

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

Case No. 1:20-CR-79

v.

Hon. Jane M. Beckering
U.S. District Judge

SCOTT ALLAN CHAPPELLE,

Defendant.

GOVERNMENT’S SENTENCING MEMORANDUM

The United States of America, by and through undersigned counsel, respectfully submits this memorandum in aid of the sentencing of the defendant, Scott Chappelle, which is scheduled for September 12, 2022 at 11:00 am.

The defendant evaded his responsibilities as an employer under the federal tax laws by failing to pay over trust fund taxes withheld from his employees’ wages. But the defendant’s truly egregious violations of the law began after the Internal Revenue Service (“IRS”) tried to collect those unpaid taxes from him and his companies; he concealed income and assets from the IRS, often using nominees to disguise his ownership of real property, all the while funding his lavish lifestyle out of the very companies that he claimed were suffering financial hardships and could not afford to pay what they owed. But the defendant’s misconduct didn’t stop there. He also made false statements and submitted fraudulent documents to a mortgage company in connection with a refinance on his vacation home. And when he was finally caught and IRS agents interviewed him, he continued to lie and conceal.

This is a serious case involving more than \$1.6 million dollars in taxes, interest, and penalties that the defendant attempted to evade paying with his lies and sophisticated

concealment. Therefore, the government submits that a term of imprisonment at the high end of the Guidelines range is sufficient, but not greater than necessary, to address the sentencing factors set forth in 18 U.S.C. § 3553(a).

I. BACKGROUND

A. Procedural Background

On June 3, 2020, a grand jury returned an indictment charging the defendant with tax offenses relating to his failure to comply with his responsibilities as an employer under the internal revenue code, including his efforts to evade the payment of taxes assessed against him and one of his companies, and his submission of false tax returns and other documents to the IRS. The indictment also charged the defendant with making false statements to special agents of IRS Criminal Investigation who were investigating the defendant's criminal tax misconduct and making false statements to a bank in connection with a mortgage application.

On April 25, 2022, the defendant pleaded guilty to Count One of the indictment. As part of the statement of facts in his plea agreement, the defendant admitted not only to the conduct charged in Count One, but also to facts supporting the remaining tax offenses, the false statement charges, and the bank fraud charge.

B. Charged Misconduct

For at least eight years, the defendant endeavored to conceal income and assets from the IRS instead of paying the taxes that he and his company owed. He lived a lavish lifestyle with funds that could have been used to satisfy those liabilities, all the while claiming he was

suffering from financial hardships. He submitted multiple false documents to the IRS, lied to IRS employees, and engaged in fraud in connection with a refinance of the mortgage on his vacation home. Below is a summary of some of the facts that the government would have offered at trial to prove the allegations in the indictment.

1. *Tax Evasion and False Forms 433-A and 433-B (Counts 1-4)*

Federal law requires most employers to withhold federal income taxes and Federal Insurance Contribution Act (“FICA”) taxes (i.e. Social Security and Medicare taxes) from their employees’ wages, account for the withheld taxes by filing IRS Forms 941, Employer’s Quarterly Tax Returns, (“Forms 941”), and pay the withheld taxes over to the IRS. These taxes are referred to as Trust Fund Taxes because employers hold the withheld amounts in trust until they are paid to the government. Employers are also required to pay over to the IRS a matching share of FICA taxes equal to the amount withheld from the employees’ wages. A “responsible person” at a business is one who is required to collect, truthfully account for, and pay over to the IRS withheld Trust Fund Taxes and the employer’s matching share of FICA taxes. If a responsible person fails to pay over the Trust Fund Taxes on behalf of his business, the individual may become personally liable for the total amount of Trust Fund Taxes that the business owes. This tax is known as the Trust Fund Recovery Penalty (“TFRP”).

Count One of the Indictment, to which the defendant has pleaded guilty, charged the defendant with attempting to evade and defeat the payment of the TFRPs assessed by the IRS against the defendant as the responsible person for his former company, Terra Management

Company (“Terra Management”), for the first quarter of 2008 through the second quarter of 2009. The defendant was the President of Terra Management and oversaw its operations. As a responsible person for Terra Management, the defendant failed to timely file Forms 941 to account for the Trust Fund Taxes withheld from the wages of Terra Management’s employees and failed to pay over all of the withheld Trust Fund Taxes to the IRS. The IRS attempted to collect the unpaid taxes from Terra Management directly, but was unable to do so because, among other reasons, the defendant ceased operating as Terra Management and began operating as a new entity. Therefore, the IRS assessed the TFRPs against the defendant for these quarters, among others, and attempted to collect the taxes from him directly. The defendant then attempted to evade and defeat the payment of these taxes by numerous means, including making false statements to the IRS about his income and assets, paying personal expenses from business bank accounts, purchasing real and personal property instead of paying the TFRPs, and purchasing real property in the names of nominees.

Many of the false statements that the defendant made to the IRS were in connection with his efforts to compromise his TFRP liabilities. A person who owes taxes such as TFRPs can attempt to negotiate a settlement called an Offer in Compromise by submitting to the IRS an IRS Form 656, Offer in Compromise, and an IRS Form 433-A, Collection Information Statement for Wage Earners and Self-Employed Individuals, (“Form 433-A”), among other documents. The person must truthfully report all of his income, assets and liabilities to the IRS on the Form 433-A and other documents submitted to the IRS so that the IRS can evaluate the Offer in

Compromise and determine the person's ability to pay the taxes due. The defendant submitted four Forms 433-A to the IRS (dated September 9, 2010, March 28, 2011, October 15, 2013, and December 2014) in an attempt to compromise his TFRP liabilities. All of these forms contained materially false statements about the defendant's income and assets. The last of these Forms 433-A (dated December 18, 2014), was charged as a substantive false document offense in Count Four.

On all four Forms 433-A, the defendant failed to report that he owned a vacation home on Lake Michigan in Harbor Springs, Michigan. At the time the defendant submitted the September 2010, March 2011, and October 2013 Forms 433-A, the house was owned by entities that the defendant controlled (Crouch Investment Group and Mid Michigan Rental Properties). At the time the defendant submitted the December 2014 Form 433-A, he held title to the property in his own name. The house, which the real estate appraiser would have testified was valued higher than other properties in the area because of its extensive beach frontage, was worth approximately \$2.8 million in 2009 and \$2.5 million in 2013. Although the defendant began renting out the house in mid-2016 (around the same time he was notified of the criminal investigation), there is no evidence that this house was anything other than a family vacation home until that time.¹ The defendant also described the house as his "family cottage" when he

¹ In his PSR objections, the defendant alleges that the Mid Michigan Rental Properties tax returns for 2012 through 2016 substantiate the rental activity. Indeed, these returns report rental income. But bank records tell the real story. The government has scoured checks received both by Mid Michigan Rental Properties and other entities that the defendant controlled and could not locate a single check that could potentially constitute rental income prior to mid-2016. Therefore,

(continued...)

eventually listed the property for rent on VRBO. Accordingly, it was a personal asset that the defendant was required to report to the IRS on the Forms 433-A.

On the Forms 433-A dated October 2013 and December 2014, the defendant also significantly understated his personal income and failed to disclose that he received income from partnerships and subchapter-S corporations. Bank records for accounts in the name of the defendant and entities that he controlled show that the defendant paid substantial personal expenses from business bank accounts. IRS Revenue Agent Sherry Daniels would have testified that these payments were income to the defendant. IRS Revenue Officer Brandilyn Pawlick, who was assigned to collect unpaid taxes from the defendant and his companies, would have testified that the defendant was required to report this income on the Forms 433-A so that the IRS could evaluate the Offers in Compromise. The personal expenses included the following:

- Payments from Business Bank Accounts – The defendant paid personal expenses directly from accounts in the name of businesses that he controlled. These expenses included:
 - Mortgage payments on his personal residence (paid for by Terra Holdings and C Suites)

there is no evidence that the house was a rental property at the time he failed to report it on the Forms 433-A.



- Mortgage payments for a condominium in East Lansing where the defendant lived for a period of time (paid for by Mid Michigan Rental Properties)
- Mortgage payments on a house in Ohio where the defendant lived with his fiancé and her children (Mid Michigan Rental Properties)
- Mortgage payments on his Harbor Springs house (paid for by Mid Michigan Rental Properties and Meridian Investment Group)



- Maintenance expenses for the Harbor Springs House, including lawncare, pest control, and painting (paid for by Mid Michigan Rental Properties)
- Payments toward the purchase of a 62-foot McKinna Express yacht (paid for by Covenant Investment Group and Strathmore Development Company)



- Boat expenses, including fuel, maintenance and docking fees (paid for by Mid Michigan Rental Properties and Covenant Investment Group)
- Payments for multiple automobiles, including a Subaru for one of the defendant's children, and an Acura and a Range Rover that the defendant admitted to the IRS were personal assets (paid for by Covenant Investment Group, Strathmore Development Company, and Terra Holdings)
- College tuition for the defendant's children at New York University, Michigan State University and Loyola University (paid for by Strathmore Development and Covenant Investment Group)

- Insurance policy premiums (paid for by Covenant Investment Group, Strathmore Development Company, and Terra Holdings)
- Transfers to a checking account in the name of one of his children from business accounts in the names of Terra Holdings, Strathmore Development Company, and Mid Michigan Rental Properties
- Charges on Defendant's American Express Card – The defendant paid the bills for his American Express card with funds from businesses that he controlled. The defendant used this card to pay for personal travel, plastic surgery, boat expenses, college tuition, jewelry, and gold coins.
- Payments from Defendant's PNC Bank Account – The defendant's personal PNC bank account was funded with transfers from businesses that he controlled. The defendant used funds in this account to pay personal expenses, including mortgage payments on his personal residence, college tuition, and boat expenses.

The defendant's efforts to evade the payment of the TFRPs also included purchasing and maintaining real property in the names of nominees instead of his own name. As stated above, between 2009 and 2014 the defendant owned his Harbor Springs vacation house in the name of two entities (Crouch Investment Group and Mid Michigan Rental Properties). In 2015, the defendant purchased a condominium for himself in East Lansing, Michigan. Although he took title in his own name, he immediately transferred it to Mid Michigan Rental Properties. In 2016, the defendant purchased a house in Ohio in which he lived with his fiancé and her children in the

name of Abbot Road Commons. Despite the defendant's repeated claims to the contrary, the government would have proven at trial that these were all personal assets. IRS Revenue Officer Brandilyn Pawlick would have testified that by holding personal assets in nominee names instead of his own name, the defendant it made it more difficult – if not impossible – for the IRS to seize those assets to satisfy the defendant's TFRP liabilities.

Count Two of the indictment charged the defendant with attempting to evade the payment of Trust Fund Tax liabilities that were assessed against Strathmore Development Company, the successor company to Terra Management, for the third and fourth quarters of 2013. IRS records show that the defendant, as a responsible person for Strathmore Development, failed to timely file Forms 941 to account for the Trust Fund Taxes withheld from the wages of the company's employees and failed to pay over all of the withheld Trust Fund Taxes to the IRS. Ultimately, the defendant filed Forms 941 on which he admitted that Strathmore Development owed Trust Fund Taxes. However, he attempted to evade the payment of those liabilities by numerous means, including making false statements to the IRS about Strathmore Development's income and assets and depositing checks payable to Strathmore Development and to an affiliated company into a bank account in the name of another business entity.

One of the means by which the defendant attempted to evade the payment of Strathmore Development's assessed liabilities was to submit a false IRS Form 433-B, Collection Information Statement for Businesses, ("Form 433-B"), to the IRS in June 2014 in connection with his effort to enter into an installment agreement (i.e. a payment plan) with respect to

Strathmore Development's unpaid taxes. On the Form 433-B, which the defendant signed under penalties of perjury, the defendant was required to truthfully report all income, assets, and liabilities of the business so that the IRS could evaluate the proposed installment agreement. However, the defendant made several false statements on this form.

Notably, the defendant falsely stated that the Strathmore Development did not have any "business affiliations," which includes subsidiaries and parent companies. Instead, the defendant should have reported that another company that he controlled – Terra Holdings – owned 95% of Strathmore Development in 2014. In fact, in a later deposition, the defendant admitted that because Terra Holdings owned Strathmore Development, "it's all the same thing." The defendant also should have reported that Terra Lawn and Snow Removal was an affiliated business. During a December 2014 deposition, the defendant admitted that the lawn and snow company was "part of Strathmore" and provided a significant source of income to Strathmore Development. In that same deposition, the defendant admitted that Strathmore Development had other "affiliates" as well, including Bear Creek, and that Strathmore Development earned income through its interest in affiliates. Once again, the defendant concealed information from the IRS that the IRS could have used to identify sources from which the IRS could have collected Strathmore Development's unpaid taxes.

