

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA

v.

PAUL J. MANAFORT, JR., and
RICHARD W. GATES III,

Defendants.

Crim. No. 17-201 (ABJ)

STATUS REPORT

The United States of America, by and through Special Counsel Robert S. Mueller, III, respectfully submits this status report to apprise the Court of a recent development related to this matter.

1. On Thursday, February 22, 2018, a grand jury sitting in the Eastern District of Virginia, filed a 32-count indictment charging defendants Paul J. Manafort, Jr., and Richard W. Gates III as follows:

Count	Charge	Defendant
1	Subscribing to False United States Individual Income Tax Returns (2010) (26 U.S.C. § 7206(1); 18 U.S.C. § 2)	Manafort
2	Subscribing to False United States Individual Income Tax Returns (2011) (26 U.S.C. § 7206(1); 18 U.S.C. § 2)	Manafort
3	Subscribing to False United States Individual Income Tax Returns (2012) (26 U.S.C. § 7206(1); 18 U.S.C. § 2)	Manafort
4	Subscribing to False United States Individual Income Tax Returns (2013) (26 U.S.C. § 7206(1); 18 U.S.C. § 2)	Manafort
5	Subscribing to False United States Individual Income Tax Returns (2014) (26 U.S.C. § 7206(1); 18 U.S.C. § 2)	Manafort

Count	Charge	Defendant
6	Assisting in the Preparation of False United States Individual Income (2010) (26 U.S.C. § 7206(2))	Gates
7	Assisting in the Preparation of False United States Individual Income (2011) (26 U.S.C. § 7206(2))	Gates
8	Assisting in the Preparation of False United States Individual Income (2012) (26 U.S.C. § 7206(2))	Gates
9	Assisting in the Preparation of False United States Individual Income (2013) (26 U.S.C. § 7206(2))	Gates
10	Assisting in the Preparation of False United States Individual Income (2014) (26 U.S.C. § 7206(2))	Gates
11	Failure To File Reports Of Foreign Bank And Financial Accounts (2011) (31 U.S.C. §§ 5314 and 5322(a); 18 U.S.C. § 2)	Manafort
12	Failure To File Reports Of Foreign Bank And Financial Accounts (2012) (31 U.S.C. §§ 5314 and 5322(a); 18 U.S.C. § 2)	Manafort
13	Failure To File Reports Of Foreign Bank And Financial Accounts (2013) (31 U.S.C. §§ 5314 and 5322(a); 18 U.S.C. § 2)	Manafort
14	Failure To File Reports Of Foreign Bank And Financial Accounts (2014) (31 U.S.C. §§ 5314 and 5322(a); 18 U.S.C. § 2)	Manafort
15	Subscribing to False United States Individual Income Tax Returns (2010) (26 U.S.C. § 7206(1); 18 U.S.C. § 2)	Gates
16	Subscribing to False United States Individual Income Tax Returns (2011) (26 U.S.C. § 7206(1); 18 U.S.C. § 2)	Gates
17	Subscribing to False United States Individual Income Tax Returns (2012) (26 U.S.C. § 7206(1); 18 U.S.C. § 2)	Gates
18	Subscribing to False United States Individual Income Tax Returns (2013) (26 U.S.C. § 7206(1); 18 U.S.C. § 2)	Gates
19	Subscribing to False United States Individual Income Tax Returns	Gates

Count	Charge	Defendant
	(2014) (26 U.S.C. § 7206(1); 18 U.S.C. § 2)	
20	Subscribing to a False Amended United States Individual Income Tax Return (2013) (26 U.S.C. § 7206(1); 18 U.S.C. § 2)	Gates
21	Failure To File Reports Of Foreign Bank And Financial Accounts (2011) (31 U.S.C. §§ 5314 and 5322(a); 18 U.S.C. § 2)	Gates
22	Failure To File Reports Of Foreign Bank And Financial Accounts (2012) (31 U.S.C. §§ 5314 and 5322(a); 18 U.S.C. § 2)	Gates
23	Failure To File Reports Of Foreign Bank And Financial Accounts (2013) (31 U.S.C. §§ 5314 and 5322(a); 18 U.S.C. § 2)	Gates
24	Bank Fraud Conspiracy (Lender B/\$3.4 million loan) (18 U.S.C. § 1349)	Manafort Gates
25	Bank Fraud (Lender B/\$3.4 million loan) (18 U.S.C. §§ 1344, 2)	Manafort Gates
26	Bank Fraud Conspiracy (Lender C / \$1 million loan) (18 U.S.C. § 1349)	Manafort Gates
27	Bank Fraud (Lender C / \$1 million loan) (18 U.S.C. § 1344, 2)	Manafort Gates
28	Bank Fraud Conspiracy (Lender B / \$5.5 million loan) (18 U.S.C. § 1349)	Manafort Gates
29	Bank Fraud Conspiracy (Lender D / \$9.5 million loan) (18 U.S.C. § 1349)	Manafort Gates
30	Bank Fraud (Lender D / \$9.5 million loan) (18 U.S.C. §§ 1344, 2)	Manafort Gates
31	Bank Fraud Conspiracy (Lender D / \$6.5 million loan) (18 U.S.C. § 1349)	Manafort Gates
32	Bank Fraud (Lender D / \$6.5 million loan) (18 U.S.C. §§ 1344, 2)	Manafort Gates

2. A copy of the indictment returned in the Eastern District of Virginia is attached (redacted to omit the signature of the foreperson).

3. The Special Counsel's Office proceeded before the Grand Jury in the Eastern District of Virginia because, based on our current evidence, venue for these charges does not exist in the District of Columbia. Prior to instituting this criminal action, the Special Counsel's Office met with defense counsel to go over the proof underlying the bank fraud charges (the tax charges

were already the subject of charges before this Court) and to provide counsel an opportunity to present any arguments as to why these charges should not be brought. The Special Counsel's Office also alerted defense counsel for each defendant that the government was prepared to bring all of the charges before a Grand Jury in the District of Columbia, if the defendants were willing to waive venue (since otherwise we could not do so legally). If venue had been waived, the defendants would have faced a single indictment in one district, and not two indictments in adjacent districts. One defendant elected, as is his right, not to waive venue. The Special Counsel's Office accordingly has proceeded in the Eastern District of Virginia.

Respectfully submitted,

ROBERT S. MUELLER III
Special Counsel

Dated: February 22, 2018

By:



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IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
Alexandria Division

UNITED STATES OF AMERICA

v.

PAUL J. MANAFORT, JR.,
(Counts 1 through 5, 11 through 14, and
24 through 32)

and

RICHARD W. GATES III,
(Counts 6 through 10 and 15 through 32)

Defendants.

*
* CRIMINAL NO. 1:18 Cr. 83 (TSE)(S-1)
*
* COUNTS 1–5: 26 U.S.C. § 7206(1); 18
* U.S.C. §§ 2 and 3551 et seq.
* Subscribing to False United States
* Individual Income Tax Returns
*
* COUNTS 6–10: 26 U.S.C. § 7206(2); 18
* U.S.C. § 3551 et seq.
* Assisting in the Preparation of False
* United States Individual Income
*
* COUNTS 11–14: 31 U.S.C. §§ 5314 and
* 5322(a); 18 U.S.C. §§ 2 and 3551 et seq.
* Failure To File Reports Of Foreign Bank
* And Financial Accounts
*
* COUNTS 15–19: 26 U.S.C. § 7206(1);
* 18 U.S.C. §§ 2 and 3551 et seq.
* Subscribing to False United States
* Individual Income Tax Returns
*
* COUNT 20: 26 U.S.C. § 7206(1); 18
* U.S.C. §§ 2 and 3551 et seq.
* Subscribing to a False Amended United
* States Individual Income Tax Return
*
* COUNTS 21–23: 31 U.S.C. §§ 5314 and
* 5322(a); 18 U.S.C. §§ 2 and 3551 et seq.
* Failure To File Reports Of Foreign Bank
* And Financial Accounts
*
* COUNT 24: 18 U.S.C. §§ 1349 and 3551
* et seq.
* Bank Fraud Conspiracy
*
* COUNT 25: 18 U.S.C. §§ 1344, 2, and
* 3551 et seq.
* Bank Fraud

- * COUNT 26: 18 U.S.C. §§ 1349 and 3551
- * et seq.
- * Bank Fraud Conspiracy
- *
- * COUNTS 27: 18 U.S.C. §§ 1344, 2, and
- * 3551 et seq.
- * Bank Fraud
- *
- * COUNT 28–29: 18 U.S.C. §§ 1349 and
- * 3551 et seq.
- * Bank Fraud Conspiracy
- *
- * COUNT 30: 18 U.S.C. §§ 1344, 2, and
- * 3551 et seq.
- * Bank Fraud
- *
- * COUNT 31: 18 U.S.C. §§ 1349 and 3551
- * et seq.
- * Bank Fraud Conspiracy
- *
- * COUNT 32: 18 U.S.C. §§ 1344, 2, and
- * 3551 et seq.
- * Bank Fraud
- *
- * FORFEITURE NOTICE
- *
- *

SUPERSEDING INDICTMENT

February 2018 Term – At Alexandria, Virginia

THE GRAND JURY CHARGES THAT:

Introduction

At all times relevant to this Superseding Indictment:

1. Defendants PAUL J. MANAFORT, JR. (MANAFORT) and RICHARD W. GATES III (GATES) served for years as political consultants and lobbyists. Between at least 2006 and 2015,

MANAFORT and GATES acted as unregistered agents of a foreign government and foreign political parties. Specifically, they represented the Government of Ukraine, the President of Ukraine (Victor Yanukovich, who was President from 2010 to 2014), the Party of Regions (a Ukrainian political party led by Yanukovich), and the Opposition Bloc (a successor to the Party of Regions after Yanukovich fled to Russia).

