

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

<b>UNITED STATES OF AMERICA</b>	<b>:</b>	<b>CRIMINAL NO. 07-322</b>
<b>v.</b>	<b>:</b>	<b>DATE FILED: January 8, 2008</b>
<b>SADALLAH AHMAD</b>	<b>:</b>	<b>VIOLATIONS:</b>
<b>MOHAMAD A. MOHAMAD</b>	<b>:</b>	<b>18 U.S.C. § 371 (conspiracy - 1 count)</b>
<b>JAMAL M. AHMAD,</b>	<b>:</b>	<b>26 U.S.C. § 7206(1) (filing a false tax</b>
<b>a/k/a “Jimmy”</b>	<b>:</b>	<b>return - 2 counts)</b>
	<b>:</b>	<b>18 U.S.C. § 2 (aiding and abetting)</b>
	<b>:</b>	
	<b>:</b>	

**SUPERSEDING INFORMATION**

**COUNT ONE**

**THE UNITED STATES ATTORNEY CHARGES THAT:**

At all times relevant to this information:

1. Cousins Food Markets (“CFM”) was a supermarket chain with approximately three locations in the North Philadelphia area. The stores were full-service supermarkets and were situated at 233 W. Lehigh Avenue, 1023 W. Erie Avenue, and 203 E. Allegheny Avenue, Philadelphia, Pennsylvania.
2. Kheirallah Ahmad, a/k/a “Kenny,” charged elsewhere, was one of three owners of the supermarket chain with two of his brothers, persons known to the United States Attorney. He oversaw CFM’s operations and the individual store managers reported to him.
3. Defendant SADALLAH AHMAD managed the CFM stored located at 233 W. Lehigh Avenue in Philadelphia and supervised all of its operations and employees, including

payroll, the payment of vendors, and kept its business records. He reported directly to Kheirallah Ahmad, a/k/a “Kenny.”

4. Defendants MOHAMAD A. MOHAMAD and JAMAL M. AHMAD, a/k/a “Jimmy,” managed the CFM stored located at 203 E. Allegheny Avenue in Philadelphia and supervised all of its operations and employees, including payroll, the payment of vendors, and kept its business records. They reported directly to Kheirallah Ahmad, a/k/a “Kenny.”

**THE CONSPIRACY**

5. From at least in or about 1990 and continuing through at least in or about the date of this information, in the Eastern District of Pennsylvania and elsewhere, defendants

**SADALLAH AHMAD,  
MOHAMAD A. MOHAMAD,  
JAMAL M. AHMAD  
a/k/a “Jimmy,”**

conspired and agreed together and with Kheirallah Ahmad, a/k/a “Kenny,” and others known and unknown to the United States Attorney, to knowingly defraud the United States by impeding, impairing, obstructing, and defeating the lawful governmental functions of the Internal Revenue Service of the United States Department of Treasury (“IRS”) in the ascertainment, computation, assessment, and collection of revenue, that is, federal corporate, income and payroll taxes.

**MANNER AND MEANS**

It was part of the conspiracy that:

\_\_\_\_\_6. Defendants SADALLAH AHMAD, MOHAMAD A. MOHAMAD, JAMAL M. AHMAD, and Kheirallah Ahmad, and others instituted an “under-the-table” cash payroll for certain CFM employees pursuant to which these employees would be paid part of

their wages in cash. The defendants directed that no federal, state, or local payroll taxes would be withheld from these cash payments or paid over to the IRS. Most of the employees who participated in the payroll scheme were of Arabic descent, but other trusted employees were permitted by the defendants to participate in the scheme. The defendants and the other coconspirators paid under-the-table cash wages of more than \$3.6 million on which hundreds of thousands of dollars in additional tax is due.

7. To conceal the existence of the payroll scheme, defendants SADALLAH AHMAD, MOHAMAD A. MOHAMAD and JAMAL M.AHMAD, and Kheirallah Ahmad directed that the selected CFM employees would be paid on Sundays while the other employees who did not receive any under-the-table cash payments would be paid on Fridays. Also, the defendants directed employees participating in the payroll scheme to keep inaccurate time records that did not reflect the full number of hours they worked or the full amount of wages they were paid. These employees' time records would reflect that they worked between 15 to 30 hours per week when, in fact, they typically worked between 60 to 70 hours per week. Defendants SADALLAH AHMAD, MOHAMAD A. MOHAMAD, and JAMAL M.AHMAD, and Kheirallah Ahmad, and other co-conspirators caused CFM's payroll records to understate the hours worked and wages earned by the employees participating in the cash payroll scheme.

