

1 ATTACHMENT A

2 FACTUAL BASIS

3 1. During the years 2000 and 2001, defendant GENE FRANCIS
4 HAAS, a resident of Camarillo, California, was the owner and 100%
5 shareholder of Haas Automation, Inc. ("Automation"), an S-
6 corporation that is a leading manufacturer of large Computer
7 Numeric Controlled machine tools, located in Oxnard, California.
8 Defendant Haas was also the owner and 100% shareholder of CNC
9 Associates, Inc. ("CNC"), a C-corporation engaged in the business
10 of leasing machines built by Automation.

11 2. In approximately September 2000, a plan was devised in
12 which defendant Haas participated at Automation to defraud the
13 government out of taxes owed in connection with Automation's
14 earnings. One of the tax fraud schemes involved the payment of
15 false invoices with Automation checks for fictitious purchases of
16 equipment from two conspiring companies, Enmark, owned by co-
17 defendant Robert Cable, and Supermill, owned by Charles Todd.
18 Defendant Haas approved of the tax fraud scheme. Defendant Haas
19 personally contacted Mr. Cable and Mr. Todd in regard to their
20 participation.

21 3. Defendant Haas was aware that such tax fraud scheme
22 involved the creation of false corporate documents for the
23 fictitious purchases of "weldments" from Enmark and Supermill.

24 4. In total, Automation sent approximately \$14,730,480 to
25 Enmark in 2000, and approximately \$10,978,000 to Enmark in 2001
26 for fictitious purchases. Mr. Cable returned approximately 98%
27 of those payments to CNC, and Mr. Cable retained the 2%
28 difference. Automation deducted the payments to Enmark as "cost
of goods sold." Money returned by Mr. Cable to CNC was booked by
CNC as non-taxable capital transactions or shareholder loans from
defendant Haas.

5. In total, Automation sent approximately \$8,925,000 to
Supermill in 2000, and approximately \$2,929,634 to Supermill in
2001 for fictitious purchases. With one exception, Mr. Todd
returned approximately 98% of those payments to CNC and Mr. Todd
retained the 2% difference. Automation deducted the payments to
Supermill as "cost of goods sold." Monies returned by Mr. Todd
to CNC was booked by CNC as non-taxable capital transactions or
shareholder loans from defendant Haas.

6. Defendant Haas personally signed and/or stamped with
his signature checks made payable to Enmark and Supermill for
payments on the false invoices. Defendant Haas knew that the
payments to Enmark and Supermill were fraudulent. Defendant Haas

1 also knew that Enmark and Supermill would return to CNC 98% of
2 the payments they received from Automation, and that the purpose
of returning money to CNC was to evade taxes.

3 7. Also around September 2000, John Phillips, the then-
4 controller of Automation and a co-conspirator, devised a scheme
5 in which Automation would overpay for purchases of goods from
6 non-conspiring companies. Mr. Phillips and others also arranged
7 to have the overpaid amounts returned to CNC. Mr. Phillips and
8 others would then cause the amounts overpaid for the goods to be
9 fraudulently claimed on Automation's financial records as falsely
inflated "cost of goods sold." Included in such falsely inflated
10 cost of goods sold were an airplane purchased from Cutter
11 Aviation, a Reishauer grinder, a Toyoda horizontal machining
12 center and payments made by Automation to C & C Motorsport and
13 Chicago Title Company.

14 8. The false overpayment scheme charged in Count Three of
15 the Indictment resulted in false additional cost of goods sold to
16 be claimed on Automation's 2000 and 2001 tax returns in a total
17 amount of more than \$10 million. The returned payments from the
18 overpayment scheme were directed by Mr. Phillips to be deposited
19 into bank accounts other than Automation's bank account, such as
20 CNC's bank account. Defendant Haas was aware of, and approved
21 of, the false overpayment scheme devised by Mr. Phillips.

22 9. Defendant Haas admits that on or about October 15,
23 2001, he signed his 2000 Federal Income Tax Return under penalty
24 of perjury, and caused such return to be filed with the Internal
25 Revenue Service, and that he did so intentionally, while knowing
26 that such return was not true and correct as to every material
27 item, because defendant knew that such return reported falsely
28 reduced profits because false cost of goods sold had been claimed
on Automation's 2000 U.S. Corporation Income Tax Return (Form
1120S), which reduced its net profits and ultimately flowed
through to defendant Haas's U.S. Individual Income Tax Return
(1040). Defendant Haas's personal income tax liability for the
2000 tax year, as a consequence, was falsely reduced.

10. Defendant Haas admits that on or about October 14,
2002, he signed his 2001 Federal Income Tax Return, under penalty
of perjury, and caused such return to be filed with the Internal
Revenue Service and that he did so intentionally, while knowing
that such return was not true and correct as to every material
item, because defendant knew such return reported falsely reduced
profits because false cost of goods sold had been claimed on
Automation's 2001 U.S. Corporation Income Tax Return (Form
1120S), which reduced Automation's net profits and ultimately
flowed through to defendant Haas's U.S. Individual Income Tax
Return (1040). Defendant Haas's personal income tax liability

1 for the 2001 tax year, as a consequence, was falsely reduced.

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