UNITED STATES DISTRICT COURT NORTHERN DISTRICT OF INDIANA HAMMOND DIVISION

UNITED STATES OF AMERICA,)	
Plaintiff,)	
V.)	
\$578,633.30 seized from First Merchants Bank acct #***7116; \$184,444.64 seized from First Merchants Bank acct #***7094; \$69,866.74 seized from First Merchants Bank acct #***7078; \$23,878.24 seized from First Merchants Bank acct #***7140; \$8,582.85 seized from First Merchants Bank acct #***7159; \$45,000.00 in U.S. Currency seized from safe deposit box; \$72,268.00 in U.S. Currency seized from Columbia Liquors; \$12,000.00 in U.S. Currency seized vehicle; \$52,462.00 in U.S. Currency seized from residence;))))))))	Cause No. 2:17-cv-357
Defendants.)	

VERIFIED COMPLAINT IN REM

Plaintiff, United States of America, by its attorneys, Clifford D. Johnson, Acting United States Attorney for the Northern District of Indiana, and Orest Szewciw, Assistant United States Attorney, brings this complaint and alleges as follows in accordance with Supplemental Rule G(2) of the Federal Rules of Civil Procedure.

NATURE OF THE ACTION

1. This is an action to forfeit and condemn to the use and benefit of the United States of

America pursuant to 18 U.S.C. § 981(a)(1)(C) the defendant property (U.S. Currency and funds

seized from bank accounts) for violations of 18 U.S.C. §§ 1343.

THE DEFENDANT(S) IN REM

2. Defendant bank funds were seized on June 8, 2017, from accounts at First Merchants Bank.

Defendant currency was seized in Hammond and Munster, Indiana. All defendant property is presently in

the custody of the United States Secret Service, Chicago, Illinois.

JURISDICTION AND VENUE

3. Plaintiff brings this action <u>in rem</u> in its own right to forfeit and condemn the defendant currency. This Court has jurisdiction over an action commenced by the United States under 28 U.S.C. § 1345, and over an action for forfeiture under 28 U.S.C. § 1355(a).

4. This Court has *in rem* jurisdiction over the defendant currency under 28 U.S.C. § 1355(b).

5. Venue is proper in this district pursuant to pursuant to 28 U.S.C. §1395(b), because the defendant currency was found within this district.

BASIS FOR FORFEITURE

Summary of the Scheme

6. Commencing sometime prior to November 2013 and continuing through at least June 2017, Shreyas Patel and Dipteben Patel ('the Patels'') devised a scheme to defraud or obtain money by false or fraudulent pretenses. Specifically, the Patels, through their Indiana liquor store, purchased large quantities of liquor and sold them to seventeen (17) Illinois liquor stores, at least five of which they own, for subsequent retail sale thereby depriving the State of Illinois of excise and sales taxes to which it was entitled. By selling liquor purchased without payment of excise taxes in Illinois, the Illinois liquor-store owners, including the Patels, increased their profits. In furtherance of the scheme to defraud or obtain money by false pretenses, the Patels caused the use of interstate wire communications.

Excise Taxes on Liquor

7. An excise tax is a tax placed on a commodity, such as liquor, tobacco or cigarettes. The Illinois Liquor Control Act of 1934 ("Liquor Control Act"), 235 ILCS 5/1 *et seq.* imposes

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an excise tax on businesses that are manufacturers or importing distributors of liquor. An importing distributor is any person other than a non-resident dealer licensed under the Liquor Control Act who imports into Illinois, whether for himself or for another, any alcoholic liquors for sale or resale. Manufacturers and distributors typically include the excise tax imposed on the liquor they sell in the price they sell the liquor for to the owner of a retail liquor store. The retail liquor store typically passes the excise tax on to their customers by including it in the price they charge their customers.

8. Excise taxes on liquor are imposed by the gallon. In Illinois, Cook County and Chicago, excise taxes on liquor are higher than surrounding areas. In Illinois, the state, counties and cities may all impose excise taxes on liquor. In Indiana, the state excise tax on liquor is much lower than in Illinois. In Indiana, no additional liquor excise taxes are imposed at the county or city level. The following chart shows the excise taxes on liquor per gallon in Illinois and Indiana:

	Beer	Wine	Liquor
Illinois excise tax rate	\$0.231	\$1.390	\$8.550
Cook County excise tax rate	\$0.090	\$0.240	\$2.500
Total excise tax rate in Cook County	\$0.321	\$1.630	\$11.050
City of Chicago excise tax rate	\$0.290	\$0.890	\$2.680
Total excise tax rate in Chicago	\$0.611	\$2.520	\$13.730
Total excise tax rate in Indiana	0.115	\$0.470	\$2.680

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9. The \$2.68 per gallon Indiana tax rate on hard liquor is \$8.37 per gallon less than the tax in Cook County, and \$11.05 per gallon less than in Chicago. If a liquor-store owner in Cook County and Chicago avoids paying the excise taxes imposed by the state, county and city, the cost of his products would be less than that of his competitors in the same area. With reduced purchase costs, a liquor-store owner would keep more profit. If the liquor-store-owner did not pay the cost of excise tax, the liquor-store owner could offer a much lower retail price of products to increase sales volume, and effectively undercut the price charged by other liquor stores in the area.