The defendant also falsely stated that the company did not have any notes receivable, another potential levy source. In fact, the company's 2013 and 2014 balance sheets both show that Strathmore Development had notes receivable of more than \$4 million. The defendant made

another false statement about Strathmore Development's income sources as well. In response to a question about whether Strathmore Development had any investments, the defendant answered "NONE." However, on the company's 2014 amended tax return, the defendant reported that Strathmore Development had investments in other companies.

In addition to the numerous falsities on the Form 433-B, the defendant also attempted to evade the payment of Strathmore Development's assessed liabilities by depositing income into a nominee bank account instead of into an account in Strathmore Development's name.

Specifically, the defendant deposited, or caused others to deposit, checks payable to both Strathmore Development, and its affiliated entity Terra Lawn and Snow Removal, into a bank account in the name of Terra Holdings. In 2014 and 2015, more than \$82,000 in checks payable to Terra Lawn and Snow Removal and Strathmore Development were deposited into two different bank accounts in the name of Terra Holdings. Revenue Officer Pawlick would have testified that by depositing income into a nominee bank account, the defendant made it more difficult – if not impossible – for the IRS to collect Strathmore Development's unpaid taxes through a bank account levy.

2. *False Form 941 for Terra Holdings (Count 5)*

Ultimately, the defendant shut down Strathmore Development and began operating his business under yet another name – Terra Holdings – further thwarting the IRS's efforts to collect unpaid taxes from Strathmore Development. While operating as Terra Holdings the defendant continued his failure to comply with his employment tax responsibilities. Specifically, for the

first and second quarters of 2016, the defendant late-filed Forms 941 on behalf of Terra Holdings and failed to make sufficient tax deposits during the quarter to cover Terra Holdings' liabilities. For the third quarter of 2016, the defendant failed to file a timely Form 941. In September 2018, however, while the defendant was under criminal investigation by the IRS, the defendant caused a false Form 941 for Terra Holdings for the third quarter of 2016 to be submitted to the special agent assigned to the investigation. The defendant later submitted a second copy of this return to an IRS service center in January 2019. On this return, the defendant falsely claimed that Terra Holdings had no employees and paid no wages during that quarter. The defendant also sought a refund of federal tax deposits that Terra Holdings made during that quarter (\$44,842) based on the false claim that Terra Holdings did not have a tax liability.

Contrary to the defendant's statements on the return, records from Terra Holdings' payroll provider, ADP, show that Terra Holdings paid net wages totaling more than \$150,000 to 24 employees during the third quarter of 2016. Therefore, the company was not entitled to a refund in the amount claimed; in fact, it owed additional taxes for that quarter.

3. *False Statements to IRS Criminal Investigation (Counts 6 and 7)*

On May 11, 2016, agents of IRS Criminal Investigation interviewed the defendant in connection with the IRS's investigation of his tax misconduct. As part of his guilty plea, the defendant has admitted to making false statements to the agents during this interview. First, the defendant was asked whether he had personally purchased any real estate in the last three years; the defendant answered that he had not. However, he purchased a condominium in East Lansing

Michigan in August 2015 and a house in Powell, Ohio in April 2016. When the agents asked additional questions about the condominium, the defendant falsely stated that he bought the property for his son to live in while attending college. However, homeowners' insurance records show that the defendant intended to live in in the condominium and did, in fact, live there for a period of time. The defendant also falsely stated to the agents that the mortgage on the condominium was primarily paid for with his son's student loan funds. However, the mortgage was paid for with funds from an entity that the defendant controlled (Mid Michigan Rental Properties).

4. *Bank Fraud (Count 8)*

The defendant's misconduct in this case is not limited to tax crimes. Rather, the investigation revealed that the defendant also engaged in fraudulent conduct with respect to his application to refinance the mortgage on his Harbor Springs vacation house. Specifically, the defendant made false statements on a loan application dated February 12, 2014, submitted fabricated records to the mortgage company (Union Savings Bank), and falsely represented that a third party held a lien on the property that needed to be satisfied with the loan proceeds.

The defendant has admitted as part of his guilty plea that he made false statements on the loan application regarding his tax debts and his involvement in lawsuits. First, the defendant falsely stated that he was not a party to any lawsuits, when, in fact, he was a party to at least two lawsuits in Florida at that time. Specifically, he was personally named as a defendant in BayBridge Capital Advisors, LLC v. Alico Flex Holdings, LLC, et al. (Miami-Dade Circuit

Court; 2011-11004-CA-06) and SLF IV Lending, LP v. Bonita Real Estate Partners, et al. (Lee County Circuit Court; 12-CA-050279). In fact, the defendant had been deposed in the Lee County case approximately two months before he submitted the loan application to Union Savings Bank. Second, the defendant falsely stated on the loan application that he was not delinquent on any federal debts, when, in fact, he owed individual income taxes and TFRPs totaling more than \$417,000.

In addition to making false statements on the loan application, the defendant also provided fraudulent documents to Union Savings Bank in connection with the application. The defendant submitted what purported to be bank statements for an account in the name of Strathmore Development. However, these bank statements were altered to make it appear as if the account had substantially more money in it than it actually had. Specifically, the defendant submitted an account statement showing that the company had a balance of \$702,976.53 in its account at Chase as of December 31, 2013. A copy of the real bank statement shows that Strathmore Development only had \$1,976.53 in its account on that date. Similarly, the defendant submitted an account statement showing that the company had a balance of \$715,029.14 in the same account as of January 31, 2014. In fact, the real bank statement only reflects a balance of \$14,029.14.

Finally, the defendant falsely represented to the bank that an entity called Chasco Management and Lending Services (“Chasco Management”) held a lien on the Harbor Springs property that needed to be satisfied with the proceeds of the loan. The defendant caused the bank

to wire more than \$640,000 to an entity that the defendant controlled (Crouch Investment Group) to satisfy this lien. The defendant then transferred the funds to other accounts that he controlled. Because this was a cash-out refinance, the funds that were wired to Crouch Investment Group's bank account would have been paid directly to the defendant if not for the defendant's false statement about the Chasco Management lien. By falsely representing that Chasco Management had a lien, the defendant successfully kept the bulk of the loan proceeds out of an account in his name and therefore out of the reach of the IRS's efforts to collect his unpaid taxes.

C. Uncharged Misconduct

1. *Failure to Pay Individual Income Taxes*

The defendant's tax misconduct included his failed to pay his individual income tax liabilities for the years 2002 through 2006, and 2011 and 2012 at the time those liabilities were due. The defendant eventually paid what he owed, but only after the IRS assigned revenue officers to attempt to collect his unpaid liabilities. The fact that the defendant was non-compliant with his tax obligations as early as 2002 is significant; in correspondence with the IRS, the defendant blamed his failure to keep up with his Trust Fund Payments on the negative impact of the Great Recession on his real estate business. But the defendant's personal tax paying history demonstrates that he was noncompliant long before the recession began.

2. *Bank Fraud / Wire Fraud*

In addition to the bank fraud charged in Count 8 of the indictment, the investigation revealed that the defendant made false statements and representations to other lenders in connection with loan applications.

a. *Gibson Retail Holdings, LLC*

On or about June 3, 2015, the defendant, acting on behalf of an entity called Gibson Retail Holdings, LLC, applied for a commercial mortgage loan in the amount of \$2.575 million to finance a real estate project in Florida. In connection with the loan application, the defendant falsely represented to the lender, Revere High Yield Fund, LLP, that Chasco Management held a \$750,000 lien on the property that needed to be satisfied with the proceeds of the loan. The defendant caused the lender to wire \$750,000 to a bank account that the defendant controlled in the name of Crouch Investment Group to purportedly satisfy this lien. As he did when Union Savings Bank wired funds to Crouch Investment Group as part of the Harbor Springs refinance, the defendant then transferred the funds from Crouch Investment Group's bank account to the accounts of other entities that the defendant controlled. The false statement about Chasco Management holding a lien on the property in Florida served the same purpose as the similar false statement to Union Savings Banks – it enabled the defendant to personally obtain proceeds from the loan without the funds being deposited into a bank account in his name where the IRS could seize it to satisfy his tax debts.

b. Mac Avenue

On or about August 31, 2015, the defendant completed a Uniform Residential Loan Application in connection with his purchase of a condominium located on Mac Avenue in East Lansing, Michigan. On the application, the defendant falsely represented that he was not delinquent on any federal debt, when, in fact, he owed TFRPs to the IRS. On the loan application for the Mac Avenue property, the defendant also falsely represented that title to the condominium would be held in his name. Although he initially took title to the condominium in his own name on August 31, 2015, the defendant executed a quit claim deed on the same day to transfer title to an entity that he controlled, Mid Michigan Rental Properties.

c. Ohio House

On April 4, 2016, the defendant completed a Uniform Residential Loan Application in connection with his purchase of a house in Powell, Ohio. This loan application was false in several ways. First, the defendant falsely represented that he was not delinquent on any federal debt, when, in fact, IRS records show he owed TFRPs to the IRS for multiple quarters. Second, the defendant claimed that his Charles Schwab investment accounts had balances totaling more than \$584,000, when, in fact, records produced by Charles Schwab show that his account balances were substantially less than that amount. Finally, on the loan application for the Powell, Ohio house, the defendant also falsely represented that title would be held in his name. Instead, he took title in the name of Abbott Road Commons, one of the entities that he controlled.

3. *Defense Discovery Production*

During pretrial discovery in this case, the defendant, through his prior defense counsel, provided the government with a fabricated document in a fraudulent attempt to undermine the government's proof on the bank fraud charge.

As stated above, one of the ways in which the defendant attempted to defraud Union Savings Bank was by providing fabricated bank statements for Strathmore Development Company. During discovery, the defendant, through counsel, provided the government with a .pdf document that purported to be an email from the defendant to Union Savings Bank dated February 17, 2014 with copies of accurate bank statements for Strathmore Development attached. On its face, this document appeared to show that the defendant emailed the correct bank statements to Union Savings Bank (and not the ones showing the inflated balances as the indictment alleged).

After receiving this document in discovery, the government obtained from Union Savings Bank the native file of the email contained in the defense production. Review of the native file revealed that the defendant indeed sent an email to the bank on February 17, 2014. But the attachments to that email were the doctored Chase bank records for Strathmore Development, not accurate statements as the defense discovery production would suggest.

II. SENTENCING CONSIDERATIONS

A. Statutory Maximum Sentence

The statutory maximum sentence for the offense of conviction, 26 U.S.C. § 7201, is a five-year term of imprisonment, three years of supervised release, and a fine of \$250,000. The defendant is also subject to a mandatory \$100 special assessment.

B. United States Sentencing Guidelines

The Supreme Court has declared that “[a]s a matter of administration and to secure nationwide consistency, the [United States Sentencing] Guidelines should be the starting point and the initial benchmark” for sentencing. Gall v. United States, 552 U.S. 38, 49 (2007).

1. *Base Offense Level*

The Base Offense Level for tax evasion is the level from U.S.S.G. § 2T4.1 that corresponds to the tax loss. U.S.S.G. § 2T1.1(a)(1). Tax loss, for purposes of tax evasion, “is the total amount of loss that was the object of the offense (*i.e.*, the loss that would have resulted had the offense been successfully completed).” U.S.S.G. § 2T1.1(c)(1). In evasion of payment cases, such as this one, the tax loss includes interest and penalties. Application Note 1 to U.S.S.G. § 2T1.1.

Tax loss, for purposes of calculating the Guidelines range, “is not reduced by any payment of the tax subsequent to the commission of the offense.” U.S.S.G. § 2T1.1(c)(5). As discussed below, the defendant made payment toward his companies’ tax liabilities after the defendant learned of the IRS’s criminal investigation of him in May 2016. The Sixth Circuit has

recognized that reducing the tax loss based on payments made while a defendant is under investigation “would lead to the perverse result of allowing any criminal to nullify much of the burden of his crime simply by paying the tax liability once the IRS had begun to audit or investigate.” United States v. Tandon, 111 F.3d 482, 490 (6th Cir. 1997). Therefore, the tax loss for Guidelines purposes should not be reduced by any of the payments that the defendant made after May 2016.

