

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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UNITED STATES OF AMERICA : **Criminal No.: 97CR:41**
v. : **Filed: [1/23/97]**
LESLIE S. SUTORIUS, : **Violation: 18 U.S.C. §371**
 : **Judge Knapp**
Defendant.
- - - - - x

INFORMATION

The United States of America, acting through its attorneys, charges:

1. Leslie S. Sutorius ("Sutorius") is hereby made a defendant on the charge stated below.

DEFENDANT AND CO-CONSPIRATORS

2. Sutorius is a resident of Greenville, North Carolina. During the period covered by this Information, Sutorius was a salesman for Grinnell Lithographic Co., Inc. ("Grinnell"), a manufacturer of point-of-purchase display materials located in Islip, New York. During the same period, Sutorius was the Grinnell representative for a customer located in New York, NY, and was responsible for negotiating and securing contracts worth approximately \$13 million for display materials between Grinnell and that customer.

3. Whenever in this Information reference is made to any act, deed, or transaction of any corporation, such allegation

shall be deemed to mean that the corporation engaged in such act, deed, or transaction by or through its officers, directors, agents, employees, or other representatives while they were actively engaged in the management, direction, control, or transaction of its business or affairs.

4. Various persons, not made defendants herein, participated as co-conspirators in the offense charged herein and performed acts and made statements in furtherance thereof.

DEFINITION

5. "Display materials" refers to the manufacture, assembly, or packaging of any printed point-of-purchase display materials, including but not limited to display stands, posters, banners, counter cards, or sell sheets, used for the advertising or promotion of consumer goods, primarily in retail stores.

JURISDICTION AND VENUE

6. The aforesaid conspiracy was formed and carried out, in part, within the Southern District of New York within the five years preceding the filing of this Information.

DESCRIPTION OF THE OFFENSE

7. From at least as early as January 1989 until approximately January 10, 1992, the exact dates being unknown to the United States, the defendant and co-conspirators did unlawfully, willfully and knowingly conspire, combine, confederate and agree to defraud the United States of America and the Internal Revenue Service ("IRS") by impeding, impairing, defeating and obstructing the lawful governmental functions of

the IRS in the ascertainment, evaluation, assessment and collection of federal income taxes.

THE MANNER AND MEANS BY WHICH THE
CONSPIRACY WAS CARRIED OUT

The manner and means by which the conspiracy was sought to be accomplished included, among others, the following:

8. Defendant Sutorius and certain co-conspirators, including Grinnell, agreed to make and in fact made weekly cash payments of \$400 to a purchasing agent employed by the customer referred to in ¶2 above, whose account defendant Sutorius was responsible for servicing. This purchasing agent was responsible for contracting with suppliers of display materials and authorized contracts between Grinnell and the customer.

9. Defendant Sutorius and certain co-conspirators, including Grinnell, agreed to create and in fact created false restaurant receipts to facilitate and conceal the weekly cash payments by defendant Sutorius to the purchasing agent referred to in ¶8 above. The false receipts were submitted by defendant Sutorius as part of his regular claims for reimbursement of travel and entertainment expenses. Grinnell then paid defendant Sutorius the amount falsely claimed for the dinners with the knowledge that he would then pay that amount in cash to the purchasing agent.

10. Grinnell treated the value of the weekly \$400 cash payments to the purchasing agent referred to in ¶8 as legitimate business expenses in its books and records and on its tax returns for calendar years 1989, 1990 and 1991. Thus, Grinnell

understated its taxable income for 1989, 1990, and 1991 by overstating its business expenses by the amount of defendant Sutorius's weekly payments to the purchasing agent.

11. In or about December 1989 and December 1990, defendant Sutorius paid an additional \$2000 in cash to the purchasing agent referred to in ¶8 above. To facilitate and conceal these payments, defendant Sutorius and certain co-conspirators, including Grinnell, agreed to create and in fact created lists that falsely identified numerous recipients of Christmas gifts of \$25 in cash in both 1989 and 1990. Grinnell treated the value of these purported \$25 cash gifts as ordinary business expenses in its books and records and on its tax returns for calendar years 1989 and 1990. Thus, Grinnell further understated its taxable income for 1989 and 1990 by overstating its business expenses by the amount of the year-end cash payments defendant Sutorius made to the purchasing agent.

12. By the creation, submission and reimbursement of the false restaurant invoices and the false Christmas gift lists, the defendant Sutorius and certain co-conspirators, including Grinnell, concealed from the IRS the true nature of the cash transactions between defendant Sutorius, Grinnell and the purchasing agent. Specifically, they concealed the generation of cash for the payments, the recipient of the payments, and the purpose of the payments.

OVERT ACTS

In furtherance of the conspiracy, and to effect the objects thereof, the following overt acts were committed in the Southern District of New York, and elsewhere:

13. Throughout 1989 and 1990, and through September 1991, defendant Sutorius, who was responsible for servicing the account of the customer referred to in ¶2 above, met weekly with the purchasing agent referred to in ¶8 above, usually at a restaurant in New York, NY, and paid him \$400 in cash.

14. Throughout 1989 and 1990, and through September 1991, defendant Sutorius prepared false restaurant receipts and submitted false claims for reimbursement to Grinnell.

15. In or about December 1989 and December 1990, defendant Sutorius paid \$2000 in cash to the purchasing agent referred to in ¶8 above.

16. In or about December 1989 and December 1990, defendant Sutorius prepared a false list of individuals who were alleged to have received Christmas gifts of \$25 in cash, and submitted false claims for reimbursement to Grinnell.

17. On or about March 14, 1990, January 9, 1991 and January 10, 1992, Grinnell filed U.S. Corporation Income Tax Returns (Form 1120) with the IRS for the 1989, 1990, and 1991 tax years; each return falsely represented Grinnell's taxable income by including in its deductible business expenses, as "other deductions" on page 1, line 26, the amount of the cash payments defendant Sutorius made to the purchasing agent referred to in ¶8

above, which payments should not have been included as deductible business expenses.

IN VIOLATION OF TITLE 18, UNITED STATES CODE, SECTION 371

Dated:

"/s/"
JOEL I. KLEIN
Acting Assistant Attorney General

"/s/"
REBECCA MEIKLEJOHN

"/s/"
GARY R. SPRATLING

"/s/"
JEFFREY J. CORRIGAN

"/s/"
RALPH T. GIORDANO

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"/s/"
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