

UNITED STATES DISTRICT COURT

U.S. DISTRICT COURT
EASTERN DISTRICT OF WISCONSIN
GREEN BAY DIV.

EASTERN DISTRICT OF WISCONSIN

07 JUL 27 A9:01

UNITED STATES OF AMERICA,

Plaintiff,

v.

Case No.

FILED
JON W. SANFILIPPO
CLERK

07 CR203

SHELDON J. LASKY,

Defendant.

PLEA AGREEMENT

1. The United States of America, by its attorneys, Steven M. Biskupic, United States Attorney for the Eastern District of Wisconsin, and Matthew L. Jacobs, Assistant United States Attorney, and the defendant, Sheldon J. Lasky, individually and by his attorney, Gordon B. Nash, pursuant to Rule 11 of the Federal Rules of Criminal Procedure, enter into the following plea agreement:

CHARGES

2. The defendant will be charged in a one-count criminal information to be filed in conjunction with this plea agreement. The information charges the defendant with tax evasion, in violation of Title 26, United States Code, Section 7201.

3. The defendant has read and fully understands the charge contained in the information and fully understands the nature and elements of the crime with which he has

been charged. Further, this charge and the terms and conditions of the plea agreement have been fully explained to him by his attorney.

4. The defendant voluntarily agrees to waive in open court his right to have this matter prosecuted by indictment.

5. The defendant voluntarily agrees to plead guilty to the charge contained in information, which is set forth below.

THE UNITED STATES ATTORNEY CHARGES:

On or about October 4, 2001, in the State and Eastern District of Wisconsin,

SHELDON J. LASKY,

who during the calendar year 2000 was married and a resident of Oshkosh, Wisconsin, did willfully and knowingly attempt to evade and defeat a large part of the income tax due and owing by him to the United States of America for the calendar year 2000, by preparing and causing the preparation of a false and fraudulent 2000 U.S. Individual Income Tax Return, Form 1040, for himself and his wife, which return the defendant filed with the Internal Revenue Service, wherein it was stated that he and his wife had taxable income for said calendar year of \$1,700,418 and that the amount of tax due and owing thereon was the sum of \$627,564, whereas, as the defendant then and there well knew and believed, he and his wife had taxable income for 2000 of approximately \$2,036,062 and that, as a result, the actual amount of income tax, including self-employment tax, due and owing to the United States of America by the defendant and his wife for 2000 was approximately \$760,479.

All in violation of Title 26, United States Code, Section 7201.

6. The defendant acknowledges, understands, and agrees that he is, in fact, guilty of the offense charged in the information. The parties acknowledge and understand that if this case were to proceed to trial, the government would be able to prove the following facts

beyond a reasonable doubt. The defendant admits to the following facts and that these facts establish his guilt beyond a reasonable doubt:

At all times relevant to this prosecution and, in particular, during the years 1999 through 2003, the defendant, Sheldon J. Lasky, was married and a resident of Oshkosh, Wisconsin. For approximately 20 years he has served as the Chief Executive Officer (CEO) of Sadoff & Rudoy Industries, LLP, which has its headquarters located in Fond du Lac, Wisconsin.

During the years 1999 through 2003, Sadoff & Rudoy was primarily involved in the scrap metal recycling business; although it also provided iron products to mills, smelters and foundries, as well as new steel cutting services. It employs over 200 workers and had gross sales in 2003 of more than \$115 million. The business operates six facilities in Wisconsin and a seventh facility in Lincoln, Nebraska.

An investigation by the IRS revealed that during the years 1999 through 2003, and at Lasky's direction, Sadoff & Rudoy paid for numerous personal expenses incurred by Lasky and at Lasky's direction. Despite their personal nature, these expenses were deducted by the business as business expense and not treated as income by Lasky or the other individuals who benefitted from them.