The late payments were also made long after the offense of tax evasion was complete in 2010. The offense of evading the payment of TFRPs associated with Terra Management’s liabilities, to which the defendant has pleaded guilty, began on September 9, 2010 when the defendant submitted a false Form 433-A in an effort to compromise TFRPs that corresponded to Terra Management’s liabilities for the second quarter of 2007 through the second quarter of 2009. Although the defendant committed additional affirmative acts of evasion after September 2010, the crime was complete on that date. Therefore, the tax loss associated with Terra Management cannot be reduced by any payments that occurred after September 9, 2010. See United States v. Paul, 57 Fed.Appx. 597, 609-10 (6th Cir. 2003) (tax payment made after false Offer in Compromise submitted did not reduce tax loss in tax evasion case).

The Guidelines also make clear that tax loss is not limited to the offense of conviction. Rather, it includes all acts committed by the defendant “during the commission of the offense of conviction” if those acts “were part of the same course of conduct or common scheme or plan as the offense of conviction.” U.S.S.G. § 3B1.3(a). Application Note 2 to U.S.S.G. § 2T1.1 further

explains: “In determining the total tax loss attributable to the offense (see §1B1.3(a)(2)), all conduct violating the tax laws should be considered as part of the same course of conduct or common scheme or plan unless the evidence demonstrates that the conduct is clearly unrelated.” Additionally, the Sixth Circuit has recognized that uncharged tax misconduct may be included as relevant conduct, even if the misconduct involved the failure to pay a different type of tax than the one at issue in the case. See e.g., United States v. Maken, 510 F.3d 654, 659 (6th Cir. 2007) (holding it was proper for court to include loss associated with state taxes). Therefore, the tax loss includes both the loss associated with the conduct outlined in the indictment, as well as other loss that was caused by related conduct.

Applying these principles, the Court should calculate the tax loss in this case as follows:

Tax Type	Amount
Trust Fund Taxes – Terra Management Company (Q1 2007 – Q3 2009)	\$1,119,039.47
Trust Fund Taxes – Strathmore Development Company (Q4 2009 – Q4 2015)	\$429,232.00
Trust Fund Taxes – Terra Holdings (Q3 and Q4 2015)	\$74,075.29
Unemployment Taxes – Terra Management Company (2007-2009)	\$13,881.52
Total Tax Loss = \$1,636,228.28	

Exhibit A (Government's Tax Loss Computation).² The PSR concurs with the government's tax loss calculation. PSR ¶ 95. A tax loss of greater than \$1.5 million, but less than \$3.5 million, corresponds to a Base Offense Level 22. U.S.S.G. § 2T4.1(I).

In a letter to the probation officer dated June 20, 2022, the defendant argued that the tax loss is only \$1,445,565.65, which corresponds to a Base Offense Level of 20. In support of this loss calculation, the defendant identified five separate adjustments that he believed should be made to the government's loss calculation. Most of the defendant's arguments are claims that he should receive credit for late payments he made after learning that he was under criminal investigation. In finding that the tax loss was \$1,636,228.28, the probation officer rejected each of these arguments. Addendum to PSR p. 2-5. The government will address each of the defendant's arguments in turn.

- "Posting Mistake" for Strathmore Development for 3Q 2015

First, the defendant identifies a purported "posting mistake" in the amount of \$49,297.11, which allegedly represents a late payment that was remitted with a Form 941 for the third quarter of 2015, but which was applied to Terra Holding's employment tax liability for the third quarter

² The Court will note that the loss computation in Exhibit A attributes the loss for the 3rd and 4th quarters of 2015 to Strathmore Development, whereas the government now argues that this loss is associated with a different entity – Terra Holdings. Strathmore Development's Form 941 for the 2nd quarter of 2015 indicates that company ceased operation on June 30, 2015 (the last day of the 2nd quarter). Therefore, the loss for the 3rd and 4th quarters of 2015 relate to the liabilities of the successor company, Terra Holdings. Either way, the unpaid taxes for these two quarters are clearly part of the tax loss for purposes of the Guidelines calculation because they meet the definition of relevant conduct in U.S.S.G. § 3B1.3(a).

of 2016. The defendant argues that the loss should be reduced by this payment, as well as by an additional \$19,935.67 in penalties and interest associated with this payment.

The payment at issue is a check dated June 28, 2016 in an amount that matches the liability reported by the defendant on Terra Holdings' Form 941 for the 3rd quarter of 2015. IRS records show this payment was posted to Terra Holdings account for the third quarter of 2016 (potentially because the defendant used a 2016 Form 941 for this submission). Even if the payment was posted to the wrong tax period (i.e. third quarter 2016 instead of third quarter 2015), any such error has no bearing on the computation of tax loss for sentencing purposes because the payment was made subsequent to the commission of the offense and after the defendant learned of the criminal investigation. Therefore, the defendant is not entitled to a reduction in tax loss for this payment.

- 2015 Form 1040 Refund

The defendant next argued that the loss should be reduced by \$38,692.00 based on his individual income tax refund for 2015 that should have been applied to trust fund liabilities, as well as an additional \$15,476 in penalties and interest that would have been avoided had this refund been applied to the trust fund liabilities.

The defendant filed his 2015 Form 1040 in October 2016, approximately five months after learning he was under criminal investigation. Although the defendant's account transcript for 2015 shows a refund due to the defendant of \$38,692 that the IRS could apply to earlier tax liabilities (including those of his businesses) pursuant to 26 U.S.C. § 6402(a) (a process referred

to as a “refund offset”), any such credit would constitute a payment of tax subsequent to the commission of the offense and therefore would not reduce the tax loss for sentencing purposes.

- 2016 Form 1040 Refund

The defendant also argues that the tax loss should be reduced by \$21,395.21, based on the IRS’s decision to apply his 2016 individual income tax refund to Terra Management Company’s trust fund liabilities for the first and second quarters of 2008. The defendant filed his 2016 return in January 2019, nearly three years after the defendant learned he was under criminal investigation and more than 8 years after his efforts to evade the payment of the liabilities for the first and second quarters of 2008 commenced. Once again, this payment was made too late to reduce tax loss for Guidelines purposes.

- Payments of Penalties for Third Quarter 2009

The defendant’s next argument is creative but lacks support in the Guidelines and the case law of this circuit. He suggests that a portion of a payment he made in 2018 should be removed from the tax loss associated with Terra Management Company’s liabilities for the third quarter of 2009 because § 2T1.1(c)(5) does not apply to payments of penalties that are made subsequent to the commission of the offense.

Indeed, § 2T1.1(c)(5) only mentions tax payments. And yet, the defendant, in his letter to the probation officer, could not cite a single case to support limiting this provision to subsequent payments of tax and not subsequent payments of penalties. The defendant’s limited construction of this section is inconsistent with other provisions of the Guidelines and the case law in the

Sixth Circuit. First, Section 2T1.1(c)(5) must be read in conjunction with Application Note 1 to § 2T1.1, which provides that tax loss includes penalties in evasion of payment cases. Therefore, in this evasion of payment case, any reference to “tax” in the Guidelines includes associated penalties. Additionally, § 2T1.1(c)(1) directs the Court to calculate tax loss based on the amount of tax, interest, and penalties that the defendant intended to evade. A broader construction of § 2T1.1(c)(5) is also consistent with the rationale behind basing a tax loss computation on intended, rather than actual, loss. In Tandon, 111 F.3d at 490, the defendant sought to reduce his tax loss based on payments made subsequent to the commission of the offense. The Sixth Circuit reiterated that tax loss is based on intended harm and reasoned that giving a defendant credit for subsequent payments would “lead to the perverse result of allowing any criminal to nullify much of the burden of his crime simply by paying the tax liability once the IRS had begun to audit or investigation.” Id.

A plain reading of § 2T1.1(c)(1) and the policy rationale advanced in Tandon both support denying the defendant credit for any payments that he made after his fraudulent conduct began, even if those payments were applied to penalties and not tax.

- FUTA Tax

The defendant’s final argument is that the tax loss should not include \$13,881.52 in unemployment (FUTA) taxes that the defendant failed to pay on behalf of Terra Management Company for 2007 through 2009, along with penalties assessed by the IRS for failure to pay

unemployment taxes and interest that accrued on the liabilities. The defendant submits these amounts to not constitute relevant conduct.

At the outset, the government notes that the defendant previously acknowledged that his failure to pay FUTA taxes was relevant evidence that the government could introduce to prove his state of mind with respect to the charged offenses. In October 2020, the government provided notice of its intent to introduce uncharged tax misconduct at trial pursuant to Federal Rule of Evidence 404(b). ECF No. 39. This evidence included his failure to timely file Forms 940 and pay FUTA taxes on behalf of Terra Management Company for the years 2007, 2008, and 2009. Id. at PageID.185. Although the defendant objected to the introduction of some of the evidence covered by the Rule 404(b) notice, he did not object to the introduction of the evidence relating to the unemployment taxes, thereby admitting it was relevant to the government's case. ECF No. 53.

The FUTA tax loss also clearly meets the definition of relevant conduct for Guidelines purposes. The offense of conviction in this case spans the years 2010 through 2020. During the same time period that the defendant was attempting to evade the payment of Trust Fund Taxes relating to Terra Management Company, he also failed to pay unemployment taxes on behalf of the same entity. IRS records show that although he filed Forms 940 (Employer's Annual Federal Unemployment (FUTA) Tax Returns) on behalf of Terra Management Company for the years 2007 through 2009, he failed to pay the FUTA taxes that the company owed. These balances,

along with associated penalties and interest, were outstanding at the same time the defendant engaged in the evasive conduct charged in the indictment.

Although the defendant is not charged with attempting to evade the FUTA liabilities, some of the same conduct that underlies the tax evasion charges also demonstrate his intent to evade the payment of FUTA taxes. For example, by ceasing operation as Terra Management Company and beginning to operate as Strathmore Development, the defendant made it more difficult for the IRS to collect both the trust fund taxes and any other liabilities owed by Terra Management, such as FUTA taxes. Therefore, the defendant's nonpayment of FUTA taxes is part of the same course of conduct as the offense of conviction.

For these reasons, and the unpaid FUTA liabilities should be included in tax loss as relevant conduct.

2. *Specific Offense Characteristics – Sophisticated Means*

The defendant's Base Offense Level should be increased by two levels to 24 because "the offense involved sophisticated means." U.S.S.G. § 2T1.1(b)(2). The PSR applied the enhancement in calculating the Guidelines. PSR ¶ 113.

For purposes of this provision, "sophisticated means" means especially complex or especially intricate offense conduct pertaining to the execution or concealment of an offense." Application Note 5 to U.S.S.G. § 2T1.1(b)(2). Application of this enhancement is appropriate when a defendant uses nominee entities to conceal assets or income. See United States v. Morris, 3 Fed.Appx. 223, 226 (6th Cir. 2001); United States v. Minneman, 143 F.3d 274, 283 (7th Cir.

1998). See also Application Note 5 to U.S.S.G. § 2T1.1(b)(2) (“Conduct such as hiding assets or transactions, or both, through the use of fictitious entities, corporate shells, or offshore financial accounts ordinarily indicates sophisticated means.”). Courts have also applied this enhancement where a defendant conducted his financial affairs in a manner designed to keep funds out of bank accounts in his name. United States v. Clear, 112 Fed.Appx. 429, 431 (6th Cir. 2004); United States v. Clements, 73 F.3d 1330, 1340 (5th Cir. 1996).

The defendant’s use of his business entities that he controlled to conceal his assets and income from the IRS constitutes sophisticated means. As detailed above, the defendant purchased and maintained real property in business names, thereby hiding them from the IRS. The defendant also paid for personal expenses directly from business bank accounts, thereby concealing his receipt of income from the government and avoiding depositing income to his own bank accounts where it could be seized by the IRS to satisfy his tax debts. The facts of this case are similar to other cases cited above in which courts have applied the sophisticated means enhancement.

3. *Obstruction of Justice*

The PSR applied a 2-level adjustment for obstruction of justice, pursuant to U.S.S.G. § 3C1.1, based on the defendant’s repeated lies to investigators and his submission of inaccurate documents to the government during discovery. PSR ¶ 116.

In the plea agreement, the government stated that it intended to seek the obstruction of justice enhancement based on the defendant’s false statements to IRS-CI agents in May 2016.

Upon further research, the government has decided not to pursue the obstruction of justice enhancement on this basis. See Application Note 5 to U.S.S.G. § 3C1.1 (explaining that the obstruction enhancement does not apply to “making false statements, not under oath, to law enforcement officers” unless the false statement “significantly obstructed or impeded the official investigation or prosecution of the instant offense”). However, the Guidelines make clear that even when this enhancement does not apply, the obstructive conduct at issue “may warrant a greater sentence within the otherwise applicable guideline range.” Id. Therefore, the government is not asking the Court to apply the two-level enhancement for obstruction of justice based on the defendant’s false statements to IRS-CI.

