

IN THE SUPERIOR COURT OF THE DISTRICT OF COLUMBIA
Civil Division

DISTRICT OF COLUMBIA,
441 4th Street, N.W.
Washington D.C. 20001, *ex rel.*

TRIBUTUM, LLC
1621 Central Ave
Cheyenne, WY 82001

Plaintiffs,

v.

MICHAEL J. SAYLOR
3030 K Street
PH 111
Washington, D.C. 20007

Defendant.

Filed Under Seal Pursuant To
D.C. Code § 2-381.03

Civil Action No.:

JURY TRIAL DEMANDED

FALSE CLAIMS ACT COMPLAINT AND JURY DEMAND

Plaintiff-Relator, Tributum, LLC (the “Relator”), brings this action under seal against Michael J. Saylor (“Saylor”) pursuant to the District of Columbia (“District”) False Claims Act, D.C. Code § 2-381.02(a), and common law, seeking treble damages, interest, fees, costs, and civil penalties. The Relator alleges as follows:

NATURE OF THE ACTION

1. Michael Saylor is a resident of Washington D.C., and has been for a long time. Arguably the wealthiest person in the District—Forbes estimates his net worth at \$2.3 billion¹—he has never paid a dime in District income tax. For nearly a decade, Saylor has been engaged in

¹ #1362 *Michael Saylor*, FORBES (Apr. 6, 2021), <https://www.forbes.com/profile/michael-saylor/?list=billionaires&sh=2c33cd177e0f>.

a fraudulent scheme to deprive the District of tax revenue on hundreds of millions of dollars in income that he earned while a resident of the District by falsely claiming to be a resident of Florida. Demonstrating his disdain for the rules that everyone else has to live by, Saylor publicly flaunted his billionaire lifestyle while bragging to his friends and associates about how he was evading District taxes. This action, brought on behalf of the District and its honest and hardworking citizens, seeks redress for these wrongs under the District False Claims Act.

2. Saylor owns a multimillion-dollar waterfront penthouse (“Trigate”) in the Georgetown neighborhood of the District, where he resides a majority of the days of each year. His domicile lies in Georgetown, where his longstanding non-profit foundation, the Constitution Foundation (d/b/a as, formerly, the “Saylor Foundation” and, presently, “Saylor Academy”), is headquartered, and which provides him with close access to the Northern Virginia suburb where the billion-dollar software company he founded is headquartered. He regularly uses his company’s private jet to travel the world and occasionally visit a vacation house he owns in Miami, Florida. After these sojourns, that private jet returns to Dulles International Airport (“Dulles”), back in the District’s suburbs, to return Saylor to his Georgetown penthouse, Trigate.

3. Saylor’s selection of Florida for his vacation house was carefully planned. Unlike the District, Florida does not levy a personal income tax on residents. In an effort to avoid paying the personal income tax that he lawfully owed to the District, Saylor sought to avail himself of the zero-tax benefits of being a Florida resident. He did so through a scheme spanning nearly a decade, full of distractions, manipulations, and, ultimately, fraud.

4. Under District law, any individual is subject to District tax liability if they are domiciled in the District, or if they establish statutory residency in the District. Saylor has been

domiciled in the District, or a statutory resident of the District, or both, in each year from 2013 through 2020. During this entire period, Saylor failed to file District income tax returns and failed to pay taxes to the District.

5. Saylor was not silent about his scheme. Since at least 2012, he bragged to his confidants about his plan to create the illusion of residing in Florida to evade the District's personal income taxes. On information and belief, Saylor has knowingly and improperly concealed and avoided his legal obligation to file accurate income tax returns with the District, as required by law, dating back to his income earned in the 2013 tax year. As a result, Saylor's fraudulent scheme deprived the District of tens of millions of dollars or more in tax revenue it was lawfully owed, all while Saylor continued to enjoy the full range of services, infrastructure, and other fruits of living in the District, described by Saylor as "the most powerful city on Earth."

6. For some individuals, it would be difficult to reconstruct their past day-to-day locations and establish that they spent the majority of their time in the District. Saylor, on the other hand, left a trail of information to reconstruct his movements to and from the District. This trail includes, among other things: location-specific social media posts; local newspaper articles chronicling parties he hosted in the District; witness accounts from Saylor's inner circle; and Federal Aviation Administration ("FAA") flight information for his company's private jet, each showing exactly when he left the District and when he returned. Thus Saylor's scheme was exposed for the world, and this Court, to see.

7. The District recently amended its False Claims Act (D.C. Code § 2-381.02(d)) with the express goal of providing a remedy against tax fraud schemes like Saylor's. The Relator

therefore seeks appropriate relief on behalf of the District, including treble damages, interest, fees, costs, and appropriate penalties.

