

IN THE SUPERIOR COURT OF THE DISTRICT OF COLUMBIA
Civil Division

DISTRICT OF COLUMBIA,
a municipal corporation,
400 6th Street, NW
Washington, DC 20001, *ex rel.*

TRIBUTUM, LLC,
1621 Central Ave
Cheyenne, WY 82001,

Plaintiffs,

v.

MICHAEL J. SAYLOR,
3030 K Street NW, PH 111
Washington, DC 20007

and

MICROSTRATEGY, INC.,
1850 Towers Crescent Plaza
Vienna, VA 22182,

Defendants.

Case No. 2021 CA 001319 B
Judge Yvonne M. Williams

JURY TRIAL DEMANDED

DISTRICT OF COLUMBIA’S FIRST AMENDED COMPLAINT
AND JURY DEMAND

Plaintiff the District of Columbia (the “District”), through its Office of the Attorney General, brings this action against Defendants Michael J. Saylor and MicroStrategy, Inc. for violations of the District’s False Claims Act, D.C. Code § 2-381.01, *et seq.*, and the District of Columbia Tax Code, D.C. Code § 47-101, *et seq.* In support of its claims, the District states as follows:

INTRODUCTION

1. Defendant Michael J. Saylor has unlawfully deprived the District of Columbia of tens of millions of dollars in tax revenue. Defendant Saylor knowingly avoided income taxes he owed to the District by fraudulently claiming to be a resident of other, lower-tax jurisdictions while maintaining his domicile and place of abode in the District, including living in a luxury penthouse on the Georgetown waterfront and docking multiple yachts on the District's Potomac riverfront from 2005 to present. In connection with his tax avoidance scheme, Saylor caused numerous false records and false statements to be made and used.

2. The District's income taxes pay for its essential infrastructure, including its schools, its police and fire departments, and the maintenance of its roads, bridges, and waterways. Defendant Saylor enjoyed this infrastructure, these services, and all the other tangible and intangible benefits of living in the District for nearly 20 years. But despite considering the District "a major center of civilization," Defendant Saylor refused to pay the taxes he owed—what Justice Holmes once described as "what we pay for civilized society." *Compania Gen. de Tabacos de Filipinas v. Collector of Internal Revenue*, 275 U.S. 87, 100 (1927) (Holmes, J., dissenting).

3. Defendant Saylor knew that living in the District meant that he had the obligation to pay income taxes in the District. Saylor is a highly educated, sophisticated businessman, and the founder of MicroStrategy, a publicly-traded business analytics and technology company. For more than 20 years, Saylor served as MicroStrategy's Chairman and Chief Executive Officer, overseeing a company with hundreds of millions of dollars in annual revenue. Saylor stepped down as CEO of MicroStrategy in August 2022.

4. Defendant MicroStrategy knew that Saylor was in fact a District resident, but instead of accurately reporting his address to local and federal tax authorities and correctly

withholding District taxes, the company made and used false records and statements that facilitated Defendant Saylor's tax avoidance scheme.

5. The District brings this action under the False Claims Act and the District's tax laws to hold Defendants Saylor and MicroStrategy accountable for Saylor's avoidance of his obligation to pay District income taxes, and for the false records and statements that Saylor made and used and caused MicroStrategy to make and use. The District seeks payment for the back taxes owed, penalties, interest, treble damages, and all other remedies available under the law.

JURISDICTION

6. This Court has jurisdiction over the subject matter of this case pursuant to D.C. Code § 11-921 and the District's False Claims Act, D.C. Code § 2-381.03(a).

7. This Court has personal jurisdiction over Defendants Michael J. Saylor and MicroStrategy pursuant to D.C. Code §§ 13-422 and 13-423(a).

PARTIES

8. Plaintiff the District of Columbia, a municipal corporation empowered to sue and be sued, is the local government for the territory constituting the seat of the government for the United States. The District is represented by its chief legal officer, the Attorney General for the District of Columbia, who has general charge to conduct the legal business of the District and is responsible for upholding the public interest. D.C. Code § 1-301.81(a)(1).

