fully realized that the title companies and borrowers might seek the return of their funds.
8 Accordingly, TROY X. KELLEY sought to avoid payment of taxes on the fraudulently-
9 obtained and stolen funds, at least until after any such action was resolved.

10 140. To do so, between 2006, and 2008, TROY X. KELLEY deliberately
11 underreported on tax returns for the tax years 2006 through 2008, the income that United
12 National earned and that flowed through to Blackstone and ATS, and then to TROY X.
13 KELLEY's and D.D.K.'s tax returns. In total, TROY X. KELLEY failed to report a total
14 of more than \$3,000,000 of income on United's tax returns for 2006 through 2008. As a
15 result, TROY X. KELLEY failed to report on his and D.D.K.'s joint tax returns, and to
16 pay, a total of approximately \$1,000,000 of taxes for those three years.

17 141. After failing to report Post Closing Department's true income on United
18 National's tax returns for the years 2006 through 2008, TROY X. KELLEY kept that
19 untaxed money in an account in the name of Berkeley United at Vanguard from 2008
20 through 2011. On May 3, 2011, TROY X. KELLEY settled the last remaining piece of
21 litigation against him relating to the stolen reconveyance funds. Following that
22 settlement, TROY X. KELLEY paid Old Republic \$1,050,000 drawn from the Berkeley
23 United account at Vanguard, so that Old Republic could refund the money to borrowers.

24 142. Beginning a month later, on June 3, 2011, TROY X. KELLEY transferred
25 \$245,000 per year of this money to accounts that he controlled. TROY X. KELLEY
26 reported this amount as income on Blackstone tax returns for the years 2011 through at
27 least 2013. TROY X. KELLEY offset the income by claiming fraudulent deductions for
28 expenses that either were wholly fraudulent or that were for personal expenses, rather

1 than legitimate business expenses of Blackstone. TROY X. KELLEY claimed these
2 fraudulent expenses both to reduce his tax obligation, and in an attempt to provide an
3 appearance of legitimacy for Blackstone, which otherwise would have had substantial
4 income but no reported expenses.

5 143. TROY X. KELLEY claimed \$66,147 in fraudulent business deductions on
6 Blackstone's 2011 Form 1120S, and claimed \$60,425 in business deductions, at least
7 \$57,273 of which were fraudulent, on Blackstone's 2012 Form 1120S. Because
8 Blackstone's ordinary business income was reportable on TROY X. KELLEY's and
9 D.D.K.'s joint personal tax return, TROY X. KELLEY thereby reduced his own taxable
10 income for each of 2011 and 2012. The overall effect of the claimed expenses was to
11 reduce TROY X. KELLEY's personal tax obligation by approximately \$20,000 in each
12 of 2011 and 2012.

13 144. When TROY X. KELLEY was interviewed by Internal Revenue Service –
14 Criminal Investigation Special Agents, on April 19, 2013, TROY X. KELLEY made
15 false and fraudulent statements concerning his actions. In particular, TROY X. KELLEY
16 falsely claimed that Blackstone was continuing to work on reconveyance files, and,
17 thereby, had earned the \$245,000 in income that it reported in each of 2011 and 2012.

18 All in violation of Title 26, United States Code, Section 7212(a).

19
20 **COUNT 12**
21 **(Filing False Income Tax Return)**

22 145. The allegations set forth in Paragraphs 1 through 12, 14 through 94, and
23 102 through 103 of this Superseding Indictment are re-alleged and incorporated as if fully
24 set forth herein.

25 146. On or about October 9, 2008, at Seattle, in the Western District of
26 Washington, TROY X. KELLEY, a resident of Tacoma, Washington, did willfully make
27 and subscribe a US Return of Partnership Income, Form 1065, for United National, LLC
28 for calendar year 2008, which was verified by a written declaration that it was made

under the penalties of perjury and which he did not believe to be true and correct as to
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1 every material matter. That income tax return, which was filed with the Internal Revenue
2 Service, reported "gross receipts or sales" of \$198,996, whereas, as TROY X. KELLEY
3 then and there well knew, United National LLC received additional gross receipts not
4 stated on the return, to wit, at least approximately \$304,019 of additional gross receipts.

5 All in violation of Title 26, United States Code, Section 7206(1).

6
7 **COUNT 13**
8 **(Filing False Income Tax Return)**

9 147. The allegations set forth in Paragraphs 1 through 12, 14 through 94, and
10 102 through 103 of this Superseding Indictment are re-alleged and incorporated as if fully
11 set forth herein.