JURISDICTION AND VENUE

8. This Court has subject matter jurisdiction over this case under D.C. Code § 2-381.02(a), as Relator asserts claims arising under the District's False Claims Act.

9. This Court has personal jurisdiction over Saylor under D.C. Code § 13-423(a)(1) & (3) because Saylor was physically present in the District during the relevant period and committed acts in the District that are proscribed by the District's False Claims Act.

10. This action is permitted by D.C. Code § 2-381.03(c-1)(1) because, upon information and belief, there has been no public disclosure of the matters alleged herein, nor is this Complaint based on any such disclosure. The Relator has direct and independent knowledge of the matters alleged herein and, to the extent any allegation is deemed to have been the subject of a public disclosure, it is an original source of such information.

PARTIES

11. The District is the real party-in-interest plaintiff in this action.

12. The Relator, Tributum, LLC, is a Wyoming Limited Liability Company registered to conduct business within the District and is therefore permitted to file civil actions within the District. The Relator brings this action for violations of the District's False Claims Act on behalf of itself and the District. The Relator possesses personal knowledge to support and establish the claims asserted in this Complaint.

13. Defendant Michael J. Saylor is an individual who resides at 3030 K Street, PH 111, Washington, D.C. 20007. He is the Chairman and Chief Executive Officer (“CEO”) of MicroStrategy, Inc. (“MicroStrategy” or the “Company”), headquartered in Tysons Corner, Virginia, and the Founder and Trustee of the Constitution Foundation (d/b/a as, formerly, the “Saylor Foundation” and, presently, “Saylor Academy”), headquartered at 1875 Connecticut Avenue NW, 10th Floor, Washington, D.C. 20009.

DISTRICT OF COLUMBIA FALSE CLAIMS ACT

14. The District of Columbia Procurement Reform Amendment Act (the District's False Claims Act) provides the following pertinent definitions:

(7) “Knowing” or “knowingly” means:

(A) That a person, with respect to information, does any of the following:

(i) Has actual knowledge of the information;

(ii) Acts in deliberate ignorance of the truth or falsity of the information; or

(iii) Acts in reckless disregard of the truth or falsity of the information.

(B) The terms “knowing” and “knowingly” do not require proof of specific intent to defraud.

(9) “Obligation” means an established duty, whether or not fixed, arising from an express or implied contractual, grantor-grantee, or licensor-licensee relationship, from a fee-based or similar relationship, from statute or regulation, or from the retention of any overpayment.

D.C. Code § 2-381.01(1), (7) & (9).

15. The District’s False Claims Act imposes liability of treble damages, costs, and civil penalties on any person who commits any of the following acts:

(3) Has possession, custody, or control of property or money used, or to be used, by the District and knowingly delivers, or causes to be delivered, less than all of that money or property; . . . [or]

(6) . . . knowingly conceals or knowingly and improperly avoids or decreases an obligation to pay or transmit money or property to the District[.]

D.C. Code § 2-381.02(a), (3) & (6).

16. The District’s City Council enacted the False Claims Amendment Act of 2020 to provide that *qui tam* plaintiffs may bring a False Claims Act action based on or relating to violations of District tax laws when “the District taxable income . . . of the person against whom the action is being brought equals or exceeds \$1 million for any taxable year subject to any action brought pursuant to [D.C. Code § 2-381.02(d)], and the damages pleaded in the action total \$350,000 or more.” D.C. Code § 2-381.02(d).

17. The stated purpose of the False Claims Amendment Act of 2020 was to equip *qui tam* relators and the District with “a new tool to catch tax cheats and increase compliance with [the District’s] tax laws.”²

District of Columbia Income Tax Scheme

18. D.C. Code § 47-1806.01 *et seq.* requires that all District residents file income tax returns each calendar year, and pay the District taxes owed according to the rates and requirements of D.C. Code § 47-1806.03 *et seq.*

19. For the purpose of District tax laws, anyone domiciled in the District, or anyone with statutory residency in the District, is subject to tax liability. D.C. Code § 47-1801.04(17).

² Report on Bill 25-35, “The False Claims Amendment Act of 2020,” Council of D.C. Comm. of the Whole, Comm. Rep. at 2 (Nov. 17, 2020), https://lms.dccouncil.us/downloads/LIMS/41625/Committee_Report/B23-0035-Committee_Report1.pdf.

20. “Domiciled” in the District means someone who has a home or abode in the District where they intend to remain or, whenever absent, return. *See, e.g., District of Columbia v. Murphy*, 314 US 441, 86 L Ed 329 (1941).