2. MANAFORT and GATES generated tens of millions of dollars in income as a result of their Ukraine work. From approximately 2006 through the present, MANAFORT and GATES engaged in a scheme to hide income from United States authorities, while enjoying the use of the money. During the first part of the scheme between approximately 2006 and 2015, MANAFORT, with GATES' assistance, failed to pay taxes on this income by disguising it as alleged "loans" from nominee offshore corporate entities and by making millions of dollars in unreported payments from foreign accounts to bank accounts they controlled and United States vendors. MANAFORT also used the offshore accounts to purchase United States real estate, and MANAFORT and GATES used the undisclosed income to make improvements to and refinance their United States properties.

3. In the second part of the scheme, between approximately 2015 and at least January 2017, when the Ukraine income dwindled after Yanukovich fled to Russia, MANAFORT, with the assistance of GATES, extracted money from MANAFORT's United States real estate by, among other things, using those properties as collateral to obtain loans from multiple financial institutions. MANAFORT and GATES fraudulently secured more than twenty million dollars in loans by falsely inflating MANAFORT's and his company's income and by failing to disclose existing debt in order to qualify for the loans.

4. In furtherance of the scheme, MANAFORT and GATES funneled millions of dollars in

payments into numerous foreign nominee companies and bank accounts, opened by them and their accomplices in nominee names and in various foreign countries, including Cyprus, Saint Vincent & the Grenadines (Grenadines), and the Seychelles. MANAFORT and GATES hid the existence and ownership of the foreign companies and bank accounts, falsely and repeatedly reporting to their tax preparers and to the United States that they had no foreign bank accounts.

5. In furtherance of the scheme, MANAFORT used his hidden overseas wealth to enjoy a lavish lifestyle in the United States, without paying taxes on that income. MANAFORT, without reporting the income to his tax preparer or the United States, spent millions of dollars on luxury goods and services for himself and his extended family through payments wired from offshore nominee accounts to United States vendors. MANAFORT also used these offshore accounts to purchase multi-million dollar properties in the United States and to improve substantially another property owned by his family.

6. In furtherance of the scheme, GATES used millions of dollars from these offshore accounts to pay for his personal expenses, including his mortgage, children's tuition, and interior decorating and refinancing of his Virginia residence.

7. In total, more than \$75,000,000 flowed through the offshore accounts. MANAFORT, with the assistance of GATES, laundered more than \$30,000,000, income that he concealed from the United States Department of the Treasury (Treasury), the Department of Justice, and others. GATES obtained more than \$3,000,000 from the offshore accounts, income that he too concealed from the Treasury, the Department of Justice, and others.

Relevant Individuals And Entities

8. MANAFORT was a United States citizen. He resided in homes in Virginia, Florida, and Long Island, New York.

9. GATES was a United States citizen. He resided in Virginia.

10. In 2005, MANAFORT and another partner created Davis Manafort Partners, Inc. (DMP) to engage principally in political consulting. DMP had staff in the United States, Ukraine, and Russia. In 2011, MANAFORT created DMP International, LLC (DMI) to engage in work for foreign clients, in particular political consulting, lobbying, and public relations for the Government of Ukraine, the Party of Regions, and members of the Party of Regions. DMI was a partnership solely owned by MANAFORT and his spouse. GATES worked for both DMP and DMI and served as MANAFORT's right-hand man.

11. The Party of Regions was a pro-Russia political party in Ukraine. Beginning in approximately 2006, it retained MANAFORT, through DMP and then DMI, to advance its interests in Ukraine, the United States, and elsewhere, including the election of its slate of candidates. In 2010, its candidate for President, Yanukovich, was elected President of Ukraine. In 2014, Yanukovich fled Ukraine for Russia in the wake of popular protests of widespread governmental corruption. Yanukovich, the Party of Regions, and the Government of Ukraine were MANAFORT, DMP, and DMI clients.

12. MANAFORT and GATES owned or controlled the following entities, which were used in the scheme (the MANAFORT–GATES entities):

Domestic Entities

Entity Name	Date Created	Incorporation Location
Bade LLC (RG)	January 2012	Delaware

Entity Name	Date Created	Incorporation Location
Daisy Manafort, LLC (PM)	August 2008	Virginia
	March 2011	Florida
Davis Manafort International LLC (PM)	March 2007	Delaware
DMP (PM)	March 2005	Virginia
	March 2011	Florida
Davis Manafort, Inc. (PM)	October 1999	Delaware
	November 1999	Virginia
DMI (PM)	June 2011	Delaware
	March 2012	Florida
Global Sites LLC (PM, RG)	July 2008	Delaware
Jemina LLC (RG)	July 2008	Delaware
Jesand Investment Corporation (PM)	April 2002	Virginia
Jesand Investments Corporation (PM)	March 2011	Florida
John Hannah, LLC (PM)	April 2006	Virginia
	March 2011	Florida
Jupiter Holdings Management, LLC (RG)	January 2011	Delaware
Lilred, LLC (PM)	December 2011	Florida
LOAV Ltd. (PM)	April 1992	Delaware
MC Brooklyn Holdings, LLC (PM)	November 2012	New York
MC Soho Holdings, LLC (PM)	January 2012	Florida
	April 2012	New York
Smythson LLC (also known as Symthson LLC) (PM, RG)	July 2008	Delaware

Cypriot Entities

Entity Name	Date Created	Incorporation Location
Actinet Trading Limited (PM, RG)	May 2009	Cyprus
Black Sea View Limited (PM, RG)	August 2007	Cyprus
Bletilla Ventures Limited (PM, RG)	October 2010	Cyprus
Cavenari Investments Limited (RG)	December 2007	Cyprus
Global Highway Limited (PM, RG)	August 2007	Cyprus
Leviathan Advisors Limited (PM, RG)	August 2007	Cyprus
LOAV Advisors Limited (PM, RG)	August 2007	Cyprus
Lucicle Consultants Limited (PM, RG)	December 2008	Cyprus
Marziola Holdings Limited (PM)	March 2012	Cyprus
Olivenia Trading Limited (PM, RG)	March 2012	Cyprus
Peranova Holdings Limited (Peranova) (PM, RG)	June 2007	Cyprus
Serangon Holdings Limited (PM, RG)	January 2008	Cyprus
Yiakora Ventures Limited (PM)	February 2008	Cyprus

Other Foreign Entities

Entity Name	Date Created	Incorporation Location
Global Endeavour Inc. (also known as Global Endeavor Inc.) (PM)	<i>Unknown</i>	Grenadines
Jeunet Ltd. (PM)	August 2011	Grenadines
Pompolo Limited (PM, RG)	April 2013	United Kingdom

13. The Internal Revenue Service (IRS) was a bureau in the Treasury responsible for administering the tax laws of the United States and collecting taxes owed to the Treasury.

The Tax Scheme

MANAFORT And GATES' Wiring Money From Offshore Accounts Into The United States

14. In order to use the money in the offshore nominee accounts of the MANAFORT-GATES entities without paying taxes on it, MANAFORT and GATES caused millions of dollars in wire transfers from these accounts to be made for goods, services, and real estate. They did not report these transfers as income.

15. From 2008 to 2014, MANAFORT caused the following wires, totaling over \$12,000,000, to be sent to the vendors listed below for personal items. MANAFORT did not pay taxes on this income, which was used to make the purchases.