Even if the Court does not apply the obstruction enhancement, the fact that the defendant lied to law enforcement about key issues in this case and provided a fraudulent document to the government in discovery underscores the seriousness of his offense and the need to promote respect for the law.

4. *Acceptance of Responsibility*

The parties stipulated in the plea agreement that the defendant is entitled to a three-level reduction in offense level for acceptance of responsibility, pursuant to U.S.S.G. § 3E1.1. After the application of this provision, the Total Offense Level is 21.

The probation officer declined to apply the reduction for acceptance of responsibility based on statements the defendant made in his objections to the PSR. Addendum to PSR at 6. Specifically, the defendant blamed an individual named P.S. for submitting doctored bank

statements to Union Savings Bank even though there is no evidence to support that contention aside from the defendant's own allegation. Even if the Court grants to reduction for acceptance of responsibility agreed to by the parties in the plea agreement, the Court can nonetheless consider the defendant's attempt to shift the blame for his criminal conduct when fashioning an appropriate sentence.

5. *Applicable Guidelines Range*

As set forth in the PSR, the therefore has 0 criminal history points, which corresponds to a Criminal History Category I. The Guidelines Range for a Total Offense Level 21 and Criminal History Category I is 37-46 months. Because the PSR applied the obstruction of justice enhancement and declined to apply the three-level reduction for acceptance of responsibility, the Total Offense Level in the PSR is 26, which corresponds to a Guidelines range of 63-78 months

C. 18 U.S.C. § 3553(a) Sentencing Factors

Section 3553(a) of Title 18 sets forth factors that a court must consider in imposing sentence. For the reasons set forth below, the government submits that a sentence at the high end of Guidelines range is sufficient, but not greater than necessary, to address these sentencing factors.

1. *Nature and Circumstances of the Offense and History and Characteristics of the Defendant*

The first factor that the Court must consider is the nature and circumstances of the offense and the history and characteristics of the defendant. 18 U.S.C. § 3553(a)(1). The defendant's crimes are multifaceted, sophisticated, and extremely serious. The defendant is an

educated and savvy individual – a lawyer and former CPA who operated a real estate development business in multiple states. He understood, perhaps more than more defendants, the importance of being open and honest with the IRS as the IRS was trying to collect taxes from him and his companies. And yet, again and again, the defendant opted for concealment over disclosure. Therefore, the nature and circumstances of this offense, combined with the history and characteristics of this defendant, justify the Court imposing a significant period of incarceration.

This offense was not the product of a single mistake or a momentary lapse in judgment. Rather, the defendant's lies and acts of concealment over a nearly 8-year period are too numerous to count. There are the four false Forms 433-A that the defendant submitted to the IRS between 2010 and 2014 to compromise his TFRP liabilities on which the defendant deliberately concealed a \$2 million lake house as an asset. There is the false 433-B for Strathmore Development in 2013, on which the defendant omitted crucial information that the IRS could have used to identify means to collect the unpaid taxes through levies. He made numerous false oral and written representations to the IRS about his and his companies' income and assets during the IRS's efforts to collect outstanding taxes. He lied to financial institutions from whom he and his businesses were seeking loans, going so far as to doctor bank statements for Strathmore Development in connection with one loan and blatantly overstate his investment account balances on another. The defendant told multiple lies about his purchases of real property during an interview with IRS-CI in 2016 to conceal that he had purchased a home in

Ohio (just one month earlier) and a condominium in Michigan (less than a year earlier) with business funds. And even after learning he was under investigation he continued his lies, causing an attorney to submit a false Form 941 to the case agent in 2018 and causing his former attorneys to submit a fraudulent document to the government in 2021.

One lie that the defendant told again and again during his interactions with the IRS was that he and his companies were suffering from hardships on account of the financial crisis and were therefore unable to pay what they owed. First and foremost, it is important to recognize that this is not a case about the defendant's failure to pay taxes. It is a case about the steps that the defendant took to hide money from the government once the IRS started trying to collect what he owed. More fundamentally, the defendant also maintained a lavish lifestyle at the same time he was telling IRS employees that he had little or no income because his business was floundering. The defendant used funds from his businesses to make down payments and mortgage payments on houses and condos where he and members of his family lived. He bought a yacht and paid for docking fees, fuel and maintenance. He paid more mundane expenses as well – insurance premiums and gym fees and car payments – all with funds from businesses that the defendant claimed couldn't pay their taxes.

These facts clearly demonstrate that the defendant's claims of financial hardship were merely a delay tactic, the equivalent of telling the IRS that the "check is in the mail" to stave off collection efforts. And yet, the government fully anticipates that the defendant will continue to use the Great Recession as an excuse for his misconduct as he faces this Court for sentencing.

There is one major problem with this excuse, however: even if the financial crisis was somehow to blame for the defendant falling behind in paying over Trust Fund Taxes, they don't explain the lies. The Recession didn't cause him to omit his vacation home from his Forms 433-A or purchase property in nominee names. To be sure, the financial crisis caused a significant amount of harm, including to those involved in the real estate business, but it's not an excuse for committing criminal crimes again and again and again. A bad economy is not a license to commit fraud.

The defendant's history also demonstrates that his failure to comply with the tax laws predates the 2008 financial crisis. For the years 2002 through 2006, the defendant failed to pay his individual income tax liabilities at the time those liabilities were due. The defendant eventually paid what he owed, but only after the IRS assigned revenue officers to attempt to collect those debts. That he was delinquent on paying taxes before the Great Recession demonstrates a broader motive to avoid his taxpaying responsibilities. The financial crisis merely provided him with a convenient excuse for defending against the charges in this case and seeking leniency at sentencing. The defendant's continued efforts to blame external circumstances for his criminal conduct speaks volumes about his character and underscores the need to impose a significant penalty in this case.

2. *Need for Sentence to Reflect Seriousness of the Offense, Promote Respect for the Law, and Provide Just Punishment for the Offense*

Section 3553(a)(2)(A) provides that sentences must reflect the seriousness of the offense, promote respect for the law, and provide just punishment for the offense. This is an important

factor in this case, where the defendant's criminal conduct demonstrates an utter lack of respect for the law and government employees who are entrusted with enforcing it. He lied to the IRS revenue officer tasked with collecting taxes from the defendant and his companies. He lied on forms submitted to other revenue officers who were evaluating his requests to compromise his tax debts. He lied to IRS-CI special agents investigating his criminal conduct. He caused his original defense attorneys in this case to provide fabricated records to the government in discovery.

Surely, the defendant will offer this Court excuses why these lies and other fraudulent acts weren't his fault. He will claim they were mistakes or that others are to blame. But at some point that response strains credulity. For example, in his objections to the Presentence Investigation Report ("PSR") and during a subsequent call with the probation officer, he alleged, through his counsel, that a Strathmore Development Company employee with the initials P.S. was the one who furnished the doctored Chase bank statements to a secretary at the company, who then emailed it to Union Savings Bank, and that he had no idea this had occurred until he received discovery in this case. The defendant further alleged that P.S. had a motive to provide fabricated records to make sure the loan was approved because he received a fee for originating the loan. These claims, of course, follow on the heels of the defendant's submission to the government of a version of the email to the bank containing the statements, which the government already demonstrated was a fabrication, in an effort to avoid responsibility for the bank fraud charge. Notwithstanding this history, the government took seriously the defendant's

allegation that someone else was responsible for submitting the bank statements to Union Savings Bank and interviewed P.S. last week.³ P.S. confirmed that not only was he not a full-time employee of Strathmore Development Company at the time of the Harbor Springs refinance, but he never received commissions for his work on loans for the defendant's businesses. P.S. also clarified that although he sometimes pulled bank records from the company's servers when he was working on a loan, he had no access to the company's servers prior to March 2014 when he became a full-time employee. It would be convenient to blame P.S. for submitting the doctored records to the bank in February 2014, but like the defendant's many other excuses in this case, this one clearly is not supported by the facts.

The defendant has also offered an excuse for his failure to tell the special agents about recent real estate acquisitions during the May 2016 interview. In his PSR objections, the defendant admitted that he failed to tell the agents about purchasing the condo in East Lansing and the home in Ohio, but suggested that the omissions were caused by his inability to consult with records before answering the agents' questions. However, the false statements at issue were not about the details of his companies' finances or other nuances that would necessitate consulting with records before responding. The agents asked the defendant if he had personally purchased real estate in the last two years. And he said no, despite the fact that the previous month he had purchased the house in Ohio (where he lived with his fiancé) and less than a year before the interview he had purchased the condominium in East Lansing (where he lived prior to

³ A memorandum of this interview was provided to the defense and is available to the Court for review.

moving to Ohio). These are not the kind of facts that one forgets. Rather, his failure to disclose these real estate purchases to the agents was clearly intentional and not the result of his inability to review records first.

Even after pleading guilty, the defendant continued to minimize the significance of his misconduct, further highlighting the need to promote respect for the law through the sentence imposed in this case. When asked “[w]hat gain/benefit was anticipated for [his] involvement in the offense” and “[w]hat gain/benefit was actually received as a result of [his] involvement in the offense,” the defendant told the probation officer that not paying his tax obligations enabled him to “keep [his] company intact” and “keep people employed”. PSR ¶¶ 102, 103. These statements completely ignore the fact that the defendant diverted company funds to his personal benefit rather than using that money to pay his taxes. If his company was in such dire straits that it was a choice between staying in business or paying the taxes, why did he take money out of the company to buy real estate and yachts and jewelry and vacations? Not only do the defendant’s excuses not make sense, but they demonstrate that he has not fully embraced the wrongfulness of his conduct.

Despite the defendant’s claims to the contrary, the defendant is the sole person who bears responsibility for all of the lies and acts of concealment outlined above and he did, in fact, benefit substantially from his crimes. The Court must hold the defendant accountable for his own words and actions, including his efforts to conceal his misconduct by making false statements to law enforcement and submitting doctored records to his attorneys to give to the government in

discovery by imposing a term of incarceration that is sufficient, but not greater than necessary, to reflect the seriousness of his offense and to once and for all instill within him a respect for the law. A term of imprisonment at the high end of the Guidelines range will accomplish that goal.

3. *Adequate Deterrence to Criminal Conduct*

Section 3553(a)(2)(B) provides that the sentence imposed should “afford adequate deterrence to criminal conduct.” This factor codifies the penal goal of general deterrence. United States v. Carter, 463 F.3d 526, 529 (6th Cir. 2006). General deterrence is one of the prescribed goals of every sentencing, but it occupies an especially important role in sentencing for criminal tax offenses, because criminal tax prosecutions are relatively rare. As the Sentencing Commission explained in the Introductory Comment to § 2T1.1, “detering others from violating the tax laws is a primary consideration underlying these guidelines,” and sentences in tax cases must be “commensurate with the gravity of the offense” to deter “would-be violators.” Introductory Cmt. to U.S.S.G. § 2T1.1. See also United States v. Weaver, 126 F.3d 789, 793 (6th Cir. 1997).

The sentence imposed in every tax fraud case should send a message to other would-be tax cheats that imprisonment is a real prospect for those who violate the internal revenue laws. However, considerations of deterrence are particularly salient in cases involving business owners who may weigh the costs of complying with the law and telling the truth to the IRS against the benefits of lining their pockets through lies and concealment. If tax fraud of this nature is not adequately punished, it will send a message to other business owners that fraud is worth the risk.

Such individuals may make the rational decision that a probationary sentence or even a few months in prison is a small price to pay for spending years using business funds to buy multiple homes and yachts and jewelry and vacations. On the other hand, a term of incarceration with the Guidelines range would serve as a warning to these individuals that the financial benefits of filing false returns are not worth the price they will pay if caught.

4. *Kinds of Sentences and Sentencing Range Under the Guidelines*

Although the United States Sentencing Guidelines are now advisory, § 3553(a)(4) directs the Court to consider “the kinds of sentence and the sentencing range established for (A) the applicable category of offense committed by the applicable category of defendant as set forth in the guidelines.” The Supreme Court has recognized that “in the ordinary case, the Commission’s recommendation of a sentencing range will ‘reflect a rough approximation of sentences that might achieve § 3553(a)’s objectives.” Kimbrough v. United States, 552 U.S. 85, 89 (2007) (quoting Rita v. United States, 551 U.S. 338, 350 (2007)).