21. “Statutory residency” in the District is established if a person “maintains a place of abode within the District for an aggregate of 183 days or more during the taxable year, whether or not the individual is domiciled in the District.” D.C. Code § 47-1801.04(42); *see also Mayo v. Questech, Inc.*, CIV. A. 89-0223, 1989 WL 1143845, at *2 (D.D.C. Apr. 21, 1989). Statutory residency applies to anyone who meets the 183 days requirement, regardless of whether the individual intends or desires to establish District residency or domicile. *See id.* Likewise, an individual who meets the requirement of statutory residency in the District is subject to income taxes in the District, even if they simultaneously claim residency or domicile in another state or jurisdiction. *Id.*

22. To calculate the days establishing statutory residency, “temporary absences from a District residence (i.e., vacations, hospitalization, business trips, and the like[]) shall be considered as periods of District residency.” D.C. Mun. Regs. tit. 9, § 105.6; *see also* D.C. Code § 47-1801.04(42) (“[A]n individual’s absence from the District for temporary or transitory purposes shall not be regarded as changing his domicile or place of abode.”). Additionally, if an individual only spends a partial day in the District, that day nonetheless counts toward establishing statutory residency. *See Bechtel v. D.C. Office of Tax & Revenue*, D.C. OAH 2016-OTR-00017, 2018 D.C. Off. Adj. Hear. LEXIS 6969 *18 n.53 (D.C. Office of Admin. Hearings Nov. 30, 2018).

Factual Background

A. Saylor Builds a District-Area Business Empire

23. Saylor first resided in the District during the summer of 1986. He was employed in a summer engineering job while attending the Massachusetts Institute of Technology (“MIT”). That summer, Saylor shared a Georgetown apartment with his future MicroStrategy co-founder Sanju Bansal (“Bansal”) and a third roommate who was interning on Capitol Hill. This was a formative experience for Saylor, who found the appeal of the District irresistible, particularly its proximity to power, affluence, and women. Although he returned to school in Massachusetts, where he attended on an Air Force scholarship with a ten-year post-graduation commitment as an Air Force pilot, he knew that he would make the District his home.

24. In 1987, the Air Force revoked Saylor’s pilot status. Deprived of his expected long-term employment, Saylor scrambled to make use of his double major in Aeronautical and Astronautical Engineering and Science, Technology and Society upon graduation. Saylor worked briefly in New York City selling a proprietary computer modelling program, then for a short period of time at DuPont in Wilmington, Delaware, before founding MicroStrategy in Wilmington in 1989.

25. In the following years, MicroStrategy co-founder Bansal convinced Saylor that the Dulles corridor in Northern Virginia was an ideal location for a software company, and could attract more talent than Wilmington, particularly after the rise of AOL in the area. Saylor agreed, drawing from his own fond memories of the District. But Bansal, whose cousin was an accountant, advised Saylor that locating the Company’s headquarters within the bounds of the District was unwise. Bansal’s cousin warned that the District’s high tax rates would cost MicroStrategy millions of dollars as it grew. Saylor knew that the District’s taxes would also cost

him personally if he lived in the District. Bansal negotiated a lease for office space in a trophy building at the Beltway crossroads known as Tysons Corner. The building at 8000 Towers Crescent Plaza, named “Tycon Tower,” was home to the penthouse “Tower Club,” a well-known meeting spot for nascent technology executives and other investors in the region.

26. In 1994, Saylor moved the Company’s headquarters to Tysons Corner, Virginia—in Bansal’s home state. On information and belief, Saylor also began filing personal income tax returns in the Commonwealth of Virginia. In 1998, MicroStrategy went public on the NASDAQ exchange making Saylor, who retained majority control of the Company, a billionaire. Saylor has since led the Company to a market capitalization of over \$6 billion as of April 2021. During that time, Saylor has earned millions of dollars in publicly reported salaries and stock options, and on information and belief, has realized millions more in capital gains and investment income. Since moving MicroStrategy’s headquarters from Delaware to the District area in 1994, Saylor’s own office has been located at the Company’s headquarters just outside the District.

27. Saylor also began spending more time in the District in the 1990s and early 2000s, even being identified on local television in 1999 as “D.C.’s most eligible bachelor.”³ He received invitations to several White House events, including a private dinner with John Kerry. He employed District radio personality Mark Bisnow to promote him to District media and in District social circles, and his life was increasingly concentrated in the District. Despite this, he managed to avoid actually living in the District during this time.