Payee	Transaction Date	Originating Account Holder	Country of Origination	Amount of Transaction
Vendor A (Home Improvement Company in the Hamptons, New York)	6/10/2008	LOAV Advisors Limited	Cyprus	\$107,000
	6/25/2008	LOAV Advisors Limited	Cyprus	\$23,500
	7/7/2008	LOAV Advisors Limited	Cyprus	\$20,000
	8/5/2008	Yiakora Ventures Limited	Cyprus	\$59,000
	9/2/2008	Yiakora Ventures Limited	Cyprus	\$272,000
	10/6/2008	Yiakora Ventures Limited	Cyprus	\$109,000
	10/24/2008	Yiakora Ventures Limited	Cyprus	\$107,800
	11/20/2008	Yiakora Ventures Limited	Cyprus	\$77,400
	12/22/2008	Yiakora Ventures Limited	Cyprus	\$100,000
	1/14/2009	Yiakora Ventures Limited	Cyprus	\$9,250
	1/29/2009	Yiakora Ventures Limited	Cyprus	\$97,670
	2/25/2009	Yiakora Ventures Limited	Cyprus	\$108,100
	4/16/2009	Yiakora Ventures Limited	Cyprus	\$94,394
	5/7/2009	Yiakora Ventures Limited	Cyprus	\$54,000
	5/12/2009	Yiakora Ventures Limited	Cyprus	\$9,550
	6/1/2009	Yiakora Ventures Limited	Cyprus	\$86,650
	6/18/2009	Yiakora Ventures Limited	Cyprus	\$34,400
7/31/2009	Yiakora Ventures Limited	Cyprus	\$106,000	

Payee	Transaction Date	Originating Account Holder	Country of Origination	Amount of Transaction
	8/28/2009	Yiakora Ventures Limited	Cyprus	\$37,000
	9/23/2009	Yiakora Ventures Limited	Cyprus	\$203,500
	10/26/2009	Yiakora Ventures Limited	Cyprus	\$38,800
	11/18/2009	Global Highway Limited	Cyprus	\$130,906
	3/8/2010	Global Highway Limited	Cyprus	\$124,000
	5/11/2010	Global Highway Limited	Cyprus	\$25,000
	7/8/2010	Global Highway Limited	Cyprus	\$28,000
	7/23/2010	Leviathan Advisors Limited	Cyprus	\$26,500
	8/12/2010	Leviathan Advisors Limited	Cyprus	\$138,900
	9/2/2010	Yiakora Ventures Limited	Cyprus	\$31,500
	10/6/2010	Global Highway Limited	Cyprus	\$67,600
	10/14/2010	Yiakora Ventures Limited	Cyprus	\$107,600
	10/18/2010	Leviathan Advisors Limited	Cyprus	\$31,500
	12/16/2010	Global Highway Limited	Cyprus	\$46,160
	2/7/2011	Global Highway Limited	Cyprus	\$36,500
	3/22/2011	Leviathan Advisors Limited	Cyprus	\$26,800
	4/4/2011	Leviathan Advisors Limited	Cyprus	\$195,000
	5/3/2011	Global Highway Limited	Cyprus	\$95,000
	5/16/2011	Leviathan Advisors Limited	Cyprus	\$6,500
	5/31/2011	Leviathan Advisors Limited	Cyprus	\$70,000
	6/27/2011	Leviathan Advisors Limited	Cyprus	\$39,900
	7/27/2011	Leviathan Advisors Limited	Cyprus	\$95,000
	10/24/2011	Global Highway Limited	Cyprus	\$22,000
	10/25/2011	Global Highway Limited	Cyprus	\$9,300
	11/15/2011	Global Highway Limited	Cyprus	\$74,000
	11/23/2011	Global Highway Limited	Cyprus	\$22,300
	11/29/2011	Global Highway Limited	Cyprus	\$6,100
	12/12/2011	Leviathan Advisors Limited	Cyprus	\$17,800
	1/17/2012	Global Highway Limited	Cyprus	\$29,800
	1/20/2012	Global Highway Limited	Cyprus	\$42,600
	2/9/2012	Global Highway Limited	Cyprus	\$22,300
	2/23/2012	Global Highway Limited	Cyprus	\$75,000
	2/28/2012	Global Highway Limited	Cyprus	\$22,300
	3/28/2012	Peranova	Cyprus	\$37,500
	4/18/2012	Lucicle Consultants Limited	Cyprus	\$50,000
	5/15/2012	Lucicle Consultants Limited	Cyprus	\$79,000
	6/5/2012	Lucicle Consultants Limited	Cyprus	\$45,000
	6/19/2012	Lucicle Consultants Limited	Cyprus	\$11,860

Payee	Transaction Date	Originating Account Holder	Country of Origination	Amount of Transaction
	7/9/2012	Lucicle Consultants Limited	Cyprus	\$10,800
	7/18/2012	Lucicle Consultants Limited	Cyprus	\$88,000
	8/7/2012	Lucicle Consultants Limited	Cyprus	\$48,800
	9/27/2012	Lucicle Consultants Limited	Cyprus	\$100,000
	11/20/2012	Lucicle Consultants Limited	Cyprus	\$298,000
	12/20/2012	Lucicle Consultants Limited	Cyprus	\$55,000
	1/29/2013	Lucicle Consultants Limited	Cyprus	\$149,000
	3/12/2013	Lucicle Consultants Limited	Cyprus	\$375,000
	8/29/2013	Global Endeavour Inc.	Grenadines	\$200,000
	11/13/2013	Global Endeavour Inc.	Grenadines	\$75,000
	11/26/2013	Global Endeavour Inc.	Grenadines	\$80,000
	12/6/2013	Global Endeavour Inc.	Grenadines	\$130,000
	12/12/2013	Global Endeavour Inc.	Grenadines	\$90,000
	4/22/2014	Global Endeavour Inc.	Grenadines	\$56,293
	8/18/2014	Global Endeavour Inc.	Grenadines	\$34,660
Vendor A Total				\$5,434,793
Vendor B (Home Automation, Lighting and Home Entertainment Company in Florida)	3/22/2011	Leviathan Advisors Limited	Cyprus	\$12,000
	3/28/2011	Leviathan Advisors Limited	Cyprus	\$25,000
	4/27/2011	Leviathan Advisors Limited	Cyprus	\$12,000
	5/16/2011	Leviathan Advisors Limited	Cyprus	\$25,000
	11/15/2011	Global Highway Limited	Cyprus	\$17,006
	11/23/2011	Global Highway Limited	Cyprus	\$11,000
	2/28/2012	Global Highway Limited	Cyprus	\$6,200
	10/31/2012	Lucicle Consultants Limited	Cyprus	\$290,000
	12/17/2012	Lucicle Consultants Limited	Cyprus	\$160,600
	1/15/2013	Lucicle Consultants Limited	Cyprus	\$194,000
	1/24/2013	Lucicle Consultants Limited	Cyprus	\$6,300
	2/12/2013	Lucicle Consultants Limited	Cyprus	\$51,600
	2/26/2013	Lucicle Consultants Limited	Cyprus	\$260,000
	7/15/2013	Pompolo Limited	United Kingdom	\$175,575
11/5/2013	Global Endeavour Inc.	Grenadines	\$73,000	
Vendor B Total				\$1,319,281
Vendor C (Antique Rug Store in Alexandria, Virginia)	10/7/2008	Yiakora Ventures Limited	Cyprus	\$15,750
	3/17/2009	Yiakora Ventures Limited	Cyprus	\$46,200
	4/16/2009	Yiakora Ventures Limited	Cyprus	\$7,400
	4/27/2009	Yiakora Ventures Limited	Cyprus	\$65,000
	5/7/2009	Yiakora Ventures Limited	Cyprus	\$210,000

Payee	Transaction Date	Originating Account Holder	Country of Origination	Amount of Transaction
	7/15/2009	Yiakora Ventures Limited	Cyprus	\$200,000
	3/31/2010	Yiakora Ventures Limited	Cyprus	\$140,000
	6/16/2010	Global Highway Limited	Cyprus	\$250,000
Vendor C Total				\$934,350
Vendor D (Related to Vendor C)	2/28/2012	Global Highway Limited	Cyprus	\$100,000
Vendor D Total				\$100,000
Vendor E (Men's Clothing Store in New York)	11/7/2008	Yiakora Ventures Limited	Cyprus	\$32,000
	2/5/2009	Yiakora Ventures Limited	Cyprus	\$22,750
	4/27/2009	Yiakora Ventures Limited	Cyprus	\$13,500
	10/26/2009	Yiakora Ventures Limited	Cyprus	\$32,500
	3/30/2010	Yiakora Ventures Limited	Cyprus	\$15,000
	5/11/2010	Global Highway Limited	Cyprus	\$39,000
	6/28/2010	Leviathan Advisors Limited	Cyprus	\$5,000
	8/12/2010	Leviathan Advisors Limited	Cyprus	\$32,500
	11/17/2010	Global Highway Limited	Cyprus	\$11,500
	2/7/2011	Global Highway Limited	Cyprus	\$24,000
	3/22/2011	Leviathan Advisors Limited	Cyprus	\$43,600
	3/28/2011	Leviathan Advisors Limited	Cyprus	\$12,000
	4/27/2011	Leviathan Advisors Limited	Cyprus	\$3,000
	6/30/2011	Global Highway Limited	Cyprus	\$24,500
	9/26/2011	Leviathan Advisors Limited	Cyprus	\$12,000
	11/2/2011	Global Highway Limited	Cyprus	\$26,700
	12/12/2011	Leviathan Advisors Limited	Cyprus	\$46,000
	2/9/2012	Global Highway Limited	Cyprus	\$2,800
	2/28/2012	Global Highway Limited	Cyprus	\$16,000
	3/14/2012	Lucicle Consultants Limited	Cyprus	\$8,000
	4/18/2012	Lucicle Consultants Limited	Cyprus	\$48,550
	5/15/2012	Lucicle Consultants Limited	Cyprus	\$7,000
	6/19/2012	Lucicle Consultants Limited	Cyprus	\$21,600
	8/7/2012	Lucicle Consultants Limited	Cyprus	\$15,500
	11/20/2012	Lucicle Consultants Limited	Cyprus	\$10,900
	12/20/2012	Lucicle Consultants Limited	Cyprus	\$7,500
	1/15/2013	Lucicle Consultants Limited	Cyprus	\$37,000
	2/12/2013	Lucicle Consultants Limited	Cyprus	\$7,000
2/26/2013	Lucicle Consultants Limited	Cyprus	\$39,000	
9/3/2013	Global Endeavour Inc.	Grenadines	\$81,500	