9. The Relator, Tributum, LLC, is a Wyoming Limited Liability Company registered to conduct business within the District and permitted to file civil actions within the District. The Relator commenced this action for violations of the District's False Claims Act on behalf of itself and the District.

10. Defendant Michael J. Saylor is a longtime resident of the District of Columbia and the founder and former Chief Executive Officer of the publicly traded company MicroStrategy, Inc. Saylor is also 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.

11. Defendant MicroStrategy, Inc. is a publicly traded business analytics software company, incorporated in Delaware, with its principal place of business at 1850 Towers Crescent Plaza, Tysons Corner, VA 22182, an office building 13 miles from the D.C. Superior Court.

FACTS

A. Defendant Saylor Lived in the District from 2005 Through 2021 Without Paying Income Taxes.

12. After founding MicroStrategy in Delaware in the 1980s, Defendant Saylor considered moving the company’s headquarters to the District; however, MicroStrategy co-founder Sanju Bansal advised Defendant Saylor that the company would reduce its tax liability by instead locating its headquarters in Virginia. Acting on Mr. Bansal’s suggestion, Defendant Saylor established MicroStrategy’s corporate headquarters in Tysons Corner, Virginia in the 1990s and likewise moved his personal residence to Northern Virginia.

13. MicroStrategy is an enterprise analytics company providing software tools and services that help large companies identify trends within their businesses by parsing high volumes of customer data. The company survived the rough-and-tumble of the dotcom era and has maintained a steady roster of Fortune 100 clientele. MicroStrategy regularly transacts business in the District, soliciting service contracts and deriving substantial revenue from the sale of analytics software to clients in the District, including District government agencies, federal governmental agencies, and private sector clients. Based on the extent of MicroStrategy’s business dealings in

the District, MicroStrategy's annual District revenues have exceeded \$1 million in each calendar year between 2014 and the present. While its market capitalization has fallen far below its peak, the company is currently valued at approximately \$3 billion.

14. After making a fortune in the initial public offering of MicroStrategy's stock in 1998, Defendant Saylor relocated his personal residence to the District's Georgetown neighborhood and established the District as his domicile. By 2005, Defendant Saylor moved into and permanently occupied a penthouse apartment located on the Georgetown waterfront at 3030 K Street NW.

15. Between 2006 and 2008, Defendant Saylor spent millions of dollars purchasing three luxury condominium units at 3030 K Street NW, with the purpose of combining them into a 7,000 square foot residence overlooking the Potomac River. Saylor first purchased the unit he had rented since 2005 and subsequently bought two adjoining penthouse units.

16. Defendant Saylor began extensive renovations in 2011, spending millions of dollars to combine the three 3030 K Street NW units into a single residence he now calls "Trigate." The budget for custom woodworking alone exceeded \$5 million.

17. While the renovations were ongoing, Defendant Saylor continued to reside in the District, often staying aboard one of his yachts, which he kept tied up on the Georgetown waterfront during the day and anchored in the Potomac River at night. These yachts each possess bedrooms, kitchens, and bathrooms.

18. Saylor also purchased the penthouse unit at the Eden Condominiums, 2360 Champlain St. NW, in the District's Adams Morgan neighborhood. Saylor lived in this penthouse unit at times while waiting for the Trigate construction to be completed.

19. Defendant Saylor’s contemporaneous social media posts confirm that he lived in the District and considered it home both before and during the renovations to 3030 K Street NW.

20. For example, on March 15, 2012, Defendant Saylor posted to Facebook a photograph taken from his balcony looking out over the Potomac. The caption to the post read, “View from my Georgetown balcony this morning. Now I just need to finish renovating the apartment so I can move back in. For now maybe I pitch a tent outside on the terrace.”