8. To finance the illegal cash payroll scheme and to avoid the payment of federal, state, and local income taxes due on income from the stores, defendants SADALLAH AHMAD, MOHAMAD A. MOHAMAD, and JAMAL M. AHMAD, and Kheirallah Ahmad and others instituted a scheme to skim approximately \$7.7 million of receipts from CFM's revenues

and intentionally not report these receipts to their accountant for inclusion on CFM's income tax returns.

9. To accomplish the skimming of these receipts and conceal the existence of the scheme, defendants SADALLAH AHMAD, MOHAMAD A. MOHAMAD, and JAMAL M. AHMAD, and Kheirallah Ahmad, and others maintained two sets of financial books and records for CFM, one handwritten set which accurately listed CFM's revenues from the sale of supermarket items and another set which understated those revenues by more than \$7.7 million. Only the records containing the understated revenues were disclosed to CFM's bookkeepers and outside accountants. Also, the defendants did not to tell CFM's accountants about CFM's other sources of revenue such as rebates from suppliers, receipts from the sales of cigarettes, fees paid to CFM for permitting automated teller machines in the CFM stores, and other sources. In total, the defendants failed to pay more than \$2 million in federal taxes.

#### **OVERT ACTS**

\_\_\_\_\_ In furtherance of the conspiracy, defendants SADALLAH AHMAD, MOHAMAD A. MOHAMAD, and JAMAL M. AHMAD, and Kheirallah Ahmad, and others known and unknown to the grand jury, committed the following overt acts, among others, in the Eastern District of Pennsylvania and elsewhere:

1. In approximately 1990, Kheriallah Ahmad and defendant SADALLAH AHMAD instructed a CFM employee ("CFM employee no. 3"), a person known to the United States Attorney, that he or she would be paid in cash "under-the-table." Only a portion of these wages was to be reported to the IRS or have taxes withheld from them.

2. Sometime prior to 1997, Kheirallah Ahmad agreed to allow a CFM employee (“CFM employee no. 1”), a person known to the United States Attorney, to participate in the “under-the-table” cash payroll and authorized that CFM employee no. 1 be paid several hundred dollars per week in cash with no federal, state, or local taxes paid on a portion of these cash wages.

3. Sometime prior to 1997, Kheirallah Ahmad and defendant SADALLAH AHMAD agreed that CFM employee no. 1 was to be paid his or her wages in cash and the amount of the cash wages. Only a portion of these wages was to be reported to the IRS or have taxes withheld from them.

4. Sometime prior to 1997, defendant SADALLAH AHMAD instructed CFM employee no. 1 on how to conduct the cash payroll scheme at the CFM store located at 233 W. Lehigh Avenue. Specifically, defendant SADALLAH AHMAD told CFM employee no. 1 that each CFM employee should supply inaccurate information to the payroll company, understating the hours worked and wages for selected CFM employees and that CFM employee no. 1 should retain the pay stubs of these employees in the CFM offices at 233 W. Lehigh Avenue. He also instructed CFM employee no. 1 that the employee should not retain the pay stubs for the other employees and submit accurate wage and hour information to the payroll company about the other employees.

5. In or about 1999, Kheirallah Ahmad and defendant SADALLAH AHMAD agreed to allow a CFM employee (“CFM employee no. 2”), a person known to the United States Attorney, to participate in the “under-the-table” cash payroll and authorized that he or she be paid

approximately \$275 per week in cash with no federal, state, or local taxes paid on a portion of these cash wages.

6. In or about 1999, Kheirallah Ahmad and defendant SADALLAH AHMAD agreed that CFM employee no. 2 was to paid his or her wages in cash and that the wages would be \$275 per week. Only a portion of these wages would be reported to the IRS or have taxes withheld from them.

