	Case 2:19-cr-00088-JAM Docume	nt 45 Filed 11/11/22 Page 1 of 16	
1	PHILLIP A. TALBERT United States Attorney		
2 3	KATHERINE T. LYDON Assistant United States Attorney 501 I Street, Suite 10-100		
4	Sacramento, CA 95814 Telephone: (916) 554-2700		
5	Facsimile: (916) 554-2900		
6	MATTHEW J. KLUGE		
7	Assistant Chief Department of Justice, Tax Division		
8	150 M Street N.E. Room 2.206 Washington DC 20002		
9	Washington, DC 20002 Telephone: (202) 514-3301 Facsimile: (202) 514-9623		
10	Attorneys for Plaintiff		
11	United States of America		
12	IN THE UNITED STATES DISTRICT COURT		
13	EASTERN DISTRICT OF CALIFORNIA		
14			
15 16	UNITED STATES OF AMERICA,	CASE NO. 2:19-cr-088 JAM	
10	Plaintiff,	PLEA AGREEMENT	
18	V.	DATE: NOVEMBER 15, 2022 TIME: 9:30 AM	
19	SCOTT NORRIS JOHNSON,	COURT: Hon. JOHN A. MENDEZ	
20	Defendant.		
21	I. INTRODUCTION		
22	A. <u>Scope of Agreement.</u>		
23	The indictment in this case charges the defendant with violations of 26 U.S.C. § 7206(1) –		
24	Making and Subscribing a False Tax Return (Counts 1-3). This document contains the complete plea		
25	agreement between the United States Attorney's Office for the Eastern District of California and the Tax		
26	Division of the Department of Justice (collectively, the "government") and the defendant regarding this		
27	case. This plea agreement is limited to the United States Attorney's Office for the Eastern District of		
28	California and the Tax Division of the Department of Justice and cannot bind any other federal, state, or		

PLEA AGREEMENT

local prosecuting, administrative, or regulatory authorities.

**B**.

1

2

3

4

5

## Rule 11(c)(1)(C) Specific Sentence Agreement.

The government and the defendant agree that a specific sentence, set forth below in paragraph VI.C., would be appropriate in this case. Consequently, this plea agreement is being offered to the Court pursuant to Rule 11(c)(1)(C) of the Federal Rules of Criminal Procedure.

6 Under the provisions of Rule 11(c)(3), the Court may accept or reject the plea agreement, or may 7 defer its decision as to the acceptance or rejection until there has been an opportunity to consider the 8 presentence report. If the Court accepts the plea agreement, the Court will inform the defendant that it 9 will embody in the judgment and sentence the disposition provided for in this plea agreement. If the 10 Court rejects this plea agreement, the Court shall so advise the defendant, allow the defendant the 11 opportunity to withdraw his plea, and advise him that if he persists in a guilty plea the disposition of the 12 case may be less favorable to him than is contemplated by this plea agreement.

## II. <u>DEFENDANT'S OBLIGATIONS</u>

## A. <u>Guilty Plea.</u>

The defendant will plead guilty to Count One of the Indictment, pertaining to tax year 2012. The defendant agrees that he is in fact guilty of this charge and that the facts set forth in the Factual Basis for Plea attached hereto as Exhibit A are accurate.

The defendant agrees that this plea agreement will be filed with the Court and become a part of the record of the case.

The defendant agrees that the statements made by him in signing this agreement, including the factual admissions set forth in the factual basis, shall be admissible and useable against the defendant by the United States in any subsequent criminal or civil proceedings, even if the defendant fails to enter a guilty plea pursuant to this agreement. The defendant waives any rights under Fed. R. Crim. P. 11(f) and Fed. R. Evid. 410, to the extent that these rules are inconsistent with this paragraph or with this agreement generally.

26

## B. <u>Restitution.</u>

The defendant agrees to pay restitution pursuant to 18 U.S.C. § 3663(a)(3) to the Internal
Revenue Service (IRS) in the amount of \$250,000. Any restitution paid to the IRS shall be credited by

the IRS against any amount which the defendant owes the IRS for tax years 2012, 2013 and 2014, in 1 accordance with standard IRS procedure.