21. On September 9, 2012, Defendant Saylor posted to his Facebook account a photograph of his residence at 3030 K Street NW, apparently taken from the Potomac while aboard one of his yachts. The post pinned Saylor’s location in “Washington, D.C.” and tagged James Augustus Seymour Van Wynen, the architect overseeing the penthouse renovations. The caption read, “Gazing wistfully at my future home while I wait for James to crack the whip on the contractors and herd the cats. I wonder if Tony Stark would be so patient....”



22. On October 10, 2012, Defendant Saylor posted to his Facebook account a photograph of his yacht M/V *Moksha* pinned with the location “Georgetown, Washington, D.C.” and added the caption, “Off to work. It is a perfect October morning on the Potomac, making it hard to leave home.”



23. In 2014, Defendant Saylor completed the renovations combining the penthouse units at 3030 K Street NW and then resumed living in the penthouse at that address. Defendant Saylor maintained this three-unit penthouse as a place of abode at 3030 K Street NW in each taxable year from 2014 through the present.

24. Despite being a District statutory resident and domiciliary, not once during the period from 2005 through 2021 did Defendant Saylor file an income tax return with, or pay any income taxes to, the District's Office of Tax and Revenue. Instead, Defendant Saylor fraudulently purported to be a resident of either Virginia or Florida, jurisdictions that have materially lower income tax rates.

B. Saylor Avoided Paying Any District Income Tax by Masquerading as a Florida Resident.

25. From 2005, Defendant Saylor maintained his domicile at 3030 K Street NW while purporting to be a resident of Virginia. However, in 2012, he embarked on a scheme to fraudulently misrepresent himself to be a resident of Florida—a jurisdiction without any personal income tax.

26. First, Defendant Saylor purchased a house in Miami Beach, Florida.

27. Saylor also obtained a Florida driver's license and registered to vote in Florida. In addition, Saylor made and used false records and statements as part of his attempt to create the appearance that he was a Florida resident and domiciliary. However, Saylor's conduct demonstrated that these administrative actions were pretense and that he never intended to abandon the District as his domicile.

28. For example, Defendant Saylor has only voted in Florida elections via absentee ballots, each time having the ballot mailed either to MicroStrategy's corporate headquarters in Tysons Corner, Virginia, or, on information and belief, to the District.

29. Moreover, Defendant Saylor continued to reside in the District, maintaining a place of abode at 3030 K Street NW for at least 183 days each year in subsequent taxable years.

30. Since at least 2012, Saylor has bragged to his confidants about his successful plan to create the illusion of residing in Florida to evade the District's personal income taxes.

C. Defendant Saylor Caused MicroStrategy to Submit False Records and Statements to the District and MicroStrategy Submitted Such Records and Statements with the Knowledge That They Were False.

31. From at least 2014 through the present, MicroStrategy has repeatedly filed statements and records with the District that were false and that the company knew were false. These statements and records were false because they reported information about the District income and tax withholding of some of MicroStrategy's District resident employees but falsely

omitted the information of Defendant Saylor, the District resident employee who was also MicroStrategy's CEO and who the Company knew to be evading District income taxes. During this time, MicroStrategy also created other false records and statements that, while not presented to the District, nonetheless qualify as records and statements made pursuant to Title 47. Defendant Saylor caused MicroStrategy to make and use these false records and statements, both those that MicroStrategy presented to the District and those that it did not.

MicroStrategy's Knowledge of Saylor's D.C. Tax Obligations

32. Executives at Defendant MicroStrategy were aware that Saylor's claims to be a Florida resident were false and that he was instead a resident of the District of Columbia.

33. Beyond Saylor's regular and open discussion of the fact that he lived in the District of Columbia, MicroStrategy was aware that Saylor lived in the District more than half of the year because it had access to multiple streams of real-time information about Saylor's whereabouts, and it maintained contemporaneous records of his location.