10. Under Illinois law, the Illinois Liquor Control Commission ("Liquor Control") issues licenses to liquor distributors and retail liquor stores. Illinois law requires all Illinois liquorstores to purchase liquor from distributors licensed by Liquor Control. It is illegal for an Illinois liquor store to sell liquor purchased from anyone other than an Illinois licensed distributor or manufacturer.

11. Every month all licensed distributors must submit to Liquor Control the dollar amount of liquor sold to each Illinois liquor store. Liquor Control makes this information available to employees of the Illinois Department of Revenue. Liquor distributors located outside of Illinois are not licensed by Liquor Control, and therefore do not report their sales to Liquor Control.

12. All liquor-store owners must also report monthly to the Illinois Department of Revenue the total amount of all liquor purchased and sold, along with the amount of sales tax due for the preceding calendar month.

13. The practice of purchasing liquor from any out-of-state unlicensed source is referred to as "bootlegging." An Illinois liquor-store owner engaged in a bootlegging scheme purchases

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non-Illinois taxed liquor outside of Illinois transports the liquor to his Illinois store and sells that liquor at retail in Illinois. In a bootlegging scheme, the person selling the non-Illinois taxed liquor to the Illinois liquor-store owner is acting as an unlicensed distributor and is depriving the State of Illinois of excise tax revenue.

14. When the Illinois liquor-store owner purchases liquor outside of Illinois and sells it at retail in Illinois, he is aiding and abetting the scheme to defraud the State of excise tax and, if he does not report the retail sale of that liquor on his state tax return, he also deprives the State of sales tax.

15. Unlike cigarettes, there is no statute that requires liquor bottles to be labeled or stamped as proof that excise taxes have been paid. However, distributors affix labels to cases of liquor that identify the distributor. When found in an Illinois liquor store, cases of liquor with another state's distributor's labels are evidence of bootlegging.

Persons and Entities Involved in the Scheme

16. Anjani Liquors Hammond, Inc. d/b/a Anjani Liquors Hammond is an Indiana corporation that operates a liquor store known as Columbia Liquors at 6417 Columbia Avenue, Hammond, Indiana.

17. Dipteben Patel, also known as Dipteben Shreyas Patel, and Dipti Patel (hereafter Dipti Patel) is the President and Secretary of Anjani Liquors Hammond, Inc.

18. Shreyas Patel, also known as Sam Patel, is the husband of Dipti Patel. Both Dipti and Shreyas operate Columbia Liquors and are believed to be its owners.

19. AM Wine & Spirits, Inc. is an Illinois corporation that operates a liquor store known as Marshfield Wine & Spirit, in Calumet Park, Illinois. Urmilaben Patel is listed as President of the corporation. She is the mother of Dipteben Patel.

20. Patson Liquor, Inc. is an Illinois Corporation that operates a liquor store known as Buddy's Liquors in Sauk Village, Illinois. Shreyas Patel is the President and Secretary of the corporation.

21. San Corporation, Inc. is an Illinois Corporation that operates a liquor store known as Stop N Go in Chicago, Illinois. Shreyas Patel is the President and Secretary of the corporation.

22. Reya Wine & Spirits, Inc. is an Illinois Corporation that operates a liquor store known

as Brother's Five Inc. Liquor in Chicago, Illinois. Shisher Patel is the President and Secretary of the corporation.

23. Sami Brothers, Inc. is an Illinois Corporation that operates a liquor store known as Sam Good & Liquor in Chicago, Illinois. Suhel Haddad is the president and secretary of the corporation.

24. Dabaang Inc is an Illinois Corporation that operates a liquor store known as Hareer Food & Liquor in Chicago, Illinois.

25. Belmonte Food Wine & Spirits, Inc. is an Illinois Corporation that operates a liquor store known as Belmonte Cut Rate Liquors in Chicago, Illinois. Nilaysharan Patel is the President and Secretary of the corporation; Shreyas Patel was its Treasurer.

26. 4801 Chicago Prestige Food & Liquor, Inc. is an Illinois Corporation that operates a liquor store known as 4801 Prestige Food & Liquor in Chicago, Illinois.