2

3 The defendant understands that this agreement does not relieve the defendant from any legal obligation to pay additional amounts due and owing to the IRS. The defendant understands that nothing 4 5 in this agreement restricts the United States or the IRS from initiating any collection or civil enforcement action relating thereto, nor does this agreement bar the defendant from civilly contesting 6 7 any liabilities determined by the IRS, or bar the defendant from exercising his rights in collection 8 proceedings as provided by the Internal Revenue code and standard IRS procedure. The defendant 9 understands that the factual basis of this plea agreement does not bind any agency of the United States in 10 any other judicial, administrative, or other proceeding.

The defendant is entitled to receive credit for restitution paid pursuant to this plea agreement 11 12 against those assessed civil tax liabilities due and owing for the same periods for which restitution was 13 ordered. The defendant understands and agrees that the plea agreement does not resolve the defendant's 14 civil tax liabilities, that the IRS may seek additional taxes, interest and penalties from the defendant 15 relating to the conduct covered by this plea agreement and for conduct relating to another time period, 16 and that satisfaction of the restitution debt does not settle, satisfy, or compromise the defendant's 17 obligation to pay any remaining civil tax liability. The defendant authorizes release of information to 18 the IRS, including grand jury documents and information, for purposes of making the civil tax and restitution-based assessments. 19

20 The defendant understands that he is not entitled to credit with the IRS for any payment until the 21 payment is received by the IRS.

22 Defendant agrees that all criminal monetary penalties imposed by the court, including restitution, 23 will be due in full immediately at time of sentencing and subject to immediate enforcement by the 24 government. Defendant agrees that any payment schedule or plan set by the court is merely a minimum 25 and does not foreclose the United States from collecting all criminal monetary penalties at any time through all available means. 26

27 Defendant further agrees that he will not seek to discharge any restitution obligation or any part 28 of such obligation in any bankruptcy proceeding.

PLEA AGREEMENT

#### Case 2:19-cr-00088-JAM Document 45 Filed 11/11/22 Page 4 of 16

Until the restitution set forth in this agreement is paid in full, defendant shall not sell, encumber, transfer, convey, or otherwise dispose of any of his assets without prior written consent of the United 2 3 States Attorney, except that the defendant may sell, transfer or convey personal property (including used vehicles and personal items, but not financial instruments, ownership interests in business entities or real 4 5 property) with an aggregate value of less than \$5,000.

Payment of restitution shall be by cashier's or certified check made payable to the Clerk of the 6 7 Court. The defendant shall bring the check with him to his sentencing and deliver it to the Clerk's of the 8 Court prior to leaving the building following sentencing.

C. Fine.

The parties agree that no fine is appropriate in this case.

10 11

9

1

#### D. **Special Assessment.**

12 The defendant agrees to pay a special assessment of \$100 at the time of sentencing by delivering 13 a check or money order payable to the United States District Court to the United States Probation Office immediately before the sentencing hearing. The defendant understands that this plea agreement is 14 15 voidable at the option of the government if he fails to pay the assessment prior to that hearing.

16

#### E. Violation of Plea Agreement by Defendant/Withdrawal of Plea.

17 If the defendant violates this plea agreement in any way, withdraws his plea, or tries to withdraw 18 his plea, this plea agreement is voidable at the option of the government. If the government elects to 19 void the agreement based on the defendant's violation, the government will no longer be bound by its 20 representations to the defendant concerning the limits on criminal prosecution and sentencing as set 21 forth herein. A defendant violates the plea agreement by committing any crime or providing or 22 procuring any statement or testimony which is knowingly false, misleading, or materially incomplete in 23 any litigation or sentencing process in this case, or engages in any post-plea conduct constituting 24 obstruction of justice. Varying from a stipulated sentence pursuant to Rule 11(c)(1)(C), a stipulated 25 Guidelines application, or agreements regarding arguments as to 18 United States Code section 3553, as 26 set forth in this agreement, personally or through counsel, also constitutes a violation of the plea 27 agreement. The government also shall have the right (1) to prosecute the defendant on any of the counts 28 to which he pleaded guilty; (2) to reinstate any counts that may be dismissed pursuant to this plea

#### Case 2:19-cr-00088-JAM Document 45 Filed 11/11/22 Page 5 of 16

agreement; and (3) to file any new charges that would otherwise be barred by this plea agreement. The
 defendant shall thereafter be subject to prosecution for any federal criminal violation of which the
 government has knowledge. The decision to pursue any or all of these options is solely in the discretion
 of the United States Attorney's Office.