34. At all times that Saylor was CEO, MicroStrategy provided company-funded transportation services for Saylor, including flights and personal drivers. A MicroStrategy-funded private driver transported Saylor between MicroStrategy's office and 3030 K Street NW. MicroStrategy maintained records of Saylor's physical location and of his travel and related expenses. The company also paid for Saylor's security detail, which traveled with him and was present with him at Trigate. MicroStrategy transacted business in the District through the security guards and drivers, who were acting within the scope of their employment with the company when providing services within the District. These security and transportation services provided in the District were fringe benefits to Defendant Saylor for which he owed but did not pay District of Columbia income taxes.

35. Throughout calendar years 2014 through at least 2020, MicroStrategy knew that Defendant Saylor was in fact a District resident obligated to pay District taxes. In response to the District's investigation, the company produced to the District detailed logs in the form of Excel spreadsheets that the company maintained during this period, recording Saylor's physical location each day for the years 2015 through 2020. These Excel logs show that Defendant Saylor spent a majority or plurality of each year physically present in the District.

36. Specifically, MicroStrategy's Excel logs show that in 2015, Saylor was present in the District 313 days; this same year, these logs show that Saylor was only physically present in Florida 70 days.

37. MicroStrategy's Excel logs show that in 2016, Saylor was present in the District 240 days; this same year, these logs show that Saylor was only physically present in Florida 74 days.

38. MicroStrategy's Excel logs show that in 2017, Saylor was present in the District 199 days; this same year, these logs show that Saylor was only physically present in Florida 72 days.

39. MicroStrategy's Excel logs show that in 2018, Saylor was present in the District 231 days; this same year, these logs show that Saylor was only physically present in Florida 83 days.

40. MicroStrategy's Excel logs show that in 2019, Saylor was present in the District 231 days; this same year, MicroStrategy's logs show that Saylor was only physically present in Florida 64 days.

41. With the onset of the coronavirus pandemic in March 2020, Saylor decamped for a time to his Florida house. Nevertheless, the Excel logs show that he returned to the D.C., Maryland,

and Virginia area by the end of May 2020, spending time in the District and at a vacation home on the Chesapeake Bay in Maryland. Even in 2020, the Excel logs show Saylor spent only 86 days in Florida. By contrast, Saylor spent at least 183 days in the greater D.C., Maryland, and Virginia area.

42. MicroStrategy began tracking Saylor's physical location in this manner since at least 2012, and metadata from the Excel logs suggests that the company may have begun tracking Saylor's physical location in 2006. Thus, for all years between 2014 and the present, MicroStrategy knew that Saylor was a District resident required to pay income tax to the District.

43. As MicroStrategy's Chief Executive Officer, Defendant Saylor directed corporate employees to aid him in his scheme to avoid paying District income taxes. Accordingly, in addition to MicroStrategy's knowledge from other sources, Defendant MicroStrategy knew that Defendant Saylor was a District resident required to pay income tax to the District because Saylor knew that he was a District resident.

MicroStrategy's False Records and Statements

44. Based on its size and the location of its headquarters in Tysons Corner, MicroStrategy employed District resident employees (in addition to Saylor) from at least 2014 through the present. MicroStrategy employed more than 1,000 employees in the United States, and leased over 214,000 square feet of office space at its Tysons Corner headquarters, a short drive or Metro ride from the District.

45. Employers that pay wages to District employees are required to report, deduct, withhold, and remit withheld taxes to the District. D.C. Code §§ 47-1805.01(c), 47-1812.07(a)(4), and 47-1812.08(b)(1). Employers of District employees are required to file Form 900 returns with the District Office of Tax and Revenue, which report the amount of income tax withheld and

remitted to the District. In addition, by January 31 of each year, employers of District employees are required to submit to the District Office of Tax and Revenue a copy of every Form W-2 or 1099 issued by the employer to a District resident, either by paper submission of a District Form WT or electronically. These Form 900s and Form WTs (or their electronic equivalent) are therefore statements and records made pursuant to those portions of Title 47 of the D.C. Code that refer to or relate to taxation.