Payee	Transaction Date	Originating Account Holder	Country of Origination	Amount of Transaction
	10/15/2013	Global Endeavour Inc.	Grenadines	\$53,000
	11/26/2013	Global Endeavour Inc.	Grenadines	\$13,200
	4/24/2014	Global Endeavour Inc.	Grenadines	\$26,680
	9/11/2014	Global Endeavour Inc.	Grenadines	\$58,435
Vendor E Total				\$849,215
Vendor F (Landscapeer in the Hamptons, New York)	4/27/2009	Yiakora Ventures Limited	Cyprus	\$34,000
	5/12/2009	Yiakora Ventures Limited	Cyprus	\$45,700
	6/1/2009	Yiakora Ventures Limited	Cyprus	\$21,500
	6/18/2009	Yiakora Ventures Limited	Cyprus	\$29,000
	9/21/2009	Yiakora Ventures Limited	Cyprus	\$21,800
	5/11/2010	Global Highway Limited	Cyprus	\$44,000
	6/28/2010	Leviathan Advisors Limited	Cyprus	\$50,000
	7/23/2010	Leviathan Advisors Limited	Cyprus	\$19,000
	9/2/2010	Yiakora Ventures Limited	Cyprus	\$21,000
	10/6/2010	Global Highway Limited	Cyprus	\$57,700
	10/18/2010	Leviathan Advisors Limited	Cyprus	\$26,000
	12/16/2010	Global Highway Limited	Cyprus	\$20,000
	3/22/2011	Leviathan Advisors Limited	Cyprus	\$50,000
	5/3/2011	Global Highway Limited	Cyprus	\$40,000
	6/1/2011	Leviathan Advisors Limited	Cyprus	\$44,000
	7/27/2011	Leviathan Advisors Limited	Cyprus	\$27,000
	8/16/2011	Leviathan Advisors Limited	Cyprus	\$13,450
	9/19/2011	Leviathan Advisors Limited	Cyprus	\$12,000
	10/24/2011	Global Highway Limited	Cyprus	\$42,000
11/2/2011	Global Highway Limited	Cyprus	\$37,350	
Vendor F Total				\$655,500
Vendor G (Antique Dealer in New York)	9/2/2010	Yiakora Ventures Limited	Cyprus	\$165,000
	10/18/2010	Leviathan Advisors Limited	Cyprus	\$165,000
	2/28/2012	Global Highway Limited	Cyprus	\$190,600
	3/14/2012	Lucicle Consultants Limited	Cyprus	\$75,000
	2/26/2013	Lucicle Consultants Limited	Cyprus	\$28,310
Vendor G Total				\$623,910
Vendor H (Clothing Store in Beverly Hills, California)	6/25/2008	LOAV Advisors Limited	Cyprus	\$52,000
	12/16/2008	Yiakora Ventures Limited	Cyprus	\$49,000
	12/22/2008	Yiakora Ventures Limited	Cyprus	\$10,260
	8/12/2009	Yiakora Ventures Limited	Cyprus	\$76,400
	5/11/2010	Global Highway Limited	Cyprus	\$85,000
	11/17/2010	Global Highway Limited	Cyprus	\$128,280

Payee	Transaction Date	Originating Account Holder	Country of Origination	Amount of Transaction
	5/31/2011	Leviathan Advisors Limited	Cyprus	\$64,000
	11/15/2011	Global Highway Limited	Cyprus	\$48,000
	12/17/2012	Lucicle Consultants Limited	Cyprus	\$7,500
Vendor H Total				\$520,440
Vendor I (Investment Company)	9/3/2013	Global Endeavour Inc.	Grenadines	\$500,000
Vendor I Total				\$500,000
Vendor J (Contractor in Florida)	11/15/2011	Global Highway Limited	Cyprus	\$8,000
	12/5/2011	Leviathan Advisors Limited	Cyprus	\$11,237
	12/21/2011	Black Sea View Limited	Cyprus	\$20,000
	2/9/2012	Global Highway Limited	Cyprus	\$51,000
	5/17/2012	Lucicle Consultants Limited	Cyprus	\$68,000
	6/19/2012	Lucicle Consultants Limited	Cyprus	\$60,000
	7/18/2012	Lucicle Consultants Limited	Cyprus	\$32,250
	9/19/2012	Lucicle Consultants Limited	Cyprus	\$112,000
	11/30/2012	Lucicle Consultants Limited	Cyprus	\$39,700
	1/9/2013	Lucicle Consultants Limited	Cyprus	\$25,600
2/28/2013	Lucicle Consultants Limited	Cyprus	\$4,700	
Vendor J Total				\$432,487
Vendor K (Landscape in the Hamptons, New York)	12/5/2011	Leviathan Advisors Limited	Cyprus	\$4,115
	3/1/2012	Global Highway Limited	Cyprus	\$50,000
	6/6/2012	Lucicle Consultants Limited	Cyprus	\$47,800
	6/25/2012	Lucicle Consultants Limited	Cyprus	\$17,900
	6/27/2012	Lucicle Consultants Limited	Cyprus	\$18,900
	2/12/2013	Lucicle Consultants Limited	Cyprus	\$3,300
	7/15/2013	Pompolo Limited	United Kingdom	\$13,325
	11/26/2013	Global Endeavour Inc.	Grenadines	\$9,400
Vendor K Total				\$164,740
Vendor L (Payments Relating to Three Range Rovers)	4/12/2012	Lucicle Consultants Limited	Cyprus	\$83,525
	5/2/2012	Lucicle Consultants Limited	Cyprus	\$12,525
	6/29/2012	Lucicle Consultants Limited	Cyprus	\$67,655
Vendor L Total				\$163,705
Vendor M	11/20/2012	Lucicle Consultants Limited	Cyprus	\$45,000
	12/7/2012	Lucicle Consultants Limited	Cyprus	\$21,000

Payee	Transaction Date	Originating Account Holder	Country of Origination	Amount of Transaction
(Contractor in Virginia)	12/17/2012	Lucicle Consultants Limited	Cyprus	\$21,000
	1/17/2013	Lucicle Consultants Limited	Cyprus	\$18,750
	1/29/2013	Lucicle Consultants Limited	Cyprus	\$9,400
	2/12/2013	Lucicle Consultants Limited	Cyprus	\$10,500
Vendor M Total				\$125,650
Vendor N (Audio, Video, and Control System Home Integration and Installation Company in the Hamptons, New York)	1/29/2009	Yiakora Ventures Limited	Cyprus	\$10,000
	3/17/2009	Yiakora Ventures Limited	Cyprus	\$21,725
	4/16/2009	Yiakora Ventures Limited	Cyprus	\$24,650
	12/2/2009	Global Highway Limited	Cyprus	\$10,000
	3/8/2010	Global Highway Limited	Cyprus	\$20,300
	4/23/2010	Yiakora Ventures Limited	Cyprus	\$8,500
	7/29/2010	Leviathan Advisors Limited	Cyprus	\$17,650
Vendor N Total				\$112,825
Vendor O (Purchase of Mercedes Benz)	10/5/2012	Lucicle Consultants Limited	Cyprus	\$62,750
Vendor O Total				\$62,750
Vendor P (Purchase of Range Rover)	12/30/2008	Yiakora Ventures Limited	Cyprus	\$47,000
Vendor P Total				\$47,000
Vendor Q (Property Management Company in South Carolina)	9/2/2010	Yiakora Ventures Limited	Cyprus	\$10,000
	10/6/2010	Global Highway Limited	Cyprus	\$10,000
	10/18/2010	Leviathan Advisors Limited	Cyprus	\$10,000
	2/8/2011	Global Highway Limited	Cyprus	\$13,500
	2/9/2012	Global Highway Limited	Cyprus	\$2,500
Vendor Q Total				\$46,000
Vendor R (Art Gallery in Florida)	2/9/2011	Global Highway Limited	Cyprus	\$17,900
	2/14/2013	Lucicle Consultants Limited	Cyprus	\$14,000
Vendor R Total				\$31,900
Vendor S	9/26/2011	Leviathan Advisors Limited	Cyprus	\$5,000
	9/19/2012	Lucicle Consultants Limited	Cyprus	\$5,000

Payee	Transaction Date	Originating Account Holder	Country of Origination	Amount of Transaction
(Housekeeping in New York)	10/9/2013	Global Endeavour Inc.	Grenadines	\$10,000
Vendor S Total				\$20,000

16. In 2012, MANAFORT caused the following wires to be sent to the entities listed below to purchase the real estate also listed below. MANAFORT did not report the money used to make these purchases on his 2012 tax return.