7. In or about 1999, defendants MOHAMAD A. MOHAMAD and JAMAL M. AHMAD instructed CFM employee no. 2 on how to conduct the cash payroll scheme at the CFM store located at 203 E. Allegheny Avenue. Specifically, they told CFM employee no. 2 that the employee should supply inaccurate information to the payroll company, understating the hours worked and wages for the CFM employees of Arabic descent and that CFM employee no. 2 should retain the pay stubs of these employees in the CFM offices at 203 E. Allegheny Avenue. They also instructed CFM employee no. 2 that the employee should not retain the pay stubs for the other employees and submit accurate wage and hour information to the payroll company about the other employees.

8. On or about the following dates, among others, defendants SADALLAH AHMAD, MOHAMAD A. AHMAD, and JAMAL M. AHMAD and other CFM store managers handed out cash wages to CFM employees from which no local, state, or federal taxes were withheld: March 20, 2005, March 27, 2005, April 2, 2005, April 9, 2005, April 16, 2005, April 23, 2005, and April 30, 2005.

9. For each quarter from in or about 1990 through in or about July 2005, defendants SADALLAH AHMAD, MOHAMAD A. MOHAMAD, and JAMAL M. AHMAD, and Kheirallah Ahmad caused CFM's payroll company to file false payroll tax returns with the IRS, understating the wages paid to CFM employees.

10. On or about the following dates, among others, at Kheirallah Ahmad's direction, defendants SADALLAH AHMAD, MOHAMAD A. AHMAD, and JAMAL M. AHMAD, and various other CFM store managers caused to be delivered false weekly sales reports substantially understating CFM gross receipts for the preceding week, by tens of thousands of dollars: March 21, 2005, March 28, 2005, April 3, 2005, April 10, 2005, April 17, 2005, April 24, 2005, and May 1, 2005. These false gross receipts figures were then delivered to CFM's outside accountants to use to prepare CFM's federal income tax returns. The excess cash obtained by CFM stores and not reported to its bookkeepers or accountants was used to fund CFM's under-the-table cash payroll and was paid to CFM's principles.

11. Defendants SADALLAH AHMAD, MOHAMAD A. MOHAMAD, and JAMAL M. AHMAD, and other CFM store managers, including Kheirallah Ahmad, kept a second set of books which listed the actual gross receipts figures made from supermarket sales at the stores. On or about the dates listed below, among others, the CFM managers made handwritten notations in the second set of books detailing CFM's actual receipts for these dates: March 21, 2005, March 28, 2005, April 3, 2005, April 10, 2005, April 17, 2005, April 24, 2005, and May 1, 2005. These figures were substantially higher than the understated figures supplied in the weekly sales reports.

All in violation of Title 18, United States Code, Section 371.

**COUNT TWO**

**THE UNITED STATES ATTORNEY FURTHER CHARGES THAT:**

On or about April 15, 2005, in the Eastern District of Pennsylvania, defendant

**SADALLAH AHMAD**

willfully made and subscribed, and aided and abetted and wilfully caused the making and subscribing of a United States income tax return, Form 1120S, for the Cousins Food Market Lehigh Avenue, Inc., for the calendar year 2004, which was verified by a written declaration that it was made under the penalty of perjury and filed with the Director, Internal Revenue Service Center, at Philadelphia, Pennsylvania, which defendant AHMAD did not believe to be true and correct as to every material matter, in that defendant AHMAD knew, that the return failed to report at least approximately \$649,796.53 of additional taxable income from the skimming of receipts from Cousins Food Market stores.

In violation of Title 26, United States Code, Section 7206(1).

**COUNT THREE**

**THE UNITED STATES ATTORNEY FURTHER CHARGES THAT:**

On or about April 15, 2005, in the Eastern District of Pennsylvania, defendants

**MOHAMAD A. MOHAMAD  
JAMAL M. AHMAD,  
a/k/a “Jimmy,”**

willfully made and subscribed, and aided and abetted and wilfully caused the making and subscribing of a United States income tax return, Form 1120S, for the Cousins Food Market Allegheny Avenue, Inc., for the calendar year 2004, which was verified by a written declaration that it was made under the penalty of perjury and filed with the Director, Internal Revenue Service Center, at Philadelphia, Pennsylvania, which the defendants did not believe to be true and correct as to every material matter, in that the defendants knew, that they failed to report at least approximately \$607,984.10 of additional taxable income from the skimming of receipts from Cousins Food Market stores.

In violation of Title 26, United States Code, Section 7206(1).

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**PATRICK L. MEEHAN**  
**United States Attorney**