



# Department of Justice

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## **CERTIFIED PUBLIC ACCOUNTANT PLEADS GUILTY TO DELIVERING AND DISCLOSING A FALSE FEDERAL INCOME TAX RETURN**

ALBANY, N.Y.— United States Attorney Richard S. Hartunian, Special Agent-in-Charge Charles R. Pine of the New York Office of the Criminal Investigation Division of the Internal Revenue Service, and Special-Agent-in-Charge Clifford C. Holly of the Albany Division of the Federal Bureau of Investigation, announced that Ronald Simons, 58, of Vestal, New York, pled guilty today before United States Magistrate Judge David R. Homer to one count of Delivering and Disclosing a False Federal Income Tax Return, in violation of Title 26, United States Code, Section 7207. Sentencing is scheduled for February 6, 2012 in Albany, New York. Simons faces up to one year in prison and a \$100,000 fine.

As part of the guilty plea, Simons admitted the following:

From in or about 1987 through the present, Simons, a certified public accountant, was a partner at the accounting firm of Piaker & Lyons. From in or about 1992 through 2008, he prepared audited financial statements for McGinn, Smith & Co., Inc. ("McGinn Smith"). He also prepared tax returns for David L. Smith and other McGinn Smith entities.

In the fall of 2007, Simons prepared the 2006 U.S. Individual Income Tax Return for David and Lynn Smith ("the 2006 Return") and, at Smith's request, caused the return to be filed. The 2006 Return was received by the Internal Revenue Service on or about October 17, 2007 in Andover, Massachusetts. The 2006 Return did not report \$407,000 in fees distributed to David L. Smith from TDM Cable Funding LLC during 2006: \$350,000 on October 3, 2006 (the "October Transaction") and \$57,000 on December 21, 2006 (the "December Transaction"). As a result, the 2006 Return, including line 22, "total income," was not accurate.

At the time that Simons prepared the 2006 Return, he knew that:

- (1) before in or about April 15, 2007, Smith characterized the October Transaction as income,
- (2) both the October and December Transactions were initially booked by the McGinn Smith controller as origination fees,
- (3) in October 2007, Smith told Simons that the October Transaction was a "loan," causing Simons not to include it on the 2006 Return,

- (4) in October 2007, the McGinn Smith controller reclassified the October Transaction from origination fees to "Loan-DLS,"
- (5) in October 2007, the McGinn Smith controller told Simons that the fees paid to Smith and others should be "loans," and
- (6) before on or about October 11, 2007, Simons reclassified the December Transaction from origination fees to "Loans-other" by making an adjusting journal entry.

As a result of Simons's reclassification of the December Transaction, as Simons knew, the 2006 Return did not report \$407,000 in fees distributed to Smith from TDM Cable Funding LLC during 2006.

The investigation was conducted by the Criminal Investigation Division of the Internal Revenue Service and the Federal Bureau of Investigation. The case is being prosecuted by Assistant United States Attorneys Elizabeth C. Coombe and Richard Belliss of the United States Attorney's Office for the Northern District of New York.