The Sentencing Guidelines reflect the consensus that those convicted of economic crimes should not be able to avoid incarceration. The legislative history of the Sentencing Reform Act of 1984, which created the United States Sentencing Commission, made clear that one of the Act’s goals was to rectify a serious problem in the criminal justice system: “some major offenders, particularly white-collar offenders . . . frequently do not receive sentences that reflect the seriousness of their offenses.” See U.S.C.C.A.N., 98th Cong., 2nd Sess. (1984) at 3260. As Justice Breyer, previously an original member of the Sentencing Commission, explained, “the

Commission decided to require short but certain terms of confinement for many white collar offenders, including tax, insider trading, and antitrust offenders, who previously would have likely received only probation” in order to reduce the sentencing discrepancies between “certain white-collar crimes, such as fraud, and other similar common law crimes, such as theft.” See Breyer, “The Federal Sentencing Guidelines and the Key Compromises Upon Which They Rest,” 17 Hofstra L. Rev. 1, 20 (1988). This approach provides just punishment for the considerable harm that white collar crimes cause society.

In this case, the Guideline range of 37-46 months falls within Zone D of the Sentencing Table. When the Guidelines were mandatory, a range in Zone D required a sentence of incarceration. U.S.S.G. § 5C1.1(f). This demonstrates that the Sentencing Commission intended for individuals in the defendant’s position to receive sentences of incarceration for their crimes.

D. Restitution

In the plea agreement, the parties agreed that the defendant is required to pay restitution to the IRS in the amount of the tax loss found by the Court at sentencing. This is consistent with 18 U.S.C. § 3663(a)(3), which permits the Court to order restitution to the extent agreed to by the parties. Restitution includes interest calculated through the date of sentencing. Plea Agreement ¶ 4. See also United States v. Perry, 714 F.3d 570, 577 (8th Cir. 2013); United States v. Jimenez, 513 F.3d 62, 87 (3d Cir. 2008); United States v. Patty, 992 F.2d 1045, 1049 (10th Cir. 1993). Although the defendant’s post-offense payments discussed above do not reduce tax loss for Guidelines purposes, they do reduce his restitution obligation because restitution is based on

actual loss, whereas the Guidelines calculation is based on intended loss. See Plea Agreement

¶ 4.

After including interest calculated through the date of sentencing (which totals \$425,878.30) and after giving the defendant credit for payments made to date (totaling \$828,270.10), the total restitution obligation is \$1,233,836.48, broken down as follows:

Tax Return/Period	Restitution
Terra Management – 2Q 2007	\$92,846.27
Terra Management – 3Q 2007	\$53,414.79
Terra Management – 4Q 2007	\$48,798.52
Terra Management – 1Q 2008	\$30,326.63
Terra Management – 2Q 2008	\$149,053.61
Terra Management – 3Q 2008	\$130,657.92
Terra Management – 4Q 2008	\$123,978.50
Terra Management – 1Q 2009	\$75,964.63
Terra Management – 2Q 2009	\$59,440.87
Terra Management – 2007 FUTA	\$7,858.40
Terra Management – 2008 FUTA	\$5,339.61
Terra Management – 2009 FUTA	\$5,211.18
Strathmore Development – 3Q 2013	\$30,028.32
Strathmore Development – 4Q 2013	\$72,244.50
Strathmore Development – 1Q 2014	\$97,750.45
Strathmore Development – 2Q 2014	\$72,973.73
Strathmore Development – 4Q 2014	\$11,530.75
Strathmore Development – 1Q 2015	\$16,525.06
Strathmore Development – 2Q 2015	\$104,484.30
Strathmore Development – 3Q 2015	\$27,839.54
Strathmore Development – 4Q 2015	\$17,568.90
Total = \$1,233,836.48	

See Exhibit B (Government's Restitution Computation). Accordingly, the government requests that the Court enter a restitution order in this amount. To assist the IRS in applying the defendant's restitution payments to the correct tax periods and tax types, the government further requests that the Court incorporate this chart into its order of restitution.

III. CONCLUSION

The defendant orchestrated a sophisticated scheme whereby he hid income and assets from the IRS to evade the payment of taxes owed by him and his companies. Lies and concealment were not only the hallmarks of his offense, but also the conduct that he relied on to cover up his crimes once he was caught. The defendant's offense is serious, not only because of the amount of money involved or the number of years over which it occurred, but also because of his continued efforts to offer excuses and blame other people and external circumstances for what he alone is responsible for. A term of imprisonment at the high end of the Guidelines range (but no greater than the statutory maximum of 60 months) is the appropriate sentence in this case to adequately address the nature of the defendant's offense, his history and characteristics, and the utter disrespect for the law that he has demonstrated over the course of this case.

Respectfully submitted,

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United States Attorney

Date: September 2, 2022

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UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

Case No. 1:20-CR-79

v.

Hon. Jane M. Beckering
U.S. District Judge

SCOTT ALLAN CHAPPELLE,

Defendant.

ATTACHMENT TO GOVERNMENT'S SENTENCING MEMORANDUM

Exhibit A

Government's Tax Loss Computation

SCOTT CHAPPELLE
1000278079

Prepared by SA Scott Hollabaugh

APPENDIX E
Total Tax Loss

<u>Description</u>	<u>Amount</u>	<u>Exhibits</u>
<i>Form 941 Employment Taxes</i>		
Terra Management Company (200703-200909)	\$ 1,119,039.47	Appendix A
Strathmore Development Company (200912 - 201506)	429,232.00	Appendix C
Strathmore Development Company (201509 - 201512)	74,075.29	Appendix I
<i>Form 940 Employment Taxes</i>		
Terra Management Company (2007-2009)	13,881.52	Appendix B
Total Tax Loss	<u><u>\$ 1,636,228.28</u></u>	

SCOTT CHAPPELLE
1000278079

Prepared by SA Scott Hollabaugh

APPENDIX A
Terra Management Company
Form 941 Assessments as of 08/30/2017

Period Assessed	Date	Description	Amount	Subtotals	Exhibits
200703	01/10/2007	Federal tax deposit	\$ (15,356.62)		W1-1
	01/24/2007	Federal tax deposit	(15,226.09)		W1-1
	02/07/2007	Federal tax deposit	(15,727.62)		W1-1
	02/22/2007	Federal tax deposit	(16,144.28)		W1-1
	02/22/2007	Removed federal tax deposit	16,144.28		W1-1
	05/24/2007	Federal tax deposit	(47,822.51)		W1-1
	05/24/2007	Removed federal tax deposit	47,822.51		W1-1
	06/25/2007	Tax return filed	94,110.28		W1-1
	06/25/2007	Federal tax deposit penalty	4,779.99		W1-1
	06/25/2007	Penalty for late payment of tax	478.00		W1-1
	06/25/2007	Interest charged for late payment	590.25		W1-1
	07/30/2007	Federal tax deposit penalty	2,390.00		W1-1
	08/10/2007	Collection due process Notice of Intent to Levy - issued	-		W1-1
	08/13/2007	Collection due process Notice of Intent to Levy - return receipt signed	-		W1-1
	08/24/2007	Lien placed on assets due to balance owed	-		W1-1
	09/17/2007	Fees and other expenses for collection	22.00		W1-1
	08/29/2007	Miscellaneous payment	(57,226.97)		W1-1
	08/29/2007	Dishonored payment	57,226.97		W1-1
	09/24/2007	Penalty for late payment of tax	478.00		W1-1
	09/24/2007	Interest charged for late payment	688.78		W1-1
	08/29/2007	Miscellaneous payment	(1,000.00)		W1-1
	08/29/2007	Dishonored payment	1,000.00		W1-1
	10/08/2007	Interest charged for late payment	96.68		W1-1
	08/29/2007	Credit transferred out to 941 200612	91.21		W1-1
	10/01/2007	Interest credited to account	(0.66)		W1-1
	08/29/2007	Credit transferred out to 941 200612	17.26		W1-1
	09/17/2007	Federal tax deposit	(58,226.97)		W1-1
	10/08/2007	Interest credited to account	(5.42)		W1-1
	10/08/2007	Refund issued	800.93		W1-1
	10/08/2007	Refund cancelled	(800.93)		W1-1

SCOTT CHAPPELLE
1000278079

Prepared by SA Scott Hollabaugh

APPENDIX A
Terra Management Company
Form 941 Assessments as of 08/30/2017

Period Assessed	Date	Description	Amount	Subtotals	Exhibits
	10/08/2007	Reduced or removed interest credited to account	5.42		W1-1
	10/22/2007	Penalty for dishonored payment	20.00		W1-1
	10/22/2007	Penalty for dishonored payment	1,144.53		W1-1
	11/02/2007	Credit transferred in from 941 200612	(108.47)		W1-1
	11/30/2007	Payment	(982.22)		W1-1
	12/24/2007	Penalty for late payment of tax	478.00		W1-1
	12/24/2007	Interest charged for late payment	243.67		W1-1
		Balance due		-	
200706	05/24/2007	Federal tax deposit	\$ (47,822.51)		W1-2
	06/30/2008	Tax return filed	125,626.35		W1-2
	06/30/2008	Penalty for filing return after the due date	17,505.86		W1-2
	06/30/2008	Federal tax deposit penalty	10,245.05		W1-2
	06/30/2008	Penalty for late payment of tax	4,279.21		W1-2
	06/30/2008	Interest charged for late payment	6,487.41		W1-2
	08/04/2008	Federal tax deposit penalty	3,890.19		W1-2
	11/03/2008	Trust fund payment	(15,000.00)		W1-2
	11/03/2008	Dishonored payment	15,000.00		W1-2
	11/12/2008	Trust fund payment	(5,000.00)		W1-2
	11/12/2008	Trust fund payment	(5,000.00)		W1-2
	12/02/2008	Trust fund payment	(15,000.00)		W1-2
	12/22/2008	Penalty for dishonored payment	300.00		W1-2
	04/15/2009	Adjusted balance due to trust fund recovery penalty payment	(10,589.00)		W1-2
	09/16/2009	Trust fund payment	(20,000.00)		W1-2
	10/26/2009	Penalty for late payment of tax	8,870.59		W1-2
	11/16/2009	Fees and other expenses for collection	25.00		W1-2
	04/15/2010	Adjusted balance due to trust fund recovery penalty payment	(8,583.00)		W1-2
	09/07/2010	Adjusted balance due to trust fund recovery penalty payment	(150.00)		W1-2
	03/31/2011	Adjusted balance due to trust fund recovery penalty payment	(150.00)		W1-2
	02/02/2012	Adjusted balance due to trust fund recovery penalty payment	(5,000.00)		W1-2
	03/02/2012	Adjusted balance due to trust fund recovery penalty payment	(5,000.00)		W1-2

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Period Assessed	Date	Description	Amount	Subtotals	Exhibits
	04/04/2012	Adjusted balance due to trust fund recovery penalty payment	(3,331.84)		W1-2
	04/04/2012	Adjusted balance due to trust fund recovery penalty payment	(1,238.52)		W1-2
	11/02/2015	Interest charged for late payment	20,510.39		W1-2
	11/02/2015	Penalty for late payment of tax	1,476.17		W1-2
	02/08/2016	Reduced or removed penalty for late payment of tax	(1,111.85)		W1-2
		Balance due		71,239.50	W1-2
200709	07/11/2007	Federal tax deposit	\$ (18,750.75)		W1-3
	07/27/2007	Federal tax deposit	(20,090.74)		W1-3
	08/08/2007	Federal tax deposit	(20,072.28)		W1-3
	10/03/2007	Federal tax deposit	(19,778.75)		W1-3
	07/07/2008	Tax return filed	120,059.69		W1-3
	07/07/2008	Penalty for filing return after the due date	9,307.61		W1-3
	07/07/2008	Federal tax deposit penalty	5,125.66		W1-3
	07/07/2008	Penalty for late payment of tax	1,861.52		W1-3
	07/07/2008	Interest charged for late payment	2,419.68		W1-3
	08/11/2008	Federal tax deposit penalty	2,068.36		W1-3
	10/26/2009	Penalty for late payment of tax	5,998.24		W1-3
	04/04/2012	Adjusted balance due to trust fund recovery penalty payment	(416.64)		W1-3
	04/04/2012	Adjusted balance due to trust fund recovery penalty payment	(311.64)		W1-3
	04/04/2012	Reduced or removed adjusted balance due to trust fund penalty	416.64		W1-3
	05/08/2012	Adjusted balance due to trust fund recovery penalty payment	(5,000.00)		W1-3
	05/31/2012	Adjusted balance due to trust fund recovery penalty payment	(5,000.00)		W1-3
	07/02/2012	Adjusted balance due to trust fund recovery penalty payment	(5,000.00)		W1-3
	08/10/2012	Adjusted balance due to trust fund recovery penalty payment	(5,000.00)		W1-3
	09/07/2012	Adjusted balance due to trust fund recovery penalty payment	(5,000.00)		W1-3
	10/15/2012	Adjusted balance due to trust fund recovery penalty payment	(5,000.00)		W1-3
	11/05/2012	Adjusted balance due to trust fund recovery penalty payment	(5,000.00)		W1-3
	11/28/2012	Adjusted balance due to trust fund recovery penalty payment	(5,000.00)		W1-3
	12/31/2012	Adjusted balance due to trust fund recovery penalty payment	(1,055.53)		W1-3
	12/31/2012	Adjusted balance due to trust fund recovery penalty payment	(3,944.47)		W1-3
	02/05/2013	Adjusted balance due to trust fund recovery penalty payment	(208.25)		W1-3