27. Ketul, Inc. is an Illinois corporation that operates a liquor store known as Paradise Liquor in Calumet City, Illinois.

28. 421 East 103rd Street Corp. is an Illinois corporation that operates a liquor store known as Sheldon Liquors in Chicago, Illinois

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29. Kirtan & Bhakti, Inc. is an Illinois corporation that operates a liquor store known as JJ's Minute Mart in Chicago, Illinois.

30. Ken Emporium Liquor, Inc. is an Illinois Corporation that operates a liquor store known as Ken Emporium Liquor in Midlothian, Illinois.

31. Lawndale Food Wine & Spirits, Inc. is an Illinois corporation that operates a liquor store known as Lawndale Food Wine & Spirits in Chicago, Illinois.

32. Ridpuj Inc. is an Illinois corporation that operates a liquor store known as Palos Pantry in Palos Hills, Illinois.

33. 11112 Halsted Corp. is an Illinois corporation that operates a liquor store known as Sheldon Liquors in Chicago, Illinois.

34. Kerfoot Food & Liquor, Inc. is and Illinois corporation that operates a liquor store known as Kerfoot Food & Liquor in Chicago, Illinois. Shreyas Patel is the holder of the liquor license for Kerfoot Food & Liquor.

35. PM Wine & Spirits, Inc. is an Illinois corporation that operates a liquor store known as PM Wine & Spirits in Chicago, Illinois. Mikundbhai Patel is the President and Secretary of the corporaton. Mikundbhai Patel is the husband of Urmilaben Patel (Dipti Patel's mother)

Manner and Means of the Scheme

36. The Patels, through Columbia Liquors, purchased substantial quantities of liquor from three different Indiana liquor distributors and had it delivered to Columbia Liquors in Hammond, Indiana. From January 24, 2014 through June 27, 2017, total net sales of liquor from just one of Columbia Liquors distributors, Southern Glazer's Wine and Spirits (SGWS) and its predecessor, was \$16,346,935.10. For the period January 2, 2017 through June 1, 2017, a period of five (5) months, net sales of liquor from SGWS to Columbia Liquors was \$3,042,840.96.

Columbia Liquors paid the Indiana excise tax on that liquor.

37. A small portion of the liquor purchased through Columbia Liquors remained at the store for retail sale. The Patels sold for cash a substantial portion of the remainder to the seventeen above identified liquor stores in Cook County, Illinois. Of the seventeen Illinois liquor stores, the Patels, individually or jointly, are the true owners of the following stores: Marshfield Wine & Spirit, in Calumet Park, Illinois; Buddy's Liquors in Sauk Village, Illinois; Stop N Go in Chicago, Illinois; Belmonte Cut Rate Liquors in Chicago, Illinois; PM Wine & Spirits in Chicago, Illinois; Kerfoot Food & Liquor in Chicago, Illinois.

38. Columbia Liquors maintained two cash registers – the 'front door register" and the "back door register." The Patels used the "front door register" for normal retail sales to customers. They used the "back door register" for sales to the Illinois liquor stores. Based on Columbia Liquors' "front door register" tapes for the period of February 2, 2017, through June 6, 2017, the average daily net retail sales of Columbia Liquors was \$1,570.12, for a total of \$144,450.63. "Back door register" tapes for the period of October 4, 2016 through June 6, 2017 (excluding missing tapes from March 11-20, 2017), showed total sales to the Illinois liquor stores of \$8,130,770.19, an average of \$42,347.76 per day.

39. In violation of Illinois law, the Illinois liquor-store owners purchased liquor from Columbia Liquors for resale at their respective stores. The liquor purchased by the Illinois liquor stores and then sold at retail deprived the State of Illinois, Cook County and the City of Chicago (for those stores located in Chicago) of excise taxes and sales taxes.

40. The Illinois liquor-store owners paid cash for the liquor they purchased. The Patels deposited most of the cash into a business checking account in the name of Anjani Liquors Hammond. Dipti Shreyas Patel was the authorized signatory on the account. The Patels used

this account to purchase liquor from Indiana distributors, including SGWS, by means of a check.

Overt Acts in Furtherance of the Scheme

41. Employees or associates of the Illinois liquor stores identified in paragraphs 16 through 35 above would drive to Columbia Liquors in Hammond, Indiana, to pick-up cases of liquor for resale at their stores.

42. Payment for the liquor purchased from Columbia Liquors was made in cash.

43. Prior to the transfer of the liquor to the Illinois liquor stores, an employee of Columbia Liquors, at the direction of Shreyas Patel or Diptiben Patel, removed the Indiana distributor's label from the cardboard boxes containing the liquor in an attempt to hide from Illinois authorities that it came from an Indiana distributor.