5 By signing this plea agreement, the defendant agrees to waive any objections, motions, and defenses that the defendant might have to the government's decision. Any prosecutions that are not 6 7 time-barred by the applicable statute of limitations as of the date of this plea agreement may be 8 commenced in accordance with this paragraph, notwithstanding the expiration of the statute of 9 limitations between the signing of this plea agreement and the commencement of any such prosecutions. 10 The defendant agrees not to raise any objections based on the passage of time with respect to such 11 counts including, but not limited to, any statutes of limitation or any objections based on the Speedy 12 Trial Act or the Speedy Trial Clause of the Sixth Amendment to any counts that were not time-barred as 13 of the date of this plea agreement. The determination of whether the defendant has violated the plea agreement will be under a probable cause standard. 14

15 In addition, (1) all statements made by the defendant to the government or other designated law enforcement agents, or any testimony given by the defendant before a grand jury or other tribunal, 16 17 whether before or after this plea agreement, shall be admissible in evidence in any criminal, civil, or 18 administrative proceedings hereafter brought against the defendant; and (2) the defendant shall assert no 19 claim under the United States Constitution, any statute, Rule 11(f) of the Federal Rules of Criminal Procedure, Rule 410 of the Federal Rules of Evidence, or any other federal rule, that statements made by 20 21 the defendant before or after this plea agreement, or any leads derived therefrom, should be suppressed. 22 By signing this plea agreement, the defendant waives any and all rights in the foregoing respects.

23

### F. <u>Asset Disclosure.</u>

The defendant agrees to make a full and complete disclosure of his assets and financial
condition, and will complete the United States Attorney's Office's "Authorization to Release
Information" and "Financial Disclosure Statement" within three (3) weeks from the entry of the
defendant's change of plea, including supporting documentation. The defendant also agrees to have the
Court enter an order to that effect. The defendant understands that if he fails to complete truthfully and

#### Case 2:19-cr-00088-JAM Document 45 Filed 11/11/22 Page 6 of 16

provide the described documentation to the United States Attorney's Office within the allotted time, he
 will be considered in violation of the agreement, and the government shall be entitled to the remedies set
 forth in section II.E above.

4 Defendant expressly authorizes the United States to immediately obtain a credit report to
5 evaluate defendant's ability to satisfy any monetary penalty imposed by the court. Defendant also
6 authorizes the U.S. Attorney's Office to inspect and copy all financial documents and information held
7 by the U.S. Probation Office.

8

### III. <u>THE GOVERNMENT'S OBLIGATIONS</u>

#### A. <u>Dismissals/Other Charges.</u>

The government agrees to move, at the time of sentencing, to dismiss without prejudice the remaining counts in the pending indictment. The government also agrees not to reinstate any dismissed count except if this agreement is voided as set forth herein, or as provided in paragraphs II.E (Violation of Plea Agreement by Defendant/Withdrawal of Plea(s)), VI.B (Stipulated Guideline Calculation), and VII.B (Waiver of Appeal and Collateral Attack) herein.

15 16

## B. <u>Recommendations.</u>

1. Incarceration Range.

The government will recommend that the defendant be sentenced 18 months home
confinement. The parties' agreement to home confinement rather than incarceration at the Bureau of
Prisons is due to the defendant's physical disability and condition.

20

2. Acceptance of Responsibility.

The government will recommend a two-level reduction (if the offense level is less than 16) or a three-level reduction (if the offense level reaches 16) in the computation of his offense level if the defendant clearly demonstrates acceptance of responsibility for his conduct as defined in U.S.S.G. § 3E1.1. This includes the defendant meeting with and assisting the probation officer in the preparation of the pre-sentence report, being truthful and candid with the probation officer, and not otherwise engaging in conduct that constitutes obstruction of justice within the meaning of U.S.S.G § 3C1.1, either in the preparation of the pre-sentence report or during the sentencing proceeding.