46. Form WT (and its electronic equivalent) is a bulk filing used to transmit *all* of the Form W-2s and 1099s that an employer is required to submit for its District employees for a given tax year.

47. For paper submissions, Form WT is the first page of a multi-page filing that includes as subsequent pages all of the Form W-2s and 1099s that the employer issued to District employees during the relevant tax year. In line 3, the Form WT requires the employer to sum the “Total number of Forms W-2” being submitted.

48. For electronic submissions, employers are required to submit employee data through the data entry or bulk upload process through the Office of Tax and Revenue’s website. Electronic submissions equivalent to a Form WT are required to follow the Social Security Administration’s EFW2 specifications, which require filings to be submitted together as one contiguous whole. The components of each electronic filing are: (1) an opening RA (Submitter) record that identifies the submitter (typically the employer or the employer’s payroll preparer), (2) an RE (Employer) record identifying the employer, (3) RW (Employee) and RS (State) records corresponding to each District employee’s wage and state withholding information, (4) an RV (State Total) record summarizing the totals for employee income and state withholding

information, and (5) a concluding RF (Final) record that indicates the conclusion of the transmission.

49. Because Form WT (and its electronic equivalent) is a bulk filing, the inclusion of some but not all of an employer's District employees for a given tax year renders the filing false.

50. From at least 2014 through the present, on information and belief, MicroStrategy submitted Form WTs or their electronic equivalent to the District Office of Tax and Revenue that were false because they listed an incorrect number of employees, included incorrect totals for employee income and withholding amounts, and reported W-2s (or electronic RW and RS records) and information as to some of MicroStrategy's District resident employees but *not* as to Saylor.

51. Employers of District resident employees are required to file Form 900s with the District Office of Tax and Revenue to report the total amount of District income tax withheld from those employees' pay. Through calendar year 2016, employers were required to file Form 900s and remit to the District all withheld income tax on a monthly basis, on or before the 20th day of the month following the month being reported. Beginning in January 2017, employers have been required to file Form 900s quarterly on or before the end of the month following the conclusion of the quarter being reported (*i.e.* on or before April 30 for the quarter ending March 31, July 31 for the quarter ending June 30, etc.). Despite this change to reporting frequency, employers are still required to remit payment by the 20th of each month for the amount of tax withheld in the previous month. In addition to quarterly reporting and monthly payments, employers of District employees are also required to file an annual Form 900 each year on or by January 31, reporting the total tax withheld in the preceding taxable year.

52. An employer's Form 900s report the withholding tax for all of an employer's District resident employees during the reporting period. If an employer omits an amount that it

should have withheld from a District resident employee's pay from its Form 900 filing and thereby fraudulently reduces the amount of tax reported and remitted to the District, the employer's Form 900 is false because it misrepresents the amount of tax that the employer was legally obligated to withhold and remit to the District.

53. From at least 2014 through the present, on information and belief, MicroStrategy submitted Form 900s to the D.C. Office of Tax and Revenue that were false because they reported information and withholding amounts that were artificially reduced because they included withholding for only some of MicroStrategy's District resident employees but *not* for Saylor.

54. In addition to the Form 900s and Form WTs (or their electronic equivalent), for each tax year at issue, MicroStrategy prepared and transmitted to Saylor and the Internal Revenue Service a Form W-2 for Saylor. While Form W-2s are also used for federal income tax reporting, employers of District resident employees are required to include information related to District income taxes on form W-2s issued to those employees. Specifically, the District of Columbia's Income Tax Withholding Instructions and Tables require employers of District resident employees to include on form W-2s the total wages paid to the employee during the preceding calendar year and the total amount of District income tax withheld during that year. Form W-2s for District resident employees are therefore records and statements made pursuant to those portions of Title 47 of the D.C. Code that refer to or relate to taxation.