³ See Evan Thomas, *Caesar And Edison And... Saylor?*, NEWSWEEK (Dec. 31, 1999), <https://www.newsweek.com/caesar-and-edison-and-saylor-162864>.

28. Meanwhile, MicroStrategy continued to grow, and so did its troubles. On March 20, 2000, MicroStrategy was forced to issue a devastating financial restatement in which Saylor lost over \$6 billion in a single day, receiving widespread media attention. Saylor blamed the bureaucracy and other institutions for “treating him unjustly.” Later that year, Saylor and two other MicroStrategy executives paid \$11 million to settle accounting fraud charges brought by the Securities and Exchange Commission.⁴ Over the following years, Saylor focused on rebuilding MicroStrategy.

B. Saylor Moves to Georgetown and Leaves a Trail of Information Documenting His Physical Location

29. Although Saylor continued owning property in Virginia to maintain an appearance of residence, after the strife of 2000, his presence in the District became more brazen, and he eventually moved into the District permanently. On information and belief, Saylor has resided in the District’s Georgetown neighborhood since approximately 2003.

30. In 2006, Saylor used LLC entities under his sole control to purchase a residence at 3030 K Street NW, PH113, in the District. Saylor’s entities then purchased two adjoining units, PH111 and PH112, in 2006 and 2008.

31. Saylor continued to spend considerable time in the District. He established a regular presence at Café Milano in Georgetown, where his near-weekly appearances for approximately fifteen years made him a recognizable figure to staff and patrons. He also hosted frequent open-bar parties at District establishments including Cities, Sequoia, L2, as well as hotel

⁴ See Judith Burns, *MicroStrategy Executives Will Pay \$11 Million to Settle SEC Charges*, WALL ST. J. (Dec. 14, 2000), <https://www.wsj.com/articles/SB976826476753184721>.

ballrooms at the Four Seasons, both Ritz Carlton hotels, and the Mandarin Oriental, among others.

32. During this same period, Saylor operated the Constitution Foundation (d/b/a as, formerly, the “Saylor Foundation” and, presently, “Saylor Academy”), which he founded in 1999. For most of its existence, the Constitution Foundation has been headquartered in the District, aside from a “brief sojourn” in Arlington, Virginia, between July 2014 and April 2015.⁵ And, for most of its existence, the Constitution Foundation was headquartered at 1000 Wisconsin Avenue NW, Suite 220, Washington, D.C. 20007, which is a short walk away from Saylor’s Georgetown residence. In April 2015, it moved to its present location at 1875 Connecticut Avenue NW, 10th Floor, Washington, D.C. 20009.

33. In 2009, Saylor embarked on a major renovation project of his Georgetown penthouse residence located at 3030 K St., NW. Saylor hired an architect and contractors to tear down the walls and fixtures of the three penthouses he purchased to combine them into a single open unit.⁶ This renovation provided Saylor with sweeping views of the entire southwest border of what he dubbed “the most powerful city on Earth.” He also dubbed the amalgamated residence “Trigate.” The first walking tours of Trigate following major construction began in November 2010, but construction of the extensive and elaborate finishes continued for four more years. Saylor’s architect posted photos to Facebook of the project, including regular updates

⁵ See SAYLOR ACADEMY, *We have a new address!*, <https://www.saylor.org/2014/07/blog-we-have-a-new-address/> (July 7, 2014); SAYLOR ACADEMY, *Crossing the Potomac to a new office in DC*, <https://www.saylor.org/2015/04/blog-crossing-the-potomac-to-a-new-office-in-dc/> (April 30, 2015).

⁶ Saylor purchased each Trigate unit through a different limited liability company—First Georgetown Investors LLC, Heritage Path LLC, and CGB West Holdings LLC—for a combined purchase price of approximately \$6,550,000. On information and belief, each of these entities was under Saylor’s ownership and control. A 2012 building permit application for First Georgetown Investment [sic] at PH 113 listed the LLC’s address at the same address as the MicroStrategy headquarters in Virginia.

from 2012 to 2014 showing progress. The renovation continued until Saylor formally opened Trigate in the fall of 2014.

34. While completing renovations at Trigate, Saylor lived aboard his multimillion-dollar yachts docked at the Georgetown Harbour. Additionally, from 2014, Saylor was one of the first owners at the Eden Condominiums, 2360 Champlain St. NW, in the District's Adams Morgan neighborhood, where he resided in the penthouse unit while waiting for the Trigate construction to complete.