The following is a summary of the personal expenses that were paid for or reimbursed by Sadoff & Rudoy at Lasky's direction:

<u>Year</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>Total</u>
Reimbursed personal expenses	\$51,236	\$81,926	\$61,800	\$84,298	\$0	\$279,260
Personal expenses paid directly by S&R	\$134,243	\$147,135	\$28,458	\$82,830	\$65,704	\$458,370
Personal travel paid by S&R	\$27,771	\$38,682	\$35,470	\$37,219	\$0	\$139,142
Total	\$213,249	\$267,743	\$125,728	\$204,347	\$65,704	\$876,772

Lasky did not report as income the payments by Sadoff & Rudoy of these personal expenses. Attached to this plea agreement as Attachment A and incorporated as part of this offer of proof is a summary of the tax consequences of Lasky's failure to report this income during the years 1999 - 2003. As indicated, the Lasky underreported his federal tax obligations for these years by more than \$350,000. In particular, with respect to the charge set forth in the information, which concerns the year 2000, on October 4, 2001, Lasky filed with the IRS his 2000 U.S. Individual Income Tax Return for himself and his wife. This return falsely indicated that Lasky and his wife had taxable income during the year of \$1,700,418 and total federal income tax due of \$627,564. In fact, based on the various personal expenses Lasky had Sadoff & Rudoy pay or reimburse, Lasky's actual taxable income for 2000 was approximately \$2,036,062 and his corrected federal income taxes for 2000 was approximately \$760,479.

This information is provided for the purpose of setting forth a factual basis for the defendant's plea of guilty. It is not a full recitation of the defendant's knowledge of or participation in this offense.

PENALTIES

7. The parties understand and agree that the offense to which the defendant will enter a plea of guilty carries the following maximum term of imprisonment and fine: Five (5) years and \$250,000. The charge also carries a mandatory special assessment of \$100.00 and a maximum of three years of supervised release to follow any term of confinement. The parties further recognize that a restitution order may be entered by the court. The parties' acknowledgments, understandings, and agreements with regard to restitution are set forth in paragraphs 27 through 40 of this agreement.

8. The defendant acknowledges, understands, and agrees that he has discussed the relevant statutes, as well as the applicable sentencing guidelines, with his attorney.

ELEMENTS

9. The parties understand and agree that in order to sustain the charge of tax evasion, in violation of 26 U.S.C. § 7201, as set forth in the information, the government must prove each of the following propositions beyond a reasonable doubt:

First, on April 15, or date of a legal extension, of the year following the tax year, federal income tax was due and owing by the defendant;

Second, the defendant intended to evade or defeat the ascertainment, assessment, computation or payment of the tax; and

Third, the defendant willfully did some act in furtherance of the intent to evade the tax or payment of the tax.

SENTENCING PROVISIONS

10. The parties agree to waive the time limits in Fed. R. Crim. P. 32 relating to the presentence report, including that the presentence report be disclosed not less than 35 days before the sentencing hearing, in favor of a schedule for disclosure, and the filing of any objections, to be established by the court at the change of plea hearing.

11. The parties acknowledge, understand, and agree that any sentence imposed by the court will be pursuant to the Sentencing Reform Act, and that the court will give due regard to the Sentencing Guidelines when sentencing the defendant.

12. The parties acknowledge and agree that they have discussed all of the sentencing guidelines provisions which they believe to be applicable to the offense charged in the information. The defendant acknowledges and agrees that his attorney, in turn, has discussed the applicable sentencing guidelines provisions with him to the defendant's satisfaction.

13. The parties acknowledge and understand that prior to sentencing the United States Probation Office will conduct its own investigation of the defendant's criminal history. The parties further acknowledge and understand that, at the time the defendant enters a guilty plea, the parties may not have full and complete information regarding the defendant's criminal history. The parties acknowledge, understand, and agree that the defendant may not

move to withdraw his guilty plea solely as a result of the sentencing court's determination of defendant's criminal history.

Sentencing Guidelines Calculations

14. The parties acknowledge, understand, and agree that the sentencing guidelines calculations included in this agreement represent the positions of the parties on the appropriate sentence range under the sentencing guidelines. The defendant acknowledges and understands that the sentencing guidelines recommendations contained in this agreement do not create any right to be sentenced within any particular sentence range, and that the court may impose a reasonable sentence above or below the guideline range. The parties further understand and agree that if the defendant has provided false, incomplete, or inaccurate information that affects the calculations, the government is not bound to make the recommendations contained in this agreement.