# 1

4

5

7

#### C. Use of Information for Sentencing.

The government is free to provide full and accurate information to the Court and Probation, 2 3 including answering any inquiries made by the Court and/or Probation and rebutting any inaccurate statements or arguments by the defendant, his attorney, Probation, or the Court. The defendant also understands and agrees that nothing in this plea agreement bars the government from defending on appeal or collateral review any sentence that the Court may impose. 6

#### IV. **ELEMENTS OF THE OFFENSE**

8 At a trial, the government would have to prove beyond a reasonable doubt the following 9 elements of the offense(s) to which the defendant is pleading guilty, Making and Subscribing a False 10 Tax Return in violation of 26 U.S.C. § 7206(1):

(1) The defendant signed and filed a tax return that he knew contained false information as to a 11 material matter; 12

13 (2) the return contained a written declaration that it was being signed subject to penalties of perjury; and 14

(3) in filing the false tax return, the defendant acted willfully.

16 The defendant fully understands the nature and elements of the crimes charged in the indictment 17 to which he is pleading guilty, together with the possible defenses thereto, and has discussed them with 18 his attorney.

19 20

15

#### V. MAXIMUM SENTENCE

#### A. Maximum Penalty.

21 The maximum sentence that the Court can impose is 3 years of incarceration, a fine of \$250,000 22 a 1-year period of supervised release and a special assessment of \$100. By signing this plea agreement, 23 the defendant also agrees that the Court is authorized to order the payment of restitution for the full loss 24 caused by the defendant's wrongful conduct. The defendant agrees that the restitution order is not restricted to the amounts alleged in the specific count to which he is pleading guilty. The defendant 25 further agrees, as noted above, that he will not attempt to discharge in any present or future bankruptcy 26 27 proceeding the restitution imposed by the Court.

1 2

3

4

5

6

## B. <u>Violations of Supervised Release.</u>

The defendant understands that if he violates a condition of supervised release at any time during the term of supervised release, the Court may revoke the term of supervised release and require the defendant to serve up to one additional year imprisonment.

## VI. <u>SENTENCING DETERMINATION</u>

## A. <u>Statutory Authority.</u>

7 The defendant understands that the Court must consult the Federal Sentencing Guidelines and 8 must take them into account when determining a final sentence. The defendant understands that the 9 Court will determine a non-binding and advisory guideline sentencing range for this case pursuant to the Sentencing Guidelines and must take them into account when determining a final sentence. The 10 defendant further understands that the Court will consider whether there is a basis for departure from the 11 guideline sentencing range (either above or below the guideline sentencing range) because there exists 12 13 an aggravating or mitigating circumstance of a kind, or to a degree, not adequately taken into consideration by the Sentencing Commission in formulating the Guidelines. The defendant further 14 understands that the Court, after consultation and consideration of the Sentencing Guidelines, must 15 16 impose a sentence that is reasonable in light of the factors set forth in 18 U.S.C. § 3553(a).

16

18

19

## Stipulated Guideline Calculation.

The government and the defendant agree that there is no material dispute as to the following sentencing guidelines variables and therefore stipulate to the following:

20 21

22

23

24

25

26

1. Base Offense Level: 18 (tax loss > \$250,000 pursuant to U.S.S.G. § 2T1.1(a)(1) and §2T4.1(G)).

2.

**B**.

Acceptance of Responsibility: See paragraph III.B.2 above.

- 3. Criminal History: The parties estimate, but do not stipulate, that the defendant's criminal history category will be I.
- 4. Estimated Sentencing Range: 18-24 months (The defendant understands that if the criminal history category differs from the parties' estimate, his Guidelines sentencing range may differ from that set forth here.)
- The parties agree that they will not seek or argue in support of any other specific offense
- 27 characteristics, Chapter Three adjustments (other than the decrease for "Acceptance of Responsibility"),
- 28 or cross-references. Both parties agree not to move for, or argue in support of, any departure from the

1 Sentencing Guidelines.

2

## C. <u>Specific Sentence Agreement.</u>

The parties agree that the defendant should be sentenced to 18 months home confinement pursuant to the standard home detention conditions (attached hereto as Exhibit B) and a one-year term of supervised release, and ordered to pay \$250,000 restitution. The parties agree that no fine should be imposed. The defendant agrees not to argue to the Probation Office or Court that his activities in enforcing the Americans with Disabilities Act of 1990 ("ADA") and corresponding state statutes constitute "employment."

# VII. <u>WAIVERS</u>

A.