35. Saylor owns or has owned at least five luxury yachts. Saylor docked two of these vessels, the 68-foot Italian-built "Firefly," and the 87-foot "Moksha" for long periods of time at the Georgetown waterfront in the District, directly in front of his Trigate residence. Saylor also commissioned a larger yacht, a 147-foot ship named "Harle," which launched in 2007 in Amsterdam, and was constructed according to Saylor's specifications. In the spring and summer of 2010, Saylor began throwing near-nightly parties on both Moksha and Firefly in Georgetown.

36. Also, when Saylor travels from the District, he does so almost exclusively by private jet. Until MicroStrategy's 1998 IPO, Saylor traveled commercially in first class, like most of his executive contemporaries. However, on the "roadshow" preceding the IPO, Saylor accepted the private jet itinerary recommended by Merrill Lynch, the lead banker for the IPO, and thus forever changed his approach to travel. Saylor became fascinated with the ease and efficiency of flying privately, and in the decades since then, among his thousands of flights across the world, he has only flown commercially when it was the only available option for travel.

37. Saylor acquired his first jet, a Bombardier Global Express, in October 2003, registered as GX400 (this was a play on his prior primary form of transportation, a Lexus LX400 automobile). In 2008, Saylor directed MicroStrategy to acquire a second Global Express, which was registered as N3877, and delivered in late 2009. Early on the morning of February 6, 2010, both of these Global Express aircraft were catastrophically damaged during a severe snowstorm (“Snowmageddon”) during which the roof of a hangar at the Dulles Jet Center caved in. GX400 was ultimately scrapped, but in May 2012, following extensive repairs, Saylor resumed traveling on MicroStrategy’s Bombardier Global Express private jet, having the FAA registration number (*i.e.*, “tail number” or “N-number”), N3877. The aircraft is registered with the FAA in the name of an LLC that shares the same address as MicroStrategy.

38. In April 2012, MicroStrategy amended its company aircraft policy to allow more flights for nonbusiness purposes. FAA data shows that this jet was flown regularly from 2012 until present day from the Washington, D.C. area, typically Dulles, to his vacation house and other destinations around the world. Because Saylor almost never traveled commercially following his first purchase of a Global Express jet in 2003, and since N3877 almost never travels without Saylor, the flight records of N3877 since 2012 are an almost perfect representation of Saylor’s travel to and from the District. As further confirmation, Saylor contemporaneously reported his presence during these years on social media. These social media posts also document his arrival back at Trigate, in the District, after he returned from these trips.

39. During this time, Saylor had led MicroStrategy to build a profitable business segment that included an attempt at monetizing personal data mined from social media posts. In support of this product, Saylor encouraged MicroStrategy employees to share voluminous personal information on their social media pages, including their locations and travel

information. Saylor, as a consummate executive, led by example. He published social media updates at regular intervals for the next five years, documenting his arrivals and departures from Washington, D.C. and his recreational travel around the world. These social media posts also provide a reliable basis to track his physical location across the years.

40. Between the trail of Saylor’s social media posts meticulously chronicling his time spent in the District, FAA flight data showing the dates his jet arrived and departed from the District area, and accounts of acquaintances and co-workers who were with Saylor, Saylor’s geolocation history establishes his connection to the District—where he maintained a place of abode either at Trigate or aboard one of his yachts—for substantial periods of time during each year from 2013 through 2020 to establish his tax liability to the District.

C. Saylor Orchestrates a Fraudulent Scheme to Evade District Taxes

41. In July 2012, Saylor purchased a house at 4821 Pine Tree Drive in Miami Beach, Florida, for \$13.1 million—a historic mansion known as “Villa Vecchia.” Shortly after acquiring Villa Vecchia, on or about the beginning of 2013, Saylor began bragging to friends and acquaintances that he had avoided District personal income taxes by purchasing a house in Florida. He even suggested that his friends from New York, California, or the District were “fools” if they did not evade the personal income taxes imposed by their respective states by similarly acquiring a house in Florida and spending time there. These conversations illustrate Saylor’s heartfelt goal: to create the illusion of living in Florida and thus save millions of dollars by defrauding the District’s treasury.

42. As part of this fraudulent scheme, Saylor took a number of steps to create the illusion that he was a Florida resident, including by registering to vote in Miami-Dade County on

December 7, 2012. Despite almost exclusively using a professional driver, Saylor also obtained a Florida driver's license and registered vehicles with Florida license plates. These cosmetic overtures, however, did not change his domicile as he continued to return to the District and Trigate for work and to indulge in the District's social scene.

43. On information and belief, Saylor claimed that he was a Florida resident for tax purposes sometime in 2013. Accordingly, on information and belief, Saylor stopped filing state personal income tax returns for income earned after the 2012 tax year. On information and belief, Saylor has never filed a District personal income tax return, despite maintaining his place of abode in the District since 2003 or earlier.

