

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA :	CRIMINAL NO: 04-571
v. :	DATE FILED: 9/20/2004
JOHN P. BALSIS :	VIOLATIONS:
	26 U.S.C. § 7201 (tax evasion - 2 counts)
	: 18 U.S.C. § 1341 (mail fraud - 2 counts)

INFORMATION

COUNT ONE

THE UNITED STATES ATTORNEY CHARGES THAT:

On or about June 23, 2000, at Philadelphia, in the Eastern District of Pennsylvania
and elsewhere, defendant

JOHN P. BALSIS,

a resident of Minersville, Pennsylvania, who during the calendar year 1999 was single, willfully attempted to evade and defeat a large part of the income tax due and owing by him to the United States of America for the calendar year 1999, by preparing and causing to be prepared and by filing and causing to be filed with the Director, Internal Revenue Service Center, a false and fraudulent U.S. Individual Income Tax Return, Form 1040, on behalf of himself, wherein it was stated that his taxable income was the sum of \$52,322, and that the amount of tax due and owing thereon was the sum of \$10,374, whereas, as he then and there well knew and believed, his taxable income for the calendar year 1999 was approximately \$196,119, upon which taxable income there was due and owing to the United States of America an additional income tax of

approximately \$46,629.

In violation of Title 26, United States Code, Section 7201.

COUNT TWO

THE UNITED STATES ATTORNEY FURTHER CHARGES THAT:

On or about April 1, 2001, at Philadelphia, in the Eastern District of Pennsylvania and elsewhere, defendant

JOHN P. BALSIS,

a resident of Bloomsburg, Pennsylvania, who during the calendar year 2000 was married, willfully attempted to evade and defeat a large part of the income tax due and owing by him and his spouse to the United States of America for the calendar year 2000, by preparing and causing to be prepared and by filing and causing to be filed with the Director, Internal Revenue Service Center, a false and fraudulent U.S. Individual Income Tax Return, Form 1040, on behalf of himself and his spouse, wherein it was stated that his taxable income was the sum of \$3,202,585, and that the amount of tax due and owing thereon was the sum of \$657,412, whereas, as he then and there well knew and believed, their taxable income for the calendar year 2000 was approximately \$3,365,985, upon which taxable income there was due and owing to the United States of America an additional income tax of approximately \$61,941.

In violation of Title 26, United States Code, Section 7201.

COUNTS THREE AND FOUR

THE UNITED STATES ATTORNEY FURTHER CHARGES THAT:

At all times material to this information:

1. Bristol-Myers Squibb Company of New York, New York; Colgate-Palmolive Company of New York, New York; Commonwealth Brands, Inc. of Bowling Green, Kentucky; ConAgra of Omaha, Nebraska; General Mills, Inc. of Minneapolis, Minnesota; The Gillette Company of Boston, Massachusetts; Hershey Foods of Hershey, Pennsylvania; Johnson & Johnson of New Brunswick, New Jersey; Kellogg Company of Battle Creek, Michigan; Kimberly-Clark Corporation of Neenah, Wisconsin; Kraft Foods of Glenview, Illinois; Lorillard Tobacco of Greensboro, North Carolina; Nestle USA, Inc. of Glendale, California; McCormick Spice Company of Sparks, Maryland; The Pillsbury Company of Minneapolis, Minnesota; The Procter & Gamble Company of Cincinnati, Ohio; Quaker Oats Company of Chicago, Illinois; R.J. Reynolds Tobacco Company of Winston-Salem, North Carolina; Ralston Purina Company of St. Louis, Missouri; S.C. Johnson & Son, Inc. of Racine, Wisconsin; Unilever HPC of Englewood Cliffs, New Jersey; and Pfizer Warner-Lambert of New York, New York (hereinafter "manufacturers") were representative of manufacturing companies which provided cents-off coupons to consumers for redemption on the retail purchase of their consumer products.

2. "Retailers" were supermarkets and stores that could accept cents-off coupons on retail sales of manufacturers' products specified on the coupons and give consumers a discount equivalent to the face value of the coupons.

3. "Coupons" were cents-off coupons redeemable at the value stated on the coupon and for which manufacturers and their agents paid retailers and clearinghouses based on

the stated value of the coupons submitted plus a handling charge per coupon.

4. Supervalu, Inc., of Minneapolis, Minnesota, was representative of clearinghouses that acted on behalf of manufacturers and retailers and other clearinghouses by receiving coupons from various retailers and clearinghouses and performing the sorting, accounting, billing, mailing of checks and other functions associated with the redemption of coupons.

5. "Unredeemed coupons" were a category of wrongly redeemed coupons submitted to manufacturers and clearinghouses for which no corresponding consumer sale of a manufacturer's product existed.

6. Defendant JOHN P. BALSIS was in the supermarket business and operated Radzievich Supermarkets in Bloomsburg, Elysburg, Minersville, Dillsburg, and Mt. Carmel, Pennsylvania.

7. Defendant JOHN P. BALSIS acquired unredeemed manufacturers' cents-off coupons and thereafter submitted those unredeemed coupons to manufacturers and their agent clearinghouses on behalf of his markets, as though they had been redeemed.

8. From in or about 1998 and through in or about 2000, in the Middle District of Pennsylvania and elsewhere, defendant

JOHN P. BALSIS

devised and intended to devise a scheme to defraud and to obtain money and property, by means of false and fraudulent pretenses, representations and promises, from various manufacturers and their agents.

It was a part of the scheme that the defendant:

9. Obtained large quantities of unredeemed coupons from the coupon inserts of extra copies of Sunday newspapers delivered to his stores.

10. Caused large quantities of unredeemed coupons to be submitted by the grocery stores identified in paragraph 6, above, to the victim manufacturers and their agents.

11. Induced manufacturers and their agents to issue and mail checks and/or invoice credits in payment for unredeemed coupons submitted by the defendant.

12. Placed and caused to be placed in the stream of commerce in excess of 2.2 million unredeemed manufacturers' cents-off coupons valued in excess of \$1.2 million.

13. For the purpose of obtaining money and property, caused to be made to the victim manufacturers and their agents, the following false and fraudulent pretenses, representations, and promises:

a. That all the coupons submitted by and caused to be submitted by the defendant to the victim manufacturers and their agents were in accordance with the terms and conditions set forth by the victim manufacturers as printed on the coupons, and

b. That each coupon had been taken in trade by a retailer from a consumer purchasing the product or class of product specified on the coupon.

14. On or about the dates stated below, in the Middle District of Pennsylvania and elsewhere, defendant

JOHN P. BALSIS,

for the purpose of executing the scheme and attempting to do so, knowingly caused to be delivered by Freight, Land, Sky, Inc., a private and commercial interstate carrier, according to the directions thereon, the items described below:

<u>COUNT</u>	<u>DATE</u>	<u>SENDER</u>	<u>ADDRESSEE</u>	<u>ITEM MAILED</u>
Three	1/21/00	Supervalu, Inc. 3900 North Industrial Road Harrisburg, PA 17101	International Data Services 6633 North Mesa - Suite 601 El Paso, TX 79912	9 boxes of coupons
Four	2/25/00	Supervalu, Inc. 3900 North Industrial Road Harrisburg, PA 17101	International Data Services 6633 North Mesa - Suite 601 El Paso, TX 79912	11 boxes of coupons

In violation of Title 18, United States Code, Section 1341.

PATRICK L. MEEHAN
UNITED STATES ATTORNEY