Property Purchased	Payee	Date	Originating Account	Country of Origin	Amount
Howard Street Condominium (New York)	DMP International LLC	2/1/2012	Peranova	Cyprus	\$1,500,000
Union Street Brownstone, (New York)	Attorney Account Of [Real Estate Attorney]	11/29/2012	Actinet Trading Limited	Cyprus	\$1,800,000
		11/29/2012	Actinet Trading Limited	Cyprus	\$1,200,000
Arlington House (Virginia)	Real Estate Trust	8/31/2012	Lucicle Consultants Limited	Cyprus	\$1,900,000
Total					\$6,400,000

17. MANAFORT and GATES also disguised, as purported “loans,” more than \$10 million transferred from Cypriot entities, including the overseas MANAFORT–GATES entities, to domestic entities owned by MANAFORT. For example, a \$1.5 million wire from Peranova to DMI that MANAFORT used to purchase real estate on Howard Street in Manhattan, New York, was recorded as a “loan” from Peranova to DMI, rather than as income. The following loans were shams designed to reduce fraudulently MANAFORT’s reported taxable income.

Year	Payor / Ostensible "Lender"	Payee / Ostensible "Borrower"	Country of Origin	Total Amount of "Loans"
2008	Yiakora Ventures Limited	Jesand Investment Corporation	Cyprus	\$8,120,000
2008	Yiakora Ventures Limited	DMP	Cyprus	\$500,000
2009	Yiakora Ventures Limited	DMP	Cyprus	\$694,000
2009	Yiakora Ventures Limited	Daisy Manafort, LLC	Cyprus	\$500,000
2012	Peranova	DMI	Cyprus	\$1,500,000
2014	Telmar Investments Ltd.	DMI	Cyprus	\$900,000
2015	Telmar Investments Ltd.	DMI	Cyprus	\$1,000,000
Total				\$13,214,000

18. From 2010 to 2014, GATES caused the following wires, totaling more than \$3,000,000, to be sent to entities and bank accounts of which he was a beneficial owner or he otherwise controlled. GATES did not report this income on his tax returns.

Payee	Transaction Date	Originating Account Holder	Country of Origination	Amount of Transaction
Richard Gates United Kingdom Bank Account A	3/26/2010	Serangon Holdings Limited	Cyprus	\$85,000
	4/20/2010	Serangon Holdings Limited	Cyprus	\$50,000
	5/6/2010	Serangon Holdings Limited	Cyprus	\$150,000
Richard Gates United Kingdom Bank Account B	9/7/2010	Serangon Holdings Limited	Cyprus	\$160,000
	10/13/2010	Serangon Holdings Limited	Cyprus	\$15,000
Richard Gates United States Bank Account C	9/27/2010	Global Highway Limited	Cyprus	\$50,000
2010 Tax Year Total				\$510,000
Jemina LLC United States Bank Account D	9/9/2011	Peranova	Cyprus	\$48,500
Richard Gates United Kingdom Bank Account B	12/16/2011	Peranova	Cyprus	\$100,435
2011 Tax Year Total				\$148,935
Richard Gates United Kingdom Bank Account B	1/9/2012	Global Highway Limited	Cyprus	\$100,000
	1/13/2012	Peranova	Cyprus	\$100,435
	2/29/2012	Global Highway Limited	Cyprus	\$28,500
	3/27/2012	Bletilla Ventures Limited	Cyprus	\$18,745

Payee	Transaction Date	Originating Account Holder	Country of Origination	Amount of Transaction
	4/26/2012	Bletilla Ventures Limited	Cyprus	\$26,455
	5/30/2012	Bletilla Ventures Limited	Cyprus	\$15,000
	5/30/2012	Lucicle Consultants Limited	Cyprus	\$14,650
	6/27/2012	Bletilla Ventures Limited	Cyprus	\$18,745
	8/2/2012	Bletilla Ventures Limited	Cyprus	\$28,745
	8/30/2012	Bletilla Ventures Limited	Cyprus	\$38,745
	9/27/2012	Bletilla Ventures Limited	Cyprus	\$32,345
	10/31/2012	Bletilla Ventures Limited	Cyprus	\$46,332
	11/20/2012	Bletilla Ventures Limited	Cyprus	\$48,547
	11/30/2012	Bletilla Ventures Limited	Cyprus	\$38,532
	12/21/2012	Bletilla Ventures Limited	Cyprus	\$47,836
	12/28/2012	Bletilla Ventures Limited	Cyprus	\$47,836
2012 Tax Year Total				\$651,448
Richard Gates United Kingdom Bank Account B	1/11/2013	Bletilla Ventures Limited	Cyprus	\$47,836
	1/22/2013	Bletilla Ventures Limited	Cyprus	\$34,783
	1/30/2013	Bletilla Ventures Limited	Cyprus	\$46,583
	2/22/2013	Bletilla Ventures Limited	Cyprus	\$46,233
	2/28/2013	Bletilla Ventures Limited	Cyprus	\$46,583
	3/1/2013	Bletilla Ventures Limited	Cyprus	\$42,433
	3/15/2013	Bletilla Ventures Limited	Cyprus	\$37,834
	4/15/2013	Bletilla Ventures Limited	Cyprus	\$59,735
	4/26/2013	Bletilla Ventures Limited	Cyprus	\$48,802
	5/17/2013	Olivenia Trading Limited	Cyprus	\$57,798
	5/30/2013	Actinet Trading Limited	Cyprus	\$45,622
	6/13/2013	Lucicle Consultants Limited	Cyprus	\$76,343
	8/7/2013	Pompolo Limited	United Kingdom	\$250,784
	9/6/2013	Lucicle Consultants Limited	Cyprus	\$68,500
9/13/2013	Cypriot Agent	Cyprus	\$179,216	
Jemina LLC United States Bank Account D	7/8/2013	Marziola Holdings Limited	Cyprus	\$72,500
	9/4/2013	Marziola Holdings Limited	Cyprus	\$89,807
	10/22/2013	Cypriot Agent	Cyprus	\$119,844
	11/12/2013	Cypriot Agent	Cyprus	\$80,000
	12/20/2013	Cypriot Agent	Cyprus	\$90,000
2013 Tax Year Total				\$1,541,237
Jemina LLC United States Bank Account D	2/10/2014	Cypriot Agent	Cyprus	\$60,044
	4/29/2014	Cypriot Agent	Cyprus	\$44,068
	10/6/2014	Global Endeavour Inc.	Grenadines	\$65,000

Payee	Transaction Date	Originating Account Holder	Country of Origination	Amount of Transaction
Bade LLC United States Bank Account E	11/25/2014	Global Endeavour Inc.	Grenadines	\$120,000
2014 Tax Year Total				\$289,112

MANAFORT And GATES' Hiding Foreign Bank Accounts And False Filings

19. United States citizens who have authority over certain foreign bank accounts—whether or not the accounts are set up in the names of nominees who act for their principals—have reporting obligations to the United States.

20. First, the Bank Secrecy Act and its implementing regulations require United States citizens to report to the Treasury any financial interest in, or signatory authority over, any bank account or other financial account held in foreign countries, for every calendar year in which the aggregate balance of all such foreign accounts exceeds \$10,000 at any point during the year. This is commonly known as a foreign bank account report or “FBAR.” The Bank Secrecy Act requires these reports because they have a high degree of usefulness in criminal, tax, or regulatory investigations or proceedings. The Treasury’s Financial Crimes Enforcement Network (FinCEN) is the custodian for FBAR filings, and FinCEN provides access to its FBAR database to law enforcement entities, including the Federal Bureau of Investigation. The reports filed by individuals and businesses are used by law enforcement to identify, detect, and deter money laundering that furthers criminal enterprise activity, tax evasion, and other unlawful activities.

21. Second, United States citizens also are obligated to report information to the IRS regarding foreign bank accounts. For instance, in 2010, Schedule B of IRS Form 1040 had a “Yes” or “No” box to record an answer to the question: “At any time during [the calendar year], did you have an interest in or a signature or other authority over a financial account in a foreign country, such as a

bank account, securities account, or other financial account?” If the answer was “Yes,” then the form required the taxpayer to enter the name of the foreign country in which the financial account was located.

22. For each year in or about and between 2008 through at least 2014, MANAFORT had authority over foreign accounts that required an FBAR filing. Specifically, MANAFORT was required to report to the Treasury each foreign bank account held by the foreign MANAFORT–GATES entities noted above in paragraph 12 that bears the initials PM. No FBAR filings were made by MANAFORT for these accounts.

23. For each year in or about and between 2010 through at least 2013, GATES had authority over foreign accounts that required an FBAR filing. Specifically, GATES was required to report to the United States Treasury each foreign bank account held by the foreign MANAFORT–GATES entities noted above in paragraph 12 that bears the initials RG, as well as United Kingdom Bank Accounts A and B noted in paragraph 18. No FBAR filings were made by GATES for these accounts.

24. Furthermore, in each of MANAFORT’s tax filings for 2008 through 2014, MANAFORT, with the assistance of GATES, represented falsely that he did not have authority over any foreign bank accounts. MANAFORT and GATES had repeatedly and falsely represented in writing to MANAFORT’s tax preparer that MANAFORT had no authority over foreign bank accounts, knowing that such false representations would result in false tax filings in MANAFORT’s name. For instance, on October 4, 2011, MANAFORT’s tax preparer asked MANAFORT in writing: “At any time during 2010, did you [or your wife or children] have an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account or other financial account?” On the same day, MANAFORT falsely responded “NO.”