9

10

# Waiver of Constitutional Rights.

The defendant understands that by pleading guilty he is waiving the following constitutional rights: (a) to plead not guilty and to persist in that plea if already made; (b) to be tried by a jury; (c) to be assisted at trial by an attorney, who would be appointed if necessary; (d) to pursue any affirmative defenses, Fourth Amendment or Fifth Amendment claims, constitutional challenges to the statutes of conviction, and other pretrial motions that have been filed or could be filed; (e) to subpoena witnesses to testify on his behalf; (f) to confront and cross-examine witnesses against him; and (g) not to be compelled to incriminate himself.

18

# B. <u>Waiver of Appeal and Collateral Attack.</u>

19 The defendant understands that the law gives the defendant a right to appeal his guilty plea, conviction, and sentence. The defendant agrees as part of his plea(s), however, to give up the right to 2021 appeal the guilty plea, conviction, and the sentence imposed in this case as long as the sentence does not 22 exceed the statutory maximum(s) for the offense(s) to which he is pleading guilty. The defendant 23 understands that this waiver includes, but is not limited to, any and all constitutional and/or legal 24 challenges to the defendant's conviction and guilty plea, including arguments that the statutes to which defendant is pleading guilty are unconstitutional, and any and all claims that the statement of facts 25 attached to this agreement is insufficient to support the defendant's plea of guilty. The defendant 26 27 specifically gives up the right to appeal any order of restitution the Court may impose.

Notwithstanding the defendant's waiver of appeal, the defendant will retain the right to appeal if

28

PLEA AGREEMENT 9

### Case 2:19-cr-00088-JAM Document 45 Filed 11/11/22 Page 10 of 16

one of the following circumstances occurs: (1) the sentence imposed by the District Court exceeds the
 statutory maximum; and/or (2) the government appeals the sentence in the case. The defendant
 understands that these circumstances occur infrequently and that in almost all cases this Agreement
 constitutes a complete waiver of all appellate rights.

In addition, regardless of the sentence the defendant receives, the defendant also gives up any
right to bring a collateral attack, including a motion under 28 U.S.C. § 2255 or § 2241, challenging any
aspect of the guilty plea, conviction, or sentence, except for non-waivable claims.

Notwithstanding the government's agreements in paragraph III.A above, if the defendant ever
attempts to vacate his plea, dismiss the underlying charges, or modify or set aside his sentence on any of
the counts to which he is pleading guilty, the government shall have the rights set forth in Section II.E
herein.

## 12

## C. <u>Waiver of Attorneys' Fees and Costs.</u>

The defendant agrees to waive all rights under the "Hyde Amendment," Section 617, P.L. 105-14 119 (Nov. 26, 1997), to recover attorneys' fees or other litigation expenses in connection with the 15 investigation and prosecution of all charges in the above-captioned matter and of any related allegations 16 (including without limitation any charges to be dismissed pursuant to this plea agreement and any 17 charges previously dismissed).

18

#### VIII. <u>ENTIRE PLEA AGREEMENT</u>

Other than this plea agreement, no agreement, understanding, promise, or condition between the government and the defendant exists, nor will such agreement, understanding, promise, or condition exist unless it is committed to writing and signed by the defendant, counsel for the defendant, and counsel for the United States.

## IX. <u>APPROVALS AND SIGNATURES</u>

### A. Defense Counsel.

I have read this plea agreement and have discussed it fully with my client. The plea agreement accurately and completely sets forth the entirety of the agreement. I concur in my client's decision to plead guilty as set forth in this plea agreement.

Dated: 11/10/2000

MALCOLM SEGAL/ Attorney for Defendant

## B. <u>Defendant:</u>

I have read this plea agreement and carefully reviewed every part of it with my attorney. I understand it, and I voluntarily agree to it. Further, I have consulted with my attorney and fully understand my rights with respect to the provisions of the Sentencing Guidelines that may apply to my case. No other promises or inducements have been made to me, other than those contained in this plea agreement. In addition, no one has threatened or forced me in any way to enter into this plea agreement. Finally, I am satisfied with the representation of my attorney in this case.