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Period Assessed	Date	Description	Amount	Subtotals	Exhibits
	11/02/2015	Interest charged for late payment	15,167.22		W1-3
	11/02/2015	Penalty for late payment of tax	2,482.03		W1-3
		Balance due		40,277.60	W1-3
200712	11/15/2007	Federal tax deposit	\$ (20,531.38)		W1-4
	11/28/2007	Federal tax deposit	(20,219.23)		W1-4
	12/05/2007	Federal tax deposit	(531.45)		W1-4
	12/12/2007	Federal tax deposit	(19,721.39)		W1-4
	12/26/2007	Federal tax deposit	(20,178.11)		W1-4
	07/07/2008	Tax return filed	145,476.30		W1-4
	07/07/2008	Penalty for late payment of tax	1,928.84		W1-4
	07/07/2008	Interest charged for late payment	1,782.55		W1-4
	10/20/2008	Federal tax deposit penalty	8,037.36		W1-4
	10/26/2009	Penalty for late payment of tax	9,322.74		W1-4
	01/10/2012	Adjusted balance due to trust fund recovery penalty payment	(384.75)		W1-4
	02/05/2013	Adjusted balance due to trust fund recovery penalty payment	(4,791.75)		W1-4
	03/11/2013	Adjusted balance due to trust fund recovery penalty payment	(5,000.00)		W1-4
	04/11/2013	Adjusted balance due to trust fund recovery penalty payment	(5,000.00)		W1-4
	05/28/2013	Adjusted balance due to trust fund recovery penalty payment	(5,000.00)		W1-4
	07/01/2013	Adjusted balance due to trust fund recovery penalty payment	(5,000.00)		W1-4
	10/15/2013	Adjusted balance due to trust fund recovery penalty payment	(150.00)		W1-4
	10/15/2013	Adjusted balance due to trust fund recovery penalty payment	(11,430.20)		W1-4
	10/18/2014	Adjusted balance due to trust fund recovery penalty payment	(5,422.35)		W1-4
	12/18/2014	Adjusted balance due to trust fund recovery penalty payment	(186.00)		W1-4
	12/18/2014	Adjusted balance due to trust fund recovery penalty payment	(11,591.00)		W1-4
	04/15/2015	Adjusted balance due to trust fund recovery penalty payment	(6,487.31)		W1-4
	04/15/2015	Adjusted balance due to trust fund recovery penalty payment	(10,338.69)		W1-4
	11/02/2015	Interest charged for late payment	21,161.26		W1-4
	11/02/2015	Penalty for late payment of tax	4,822.11		W1-4
		Balance due		40,567.55	W1-4
200803	01/09/2008	Federal tax deposit	\$ (18,017.61)		W1-5

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Period Assessed	Date	Description	Amount	Subtotals	Exhibits
	01/09/2008	Dishonored federal tax deposit	18,017.61		W1-5
	01/29/2008	Federal tax deposit	(18,017.61)		W1-5
	02/07/2008	Federal tax deposit	(16,898.31)		W1-5
	02/08/2008	Federal tax deposit	(18,857.38)		W1-5
	07/07/2008	Tax return filed	113,879.18		W1-5
	07/07/2008	Penalty for filing tax return after the due date	2,704.76		W1-5
	07/07/2008	Federal tax deposit penalty	7,854.35		W1-5
	07/07/2008	Penalty for late payment of tax	901.59		W1-5
	07/07/2008	Interest charged for late payment	691.90		W1-5
	08/11/2008	Federal tax deposit penalty	3,005.29		W1-5
	10/26/2009	Penalty for late payment of tax	8,715.35		W1-5
	11/02/2015	Interest charged for late payment	24,164.08		W1-5
	11/02/2015	Penalty for late payment of tax	5,409.53		W1-5
		Balance due		113,552.73	W1-5
200806	09/29/2008	Tax return filed	\$ 126,832.49		W1-6
	09/29/2008	Federal tax deposit penalty	12,683.23		W1-6
	09/29/2008	Penalty for late payment of tax	1,268.32		W1-6
	09/29/2008	Interest charged for late payment	1,043.81		W1-6
	11/03/2008	Federal tax deposit penalty	6,341.62		W1-6
	10/26/2009	Penalty for late payment of tax	15,219.90		W1-6
	11/02/2015	Interest charged for late payment	44,947.67		W1-6
	11/02/2015	Penalty for late payment of tax	15,219.90		W1-6
		Balance due		223,556.94	W1-6
200809	02/16/2009	Tax return filed	\$ 96,876.61		W1-7
	02/16/2009	Penalty for filing tax return after the due date	13,078.34		W1-7
	02/16/2009	Federal tax deposit penalty	9,687.60		W1-7
	02/16/2009	Penalty for late payment of tax	1,937.53		W1-7
	02/16/2009	Interest charged for late payment	1,822.27		W1-7
	03/23/2009	Federal tax deposit penalty	4,843.83		W1-7
	11/02/2015	Interest charged for late payment	32,520.18		W1-7

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Period Assessed	Date	Description	Amount	Subtotals	Exhibits
	11/02/2015	Penalty for late payment of tax	22,281.63		W1-7
		Balance due		183,047.99	W1-7
200812	12/03/2008	Federal tax deposit	(12,500.00)		W1-8
	12/03/2008	Dishonored federal tax deposit	12,500.00		W1-8
	06/29/2009	Tax return filed	\$ 90,908.89		W1-8
	06/29/2009	Penalty for filing tax return after the due date	16,363.60		W1-8
	06/29/2009	Federal tax deposit penalty	9,090.84		W1-8
	06/29/2009	Penalty for late payment of tax	2,272.72		W1-8
	06/29/2009	Interest charged for late payment	1,942.28		W1-8
	08/03/2009	Federal tax deposit penalty	4,545.44		W1-8
	11/02/2015	Interest charged for late payment	29,283.37		W1-8
	11/02/2015	Penalty fo late payment of tax	20,454.50		W1-8
		Balance due		174,861.64	W1-8
200903	06/29/2009	Tax return filed	\$ 70,249.47		W1-9
	06/29/2009	Federal tax deposit penalty	7,024.95		W1-9
	06/29/2009	Penalty for late payment of tax	702.49		W1-9
	06/29/2009	Interest charged for late payment	463.41		W1-9
	08/03/2009	Federal tax deposit penalty	3,512.47		W1-9
	11/02/2015	Interest charged for late payment	19,177.32		W1-9
	11/02/2015	Penalty fo late payment of tax	16,859.87		W1-9
		Balance due		117,989.98	W1-9
200906	09/07/2009	Tax return filed	\$ 54,004.31		W1-10
	09/07/2009	Federal tax deposit penalty	5,400.43		W1-10
	09/07/2009	Penalty for late payment of tax	540.04		W1-10
	09/07/2009	Interest charged for late payment	225.35		W1-10
	10/12/2009	Federal tax deposit penalty	2,700.22		W1-10
	11/02/2015	Interest charged for late payment	14,119.07		W1-10
	11/02/2015	Penalty fo late payment of tax	12,961.03		W1-10
		Balance due		89,950.45	W1-10

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APPENDIX A
Terra Management Company
Form 941 Assessments as of 08/30/2017

Period Assessed	Date	Description	Amount	Subtotals	Exhibits
200909	07/01/2009	Cobra premium assistance payment	\$ (1,458.60)		W1-11
	11/30/2009	Tax return filed	40,873.43		W1-11
	11/30/2009	Federal tax deposit penalty	3,941.50		W1-11
	11/30/2009	Penalty for late payment of tax	197.07		W1-11
	11/30/2009	Interest charged for late payment	129.79		W1-11
	01/04/2010	Federal tax deposit penalty	1,970.74		W1-11
	02/01/2010	Fees and other expenses for collection	25.00		W1-11
	04/24/2015	Levy payment	(1,069.00)		W1-11
	11/02/2015	Interest charged for late payment	9,728.52		W1-11
	11/02/2015	Penalty for late payment of tax	9,656.64		W1-11
		Balance due		<u>63,995.09</u>	W1-11
Total Assessment Balance With Penalties and Interest as of 08/30/2017				<u>\$1,119,039.47</u>	

Footnote: Chappelle received several notices of balance due with penalties and interest included, and had several contacts with IRS Collection regarding penalties and interest. Therefore, penalties and interest should be included in the tax loss.

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Period Assessed	Date	Description	Amount	Subtotals	Exhibits
200909	07/01/2009	Cobra premium assistance payment	\$ (1,458.60)		W1-11
	11/30/2009	Tax return filed	40,873.43		W1-11
	11/30/2009	Federal tax deposit penalty	3,941.50		W1-11
	11/30/2009	Penalty for late payment of tax	197.07		W1-11
	11/30/2009	Interest charged for late payment	129.79		W1-11
	01/04/2010	Federal tax deposit penalty	1,970.74		W1-11
	02/01/2010	Fees and other expenses for collection	25.00		W1-11
	04/24/2015	Levy payment	(1,069.00)		W1-11
	11/02/2015	Interest charged for late payment	9,728.52		W1-11
	11/02/2015	Penalty for late payment of tax	9,656.64		W1-11
		Balance due		63,995.09	W1-11
Total Assessment Balance With Penalties and Interest as of 08/30/2017				<u>63,995.09</u>	
				<u>\$1,166,861.98</u>	

Footnote: Chappelle received several notices of balance due with penalties and interest included, and had several contacts with IRS Collection regarding penalties and interest. Therefore, penalties and interest should be included in the tax loss.

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APPENDIX B
Terra Management Company
Form 940 Assessments as of 08/30/2017

Period Assessed	Date	Description	Amount	Subtotals	Exhibits
200712	07/07/2008	Tax return filed	\$ 2,881.64		W1-23
	07/07/2008	Penalty for filing tax return after the due date	518.70		W1-23
	07/07/2008	Federal tax deposit penalty	288.16		W1-23
	07/07/2008	Penalty for late payment of tax	86.45		W1-23
	07/07/2008	Interest charged for late payment	94.27		W1-23
	08/11/2008	Federal tax deposit penalty	144.08		W1-23
	10/26/2009	Penalty for late payment of tax	417.84		W1-23
	11/02/2015	Interest charged for late payment	1,278.39		W1-23
	11/02/2015	Penalty for late payment of tax	216.12		W1-23
		Balance due		5,925.65	W1-23
200812	07/13/2009	Tax return filed	\$ 2,314.38		W1-24
	07/13/2009	Penalty for filing tax return after the due date	416.59		W1-24
	07/13/2009	Penalty for late payment of tax	69.43		W1-24
	07/13/2009	Interest charged for late payment	53.72		W1-24
	11/02/2015	Interest charged for late payment	663.07		W1-24
	11/02/2015	Penalty for late payment of tax	509.17		W1-24
		Balance due		4,026.36	W1-24
200912	05/10/2010	Tax return filed	\$ 2,409.21		W1-25
	05/10/2010	Penalty for filing tax return after the due date	325.24		W1-25
	05/10/2010	Penalty for late payment of tax	48.18		W1-25
	05/10/2010	Interest charged for late payment	29.83		W1-25
	02/07/2011	Fees and other expenses for collection	19.00		W1-25

11/02/2015	Interest charged for late payment	543.93		W1-25
11/02/2015	Penalty for late payment of tax	<u>554.12</u>		W1-25
	Balance due		<u>3,929.51</u>	W1-25
Total Assessment Balance With Penalties and Interest as of 08/30/2017			<u><u>\$ 13,881.52</u></u>	

Footnote: Chappelle received several notices of balance due with penalties and interest included, and had several contacts with IRS Collection regarding penalties and interest. Therefore, penalties and interest should be included in the tax loss.