44. Moreover, despite registering to vote in Miami-Dade County, Florida, voter-history records demonstrate that Saylor has never physically voted in Florida. Instead, he has used his Florida registration to vote in only three general elections—in 2016, 2018, and 2020—each via absentee ballot. Voting records show that he requested absentee ballots sent to the address of MicroStrategy's corporate office in the District suburbs in the 2020 election, and, on information and belief, he requested that absentee ballots in prior elections be sent to either his corporate address in Virginia or home address in the District. Saylor has neither voted in any primary election in Florida nor any state or local elections in Florida or Miami-Dade County.

45. Saylor's scheme to establish Florida residency was just that—a scheme. He never had, and to this day does not have, an intent to abandon his District abode and remain in Florida indefinitely. He strategically chose to signal Florida residency by purchasing a home, registering to vote, and receiving a driver's license. But he belied his true intent by his actions rooted, time

and again, in the District. His repeated and regular returns to the District demonstrate that it has been and continues to be his place of domicile.

D. Saylor Continues Earning Income in the District While Attempting to Obfuscate His Residency

46. After Saylor purchased Villa Vecchia and initiated his scheme to impersonate a Florida resident, Saylor did not want MicroStrategy to withhold taxes payable to the District or the Commonwealth of Virginia from his income, despite having earned millions of dollars in annual salary, bonuses, equity, and other compensation. MicroStrategy's finance executives were uneasy with this chicanery, however, because they knew that Saylor resided in the District.

47. To circumvent the tax withholding issue, Saylor used MicroStrategy's faltering 2014 financial performance as cover to adjust his compensation and avoid tax withholding disputes. In 2014, MicroStrategy reported losses for the first three fiscal quarters. Saylor also fired one-third of the MicroStrategy staff worldwide (approximately 1,000 people). In February 2014, Apex Capital, a hedge fund that owned over 5% of MicroStrategy's shares at the time, called for Saylor's removal as CEO. Gil Simon, the Apex principal behind the recommendations, cited Saylor's excessive lifestyle and inattention to MicroStrategy operations, alleging that the Company had earned "pariah status."

48. Citing the difficulties facing the Company, Saylor announced that he was accepting a reduced annual salary of \$1.00, claiming that his pay cut was an act of service and investment in the Company. In reality, Saylor's compensation adjustment served a more cynical personal purpose—it allowed him to continue circumventing District income taxes without implicating the Chief Financial Officer ("CFO") or other financial professionals at MicroStrategy in the scheme.

49. Nonetheless, to support his highly public consumption and extravagant lifestyle, Saylor continued realizing substantial capital gains and taxable income well beyond his \$1.00 salary. In a November 2020 interview, for example, Saylor bragged that he turned a \$50 million investment in Apple, Amazon, Facebook, and Google into \$500 million.⁷ For the years 2013 through 2020, on information and belief, Saylor's combined taxable personal income through salary, compensation, benefits, dividends, capital gains, and other investments equaled or exceeded \$1 million for any taxable year, and treble damages on unpaid tax liabilities equals or exceeds \$350,000.

50. More recently, Saylor has become an outspoken proponent of investments in the cryptocurrency Bitcoin, claiming in late 2020 that he personally owns nearly 18,000 Bitcoin.⁸ He claimed to have purchased his Bitcoin at an average price of \$9,882 each,⁹ or over \$175 million total. As of April 2021, the price of each Bitcoin had risen to over \$62,000. Based on these estimates, Saylor's Bitcoin investment is now worth over \$1.1 billion. Moreover, Saylor bragged in a January 24, 2021 interview that Bitcoin is an ideal tool for evading taxes, suggesting that owners of Bitcoin could tell their government to "go f--k yourself" and claim to have lost their Bitcoin access key, daring the government to "tax that!"¹⁰

⁷ SALT Talks, *Michael Saylor | Chairman & Chief Executive Officer, MicroStrategy*, YouTube (Nov. 18, 2020), https://www.youtube.com/watch?v=5_nrqJxpJbQ&ab_channel=SALT.

⁸ Jacob Silverman, *The Accused Fraudster Behind the Bitcoin Boom*, THE NEW REPUBLIC (Jan. 1, 2021), <https://newrepublic.com/article/160773/bitcoin-price-boom-michael-saylor-microstrategy>.

⁹ Kevin Helms, *Microstrategy CEO Personally Owns \$240 Million in Bitcoin — Company's BTC Profit Eclipses Other Earnings*, BITCOIN.COM (Oct. 29, 2020), <https://news.bitcoin.com/microstrategy-ceo-million-bitcoin-btc-profit/>.