MANAFORT responded the same way as recently as October 3, 2016, when MANAFORT's tax preparer again emailed the question in connection with the preparation of MANAFORT's tax returns: "Foreign bank accounts etc.?" MANAFORT responded on or about the same day: "NONE."

25. In each of GATES' tax filings for 2010 through 2013, GATES represented falsely that he did not have authority over any foreign bank accounts. GATES had repeatedly and falsely represented to his tax preparers that he had no authority over foreign bank accounts, knowing that such false representations would result in false tax filings. As recently as October 2017, in preparation for his amended 2013 tax filing, GATES was asked by his tax preparer: "Did you have any foreign assets/bank accounts during 2013 or 2014?" to which he responded "no."

The Financial Institution Scheme

26. Between in or around 2015 and the present, both dates being approximate and inclusive, in the Eastern District of Virginia and elsewhere, MANAFORT, GATES, and others devised and intended to devise, and executed and attempted to execute, a scheme and artifice to defraud, and to obtain money and property, by means of false and fraudulent pretenses, representations, and promises, from banks and other financial institutions. As part of the scheme, MANAFORT and GATES repeatedly provided and caused to be provided false information to banks and other lenders, among others.

MANAFORT And GATES' Fraud To Access Offshore Money

27. When they were flush with Ukraine funds, MANAFORT, with the assistance of GATES, used their offshore accounts to purchase and improve real estate in the United States. When the income from Ukraine dwindled in 2014 and 2015, MANAFORT, with the assistance of GATES, obtained millions of dollars in mortgages on the United States properties, thereby allowing

MANAFORT to have the benefits of liquid income without paying taxes on it. MANAFORT and GATES defrauded the lenders in various ways, including by lying about MANAFORT's and DMI's income, lying about their debt, and lying about MANAFORT's use of the property and the loan proceeds. For example, MANAFORT and GATES submitted fabricated profit and loss statements (P&Ls) that inflated income, and they caused others to provide doctored financial documents.

A. The Loan From Lender A On The Union Street Property

28. In 2012, MANAFORT, through a corporate vehicle called "MC Brooklyn Holdings, LLC" owned by him and his family, bought a brownstone on Union Street in the Carroll Gardens section of Brooklyn, New York. He paid approximately \$3,000,000 in cash for the property. All of that money came from a MANAFORT-GATES entity in Cyprus. After purchase of the property, MANAFORT began renovations to transform it from a multi-family dwelling into a single-family home. MANAFORT used proceeds of a 2015 loan obtained from a financial institution to make the renovations. In order to obtain that loan, MANAFORT falsely represented to the bank that he did not derive more than 50% of his income/wealth from a country outside the United States.

29. In late 2015 through early 2016, MANAFORT sought to borrow cash against the Union Street property from Lender A. Lender A provided greater loan amounts for "construction loans"—that is, loans that required the loan funds to be used to pay solely for construction on the property and thus increase the value of the property serving as the loan's collateral. The institution would thus loan money against the expected completed value of the property, which in the case of the Union Street property was estimated to be \$8,000,000. In early 2016, MANAFORT was able to obtain a loan of approximately \$5,000,000, after promising Lender A that approximately \$1,400,000 of the loan would be used solely for construction on the Union Street property.

MANAFORT never intended to limit use of the proceeds to construction as required by the loan contracts and never did. In December 2015, before the loan was made, MANAFORT wrote his tax preparer, among others, that the “construction mortgage will allow me to pay back [another Manafort apartment] mortgage in full. . . .” Further, when the construction loan closed, MANAFORT used hundreds of thousands of dollars for purposes unrelated to the construction of the property.

B. The Loan From Lender B On The Howard Street Property

30. In 2012, MANAFORT, through a corporate vehicle called “MC Soho Holdings, LLC” owned by him and his family, bought a condominium on Howard Street in the Soho neighborhood of Manhattan, New York. He paid approximately \$2,850,000. All the money used to purchase the condominium came from MANAFORT–GATES entities in Cyprus. MANAFORT used the property from at least January 2015 through at least August 2017 as an income-generating rental property, charging thousands of dollars a week on Airbnb, among other places. On his tax returns, MANAFORT took advantage of the beneficial tax consequences of owning this rental property.

31. In late 2015 through early 2016, MANAFORT applied for a mortgage on the Howard Street condominium from Lender B for approximately \$3.4 million. Because the bank would permit a greater loan amount if the property were owner-occupied, MANAFORT falsely represented to the lender and its agents that it was a secondary home used as such by his daughter and son-in-law and was not held as a rental property. In an email on January 6, 2016, MANAFORT noted: “[i]n order to have the maximum benefit, I am claiming Howard St. as a second home. Not an investment property.” Later, on January 26, 2016, MANAFORT wrote to his son-in-law to advise him that when the bank appraiser came to assess the condominium, his son-in-law should “[r]emember, he believes that you and [MANAFORT’s daughter] are living there.”

32. MANAFORT, with GATES' assistance, also made a series of false and fraudulent representations to the bank in order to secure the millions of dollars in financing. For example, MANAFORT falsely represented the amount of debt he had by failing to disclose on his loan application the existence of the Lender A mortgage on his Union Street property. That liability would have risked his qualifying for the loan. Through its own due diligence, Lender B found evidence of the existing mortgage on the Union Street property. As a result, Lender B wrote to MANAFORT and GATES that the "application has the following properties as being owned free & clear . . . Union Street," but "[b]ased on the insurance binders that we received last night, we are showing that there are mortgages listed on these properties, can you please clarify[?]"

33. To cover up the falsity of the loan application, GATES, on MANAFORT's behalf, caused an insurance broker to provide Lender B false information, namely, an outdated insurance report that did not list the Union Street loan. MANAFORT and GATES knew such a representation was fraudulent. After GATES contacted the insurance broker and asked her to provide Lender B with false information, he updated MANAFORT by email on February 24, 2016. MANAFORT replied to GATES, on the same day: "good job on the insurance issues."

34. MANAFORT and GATES submitted additional false and fraudulent statements to Lender B. For example, MANAFORT submitted 2014 DMI tax returns to support his 2016 loan application to Lender B. Those tax returns included as a purported liability a \$1.5 million loan from Peranova. Peranova was a Cypriot entity controlled by MANAFORT and GATES. On or about February 1, 2012, Peranova transferred \$1.5 million to a DMI account in the United States, denominating the transfer as a loan so that MANAFORT would not have to declare the money as income. MANAFORT used the "loan" to acquire the Howard Street property.

35. When MANAFORT needed to obtain a loan from Lender B, the existence of the Peranova

“loan” undermined his creditworthiness. As a result of the listed Peranova liability, Lender B was not willing to make the loan to MANAFORT. To circumvent this issue, MANAFORT and GATES caused MANAFORT’s tax accountant to send to Lender B back-dated documentation that falsely stated that the \$1.5 million Peranova loan had been forgiven in 2015, and falsely inflated income for 2015 to mask MANAFORT’s 2015 drop in income.

36. In March 2016, Lender B approved the loan in the amount of approximately \$3.4 million (the \$3.4 million loan).

C. The Loan From Lender C

37. In approximately February 2016, MANAFORT applied for a business loan from Lender C. MANAFORT made a series of false statements to Lender C. For example, MANAFORT submitted a false statement of assets and liabilities that failed to disclose the Lender A loan on the Union Street property and misrepresented, among other things, the amount of the mortgage on the Howard Street property.

38. Further, in approximately March 2016, MANAFORT and GATES submitted a doctored 2015 DMI P&L that overstated DMI’s 2015 income by more than \$4 million. GATES asked DMI’s bookkeeper to send him a “Word Document version of the 2015 P&L for [DMI]” because MANAFORT wanted GATES “to add the accrual revenue which we have not received in order to send to [Lender C].” The bookkeeper said she could send a .pdf version of the P&L. GATES then asked the bookkeeper to increase the DMI revenue, falsely claiming that: “[w]e have \$2.4m in accrued revenue that [MANAFORT] wants added to the [DMI] 2015 income. Can you make adjustments on your end and then just send me a new scanned version[?]” The bookkeeper refused since the accounting method DMI used did not permit recording income before it was actually received.

39. Having failed to secure a falsified P&L from the bookkeeper, GATES falsified the P&L. GATES wrote to MANAFORT and another conspirator, "I am editing Paul's 2015 P&L statement." GATES then sent the altered P&L to Lender C, which claimed approximately \$4.45 million in net income, whereas the true P&L had less than \$400,000 in net income.

D. The Loan From Lender B On The Union Street Property

40. In March 2016, MANAFORT, with the assistance of GATES and others, applied for a \$5.5 million loan from Lender B on the Union Street property. As part of the loan process, MANAFORT submitted a false statement of assets and liabilities that hid his prior loan from Lender A on the Union Street property, among other liabilities. In addition, another conspirator on MANAFORT's behalf submitted a falsified 2016 DMI P&L. The falsified 2016 DMI P&L overstated DMI's income by more than \$2 million, which was the amount that Lender B told MANAFORT he needed to qualify for the loan. When the document was first submitted to Lender B, a conspirator working at Lender B replied: "Looks Dr'd. Can't someone just do a clean excel doc and pdf to me??" A subsequent version was submitted to the bank.