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APPENDIX C
Strathmore Development Company
Form 941 Assessments as of 08/30/2017

Period Assessed	Date	Description	Amount	Subtotals	Exhibits
200912	04/12/2010	Tax return filed	\$ 23,778.78		W1-29
	04/12/2010	Penalty for filing tax return after the due date	2,140.09		W1-29
	04/12/2010	Penalty for late payment of tax	356.68		W1-29
	04/12/2010	Interest charged for late payment	202.45		W1-29
	04/21/2011	Levy payment	(559.08)		W1-29
	07/31/2011	Credit transferred in from 941 201106	(19.15)		W1-29
	08/10/2011	Trust Fund payment	(7,500.00)		W1-29
	10/03/2011	Miscellaneous payment	(7,500.00)		W1-29
	11/01/2011	Miscellaneous payment	(7,500.00)		W1-29
	12/02/2011	Miscellaneous payment	(7,500.00)		W1-29
	12/23/2011	Miscellaneous payment	(1,493.43)		W1-29
	12/26/2011	Penalty for late payment of tax	4,066.20		W1-29
	12/26/2011	Interest charged for late payment	34.03		W1-29
	01/30/2012	Interest charged for late payment	1,493.43		W1-29
		Balance due		-	W1-29
201003	02/03/2010	Miscellaneous payment	\$ (7,500.00)		W1-30
	06/14/2010	Tax return filed	21,628.93		W1-30
	06/14/2010	Federal tax deposit penalty	2,162.87		W1-30
	06/14/2010	Penalty for late payment of tax	216.29		W1-30
	06/14/2010	Interest charged for late payment	106.92		W1-30
	07/19/2010	Federal tax deposit penalty	1,081.44		W1-30
	12/23/2011	Miscellaneous payment	(6,006.57)		W1-30
	03/02/2012	Miscellaneous payment	(7,395.00)		W1-30
	04/04/2012	Miscellaneous payment	(7,500.00)		W1-30
	04/30/2012	Penalty for late payment of tax	3,205.12		W1-30
	05/08/2012	Miscellaneous payment	(2,553.44)		W1-30
	06/04/2012	Penalty for late payment of tax	980.88		W1-30

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APPENDIX C
Strathmore Development Company
Form 941 Assessments as of 08/30/2017

Period Assessed	Date	Description	Amount	Subtotals	Exhibits
	06/04/2012	Interest charged for late payment	1,572.56		W1-30
		Balance due		-	W1-30
201006	08/23/2010	Tax return filed	\$ 23,723.54		W1-31
	08/23/2010	Federal tax deposit penalty	2,372.35		W1-31
	08/23/2010	Penalty for late payment of tax	118.62		W1-31
	08/23/2010	Interest charged for late payment	59.87		W1-31
	09/27/2010	Federal tax deposit penalty	1,186.18		W1-31
	05/08/2012	Miscellaneous payment	(4,946.56)		W1-31
	05/31/2012	Miscellaneous payment	(6,672.36)		W1-31
	07/02/2012	Installment agreement payment	(7,500.00)		W1-31
	08/10/2012	Installment agreement payment	(7,500.00)		W1-31
	09/06/2012	Installment agreement payment	(7,500.00)		W1-31
	10/01/2012	Penalty for late payment of tax	5,032.84		W1-31
	10/01/2012	Interest charged for late payment	1,625.52		W1-31
	10/12/2012	Installment agreement payment	(7,500.00)		W1-31
	10/12/2012	Credit transferred out to 941 201009	7,306.91		W1-31
	11/05/2012	Interest charged for late payment	193.09		W1-31
	11/05/2012	Installment agreement payment	(7,500.00)		W1-31
	11/05/2012	Credit transferred out to 941 201009	7,500.00		W1-31
		Balance due		-	W1-31
201009	11/22/2010	Tax return filed	\$ 29,974.98		W1-32
	11/22/2010	Federal tax deposit penalty	2,997.50		W1-32
	11/22/2010	Penalty for late payment of tax	149.87		W1-32
	11/22/2010	Interest charged for late payment	72.35		W1-32
	12/27/2010	Federal tax deposit penalty	1,498.75		W1-32
	10/12/2012	Credit transferred in from 941 201006	(7,306.91)		W1-32

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Period Assessed	Date	Description	Amount	Subtotals	Exhibits
	11/05/2012	Credit transferred in from 941 201006	(7,500.00)		W1-32
	11/28/2012	Installment agreement payment	(7,500.00)		W1-32
	12/31/2012	Installment agreement payment	(7,500.00)		W1-32
	02/05/2013	Installment agreement payment	(7,500.00)		W1-32
	03/04/2013	Penalty for late payment of tax	2,613.46		W1-32
	03/04/2013	Credit transferred in from 940 201212	(824.14)		W1-32
	03/04/2013	Interest credit transferred in from 940 20112	(2.17)		W1-32
	03/04/2013	Penalty for late payment of tax	826.31		W1-32
	03/08/2013	Installment agreement payment	(7,500.00)		W1-32
	03/08/2013	Credit transferred out to 941 201012	1,638.82		W1-32
	04/01/2013	Penalty for late payment of tax	3,458.93		W1-32
	04/01/2013	Interest charged for late payment	2,402.25		W1-32
	04/11/2013	Installment agreement payment	(7,500.00)		W1-32
	04/11/2013	Credit transferred out to 941 201012	7,500.00		W1-32
		Balance due		-	W1-32
201012	03/21/2011	Tax return filed	\$ 27,735.83		W1-33
	03/21/2011	Federal tax deposit penalty	2,773.58		W1-33
	03/21/2011	Penalty for late payment of tax	277.36		W1-33
	03/21/2011	Interest charged for late payment	111.92		W1-33
	04/25/2011	Federal tax deposit penalty	1,386.79		W1-33
	03/08/2013	Credit transferred in from 941 201009	(1,638.82)		W1-33
	03/24/2013	Fees and other expenses for collection	27.00		W1-33
	04/11/2013	Credit transferred in from 941 201009	(7,500.00)		W1-33
	05/28/2013	Installment agreement payment	(7,500.00)		W1-33
	07/01/2013	Installment agreement payment	(7,500.00)		W1-33
	03/05/2014	Miscellaneous payment	(17,369.23)		W1-33
	03/31/2014	Penalty for late payment of tax	6,640.21		W1-33

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APPENDIX C
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Form 941 Assessments as of 08/30/2017

Period Assessed	Date	Description	Amount	Subtotals	Exhibits
	03/31/2014	Interest charged for late payment	2,555.36		W1-33
	08/07/2014	Levy payment	(88.29)		W1-33
	08/11/2014	Fees and other expenses for collection	61.00		W1-33
	09/01/2014	Interest charged for late payment	27.29		W1-33
		Balance due		-	W1-33
201103	06/27/2011	Tax return filed	\$ 21,158.31		W1-34
	06/27/2011	Federal tax deposit penalty	2,115.83		W1-34
	06/27/2011	Penalty for late payment of tax	211.58		W1-34
	06/27/2011	Interest charged for late payment	134.91		W1-34
	08/01/2011	Federal tax deposit penalty	1,057.91		W1-34
	03/05/2014	Miscellaneous payment	(31,894.01)		W1-34
	03/31/2014	Penalty for late payment of tax	5,078.00		W1-34
	03/31/2014	Interest charged for late payment	2,137.47		W1-34
		Balance due		-	W1-34
201106	04/14/2011	Federal tax deposit	\$ (3,222.28)		W1-35
	05/02/2011	Federal tax deposit	(3,672.21)		W1-35
	05/11/2011	Federal tax deposit	(3,705.59)		W1-35
	05/25/2011	Federal tax deposit	(4,733.11)		W1-35
	06/08/2011	Federal tax deposit	(4,914.47)		W1-35
	06/24/2011	Federal tax deposit	(5,036.56)		W1-35
	07/31/2011	Credit transferred out to 941 200912	19.15		W1-35
	08/01/2011	Tax return filed	25,265.07		W1-35
		Balance due		-	W1-35
201109	12/19/2011	Tax return filed	\$ 33,474.35		W1-36
	07/06/2011	Federal tax deposit	(5,090.94)		W1-36

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APPENDIX C
Strathmore Development Company
Form 941 Assessments as of 08/30/2017

Period Assessed	Date	Description	Amount	Subtotals	Exhibits
	07/20/2011	Federal tax deposit	(4,853.96)		W1-36
	08/03/2011	Federal tax deposit	(4,770.15)		W1-36
	08/17/2011	Federal tax deposit	(4,697.46)		W1-36
	08/31/2011	Federal tax deposit	(4,805.61)		W1-36
	09/14/2011	Federal tax deposit	(4,481.60)		W1-36
	09/28/2011	Federal tax deposit	(4,774.63)		W1-36
		Balance due		-	W1-36
201112	10/12/2011	Federal tax deposit	\$ (4,766.51)		W1-37
	10/31/2011	Federal tax deposit	(4,973.41)		W1-37
	11/09/2011	Federal tax deposit	(4,747.03)		W1-37
	11/23/2011	Federal tax deposit	(4,595.28)		W1-37
	12/07/2011	Federal tax deposit	(4,916.71)		W1-37
	12/21/2011	Federal tax deposit	(4,535.85)		W1-37
	01/04/2012	Federal tax deposit	(3,897.38)		W1-37
	02/13/2012	Tax return filed	32,432.17		W1-37
		Balance due		-	W1-37
201203	01/27/2012	Federal tax deposit	\$ (4,339.21)		W1-38
	02/08/2012	Federal tax deposit	(4,726.95)		W1-38
	02/15/2012	Federal tax deposit	(4,494.33)		W1-38
	03/01/2012	Federal tax deposit	(4,400.58)		W1-38
	04/03/2012	Federal tax deposit	(4,314.57)		W1-38
	06/04/2012	Tax return filed	22,275.64		W1-38
		Balance due		-	W1-38
201206	04/19/2012	Federal tax deposit	\$ (4,034.90)		W1-39
	05/16/2012	Federal tax deposit	(4,547.53)		W1-39

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Period Assessed	Date	Description	Amount	Subtotals	Exhibits
	06/05/2012	Federal tax deposit	(9,592.06)		W1-39
	06/29/2012	Federal tax deposit	(4,941.59)		W1-39
	09/17/2012	Tax return filed	23,116.08		W1-39
		Balance due		-	W1-39
201209	07/10/2012	Federal tax deposit	\$ (5,183.62)		W1-40
	07/23/2012	Federal tax deposit	(5,313.34)		W1-40
	08/07/2012	Federal tax deposit	(5,165.31)		W1-40
	09/21/2012	Federal tax deposit	(5,162.84)		W1-40
	12/24/2012	Tax return filed	20,825.11		W1-40
		Balance due		-	W1-40
201212	10/17/2012	Federal tax deposit	\$ (6,576.94)		W1-41
	11/01/2012	Federal tax deposit	(6,744.28)		W1-41
	11/27/2012	Federal tax deposit	(27,484.80)		W1-41
	12/28/2012	Federal tax deposit	(6,770.91)		W1-41
	01/04/2013	Federal tax deposit	(31,697.98)		W1-41
	03/18/2013	Tax return filed	79,274.91		W1-41
		Balance due		-	W1-41
201303	01/01/2013	Cobra Premium Assistance Payment	\$ (1,386.57)		W1-42
	02/26/2013	Federal tax deposit	(6,456.85)		W1-42
	03/21/2013	Federal tax deposit	(7,407.14)		W1-42
	05/02/2013	Payment with return	(5,899.60)		W1-42
	07/08/2013	Tax return filed	21,150.16		W1-42
	07/08/2013	Federal tax deposit penalty	1,398.02		W1-42
	03/05/2014	Miscellaneous payment	(1,425.87)		W1-42
	03/31/2014	Interest charged for late payment	27.85		W1-42

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Period Assessed	Date	Description	Amount	Subtotals	Exhibits
		Balance due		-	W1-42
201306	04/01/2013	Cobra Premium Assistance Payment	\$ (1,386.57)		W1-43
	09/30/2013	Tax return filed	21,236.24		W1-43
	09/30/2013	Federal tax deposit penalty	1,984.97		W1-43
	09/30/2013	Penalty for late payment of tax	198.50		W1-43
	09/30/2013	Interest charged for late payment	99.77		W1-43
	11/04/2013	Federal tax deposit penalty	992.48		W1-43
	03/05/2014	Miscellaneous payment	(24,314.14)		W1-43
	03/31/2014	Penalty for late payment of tax	893.23		W1-43
	03/31/2014	Interest charged for late payment	295.52		W1-43
		Balance due		-	W1-43
201309	03/31/2014	Tax return filed	\$ 68,055.33		W1-44
	03/31/2014	Penalty for filing return after the due date	12,249.96		W1-44
	03/31/2014	Federal tax deposit penalty	6,805.52		W1-44
	03/31/2014	Penalty for late payment of tax	1,701.38		W1-44
	03/31/2014	Interest charged for late payment	1,002.83		W1-44
	03/31/2014	Reduced or removed penalty for filing tax return after the due date	(12,249.96)		W1-44
	05/05/2014	Federal tax deposit penalty	3,402.77		W1-44
	05/19/2014	Fees and other expenses for collection	27.00		W1-44
	08/04/2014	Levy payment	(3,468.19)		W1-44
	08/07/2014	Levy payment	(10,682.13)		W1-44
	08/21/2014	Levy payment	(2,908.97)		W1-44
	08/21/2014	Levy payment	(302.00)		W1-44
	08/21/2014	Levy payment	(10,926.00)		W1-44
	09/02/2014	Levy payment	(38.89)		W1-44
	09/17/2014	Levy payment	(129.00)		W1-44

