

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

UNITED STATES OF AMERICA	)	
	)	
	)	No.
v.	)	
	)	
	)	Violations: Title 26, United
TRI STATE METAL COMPANY INC.	)	States Code, Section 7212(a)
	)	and Title 31, United States
	)	Code, Section 5324(a)(3)

**COUNT ONE**

The UNITED STATES ATTORNEY charges:

1. At times material to this information:

a. The Internal Revenue Service was an agency of the United States Department of the Treasury, responsible for administering and enforcing the tax laws of the United States. Under these laws, individuals and businesses were required to accurately report income to the IRS on annual income tax returns, and in the case of employers, to accurately report the amount of wages and compensation paid to employees. The IRS used this information to carry out its lawful function to ascertain income in order to compute, assess, and collect income taxes and penalties for the United States.

b. Defendant TRI STATE METAL COMPANY, INC. was a business located in Chicago, Illinois that engaged in the purchase and sale of scrap metal.

c. Individual A, now deceased, was the owner and president of TRI STATE.

d. Business A was a scrap metal business located in Chicago, Illinois that engaged in the purchase and sale of scrap metal.

e. Business B was a currency exchange located in Chicago, Illinois that provided check-cashing services.

f. On a quarterly basis, TRI STATE was required to collect, account for, and pay to the IRS federal income tax withholdings, Federal Insurance Contribution Act taxes, and Medicare withholdings of its employees.

g. On a yearly basis, TRI STATE was required to file a United States corporate income tax return (Form 1120), which accurately detailed among other things, the corporation's gross receipts or sales, gross profit, total income, and the amount of salaries and wages paid to employees and owners.

2. Beginning no later than approximately September 2008, and continuing through approximately September 2012, in the Northern District of Illinois,

TRI STATE METALS COMPANY, INC.,

defendant herein, corruptly obstructed and impeded, and endeavored to obstruct and impede, the Internal Revenue Service in the due administration of Title 26, United States Code, namely, the correct identification and reporting of income, and the assessment and collection of income taxes, penalties, and interest due the United States.

3. It was part of the corrupt endeavor that defendant TRI STATE obtained cash by negotiating checks made payable to fictitious individuals. TRI STATE used that cash to pay vendors, pay cash wages to employees, provide cash for the personal benefit of Individual A, and assist those vendors, employees, and Individual A, in understating their income on annual federal income tax returns.

4. It was further part of the corrupt endeavor that TRI STATE agreed to and did sell scrap metal to Business A. In return, TRI STATE received approximately 769 checks from Business A, all made payable to fictitious individuals in amounts less than \$10,000.

5. It was further part of the corrupt endeavor that TRI STATE failed to record these sales or the receipt of funds from Business A on TRI STATE's books, and failed to report the income it received on its annual federal income tax return (Form 1120).

6. It was further part of the corrupt endeavor that Individual A, as the owner of TRI STATE, directed TRI STATE employees to issue checks payable to fictitious persons, from TRI STATE's bank account, in order to obtain cash to pay vendors and to pay employee wages.

7. It was further part of the corrupt endeavor that Individual A and another TRI STATE employee periodically contacted Business B, described the amount of cash TRI STATE needed, then delivered fictitious payee checks to Business B and received the corresponding amount of cash.

8. It was further part of the corrupt endeavor that Individual A, as the owner and president of TRI STATE, used the cash obtained from fictitious payee checks issued by TRI STATE and Business A to pay certain vendors who sold scrap metal to TRI STATE, to pay wages to TRI STATE employees, and to obtain cash for his personal benefit.

9. It was further part of the corrupt endeavor that TRI STATE agreed to pay certain vendors who supplied TRI STATE with scrap metal in the form of both cash and check. In those instances, the vendor described the portion he wished to receive in cash, and TRI STATE employees manipulated the transaction documents in order to conceal the cash payment to the vendor. TRI STATE paid approximately 15 scrap metal vendors more than approximately \$6,172,586 in cash.

10. It was further part of the corrupt endeavor that TRI STATE paid certain employees a portion of their wages by check and a portion in cash. TRI STATE issued W-2 forms to employees and filed quarterly returns with the IRS (Forms 941), both of which falsely underreported the amount of wages and compensation paid to employees by failing to report the portion of the wages TRI STATE paid in cash.

11. It was further part of the corrupt endeavor that TRI STATE paid cash wages totaling approximately \$1,471,600 to its employees, and failed to collect, account for, and pay to the IRS federal income tax withholdings, FICA taxes, and Medicare withholdings on these cash wages paid to its employees.

12. It was further part of the corrupt endeavor that TRI STATE cashed at Business B approximately \$6,419,419 in checks drawn on TRI STATE's bank account that were all made payable to fictitious payees.

13. It was further part of the corrupt endeavor that TRI STATE cashed at Business B approximately \$2,920,638 in checks issued by Business A to TRI STATE in the name of fictitious payees.

14. It was further part of the corrupt endeavor that TRI STATE filed materially false federal corporate income tax returns (Forms 1120) for tax years 2009, 2010, and 2011, in which TRI STATE understated the company's gross receipts or sales by approximately \$2,920,637.

15. It was further part of the corrupt endeavor that TRI STATE failed to report, document, or otherwise account for approximately \$840,720 of cash expenditures by TRI STATE for the benefit of Individual A.

All in violation of Title 26, United States Code, Section 7212(a).

## COUNT TWO

The UNITED STATES ATTORNEY further charges:

1. The allegations of paragraphs 1b-1e of Count One are incorporated here.

2. At times material to this information, Title 31, United States Code, Section 5313(a) and Title 31, Code of Federal Regulations, Section 103.22 required domestic financial institutions to prepare and file with the Internal Revenue Service a Currency Transaction Report (Form 4789) for any transaction involving currency of more than \$10,000.

3. Business B was a domestic financial institution subject to the Currency Transaction Reporting requirements described in the preceding paragraph.

4. Beginning no later than September 2008 and continuing until approximately September 2012, in the Northern District of Illinois,

TRI STATE METALS CO. INC.,

defendant herein, for the purpose of evading the reporting requirements of Title 31, United States Code, Section 5313(a) and the regulations prescribed thereunder, did knowingly and intentionally structure and assist in structuring a transaction with a domestic financial institution, namely, Business B, by (a) making multiple cash withdrawals by cashing checks made

out to multiple fictitious payees, (b) cashing these fictitious payee checks on the same day, consecutive days, and within a short time span, and (c) cashing fictitious payee checks in individual amounts of less than \$10,000, as part of a pattern of illegal activity involving more than \$100,000 in a twelve-month period;

In violation of Title 31, United States Code, Sections 5324(a)(3) and 5324(d)(2).



## FORFEITURE ALLEGATION

The UNITED STATES ATTORNEY further charges:

1. The allegations contained in Count Two of this Information are incorporated here for the purpose of alleging forfeiture pursuant to Title 31, United States Code, Section 5317(c)(1).

2. As a result of this violation of Title 31, United States Code, Section 5324(a)(3), as alleged in the foregoing Information,

TRI STATE METALS CO. INC.,

defendant herein, shall forfeit to the United States, pursuant to Title 31, United States Code, Section 5317(c)(1), any and all right, title, and interest it may have in any property involved in the charged offense, and any property traceable thereto, including but not limited to: \$1,857,915.35 in United States currency seized from account XXXXXX1066 at North Shore Community Bank on or about October 16, 2012 and \$118,420 in United States currency seized from the premises of TRI STATE on October 16, 2012.

All pursuant to Title 31, United States Code, Section 5317(c).

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UNITED STATES ATTORNEY