55. Because Saylor was a District resident, the Form W-2s that MicroStrategy created for him should have listed his District of Columbia address in Box f, should have included the District of Columbia in Box 15, should have shown the amount of Saylor's District wages in Box 16, and should have shown the amount of Saylor's District income tax withheld in Box 17.

However, for each year between 2014 and the present, the Form W-2s that MicroStrategy prepared for Saylor were false because they omitted this District tax information.

56. In addition, for each year between 2014 and the present, the Form W-2s that MicroStrategy prepared for Saylor were false because they listed the address of his Florida house rather than his true place of abode and domicile in the District.

57. MicroStrategy's false withholding filings with the District Office of Tax and Revenue and false Form W-2s issued to Saylor were material to Saylor's and MicroStrategy's obligation to pay money to the District, including (a) because they would have alerted the District to Saylor's status as a District resident and (b) because MicroStrategy would have been obligated to remit withheld tax funds directly to the District.

Saylor Caused These False Records and Statements to Be Made

58. Saylor caused MicroStrategy to make these false statements and records in several ways.

59. First, as a technical matter, Defendant Saylor caused MicroStrategy to make and use false records and statements by providing MicroStrategy with federal W-4 and Virginia VA-4 withholding forms that falsely recorded his address as that of his house in Florida rather than his true place of abode and domicile in the District.

60. For each taxable year between 2014 and the present, Defendant Saylor either submitted false withholding forms that misrepresented his residency or relied on the falsehoods submitted in the previous year.

61. By deliberately misreporting his address as that of his house in Florida rather than his true place of abode and domicile in the District, Defendant Saylor thereby caused MicroStrategy to make false statements and records on Saylor's Form W-2s as well as on

MicroStrategy's own withholding filings to the District Office of Tax and Revenue.

62. More fundamentally, as Chief Executive Officer of MicroStrategy, Defendant Saylor caused MicroStrategy to make and use these false records and statements by directing company personnel to do so, as part of his effort to avoid paying District income taxes.

63. For each taxable year from 2014 through 2020, by submitting false withholding forms and by directing MicroStrategy employees to assist him, Defendant Saylor caused MicroStrategy to omit his name, address, income, and tax withholding information from the company's filings with the District Office of Tax and Revenue that included that information for the company's other District resident employees, rendering those filings false and artificially reducing the amount of withheld funds the Company remitted to the District.

64. In addition, pursuant to the District's Reciprocal Income Tax Agreement with Virginia, District residents working in Virginia are required to certify annually their exemption from Virginia withholding on a form VA-4 and to submit a District of Columbia withholding form D4. By submitting false form VA-4s to MicroStrategy as part of his scheme to avoid paying District income taxes, Defendant Saylor therefore made and used false records and statements pursuant to Title 47.

65. The company's making and use of false filings submitted to the District Office of Tax and Revenue was no mere clerical error. Defendant MicroStrategy knowingly reported false information on federal and District tax filings and failed to withhold District taxes at the direction of its then-Chief Executive Officer, Defendant Saylor, in furtherance of his fraudulent scheme to avoid his obligation to pay District income taxes.

D. Defendants' Scheme Deprived the District of Tens of Millions of Dollars in Tax Revenue.

66. The false records and statements MicroStrategy submitted to the District Office of Tax and Revenue, which Defendant Saylor caused the company to submit, deprived the District of tens of millions of dollars in income tax revenue.

67. Most directly, MicroStrategy's submission of false withholding information to the District deprived the District of hundreds of thousands of dollars in income taxes that MicroStrategy otherwise would have been required to withhold and remit to the District each year.

68. For example, for tax year 2014, MicroStrategy was required to withhold and remit to the District at least \$ [REDACTED] on the wages it paid to Saylor.

69. In addition, these false records and statements were an integral part of Defendant Saylor's overall scheme to avoid District income taxes. By assisting Defendant Saylor in avoiding detection by District taxing authorities, these false records and statements defrauded the District out of the millions of dollars in income taxes that Defendant Saylor was otherwise obligated to pay to the District.