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Strathmore Development Company
Form 941 Assessments as of 08/30/2017

Period Assessed	Date	Description	Amount	Subtotals	Exhibits
	09/17/2014	Levy payment	(466.00)		W1-44
	09/17/2014	Levy payment	(547.50)		W1-44
	09/17/2014	Miscellaneous payment	(488.34)		W1-44
	09/29/2014	Levy payment	(120.00)		W1-44
	09/29/2014	Levy payment	(280.00)		W1-44
	10/06/2014	Levy payment	(313.55)		W1-44
	04/20/2015	Levy payment	(1,342.00)		W1-44
	05/04/2015	Levy payment	(64.00)		W1-44
	05/04/2015	Levy payment	(1,023.00)		W1-44
	05/04/2015	Levy payment	(232.00)		W1-44
	06/01/2015	Adjusted balance due to trust fund recovery penalty	(34.34)		W1-44
	06/17/2015	Levy payment	(2,005.00)		W1-44
	06/22/2015	Levy payment	(1,680.69)		W1-44
	06/22/2015	Levy payment	(1,676.13)		W1-44
	06/25/2015	Levy payment	(4,012.39)		W1-44
	07/06/2015	Levy payment	(400.00)		W1-44
	11/09/2015	Interest charged for late payment	2,529.30		W1-44
	11/09/2015	Penalty for late payment of tax	7,699.12		W1-44
		Balance due		48,083.13	W1-44
201312	04/07/2014	Tax return filed	\$ 107,325.11		W1-45
	04/07/2014	Federal tax deposit penalty	10,732.50		W1-45
	04/07/2014	Penalty for late payment of tax	1,609.88		W1-45
	04/07/2014	Interest charged for late payment	583.76		W1-45
	05/12/2014	Federal tax deposit penalty	5,366.26		W1-45
	11/09/2015	Interest charged for late payment	6,127.77		W1-45
	11/09/2015	Penalty for late payment of tax	19,855.14		W1-45
		Balance due		151,600.42	W1-45

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Strathmore Development Company
Form 941 Assessments as of 08/30/2017

Period Assessed	Date	Description	Amount	Subtotals	Exhibits
201403	05/26/2014	Tax return filed	\$ 68,055.33		W1-46
	05/26/2014	Federal tax deposit penalty	6,805.52		W1-46
	05/26/2014	Penalty for late payment of tax	340.28		W1-46
	05/26/2014	Interest charged for late payment	145.58		W1-46
	06/30/2014	Federal tax deposit penalty	3,402.77		W1-46
	08/04/2014	Fees and other expenses for collection	19.00		W1-46
	11/09/2015	Interest charged for late payment	3,510.16		W1-46
	11/09/2015	Penalty for late payment of tax	11,569.40		W1-46
	01/04/2016	Reduced or removed prior tax assessed	(17,265.42)		W1-46
	01/04/2016	Reduced or removed penalty for late payment of tax	(2,005.65)		W1-46
	01/04/2016	Reduced or removed interest charged for late payment	(486.14)		W1-46
			<u>Balance due</u>		74,090.83
201406	10/06/2014	Tax return filed	\$ 41,490.33		W1-47
	10/06/2014	Federal tax deposit penalty	4,149.03		W1-47
	10/06/2014	Penalty for late payment of tax	622.35		W1-47
	10/06/2014	Interest charged for late payment	229.10		W1-47
	11/10/2014	Federal tax deposit penalty	2,074.52		W1-47
	12/18/2014	Fees and other expenses for collection	19.00		W1-47
	06/09/2015	Levy payment	(307.00)		W1-47
	11/09/2015	Penalty for late payment of tax	5,170.95		W1-47
	11/09/2015	Interest charged for late payment	1,609.50		W1-47
		<u>Balance due</u>		55,057.78	W1-47
201409	09/02/2014	Trust fund payment	\$ (28,273.33)		W1-48
	09/10/2014	Federal tax deposit	(8,532.99)		W1-48
	09/30/2014	Federal tax deposit	(9,614.36)		W1-48

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APPENDIX C
Strathmore Development Company
Form 941 Assessments as of 08/30/2017

Period Assessed	Date	Description	Amount	Subtotals	Exhibits
	11/05/2014	Payment with return	(8,628.89)		W1-48
	12/29/2014	Tax return filed	55,049.57		W1-48
	12/29/2014	Federal tax deposit penalty	3,690.23		W1-48
	01/02/2015	Payment	<u>(3,690.23)</u>		W1-48
		Balance due		-	W1-48
201412	10/14/2014	Federal tax deposit	\$ (8,316.36)		W1-49
	10/30/2014	Federal tax deposit	(9,766.70)		W1-49
	11/26/2014	Federal tax deposit	(8,639.73)		W1-49
	12/31/2014	Federal tax deposit	(17,614.51)		W1-49
	03/02/2015	Payment with return	(37,814.60)		W1-49
	04/20/2015	Tax return filed	82,151.90		W1-49
	04/20/2015	Penalty for filing tax return after the due date	3,403.31		W1-49
	04/20/2015	Federal tax deposit penalty	4,626.63		W1-49
	04/20/2015	Penalty for late payment of tax	378.15		W1-49
	04/20/2015	Interest charged for late payment	115.89		W1-49
	06/08/2015	Fees and other expenses for collection	<u>32.00</u>		W1-49
		Balance due		8,555.98	W1-49
201503	07/06/2015	Payment with return	\$ (48,213.02)		W1-50
	08/10/2015	Tax return filed	48,213.02		W1-50
	08/10/2015	Penalty for filing tax return after the due date	6,508.76		W1-50
	08/10/2015	Federal tax deposit penalty	4,821.30		W1-50
	08/10/2015	Penalty for late payment of tax	723.20		W1-50
	08/10/2015	Interest charged for late payment	<u>321.78</u>		W1-50
		Balance due		12,375.04	W1-50
201506	01/11/2016	Tax return filed	\$ 55,550.84		W1-51

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APPENDIX C
Strathmore Development Company
Form 941 Assessments as of 08/30/2017

Period Assessed	Date	Description	Amount	Subtotals	Exhibits
	01/11/2016	Penalty for filing tax return after the due date	12,498.94		W1-51
	01/11/2016	Federal tax deposit penalty	5,555.04		W1-51
	01/11/2016	Penalty for late payment of tax	1,666.53		W1-51
	01/11/2016	Interest charged for late payment	920.91		W1-51
	02/15/2016	Federal tax deposit penalty	2,777.54		W1-51
	02/15/2016	Penalty for late payment of tax	277.75		W1-51
	02/15/2016	Interest charged for late payment	221.27		W1-51
		Balance due		<u>79,468.82</u>	W1-51
Total Assesement Balance With Penalties and Interest as of 08/30/2017				<u><u>\$ 429,232.00</u></u>	

Footnote: Chappelle received several notices of balance due with penalties and interest included, and had several contacts with IRS Collection regarding penalties and interest. Therefore, penalties and interest should be included in the tax loss.

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APPENDIX I
Strathmore Development Company Relevant Conduct

Period Assessed	Date	Description	Amount	Subtotals	Exhibits
201509	07/17/2015	Federal tax deposit	\$ (8,907.81)		W1-52, W1-58, W1-62
	10/03/2016	Tax return filed	49,297.11		W1-52, W1-58, W1-62
	10/03/2016	Penalty for filing tax return after the due date	9,087.59		W1-52, W1-58, W1-62
	10/03/2016	Federal tax deposit penalty	4,331.80		W1-52, W1-58, W1-62
	10/03/2016	Penalty for late payment of tax	2,423.36		W1-52, W1-58, W1-62
	10/03/2016	Interest charged for late payment	1,649.70		W1-52, W1-58, W1-62
	11/07/2016	Federal tax deposit penalty	2,019.46		W1-52, W1-58, W1-62
	11/07/2016	Penalty for late payment of tax	201.94		W1-52, W1-58, W1-62
	11/07/2016	Interest charged for late payment	221.82		W1-52, W1-58, W1-62
		Balance due		60,324.97	W1-52, W1-58, W1-62
201512	07/05/2016	Payment with return	\$ (57,634.17)		W1-53, W1-59, W1-63
	11/07/2016	Tax return filed	57,634.17		W1-53, W1-59, W1-63
	11/07/2016	Penalty for filing tax return after the due date	5,187.08		W1-53, W1-59, W1-63
	11/07/2016	Federal tax deposit penalty	5,763.42		W1-53, W1-59, W1-63
	11/07/2016	Penalty for late payment of tax	2,881.71		W1-53, W1-59, W1-63
	11/07/2016	Interest charged for late payment	1,852.99		W1-53, W1-59, W1-63
	11/14/2016	Reduced or removed penalty for late payment of tax	(1,152.68)		W1-53, W1-59, W1-63
	11/14/2016	Reduced or removed interest charged for late payment	(782.20)		W1-53, W1-59, W1-63
			Balance due		13,750.32
Total Assessment Balance With Penalties and Interest as of 08/30/2017				\$ 74,075.29	

Footnote: The 201509 and 201512 Form 941 tax returns were filed after the start of the criminal investigation. There were no collection activity related to these returns, but Chappelle knew he was under criminal investigation. Chappelle would have known that penalties and interest would be assessed based on his long collection history. The returns

were filed under the name Terra Holdings LLC with the Strathmore Development EIN (W1-68, W1-69).

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

Case No. 1:20-CR-79

v.

Hon. Jane M. Beckering
U.S. District Judge

SCOTT ALLAN CHAPPELLE,

Defendant.

ATTACHMENT TO GOVERNMENT'S SENTENCING MEMORANDUM

Exhibit B

Government's Restitution Computation

Chappelle Restitution Calculation

Total Tax Loss for Sentencing	\$ 1,636,228.28
Additional Interest Accrued to 9/12/22 for all Periods	418,022.91
Additional Interest Assessed on 10/22/18:	
Terra Management Form 941 Qtr ending 200909	7,855.39
Total Interest Accrued	\$ 425,878.30
Subsequent Payment on 10/3/16:	
Strathmore Development Form 941 Qtr ending 201509	(49,297.11)
Subsequent Payments on 4/15/17:	
Terra Management Form 941 Qtr ending 200712	(3,683.79)
Terra Management Form 941 Qtr ending 200803	(20,171.99)
Terra Management Form 941 Qtr ending 200806	(1,223.22)
Subsequent Payments on 9/19/18:	
Terra Management Form 941 Qtr ending 200803	(60,105.88)
Terra Management Form 941 Qtr ending 200806	(90,981.80)
Terra Management Form 941 Qtr ending 200809	(69,864.79)
Terra Management Form 941 Qtr ending 200812	(67,987.57)
Terra Management Form 941 Qtr ending 200903	(50,720.99)
Terra Management Form 941 Qtr ending 200906	(37,704.42)
Terra Management Form 941 Qtr ending 200909	(72,858.55)
Subsequent Payment on 4/15/19:	
Terra Management Form 941 Qtr ending 200803	(7,402.00)
Strathmore Development Form 941 Qtr ending 201312	(46,586.00)
Subsequent Payments on 7/6/21:	
Terra Management Form 941 Qtr ending 200803	(14,808.62)
Terra Management Form 941 Qtr ending 200806	(36,832.16)
Terra Management Form 941 Qtr ending 200809	(28,351.31)
Terra Management Form 941 Qtr ending 200812	(26,472.42)
Terra Management Form 941 Qtr ending 200903	(19,749.30)
Terra Management Form 941 Qtr ending 200906	(14,680.99)
Strathmore Development Form 941 Qtr ending 201309	(32,310.69)
Strathmore Development Form 941 Qtr ending 201312	(38,238.25)
Strathmore Development Form 941 Qtr ending 201312	(27,797.73)
Strathmore Development Form 941 Qtr ending 201312	(10,440.52)
Total Payments	\$ (828,270.10)
Total Restitution	\$1,233,836.48