E. The Loans From Lender D On The Bridgehampton And Union Street Properties

41. In 2016, MANAFORT sought a mortgage on property in Bridgehampton, New York from a financial institution. In connection with his application, MANAFORT falsely represented to the bank that DMI would be receiving \$2.4 million in income later in the year for work on a "democratic development consulting project." To support this representation, GATES, on MANAFORT's behalf, provided the bank with a fake invoice for \$2.4 million, directed "To Whom It May Concern," for "[s]ervices rendered per the consultancy agreement pertaining to the parliamentary elections." The bank, unwilling to rely on the invoice to support MANAFORT's stated 2016 income, requested additional information. The bank was unable to obtain satisfactory

support for the stated income, and the loan application was denied.

42. MANAFORT applied to a second bank, Lender D. Between approximately July 2016 and January 2017, MANAFORT, with the assistance of GATES, sought and secured approximately \$16,000,000 in two loans from Lender D. MANAFORT used the Bridgehampton property as collateral for one loan, and the Union Street property for the other.

43. MANAFORT and GATES made numerous false and fraudulent representations to secure the loans. For example, MANAFORT provided the bank with doctored P&Ls for DMI for both 2015 and 2016, overstating its income by millions of dollars. The doctored 2015 DMI P&L submitted to Lender D was the same false statement previously submitted to Lender C, which overstated DMI's income by more than \$4 million. The doctored 2016 DMI P&L was inflated by MANAFORT by more than \$3.5 million. To create the false 2016 P&L, on or about October 21, 2016, MANAFORT emailed GATES a .pdf version of the real 2016 DMI P&L, which showed a loss of more than \$600,000. GATES converted that .pdf into a "Word" document so that it could be edited, which GATES sent back to MANAFORT. MANAFORT altered that "Word" document by adding more than \$3.5 million in income. He then sent this falsified P&L to GATES and asked that the "Word" document be converted back to a .pdf, which GATES did and returned to MANAFORT. MANAFORT then sent the falsified 2016 DMI P&L .pdf to Lender D.

44. In addition, Lender D questioned MANAFORT about a \$300,000 delinquency on his American Express card, which was more than 90 days past due. The delinquency significantly affected MANAFORT's credit rating score. MANAFORT falsely represented to Lender D that he had lent his credit card to a friend, GATES, who had incurred the charges and had not reimbursed him. MANAFORT supplied Lender D a letter from GATES that falsely stated that

GATES had borrowed MANAFORT's credit card to make the purchases at issue and would pay him back by a date certain.

Statutory Allegations

COUNTS ONE THROUGH FIVE

(Subscribing to False United States Individual Income
Tax Returns For 2010–2014 Tax Years)

45. Paragraphs 1 through 44 are incorporated here.

46. On or about the dates specified below, in the Eastern District of Virginia and elsewhere, defendant PAUL J. MANAFORT, JR., willfully and knowingly did make and subscribe, and aid and abet and cause to be made and subscribed, United States Individual Income Tax Returns, Forms 1040 and Schedule B, for the tax years set forth below, which returns contained and were verified by the written declaration of MANAFORT that they were made under penalties of perjury, and which returns MANAFORT did not believe to be true and correct as to every material matter, in that the returns (a) claimed that MANAFORT did not have a financial interest in and signature and other authority over a financial account in a foreign country and (b) failed to report income, whereas MANAFORT then and there well knew and believed that he had a financial interest in, and signature and other authority over, bank accounts in a foreign country and had earned total income in excess of the reported amounts noted below:

COUNT	TAX YEAR	APPROX. FILING DATE	FOREIGN ACCOUNT REPORTED (Sch. B, Line 7a)	TOTAL INCOME REPORTED (Line 22)
1	2010	October 14, 2011	None	\$504,744
2	2011	October 15, 2012	None	\$3,071,409
3	2012	October 7, 2013	None	\$5,361,007
4	2013	October 6, 2014	None	\$1,910,928
5	2014	October 14, 2015	None	\$2,984,210

(26 U.S.C. § 7206(l); 18 U.S.C. §§ 2 and 3551 et seq.)

COUNTS SIX THROUGH TEN
(Assisting in the Preparation of
False United States Individual Income
Tax Returns For 2010–2014 Tax Years)

47. Paragraphs 1 through 44 are incorporated here.
48. On or about the dates specified below, in the Eastern District of Virginia and elsewhere, defendant RICHARD W. GATES III willfully and knowingly did aid and assist in, and procure, counsel, and advise the preparation and presentation to the Internal Revenue Service, of a United States Individual Income Tax Return, Form 1040 and Schedule B, of PAUL J. MANAFORT, JR., for the tax years set forth below, which returns were false and fraudulent as to a material matter, in that the returns (a) claimed that MANAFORT did not have a financial interest in, and signature and other authority over, a financial account in a foreign country and (b) failed to report income, whereas GATES then and there well knew and believed that MANAFORT had a financial interest in, and signature and other authority over, bank accounts in a foreign country and had earned total income in excess of the reported amounts noted below:

COUNT	TAX YEAR	APPROX. FILING DATE	FOREIGN ACCOUNT REPORTED (Sch. B, Line 7a)	TOTAL INCOME REPORTED (Line 22)
6	2010	October 14, 2011	None	\$504,744
7	2011	October 15, 2012	None	\$3,071,409
8	2012	October 7, 2013	None	\$5,361,007
9	2013	October 6, 2014	None	\$1,910,928
10	2014	October 14, 2015	None	\$2,984,210

(26 U.S.C. § 7206(2); 18 U.S.C. § 3551 et seq.)

COUNTS ELEVEN THROUGH FOURTEEN
(Failure To File Reports Of Foreign Bank And Financial
Accounts For Calendar Years 2011–2014)

49. Paragraphs 1 through 44 are incorporated here.
50. On the filing due dates listed below, in the Eastern District of Virginia and elsewhere,

defendant PAUL J. MANAFORT, JR., unlawfully, willfully, and knowingly did fail to file with the Treasury an FBAR disclosing that he had a financial interest in, and signature and other authority over, a bank, securities, and other financial account in a foreign country, which had an aggregate value of more than \$10,000 in a 12-month period, during the years listed below:

COUNT	YEAR	DUE DATE TO FILE FBAR
11	2011	June 29, 2012
12	2012	June 30, 2013
13	2013	June 30, 2014
14	2014	June 30, 2015

(31 U.S.C. §§ 5314 and 5322(a); 18 U.S.C. §§ 2 and 3551 et seq.)

COUNTS FIFTEEN THROUGH NINETEEN
(Subscribing to False United States Individual Income
Tax Returns For 2010–2014 Tax Years)

51. Paragraphs 1 through 44 are incorporated here.

52. On or about the dates specified below, in the Eastern District of Virginia and elsewhere, defendant RICHARD W. GATES III willfully and knowingly did make and subscribe, and aid and abet and cause to be made and subscribed, United States Individual Income Tax Returns, Forms 1040 and Schedule B, for the tax years set forth below, which returns contained and were verified by the written declaration of defendant GATES that they were made under penalties of perjury, and which returns defendant GATES did not believe to be true and correct as to every material matter, in that the returns (a) claimed that GATES did not have a financial interest in, and signature and other authority over, a financial account in a foreign country and (b) failed to report income, whereas GATES then and there well knew and believed that he had a financial interest in, and signature and other authority over, a financial account in a foreign country and had earned total income in excess of the reported amounts noted below:

COUNT	TAX YEAR	APPROX. FILING DATE	FOREIGN ACCOUNT REPORTED (Sch. B, Line 7a)	TOTAL INCOME REPORTED (Line 22)
15	2010	July 26, 2011	None	\$194,257
16	2011	October 11, 2012	None	\$250,307
17	2012	October 15, 2013	None	\$365,646
18	2013	October 15, 2014	None	\$307,363
19	2014	October 14, 2015	None	\$292,892

(26 U.S.C. § 7206(l); 18 U.S.C. §§ 2 and 3551 et seq.)

COUNT TWENTY

(Subscribing to a False Amended United States Individual Income Tax Return For 2013 Tax Year)

53. Paragraphs 1 through 44 are incorporated here.

54. On or about October 25, 2017, in the Eastern District of Virginia and elsewhere, defendant RICHARD W. GATES III willfully and knowingly did make and subscribe, and aid and abet and cause another to make and subscribe, a United States Individual Income Tax Return, Form 1040X, for the 2013 tax year, which return contained and was verified by the written declaration of defendant GATES that it was made under penalties of perjury, and which return defendant GATES did not believe to be true and correct as to every material matter, in that the return failed to report income, whereas GATES then and there well knew and believed that he had earned adjusted gross income in excess of the reported amount on Line 1C, to wit: \$292,055.

(26 U.S.C. § 7206(l); 18 U.S.C. §§ 2 and 3551 et seq.)