Dated:

SCOTT NORRIS JOHNS Defendant

PLEA AGREEMENT

	Case 2:19-cr-00088-JAM	Document 45 Filed 11/11/22 Page 12 of 16
1	C. <u>Attorneys for United</u>	States:
2	I accept and agree to this plea agreement on behalf of the government.	
3		
4	Dated: November 8, 2022	PHILLIP A. TALBERT
5		United States Attorney
6		Katherine Lydon KATHERINE T. LYDON
7		Assistant United States Attorney
8		
9		
10	Dated: November 8, 2022	DAVID A. HUBBERT Deputy Assistant Attorney General
11		
12		/s/ Matthew J. Kluge MATTHEW KLUGE
13		Assistant Chief
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
	PLEA AGREEMENT	12

# EXHIBIT "A"

# Factual Basis for Plea

Were this matter to proceed to trial, the United States would prove the following beyond a reasonable doubt:

Johnson is a lawyer licensed to practice in the state of California. Prior to attending law school, he earned a bachelor's degree in accounting and a master's degree in taxation. In law school, he took eight tax-related courses and graduated at the top of his law school class in 1993. From April 1995 through 1997, he was employed by the Internal Revenue Service ("IRS"). During part of his employment with IRS, he served as a District Counsel.

At all times relevant to the charges against him in this case, Johnson was aware that under the Internal Revenue Code settlement payments from lawsuits brought pursuant to the Americans with Disabilities Act of 1990 ("ADA") and corresponding state statutes, the California Disabled Persons Act ("DPA") and the California Unruh Civil Rights Act ("Unruh Act"), were required to be included in income reported to the IRS unless they were paid on account of personal physical injury or physical sickness.

Starting in approximately 2003, Johnson filed discrimination lawsuits against property owners
and businesses in the Eastern and Northern Districts of California for violating construction standards
mandated by the ADA and corresponding state statutes. As of April 2020, he had filed approximately
4,000 such lawsuits. To assist him in filing these lawsuits, he formed a corporation named Disabled
Access Prevents Injury, Inc. ("DAPI") in 2008. He was the sole shareholder of DAPI. For several years,
DAPI represented him in numerous discrimination lawsuits. DAPI employed several legal assistants
who scouted business locations for noncompliance with the ADA. Sometime in 2012, he started to wind
down DAPI. In about February 2013, he engaged the San Diego-based law firm of Potter Handy, LLP,
to represent him in disability lawsuits that he filed.

For the years 2012 through 2014, Johnson reported some of the settlement payments he received 18 as income either on his U.S. Individual Income Tax Return (Form 1040) or on the U.S. Corporation 19 Income Tax Return (Form 1120) for DAPI. Generally, if he received an IRS Form 1099, Miscellaneous Income, related to a settlement payment, he reported the income listed on the Form 1099 on his Form 20 1040 or on DAPI's Form 1120. On his 2012 Form 1040, he reported Other Income (Line 21) of \$24,000 and Total Income (Line 22) of \$36,369. On DAPI's 2012 Form 1120, he reported Gross Receipts (Line 21 1(a)) of \$310,000. On his 2013 Form 1040, he reported Other Income (Line 21) of \$1,500 and Total Income (Line 22) of \$1,561. On DAPI's 2013 Form 1120, he reported Gross Receipts (Line 1(a)) of 22 \$47,500. On his 2014 Form 1040, he reported Other Income (Line 21) of \$64,000 and Total Income 23 (Line 22) of \$97,498. On DAPI's 2014 Form 1120, he reported Gross Receipt (Line 1(a)) of \$75,315. In fact, he received income from settlement payments that exceeded the combined amounts reported on his 24 Form 1040 and DAPI's Form 1120 for each of years 2012, 2013, and 2014.

25

1

2

3

4

For the years 2012 through 2014, Johnson willfully failed to report a portion of the settlement payments he received as income on his tax returns. He knew that certain settlement payments were required to be included in his income reported to the IRS because they were not payments received on account of a personal physical injury or physical sickness, even though the payors of the settlement payments may not have sent him a Form 1099.