Relevant Conduct

15. The parties acknowledge, understand, and agree that pursuant to Sentencing Guidelines Manual § 1B1.3, the sentencing judge may consider relevant conduct in calculating the sentencing guidelines range, even if the relevant conduct is not the subject of the offenses to which defendant is pleading guilty.

16. The parties acknowledge, understand, and agree that pursuant to Sentencing Guidelines Manual §§ 2T1.1 and 1B1.3(a)(2), the sentencing court will consider all conduct violating the tax laws unless the evidence demonstrates that the conduct is clearly unrelated,

even if the relevant conduct is not the subject of the offense to which defendant is pleading guilty, and will use the total amount in calculating the sentencing guidelines range.

17. The parties acknowledge that, for purposes of determining the defendant's offense level under the sentencing guidelines, the government will recommend to the sentencing court that, based on evidence available to the government and admissible against the defendant, the tax loss associated with the defendant's criminal conduct is approximately \$352,000. While the defendant has reserved the right to argue that the tax loss is less than this amount, the defendant agrees that the applicable tax loss is greater than \$200,000 but less than \$400,000.

Base Offense Level

18. The parties agree to recommend to the sentencing court, based on their agreement that the tax loss associated with the defendant's tax offense is greater than \$200,000 but less than \$400,000, that the applicable base offense level for the offense to which the defendant will plead guilty is 18, as determined under Sentencing Guidelines Manual § 2T4.1(G).

Specific Offense Characteristics

19. The parties agree to recommend to the sentencing court that no adjustment for any specific offense characteristics is applicable to the defendant's relevant conduct in this case.

Acceptance of Responsibility

20. The government agrees to recommend a two-level decrease for acceptance of responsibility as authorized by Sentencing Guidelines Manual § 3E1.1(a), but only if the defendant exhibits conduct consistent with the acceptance of responsibility. In addition, if the court determines at the time of sentencing that the defendant is entitled to the two-level reduction under § 3E1.1(a), the government agrees to make a motion recommending an additional one-level decrease as authorized by Sentencing Guidelines Manual § 3E1.1(b) because the defendant timely notified authorities of his intention to enter a plea of guilty.

Sentencing Recommendations

21. Both parties reserve the right to apprise the district court and the probation office of any and all information that might be pertinent to the sentencing process, including but not limited to any and all conduct related to the offense, as well as any and all matters that might constitute aggravating or mitigating sentencing factors.

Court's Determinations at Sentencing

22. The parties acknowledge, understand, and agree that neither the sentencing court nor the United States Probation Office is a party to or bound by this agreement. The United States Probation Office will make its own recommendations to the sentencing court. The sentencing court will make its own determinations regarding any and all issues relating to the imposition of sentence and may impose any sentence authorized by law up to the maximum penalties set forth in paragraph 7 above. The parties further understand that the sentencing court will be guided by the sentencing guidelines but will not be bound by the

sentencing guidelines and may impose a reasonable sentence above or below the calculated guideline range.

23. The parties acknowledge, understand, and agree that the defendant may not move to withdraw his guilty plea solely as a result of the sentence imposed by the court.

FINANCIAL MATTERS

24. The defendant acknowledges and understands that any and all financial obligations imposed by the sentencing court are due and payable upon entry of the judgment of conviction. The defendant agrees not to request any delay or stay in payment of any and all financial obligations.

25. The defendant agrees that, during the period of any supervision (probation or supervised release) imposed by the court in this case, the defendant will provide the Financial Litigation Unit (FLU) of the United States Attorney's Office with completed financial forms which will be provided by FLU, and will provide any documentation required by those forms. The defendant will provide FLU with such completed financial forms with required documentation within the first two months of supervision, at six month intervals thereafter during supervision, and within the last six months of scheduled supervision.

Special Assessment

26. The defendant agrees to pay the special assessment in the amount of \$100 prior to or at the time of sentencing.

Restitution

27. The defendant agrees to pay restitution to the Internal Revenue Service in the total amount of \$901,301.67, pursuant to 18 U.S.C. § 3663(a)(3).

28. The defendant agrees that the total amount of restitution reflected in this agreement results from defendant's fraudulent conduct.