70. From 2005 to present, Defendant Saylor has earned more than \$1 million per year in income, business revenue, and capital gains.

71. From 2005 to the present, Saylor has avoided more than \$25 million in District taxes owed.

72. For example, MicroStrategy's public filings show that in tax year 2012, Saylor had income from salary and stock sales that were in excess of \$50 million.

73. In tax year 2014, Saylor reported adjusted gross income of more than \$ [REDACTED] on his federal income tax returns. In this year, Saylor's District taxable income was at least \$ [REDACTED], and he should have paid more than \$ [REDACTED] in income taxes to the District.

74. In tax year 2015, Saylor reported adjusted gross income of more than \$ [REDACTED] on his federal income tax returns. In this year, Saylor's District taxable income was at least \$ [REDACTED], and he should have paid more than \$ [REDACTED] in income taxes to the District.

75. In tax year 2016, Saylor reported adjusted gross income of more than \$ [REDACTED] on his federal income tax returns. In this year, Saylor claimed more than \$ [REDACTED] in deductions.

76. In tax year 2017, Saylor reported adjusted gross income of more than \$ [REDACTED] on his federal income tax returns. In this year, Saylor claimed more than \$ [REDACTED] in deductions.

77. In tax year 2018, Saylor reported adjusted gross income of more than \$ [REDACTED] on his federal income tax returns. In this year, Saylor's District taxable income was at least \$ [REDACTED], and he should have paid more than \$ [REDACTED] in income taxes to the District.

78. In tax year 2019, Saylor reported adjusted gross income of more than \$ [REDACTED] on his federal income tax returns. In this year, Saylor's District taxable income was at least \$ [REDACTED], and he should have paid more than \$ [REDACTED] in income taxes to the District.

79. In tax year 2020, Saylor reported adjusted gross income of more than \$ [REDACTED] on his federal income tax returns. In this year, Saylor's District taxable income was at least \$ [REDACTED], and he should have paid more than \$ [REDACTED] in income taxes to the District.

80. Throughout the period from 2014 to the present, Saylor [REDACTED]
[REDACTED]
[REDACTED]. The income reported on Saylor's federal tax returns therefore likely significantly understates his actual taxable income in each year.

Count I: Violation of the False Claims Act

81. The District re-alleges the foregoing paragraphs of this Complaint as if fully set forth herein.

82. The District of Columbia's False Claims Act imposes liability of treble damages, costs, and civil penalties on any person who:

Knowingly makes, uses, or causes to be made or used, a false record or statement material to an obligation to pay or transmit money or property to the District, or 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)(6).

83. Defendant Saylor's taxable income repeatedly exceeded \$1 million in the taxable years for which he should have filed and paid taxes on the tax filing deadlines in 2015, 2016, 2017, 2018, 2019, 2020, and 2021. Similarly, Defendant MicroStrategy's District taxable income, District sales, or District revenue exceeded \$1 million during these same tax years.

84. The total amount of taxes Defendant Saylor failed to pay to the District between January 1, 2015, and the present, exceeds \$350,000.

85. The total amount of taxes Defendant MicroStrategy failed to withhold and pay to the District between January 1, 2015, and the present, exceeds \$350,000.

86. At all times relevant to the facts alleged in this Complaint, Defendant Saylor knew that living in the District would give rise to an obligation to pay District income taxes.

87. By failing to file and pay the income taxes he owed to the District for taxable year 2014 (due on April 15, 2015) and for each of the following tax years, Defendant Saylor violated the False Claims Act by knowingly and improperly avoiding an obligation to pay or transmit money to the District in violation of D.C. Code § 2-381.02(a)(6).