44. In a further attempt to insure that Illinois authorities did not discover the source of the liquor, upon liquor being delivered to the Illinois stores, employees there would break down the box and subsequently take them back to Columbia Liquors where they would be placed in the dumpster.

45. Cash payments made at Columbia Liquors for liquor purchased by the Illinois liquorstores (not owned by the Patels) were placed into a safe at Columbia Liquors and subsequently picked-up by Diptiben Patel.

46. Diptiben Patel would place the cash from the bootleg sales into black plastic bags or liquor boxes, place them in her vehicle and drive to her residence or to the bank.

Interstate Wire Communications

47. In furtherance of the scheme to defraud or to obtain money by false pretenses, the Patels used or caused to be used interstate wire communications in the following manner:

a. Telephone calls were made from the Illinois liquor stores to Columbia Liquors in

Hammond, Indiana to place orders for cases of liquor.

b. Checks drawn of the account of Anjani Liquors Hammond d/b/a Columbia Liquors, Account No. *****7116 payable to Southern Wine & Spirits in payment of liquor purchases were processed electronically through a processing center in Jacksonville, Florida.

Defendant Property

48. Defendant \$578,633.30 seized from First Merchants Bank acct #***7116 constitutes or derives from proceeds traceable to violations of 18 U.S.C. § 1343. The account is in the name of Anjani Liquors Hammond (Columbia Liquors). Dipti Shreyas Patel is the sole signatory on the account. The Patels deposited into this account the cash paid by the llinois liquor-store owners for the bootleg liquor.

49. Defendant \$184,444.64 seized from First Merchants Bank acct #****7094 constitutes or derives from proceeds traceable to violations of 18 U.S.C. § 1343. The account is in the name of AM Wine & Spirits. The signatory on the account is Urmilaben Patel. Between December 12, 2017 and January 4, 2017, there were cash deposits totaling in excess of \$316,000.00. AM Wine & Spirits routinely purchased bootleg liquor from Columbia Liquors.

50. Defendant \$69,866.74 seized from First Merchants Bank acct no. ****7078 constitutes or derives from proceeds traceable to violations of 18 U.S.C. § 1343. The account is in the name of Patson Liquor and Shreyas Patel is the signatory on the account. Patson Liquor routinely sold bootleg liquor acquired from Columbia Liquors and deposited cash receipts from such sales into the account.

51. Defendant \$23,878.24 seized from First Merchants Bank account no. ***7140 constitutes or derives from proceeds traceable to violations of 18 U.S.C. § 1343. The account holders are Shreyas Patel and Dipti Shreyas Patel. Between December 2015 and June 2017,

large transfers of funds were made from Anjani Liquors (Columbia Liquors) account no. ****7116 and Patson Liquor account no ****7078 to account no. ****7140.

52. Defendant \$8,582.85 seized from First Merchants Bank account no. ****7159 constitutes or derives from proceeds traceable to violations of 18 U.S.C. § 1343. The account is in the name of Anjani Liquors Hammond. Dipti Shreyas Patel is the signatory on the account. All deposits into the account were in cash.

53. Defendant \$72,268.00 in U.S. Currency seized from Columbia Liquors on June 8, 2017, constitutes or derives from proceeds traceable to violations of 18 U.S.C. § 1343. The currency was located in the safe where money from the sale of the bootleg liquor was placed.

54. Defendants \$52,462.00 in U.S. Currency seized from the Patel residence and \$45,000.00 in U.S. Currency seized from safe deposit box constitute or derive from proceeds traceable to violations of 18 U.S.C. § 1343. Dipteben Patel regularly transported cash from the sale of bootleg liquor to her residence and the bank where she maintained a safe-deposit box.

55. Defendant \$12,000.00 in U.S. Currency constitutes or derives from proceeds traceable to violations of 18 U.S.C. § 1343. The currency was seized on June 8, 2017, at Columbia Liquors from a vehicle registered to Nilaysharan Patel, the owner of Belmont Food Wine & Spirits in Chicago, Illinois. The vehicle was seen previously at Columbia Liquors being loaded with cases of liquor, which were transported to Belmont Food Wine & Spirits for resale.

WHEREFORE, the plaintiff requests that the defendant property be forfeited and condemned to the United States of America; that Warrant of Arrest In Rem be issued for defendant property; that the plaintiff be awarded its costs and disbursements in this action; and for such other and further relief as this court deems proper and just.

Respectfully submitted,

CLIFFOR D. JOHNSON ACTING UNITED STATES ATTORNEY

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