¹⁰ Video available @BTC_Archive, TWITTER (Jan. 24, 2021, 3:33 PM), https://twitter.com/BTC_Archive/status/1353440767365292033?s=20.

51. In the ensuing years, Saylor's scheme has continued unabated. If anything, he became more brazen in his fraud. After attempting to regularly visit Florida in 2013—although never abandoning his domicile in the District—Saylor returned to spending an increasing portion of his year residing at Trigate, socializing in the District, and managing his Northern Virginia-headquartered company. In fact, after accepting a reduced salary in 2014, multiple co-workers and subordinates report that Saylor began spending more time working in person at the Tysons Corner headquarters rather than working remotely from other parts of the world. Increasing pressure at MicroStrategy meant that, during the Company's turbulent financial period of 2014 and beyond, Saylor developed a more hands-on approach as CEO, and regularly appeared in the office, even as he lived on his yachts docked in Georgetown until Trigate reopened in the fall of 2014.

E. Data from Multiple Sources Contradicts Saylor's Claim to Florida Residency

52. From 2013 to 2020, regular Facebook posts by Saylor and his Facebook "friends" who tagged Saylor in social media posts, combined with witness accounts from Saylor's inner circle and FAA flight data documenting when MicroStrategy's private jet returned Saylor to the District, establish that Saylor maintained his domicile during these years in the District, not Florida. He also maintained Trigate, his Eden Condominium, or his yachts as his place of abode throughout the years, always returning to the District after his temporary absences. He was also physically present during the majority of the years—in the District, not Florida.

53. In fact, Saylor maintained a place of abode in the District for an aggregate of 183 or more days per year as a statutory resident and/or was domiciled in the District each year from

2013 to 2020. Combined data sources suggest that Saylor's locations from 2013 to 2020 were approximately as follows:

- a) **2013:** Saylor maintained a place of abode in the District for 175 days. Even without accounting for temporary absences to places other than Florida, Saylor was physically present in the District for 112 days. Saylor spent only 105 days in Florida.
- b) **2014:** Saylor maintained a place of abode in the District for 277 days. Even without accounting for temporary absences to places other than Florida, Saylor was physically present in the District for 228 days. Saylor spent only 74 days in Florida.
- c) **2015:** Saylor maintained a place of abode in the District for 330 days. Even without accounting for temporary absences to places other than Florida, Saylor was physically present in the District for 323 days. Saylor spent only 35 days in Florida.
- d) **2016:** Saylor maintained a place of abode in the District for 303 days. Even without accounting for temporary absences to places other than Florida, Saylor was physically present in the District for 225 days. Saylor spent only 42 days in Florida.
- e) **2017:** Saylor maintained a place of abode in the District for 270 days. Even without accounting for temporary absences to places other than Florida, Saylor was physically present in the District for 196 days. Saylor spent only 51 days in Florida.
- f) **2018:** Saylor maintained a place of abode in the District for 308 days. Even without accounting for temporary absences to places other than Florida, Saylor was physically present in the District for 243 days. Saylor spent only 50 days in Florida.

- g) **2019**: Saylor maintained a place of abode in the District for 331 days. Even without accounting for temporary absences to places other than Florida, Saylor was physically present in the District for 251 days. Saylor spent only 28 days in Florida.¹¹

These dates are summarized in the table below:

Year	Days With Place of Abode in District	Days in District Without Counting Temporary Absences	Days in Florida
2013	175	112	105
2014	277	228	74
2015	330	323	35
2016	303	225	42
2017	270	196	51
2018	308	243	50
2019	331	251	28

54. Accordingly, Saylor was domiciled in the District in each year from 2013 until 2020. Despite purchasing a vacation home in Florida, each sojourn from the District was followed by a return to the District, demonstrating that he lacked intent to abandon his District residence. Nor did he demonstrate an intent to remain in Florida indefinitely. On the contrary, he

¹¹ During 2020, Saylor remained domiciled in the District. Due to the COVID-19 pandemic, however, it appears that Saylor increased his temporary absences from the District, in particular to his vacation home in Florida, as compared to recent years. Although a precise calculation of the number of days spent at his abode in the District in 2020 are not determinable as of the date of this Complaint, all available evidence supports the fact that Saylor continued to maintain his domicile at Trigate throughout 2020 and that he intended to return to the District as his primary residence at the conclusion of the pandemic.

continued returning to Georgetown, where his yachts were docked, time and again. Furthermore, social media posts confirm that the District remained the center of both his social and business lives. His District abode served as a home accessible to his principal place of business in Tysons Corner, showing that his economic base of operations remained near the District, not Florida. Taken together, these indicators show that he was domiciled in the District.