On April 15, 2013, Johnson willfully signed and filed with the IRS a false 2012 U.S. Individual 1 Income Tax Return (Form 1040), which was verified by a written declaration that it was made under 2 penalties of perjury. This return reported Other Income on Line 21 of \$24,000 and Total Income on Line 22 of \$36,369. Johnson knew this return was not true and correct as to every material matter because he 3 knew he received materially more taxable income from lawsuit settlement payments than he reported as Other Income and Total Income on this return, or as gross receipts on DAPI's 2012 Form 1120. In a 4 civil audit, Johnson's representative would later provide a Bank Deposit Analysis to the IRS that showed 5 Johnson received more income in 2012 than he reported on his 2012 tax return. Specifically, the bank deposit analysis provided by Johnson's representatives reflected that Johnson and DAPI received lawsuit 6 settlement payments totaling \$1,335,255 in 2012. Johnson's personal and corporate tax returns collectively reported only \$346,369 in 2012. 7

Additionally, on April 14, 2014, Johnson willfully signed and filed with the IRS a false 2013 8 Form 1040, which was verified by a written declaration that it was made under penalties of perjury. This 9 return reported Other Income on Line 21 of \$1,500 and Total Income on Line 22 of \$1,561. He knew this return was not true and correct as to every material matter because he knew he received materially 10 more taxable income from lawsuit settlement payments than he reported as Other Income and Total Income on this return, or as gross receipts on DAPI's 2013 Form 1120. In a civil audit, Johnson's 11 representative would later provide a Bank Deposit Analysis to the IRS that showed Johnson received more income in 2013 than he reported on his 2013 tax return. Specifically, the bank deposit analysis 12 provided by Johnson's representatives reflected that Johnson and DAPI received lawsuit settlement 13 payments totaling \$333,106 in 2013. Johnson's personal and corporate tax returns collectively reported only \$49,061 in 2012. 14

Additionally, on September 15, 2015, Johnson willfully signed and filed with the IRS a false 15 2014 Form 1040, which was verified by a written declaration that it was made under penalties of perjury. This return reported Other Income on Line 21 of \$64,000 and Total Income on Line 22 of 16 \$97,498. He knew this return was not true and correct as to every material matter because he knew he 17 received materially more taxable income from lawsuit settlement payments than he reported as Other Income and Total Income on this return, or as gross receipts on DAPI's 2014 Form 1120. Potter Handy, 18 which handled some of Johnson's cases in 2013 and most of Johnson's cases in 2014 and beyond, produced records to the government, including numerous settlement agreements related to Johnson's 19 lawsuits, engagement agreements, and emails. Potter Handy also produced a spreadsheet listing settlement amounts and attorney's fees paid in connection with each lawsuit filed by Potter Handy, 20 along with associated settlement payment dates. According to Potter Handy, Johnson received 21 settlement payments totaling approximately \$93,000 in 2013 and \$1.1 million in 2014. After withholding attorney's fees paid to Potter Handy, Johnson personally received \$31,000 and \$419,000 in 22 2013 and 2014, respectively.

- 22 23 24 25
- 27

28

#### Case 2:19-cr-00088-JAM Document 45 Filed 11/11/22 Page 15 of 16

The total tax loss to the IRS as a result of Johnson's willful failure to truthfully report as income all the settlement payments he received for the years 2012, 2013, and 2014 is greater than \$250,000.

I have carefully read and reviewed the entire factual basis in Exhibit A above and discussed it with my attorney. I hereby stipulate that this factual basis is true and accurate to the best of my knowledge and that had the matter proceeded to trial, the United States would have proved the same beyond a reasonable doubt. As far as my own conduct is concerned, I adopt it as my own true statement.

Dated: -57 SCO' Defendant

### EXHIBIT "B"

#### Conditions of Home Confinement

The conditions of home confinement will include the standard 13 conditions of supervision utilized in all cases by the Probation Office of the Eastern District of California as well as the following standard condition of home confinement:

1. You will be monitored for a period of 18 months, with location monitoring technology, which may include the use of Radio Frequency (RF), Global Positioning System (GPS) devices, Voice Recognition or Virtual Monitoring Technology, at the discretion of the probation officer, and will comply with its requirements.

The location monitoring technology will be used to monitor the following restriction on your movement in the community:

You are restricted to your residence at all times except for employment, education, religious services, medical, substance abuse, or mental health treatment, attorney visits, court appearances, court-ordered obligations, or other activities in advance as pre-approved by the supervising officer.

You must follow the rules and regulations of the location monitoring program. Your co-payment will be determined utilizing a Sliding Fee Scale based on your disposable income.