COUNTS TWENTY-ONE THROUGH TWENTY-THREE

(Failure To File Reports Of Foreign Bank And Financial Accounts For Calendar Years 2011–2013)

55. Paragraphs 1 through 44 are incorporated here.

56. On the filing due dates listed below, in the Eastern District of Virginia and elsewhere, defendant RICHARD W. GATES III unlawfully, willfully, and knowingly did fail to file with the

Treasury an FBAR disclosing that he had a financial interest in, and signature authority over, a bank, securities, and other financial account in a foreign country, which had an aggregate value of more than \$10,000 in a 12-month period, during the years listed below:

COUNT	YEAR	DUE DATE TO FILE FBAR
21	2011	June 29, 2012
22	2012	June 30, 2013
23	2013	June 30, 2014

(31 U.S.C. §§ 5314 and 5322(a); 18 U.S.C. §§ 2 and 3551 et seq.)

COUNT TWENTY-FOUR

(Bank Fraud Conspiracy / Lender B / \$3.4 million loan)

57. Paragraphs 1 through 44 are incorporated here.

58. On or about and between December 2015 and March 2016, both dates being approximate and inclusive, in the Eastern District of Virginia and elsewhere, defendants PAUL J. MANAFORT, JR., and RICHARD W. GATES III did knowingly and intentionally conspire to execute a scheme and artifice to defraud one or more financial institutions, to wit: Lender B, the deposits of which were insured by the Federal Deposit Insurance Corporation, and to obtain moneys, funds, and credits owned by and under the custody and control of such financial institution by means of materially false and fraudulent pretenses, representations, and promises, contrary to Title 18, United States Code, Section 1344.

(18 U.S.C. §§ 1349 and 3551 et seq.)

COUNT TWENTY-FIVE

(Bank Fraud / Lender B / \$3.4 million loan)

59. Paragraphs 1 through 44 are incorporated here.

60. On or about and between December 2015 and March 2016, both dates being approximate

and inclusive, in the Eastern District of Virginia and elsewhere, defendants PAUL J. MANAFORT, JR., and RICHARD W. GATES III did knowingly and intentionally execute and attempt to execute a scheme and artifice to defraud one or more financial institutions, to wit: Lender B, the deposits of which were insured by the Federal Deposit Insurance Corporation, and to obtain moneys, funds, and credits owned by and under the custody and control of such financial institution by means of materially false and fraudulent pretenses, representations, and promises.

(18 U.S.C. §§ 1344, 2, and 3551 et seq.)

COUNT TWENTY-SIX

(Bank Fraud Conspiracy / Lender C / \$1 million loan)

61. Paragraphs 1 through 44 are incorporated here.

62. On or about and between March 2016 and May 2016, both dates being approximate and inclusive, in the Eastern District of Virginia and elsewhere, defendants PAUL J. MANAFORT, JR., and RICHARD W. GATES III did knowingly and intentionally conspire to execute a scheme and artifice to defraud one or more financial institutions, to wit: Lender C, the deposits of which were insured by the Federal Deposit Insurance Corporation, and to obtain moneys, funds, and credits owned by and under the custody and control of such financial institution by means of materially false and fraudulent pretenses, representations, and promises, contrary to Title 18, United States Code, Section 1344.

(18 U.S.C. §§ 1349 and 3551 et seq.)

COUNT TWENTY-SEVEN

(Bank Fraud / Lender C / \$1 million loan)

63. Paragraphs 1 through 44 are incorporated here.

64. On or about and between December 2015 and March 2016, both dates being approximate and inclusive, in the Eastern District of Virginia and elsewhere, defendants PAUL J.

MANAFORT, JR., and RICHARD W. GATES III did knowingly and intentionally execute and attempt to execute a scheme and artifice to defraud one or more financial institutions, to wit: Lender C, the deposits of which were insured by the Federal Deposit Insurance Corporation, and to obtain moneys, funds, and credits owned by and under the custody and control of such financial institution by means of materially false and fraudulent pretenses, representations, and promises.

(18 U.S.C. §§ 1344, 2, and 3551 et seq.)

COUNT TWENTY-EIGHT

(Bank Fraud Conspiracy / Lender B / \$5.5 million loan)

65. Paragraphs 1 through 44 are incorporated here.

66. On or about and between March 2016 and August 2016, both dates being approximate and inclusive, in the Eastern District of Virginia and elsewhere, defendants PAUL J. MANAFORT, JR., and RICHARD W. GATES III did knowingly and intentionally conspire to execute a scheme and artifice to defraud one or more financial institutions, to wit: Lender B, the deposits of which were insured by the Federal Deposit Insurance Corporation, and to obtain moneys, funds, and credits owned by and under the custody and control of such financial institution by means of materially false and fraudulent pretenses, representations, and promises, contrary to Title 18, United States Code, Section 1344.

(18 U.S.C. §§ 1349 and 3551 et seq.)

COUNT TWENTY-NINE

(Bank Fraud Conspiracy / Lender D / \$9.5 million loan)

67. Paragraphs 1 through 44 are incorporated here.

68. On or about and between April 2016 and November 2016, both dates being approximate and inclusive, in the Eastern District of Virginia and elsewhere, defendants PAUL J. MANAFORT, JR., and RICHARD W. GATES III did knowingly and intentionally conspire to

execute a scheme and artifice to defraud one or more financial institutions, to wit: Lender D, the deposits of which were insured by the Federal Deposit Insurance Corporation, and to obtain moneys, funds, and credits owned by and under the custody and control of such financial institution by means of materially false and fraudulent pretenses, representations, and promises, contrary to Title 18, United States Code, Section 1344.

(18 U.S.C. §§ 1349 and 3551 et seq.)

COUNT THIRTY

(Bank Fraud / Lender D / \$9.5 million loan)

69. Paragraphs 1 through 44 are incorporated here.

70. On or about and between April 2016 and November 2016, both dates being approximate and inclusive, in the Eastern District of Virginia and elsewhere, defendants PAUL J. MANAFORT, JR., and RICHARD W. GATES III did knowingly and intentionally execute and attempt to execute a scheme and artifice to defraud one or more financial institutions, to wit: Lender D, the deposits of which were insured by the Federal Deposit Insurance Corporation, and to obtain moneys, funds, and credits owned by and under the custody and control of such financial institution by means of materially false and fraudulent pretenses, representations, and promises.

(18 U.S.C. § 1344, 2, and 3551 et seq.)

COUNT THIRTY-ONE

(Bank Fraud Conspiracy / Lender D / \$6.5 million loan)

71. Paragraphs 1 through 44 are incorporated here.

72. On or about and between April 2016 and January 2017, both dates being approximate and inclusive, in the Eastern District of Virginia and elsewhere, defendants PAUL J. MANAFORT, JR., and RICHARD W. GATES III did knowingly and intentionally conspire to execute a scheme and artifice to defraud one or more financial institutions, to wit: Lender D, the deposits of which

were insured by the Federal Deposit Insurance Corporation, and to obtain moneys, funds, and credits owned by and under the custody and control of such financial institution by means of materially false and fraudulent pretenses, representations, and promises, contrary to Title 18, United States Code, Section 1344.

(18 U.S.C. §§ 1349 and 3551 et seq.)

COUNT THIRTY-TWO
(Bank Fraud / Lender D / \$6.5 million loan)

73. Paragraphs 1 through 44 are incorporated here.

74. On or about and between April 2016 and January 2017, both dates being approximate and inclusive, in the Eastern District of Virginia and elsewhere, defendants PAUL J. MANAFORT, JR., and RICHARD W. GATES III did knowingly and intentionally execute and attempt to execute a scheme and artifice to defraud one or more financial institutions, to wit: Lender D, the deposits of which were insured by the Federal Deposit Insurance Corporation, and to obtain moneys, funds, and credits owned by and under the custody and control of such financial institution by means of materially false and fraudulent pretenses, representations, and promises.

(18 U.S.C. §§ 1344, 2, and 3551 et seq.)

FORFEITURE NOTICE

75. Pursuant to Fed. R. Crim. P. 32.2, notice is hereby given to the defendants that the United States will seek forfeiture as part of any sentence in accordance with Title 18, United States Code, Section 982(a)(2), in the event of the defendants' convictions under Counts Twenty-Four through Thirty-Two of this Superseding Indictment. Upon conviction of the offenses charged in Counts Twenty-Four through Thirty-Two, defendants PAUL J. MANAFORT, JR., and RICHARD W. GATES III shall forfeit to the United States any property constituting, or derived from, proceeds

obtained, directly or indirectly, as a result of such violation(s). Notice is further given that, upon conviction, the United States intends to seek a judgment against each defendant for a sum of money representing the property described in this paragraph, as applicable to each defendant (to be offset by the forfeiture of any specific property).

76. The grand jury finds probable cause to believe that the property subject to forfeiture by PAUL J. MANAFORT, JR., includes, but is not limited to, the following listed assets:

- a. All funds held in account number XXXXXX0969 at Lender D, and any property traceable thereto.

Substitute Assets

77. If any of the property described above as being subject to forfeiture, as a result of any act or omission of any defendant

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property that cannot be subdivided without difficulty;

it is the intent of the United States of America, pursuant to Title 18, United States Code, Section 982(b) and Title 28, United States Code, Section 2461(c), incorporating Title 21, United States Code, Section 853, to seek forfeiture of any other property of said defendant.

(18 U.S.C. § 982)



Robert S. Mueller, III
Special Counsel
Department of Justice

A TRUE BILL:

Foreperson

Date: February 22, 2018