29. The total amount of restitution consists of the following:

Tax year	Amount to be credit to tax	Fraud penalty	Interest under the Internal Revenue Code Due through 10/31/2007*
1999	\$86,980	\$65,235.00	\$97,622.70
2000	\$109,207	\$81,905.25	\$95,742.35
2001	\$50,635	\$37,976.25	\$35,499.54
2002	\$81,245	\$60,933.75	\$45,903.98
2003	<u>\$23,686</u>	<u>\$17,764.50</u>	\$10,965.35
Total	\$351,753	\$263,814.75	\$285,733.92

*This interest figure has been calculated by the IRS, under 26 U.S.C. §§ 6601 and/or 6621, as of the anticipated date of sentencing. This interest figure does not include any interest that may accrue under 18 U.S.C. § 3612.

30. The defendant agrees to pay restitution by making an immediate payment in full on or before the date set for sentencing.

31. The defendant agrees that he will sign any IRS forms deemed necessary by the IRS to enable the IRS to make an immediate assessment of that portion of the tax and interest

that he agrees to pay as restitution. The defendant also agrees to sign IRS Form 8821, "Tax Information Authorization."

32. The defendant agrees not to file any claim for refund of taxes or interest represented by any amount of restitution paid pursuant to this agreement.

33. The defendant agrees that he is liable for the fraud penalty under 26 U.S.C. §§ 6663 or 6651(f) on the amount to be credited to tax set forth above in paragraph 29. The defendant agrees to the immediate assessment of the fraud penalty on the amount to be credited to tax set forth above and agrees that, in order to enable the IRS to make an immediate assessment of the fraud penalty, the IRS form he agreed to sign in paragraph 31 will include the appropriate amount of the fraud penalty. The defendant agrees not to challenge or dispute any fraud penalties on the amount to be credited to tax set forth in paragraph 29.

34. The parties understand that defendant will receive proper credit, consistent with paragraph 29 above, for the payments made pursuant to this agreement. Except as set forth in the previous sentence, nothing in this agreement shall limit the IRS in its lawful examination, determination, assessment, or collection of any taxes, penalties or interest due from the defendant for the time periods covered by this agreement or any other time period.

35. The defendant agrees that this agreement, or any judgment, order, release, or satisfaction issued in connection with this agreement, will not satisfy, settle, or compromise the defendant's obligation to pay the balance of any remaining civil liabilities, including tax,

additional tax, additions to tax, interest, and penalties, owed to the IRS for the time periods covered by this agreement or any other time period.

36. The defendant agrees that, unless the Director of the Administrative Office of the United States Courts directs him otherwise, all payments made pursuant to the court's restitution order are to be sent only to the Clerk of the Court at the following address:

Clerk of Court
Eastern District of Wisconsin
517 East Wisconsin Avenue, Room 36
Milwaukee, WI 53202

37. With each payment to the Clerk of the Court made pursuant to the District Court's restitution order, the defendant will provide the following information:

- a. The defendant's name and Social Security number;
- b. The District Court docket number assigned to this case;
- c. Tax years for which restitution has been ordered; and
- d. A statement that the payment is being submitted pursuant to the District Court's restitution order. The defendant agrees to include a request that the Clerk of the Court send the information, along with the defendant's payments, to the appropriate office of the Internal Revenue Service.

38. The defendant also agrees to send a notice of any payments made pursuant to this agreement, including the information listed in the previous paragraph, to the IRS at the following address:

Internal Revenue Service
Attn: MPU, STOP 151 (Restitution)
P.O. Box 47-421
Doraville, GA 30362

39. The defendant understands that he is not entitled to credit with the IRS for any payment sent to an incorrect address or accompanied by incomplete or inaccurate information, unless and until any payment is actually received by the Internal Revenue Service and identified by it as pertaining to his particular liability.