55. In addition to being domiciled in the District, Saylor is a statutory resident because he maintained a place of abode year-round in the District and never abandoned that center of operations and place of abode. Even considering only the days when he was physically present in the District, in most years, those days constituted a majority of the year. This is the case without accounting for temporary absences such as vacations and business travel to destinations other than Florida, although the law is clear that such temporary absences still count toward maintaining his place of abode in the District. In each year from 2013 through 2020, Saylor spent more time in the District than in Florida.

56. Saylor, a highly educated and sophisticated entrepreneur and businessperson, fully understood his legal duty to file a return and pay taxes to the District. His carefully calculated and highly planned actions, culminating in his failure to file returns for several years, despite his domiciliary and/or statutory resident status, amount to a willful and ultimately fraudulent scheme to avoid personal income taxes that he knew to be owed to the District.

CAUSE OF ACTION
(D.C. False Claims Act § 2-381.02(a)(3) & (6))

57. Paragraphs 1 through 56 are re-alleged as if fully set forth herein.

58. In the years 2013 through 2020, Saylor was domiciled in the District.

59. Alternatively, in the years 2013 through 2020, Saylor was a statutory resident of the District.

60. Because he was either a domiciliary or a statutory resident of the District, Saylor was required to file a District personal income tax returns for the 2013 through 2020 tax years and to remit personal income taxes owed to the District.

61. On information and belief, Saylor did not file a District personal income tax return for any of the 2013 through 2020 tax years and did not remit any payments to the District for taxes owed on salary, compensation, capital gains, dividends, investments, or other income derived in the 2013 through 2020 tax years, despite knowing his obligation to do so.

62. Saylor had taxable income that equaled or exceeded \$1 million for any taxable year subject to this action, and damages owed on taxes he failed to remit also total or exceed \$350,000.

63. As a result of this fraudulent scheme, Saylor knowingly failed to deliver, and concealed and avoided his obligation to pay money owed to the District in violation of the False Claims Act.

PRAYER FOR RELIEF

WHEREFORE, the Relator, on behalf of itself, and acting on behalf of, and in the name of, the District, respectfully requests that the Court enter judgment against Saylor as follows:

1. Direct that Saylor must pay the District treble statutory damages in an amount to be determined at trial, but not less than three times the amount of damages sustained as a result of Saylor's violations of the District's False Claims Act, including, but not necessarily limited to:

- (a) All unpaid District tax liabilities for personal income earned in 2013, 2014, 2015, 2016, 2017, 2018, 2019, and 2020;
- (b) Penalties equal to 5% per month, capped at 25%, on the aforementioned years' income, pursuant to D.C. Code § 47-4213(a)(1);
- (c) Interest on all tax underpayments for the aforementioned years' income, calculated at 10% per year, compounded daily, pursuant to D.C. Code § 47-4201(d)(2);
- (d) Fraud penalties equal to 75% of the amount of the underpayment for the aforementioned years' income, pursuant to D.C. Code § 47-4212(a);
- (e) Collection fees on the aforementioned years' income; and
- (f) All other interest, penalties, and fees allowed by law.

2. Direct that Saylor must pay the District a separate civil penalty of \$11,000.00 for each violation of the District's False Claims Act;

3. Award Relator the maximum amount available under the District's False Claims Act for bringing this action, namely, 25% of the proceeds of the action or settlement of the claim if the District intervenes in the matter (or pursues the claims through any alternate remedy available to the District) (D.C. Code § 2-381.03(f)(1)(A)) or, alternatively, 30% of the proceeds

of the action or settlement of the claim, if the District declines to intervene (D.C. Code § 2-381.03(f)(2)(A));

4. Direct that Saylor pay Relator's costs, including attorneys' fees and costs; and
5. Grant further and additional relief as may be just and proper.

JURY DEMAND

The Relator hereby demands a trial by jury by the maximum number of jurors permitted by law.

Dated: April 14, 2021
Washington, D.C.

CADWALADER, WICKERSHAM & TAFT LLP

By: /s/ Douglas F. Gansler
Douglas F. Gansler (D.C. Bar No. 425465)
Wesley Wintermyer (D.C. Bar No. 1031567)
Ruth Merisier (*pro hac vice application pending*)
William Simpson (D.C. Bar No. 1674270)
700 6th Street NW
Washington, DC 20001
202-862-2300
douglas.gansler@cwt.com
wesley.wintermyer@cwt.com
ruth.merisier@cwt.com
william.simpson@cwt.com

Attorneys for Plaintiff-Relator