88. By causing MicroStrategy to make false records and statements—including those filed with the District Office of Tax and Revenue—for taxable year 2014 (due in January 2015) and for each of the following tax years, Defendant Saylor violated the False Claims Act by knowingly causing to be made or used false records and statements material to an obligation to pay money to the District in violation of D.C. Code § 2-381.02(a)(6).

89. By making and using false VA-4 withholding forms for taxable year 2014 (due in January 2015) and for each of the following tax years, as part of his scheme to avoid paying District income taxes, Defendant Saylor violated the False Claims Act by knowingly making and using false records and statements material to an obligation to pay or transmit money to the District in violation of D.C. Code § 2-381.02(a)(6).

90. By making and using false records and statements—including those filed with the District Office of Tax and Revenue—for taxable year 2014 (due in January 2015) and for each of the following tax years, Defendant MicroStrategy violated the False Claims Act by knowingly making and using false records and statements material to an obligation to pay or transmit money to the District in violation of D.C. Code § 2-381.02(a)(6).

Count II: Failure to Pay Taxes Due

91. The District re-alleges the foregoing paragraphs of this Complaint as if fully set forth herein.

92. Under D.C. Code § 47-1806.01, *et seq.*, all District residents must file income tax returns and pay income taxes according to the rates and requirements set forth in D.C. Code § 47-1806.03, *et seq.*

93. Under the District's tax laws, a person is a District resident if they are domiciled in the District at any time during the taxable year or if they otherwise qualify as a statutory resident pursuant to D.C. Code § 47-1801.04(42).

94. A person is classified as a domiciliary if they establish a physical presence in the District with an intent to remain for an indefinite period of time.

95. A person is classified as a statutory resident if they maintain a place of abode within the District for at least 183 days during the taxable year. D.C. Code § 47-1801.04(42).

96. A District resident with an obligation to pay income tax for a given taxable year is required to file an income tax return with the District on or before April 15th of the following calendar year. D.C. Code § 47-1805.03.

97. Defendant Saylor has been domiciled in the District, or a statutory resident of the District, or both, in each taxable year from 2005 through the present. During this entire period, Saylor failed to file District income tax returns and failed to pay taxes to the District in violation of D.C. Code § 47-1806.03.

Count III: Late Filing and Tax Penalties

98. The District re-alleges the foregoing paragraphs of this Complaint as if fully set forth herein.

99. From 2005 through the present, Defendant Saylor failed to make reasonable attempts to comply with the District's tax laws. By failing to file and pay income taxes, Defendant Saylor has failed to file a required return and has failed to pay an amount that was required to be shown on a tax return but was not shown. D.C. Code § 47-4213(a).

100. Defendant Saylor's failure to file and pay taxes due has been attributable either to negligence, as defined by D.C. Code § 47-4211(a), or to fraud, as defined by D.C. Code

§ 47-4212(d), depending on whether fraud “is indicated” within the meaning of D.C. Code § 47-4212(d).

Prayer for Relief

WHEREFORE, the District of Columbia respectfully requests this Court enter a judgment in its favor and grant relief against Defendants as follows:

(a) Enter judgment for the District and against Defendants in amounts equal to Defendant Saylor’s unpaid income tax liability to the District, plus (i) the amount to be added based on Defendant Saylor’s failure to file a return on the date prescribed pursuant to D.C. Code § 47-4213, (ii) the amount to be added pursuant to D.C. Code §§ 47-4211 and 47-4212 based on Defendant Saylor’s negligence or fraud, and (iii) interest on Defendant Saylor’s underpayments pursuant to D.C. Code § 47-4201;

(b) Award treble damages and civil penalties under D.C. Code § 2-381.02 against Defendants;

(c) Award all reasonable expenses, fees, and costs associated with the prosecution of this action pursuant to D.C. Code § 2-381.03(f)(1)(C); and

(d) Grant such further relief as the Court deems just and proper.

Jury Demand

The District of Columbia demands a trial by jury by the maximum number of jurors permitted by law.

Dated: April 13, 2023

Respectfully submitted,

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