40. The contact information for the IRS Special Agent assigned to this case is as follows:

Special Agent Jeffrey Hencke
IRS- Criminal Investigation
1920 Libal Street
Green Bay, WI 54301

DEFENDANT'S WAIVER OF RIGHTS

41. In entering this agreement, the defendant acknowledges and understands that in so doing he surrenders any claims he may have raised in any pretrial motion, as well as certain rights which include the following:

- a. If the defendant persisted in a plea of not guilty to the charge against him, he would be entitled to a speedy and public trial by a court or jury. The defendant has a right to a jury trial. However, in order that the trial be conducted by the judge sitting without a jury, the defendant, the government and the judge all must agree that the trial be conducted by the judge without a jury.
- b. If the trial is a jury trial, the jury would be composed of twelve citizens selected at random. The defendant and his attorney would have a say in who the jurors would be by removing prospective jurors for cause

where actual bias or other disqualification is shown, or without cause by exercising peremptory challenges. The jury would have to agree unanimously before it could return a verdict of guilty. The court would instruct the jury that the defendant is presumed innocent until such time, if ever, as the government establishes guilt by competent evidence to the satisfaction of the jury beyond a reasonable doubt.

- c. If the trial is held by the judge without a jury, the judge would find the facts and determine, after hearing all of the evidence, whether or not he was persuaded of defendant's guilt beyond a reasonable doubt.
- d. At such trial, whether by a judge or a jury, the government would be required to present witnesses and other evidence against the defendant. The defendant would be able to confront witnesses upon whose testimony the government is relying to obtain a conviction and he would have the right to cross-examine those witnesses. In turn the defendant could, but is not obligated to, present witnesses and other evidence on his own behalf. The defendant would be entitled to compulsory process to call witnesses.
- e. At such trial, defendant would have a privilege against self-incrimination so that he could decline to testify and no inference of guilt could be drawn from his refusal to testify. If defendant desired to do so, he could testify on his own behalf.

42. The defendant acknowledges and understands that by pleading guilty he is waiving all the rights set forth above. The defendant further acknowledges the fact that his attorney has explained these rights to him and the consequences of his waiver of these rights.

43. The defendant acknowledges and understands that he will be adjudicated guilty of the offense to which he will plead guilty and thereby may be deprived of certain rights, including but not limited to the right to vote, to hold public office, to serve on a jury, to possess firearms, and to be employed by a federally insured financial institution.

44. The defendant knowingly and voluntarily waives all claims he may have based upon the statute of limitations, the Speedy Trial Act, and the speedy trial provisions of the Sixth Amendment. The defendant agrees that any delay between the filing of this agreement and the entry of the defendant's guilty plea pursuant to this agreement constitutes excludable time under the Speedy Trial Act.

Further Civil or Administrative Action

45. The defendant acknowledges, understands, and agrees that the defendant has discussed with his attorney and understands that nothing contained in this agreement is meant to limit the rights and authority of the United States of America or any other state or local government to take further civil, administrative, or regulatory action against the defendant, including but not limited to any listing and debarment proceedings to restrict rights and opportunities of the defendant to contract with or receive assistance, loans, and benefits from United States government agencies.

GENERAL MATTERS

46. The parties acknowledge, understand, and agree that this agreement does not require the government to take, or not to take, any particular position in any post-conviction motion or appeal.

47. The parties acknowledge, understand, and agree that this plea agreement will be filed and become part of the public record in this case.

48. The parties acknowledge, understand, and agree that the United States Attorney's office is free to notify any local, state, or federal agency of his conviction.

Further Action by Internal Revenue Service

49. Nothing in this agreement shall be construed so as to limit the Internal Revenue Service in discharging its responsibilities in connection with the collection of any additional tax, interest, and penalties due from the defendant as a result of the defendant's conduct giving rise to the charge alleged in the information.

50. The defendant agrees to transmit the original records, or copies thereof, which he has in his possession or under his control, to the Examination Division of the Internal Revenue Service so that the Examination Division of the Internal Revenue Service can complete a civil audit of the defendant. The defendant agrees to provide any additional books and records he has in his possession or under his control which may be helpful to the Examination Division of the Internal Revenue Service to complete its civil audit of defendant.

