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NEWS

**New Jersey Adult Paraphernalia Wholesaler Sentenced To Prison For Tax Evasion, Hiding Nearly \$1.2m From New York Business, Including In Undeclared Indian Bank Accounts**

FOR IMMEDIATE RELEASE

July 9, 2013

NEWARK, N.J. – A Middlesex County, N.J., man who co-owns and operates a wholesale merchandise business in New York selling adult paraphernalia was sentenced today to 19 months in prison for concealing more than \$1.2 million in income in various domestic and foreign bank accounts, New Jersey U.S. Attorney Paul J. Fishman and Assistant Attorney General Kathryn Keneally of the Justice Department's Tax Division announced.

Sameer Gupta, 33, of Edison, N.J., pleaded guilty before U.S. Magistrate Judge Patty Shwartz on Feb. 26, 2013, to one count of tax evasion in connection with his diverting funds from the wholesale merchandise business, J.S. Marketers Inc., to undisclosed foreign accounts at HSBC in India, among other places. U.S. District Judge Faith S. Hochberg imposed the sentence today in Newark federal court.

According to documents filed in this case and statements made in court:

Gupta is the 50 percent owner of J.S. Marketers Inc., which sells adult paraphernalia to large adult store chains and smaller retail video stores and bodegas. From 2006 through 2009, Gupta diverted \$822,916 of the business' receipts into 17 different personal bank accounts held in the names of various individuals, including himself and family members. He directed more than \$250,000 of those diverted funds into six different accounts held offshore at a branch of HSBC in India. From 2007 through 2009, Gupta caused 22 J.S. Marketers corporate checks to be made payable to himself and family members in amounts identical to invoices from the business' suppliers. Gupta endorsed those checks, which totaled \$375,138, and deposited them into bank accounts that he controlled. Gupta filed individual income tax returns for the years 2006 through 2009 that did not report his income from the diverted funds.

As a result, Gupta evaded taxes on \$1,198,054 in income for 2006 through 2009. He also failed to file Reports of Foreign Bank and Financial Accounts, (FBARs), for 2006 through 2008. The tax loss resulting from Gupta's conduct, not including interest and penalties, is \$383,475.

In addition to the prison term, Judge Hochberg sentenced Gupta to serve two years of supervised release. As part of his plea agreement, Gupta has paid to the United States Treasury a one-time FBAR penalty of \$259,045 and has cooperated with the IRS in the investigation of his outstanding taxes due and owed for 2006 through 2009. Judge Hochberg also ordered Gupta to pay an additional \$20,000 fine.

U.S. Attorney Fishman and Assistant Attorney General Keneally credited special agents with IRS-Criminal Investigation, under the direction of Special Agent in Charge Shantelle P. Kitchen in Newark, with the investigation leading to today's sentence.

The government is represented by Assistant U.S. Attorney Joseph Mack of the U.S. Attorney's Health Care and Government Fraud Unit and Trial Attorney Michael C. Vasiliadis of the Department of Justice Tax Division.

13-280

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BRIEFING ROOM**FEMA**

Federal Emergency Management Agency (FEMA) announced that federal disaster aid has been made available to the State of New Jersey.

FEMA is now accepting applications from residents and business owners who sustained losses in Atlantic County, Cape May County, Essex County, Hudson County, Middlesex County, Monmouth County, Ocean County and Union County.

Register online at www.Disasterassistance.Gov, by web-enabled mobile device atm.fema.gov or by calling 1-800-621-FEMA(3362) or 1-800-462-7585 (TTY) for the hearing and speech impaired. The toll-free telephone numbers will operate from 7 a.m. to 10 p.m. EDT seven days a week until further notice.

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Defense counsel: Kevin H. Marino Esq., Chatham, N.J.

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