12 148. On or about March 31, 2009, at Tacoma, in the Western District of
13 Washington, TROY X. KELLEY, a resident of Tacoma, Washington, did willfully make
14 and subscribe a U.S. Individual Income Tax Return, Form 1040, for himself and his wife
15 D.D.K. for calendar year 2008, which was verified by a written declaration that it was
16 made under the penalties of perjury and which he did not believe to be true and correct as
17 to every material matter. That income tax return, which was filed with the Internal
18 Revenue Service, reported income from Blackstone International, Inc., and Attorney
19 Trustee Services, Inc., of \$169,868 and total income of \$322,659, whereas, as TROY X.
20 KELLEY then and there well knew, he and D.D.K. had income from Blackstone
21 International, Inc., and Attorney Trustee Services, Inc., in addition to the amount stated
22 on the return, to wit, additional income of at least approximately \$292,954.

23 All in violation of Title 26, United States Code, Section 7206(1).

24 **COUNT 14**
25 **(Filing False Income Tax Return)**

26 149. The allegations set forth in Paragraphs 1 through 103 of this Superseding
27 Indictment are re-alleged and incorporated as if fully set forth herein.
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1 150. On or about February 28, 2012, at Tacoma, in the Western District of
2 Washington, TROY X. KELLEY, a resident of Tacoma, Washington, did willfully make
3 and subscribe a U.S. Income Tax Return for an S Corporation, Form 1120S, for
4 Blackstone International, Inc., for calendar year 2011, which was verified by a written
5 declaration that it was made under the penalties of perjury and which he did not believe
6 to be true and correct as to every material matter. That income tax return, which was
7 filed with the Internal Revenue Service, reported gross profits of \$245,000 and reported
8 business expenses of \$66,147 as deductions, whereas, as TROY X. KELLEY then and
9 there well knew, Blackstone International did not have the gross profits declared and had
10 not incurred all of the expenses pursuant to any business it had conducted during 2011.

11 All in violation of Title 26, United States Code, Section 7206(1).

12
13 **COUNT 15**
14 **(Filing False Income Tax Return)**

15 151. The allegations set forth in Paragraphs 1 through 103 of this Superseding
16 Indictment are re-alleged and incorporated as if fully set forth herein.

17 152. On or about February 2, 2013, at Tacoma, in the Western District of
18 Washington, TROY X. KELLEY, a resident of Tacoma, Washington, did willfully make
19 and subscribe a U.S. Income Tax Return for an S Corporation, Form 1120S, for
20 Blackstone International, Inc., for calendar year 2012, which was verified by a written
21 declaration that it was made under the penalties of perjury and which he did not believe
22 to be true and correct as to every material matter. That income tax return, which was
23 filed with the Internal Revenue Service, reported gross receipts of \$245,000 and reported
24 business expenses of \$60,425, as deductions, whereas, as TROY X. KELLEY then and
25 there well knew, Blackstone International, Inc., did not have the gross receipts declared
26 and had not incurred \$57,273 of the expenses pursuant to any business it had conducted
27 during 2012.

28 All in violation of Title 26, United States Code, Section 7206(1).

COUNT 16
(False Statements)

153. The allegations set forth in Paragraphs 1 through 103 of this Superseding Indictment are re-alleged and incorporated as if fully set forth herein.

154. On or about April 19, 2013, at Olympia, within the Western District of Washington, TROY X. KELLEY did willfully and knowingly make a materially false, fictitious, and fraudulent statement and representation in a matter within the jurisdiction of the executive branch of the Government of the United States, by informing Internal Revenue Service – Criminal Investigation Special Agents during an interview that, Blackstone International earned the \$245,000 he transferred to Blackstone International, Inc., in each of 2011 and 2012, by continuing to perform work on reconveyance files. The statements and representations were false because, as TROY X. KELLEY then and there knew, TROY X. KELLEY and Blackstone International, Inc., were not performing any significant work tracking reconveyance transactions in 2011 and 2012.

All in violation of Title 18, United States Code, Section 1001.

COUNT 17
(Filing False Income Tax Return)

155. The allegations set forth in Paragraphs 1 through 103 of this Superseding Indictment are re-alleged and incorporated as if fully set forth herein.

156. On or about February 27, 2014, at Tacoma, in the Western District of Washington, TROY X. KELLEY, a resident of Tacoma, Washington, did willfully make and subscribe a U.S. Income Tax Return for an S Corporation, Form 1120S, for Blackstone International, Inc., for calendar year 2013, which was verified by a written declaration that it was made under the penalties of perjury and which he did not believe to be true and correct as to every material matter. That income tax return, which was filed with the Internal Revenue Service, reported gross receipts of \$245,000, whereas, as

1 TROY X. KELLEY then and there well knew, Blackstone International, Inc., did not
2 have the gross receipts declared during 2013.

3 All in violation of Title 26, United States Code, Section 7206(1).
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