EFFECT OF DEFENDANT'S BREACH OF PLEA AGREEMENT

51. The defendant acknowledges and understands if he violates any term of this agreement at any time, engages in any further criminal activity prior to sentencing, or fails to appear for sentencing, this agreement shall become null and void at the discretion of the government. The defendant further acknowledges and understands that the government's agreement to dismiss any charge is conditional upon final resolution of this matter. If this plea agreement is revoked or if the defendant's conviction ultimately is overturned, then the

government retains the right to reinstate any and all dismissed charges and to file any and all charges which were not filed because of this agreement. The defendant hereby knowingly and voluntarily waives any defense based on the applicable statute of limitations for any charges filed against the defendant as a result of his breach of this agreement. The defendant understands, however, that the government may elect to proceed with the guilty plea and sentencing. If the defendant and his attorney have signed a proffer letter in connection with this case, then the defendant further acknowledges and understands that he continues to be subject to the terms of the proffer letter.

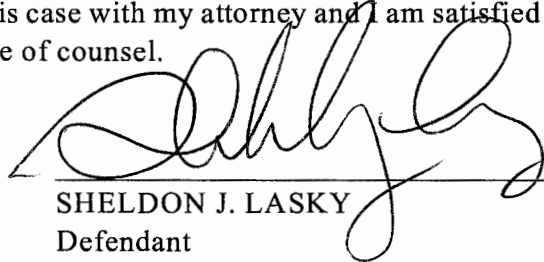
VOLUNTARINESS OF DEFENDANT'S PLEA

52. The defendant acknowledges, understands, and agrees that he will plead guilty freely and voluntarily because he is in fact guilty. The defendant further acknowledges and agrees that no threats, promises, representations, or other inducements have been made, nor agreements reached, other than those set forth in this agreement, to induce the defendant to plead guilty.

ACKNOWLEDGMENTS

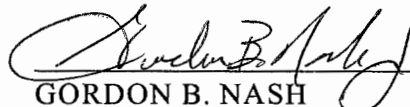
I am the defendant. I am entering into this plea agreement freely and voluntarily. I am not now on or under the influence of any drug, medication, alcohol, or other intoxicant or depressant, whether or not prescribed by a physician, which would impair my ability to understand the terms and conditions of this agreement. My attorney has reviewed every part of this agreement with me and has advised me of the implications of the sentencing guidelines. I have discussed all aspects of this case with my attorney and I am satisfied that my attorney has provided effective assistance of counsel.

Date: 7/10/07


SHELDON J. LASKY
Defendant

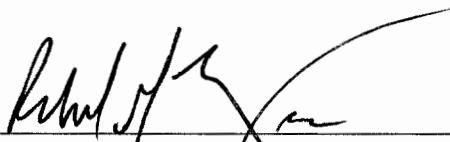
I am the defendant's attorney. I have carefully reviewed every part of this agreement with the defendant. To my knowledge, my client's decision to enter into this agreement is an informed and voluntary one.

Date: 7/17/07

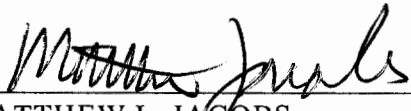

GORDON B. NASH
Attorney for Defendant

For the United States of America:

Date: 7/24/07


STEVEN M. BISKUPIC
United States Attorney

Date: July 24, 2007


MATTHEW L. JACOBS
Assistant United States Attorney

United States v. Sheldon J. Lasky
Case No. 07-CR-

ATTACHMENT A to PLEA AGREEMENT

<u>Year</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>Total</u>
Date return filed	October 13, 2000	October 4, 2001	October 22, 2002	October 9, 2003	October 18, 2004	
Reported Taxable income	\$2,178,558	\$1,700,418	\$952,840	\$1,209,853	\$966,431	\$7,008,100
Unreported income	\$213,249	\$267,743	\$125,729	\$204,347	\$65,704	\$876,772
Correct taxable income	\$2,398,204	\$2,036,062	\$1,082,341	\$1,420,330	\$1,034,106	\$7,971,043
Reported tax due	\$827,615	\$627,564	\$333,577	\$439,540	\$293,345	\$2,521,641
Corrected tax due	\$914,595	\$760,479	\$384,212	\$520,785	\$317,031	\$2,897,102
Unreported taxes	\$86,980	\$109,207	\$50,635	\$81,245	\$23,686	\$351,753