UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA v. ANTHONY D. PANICO	No. 21 CR 305 Hon. John Z. Lee

PLEA AGREEMENT

1. This Plea Agreement between the United States Attorney for the Northern District of Illinois, JOHN R. LAUSCH, JR., and defendant ANTHONY D. PANICO, and his attorney, LEIGH D. ROADMAN, is made pursuant to Rule 11 of the Federal Rules of Criminal Procedure. The parties to this Agreement have agreed upon the following:

Charge in This Case

2. The information in this case charges defendant with tax evasion, in violation of Title 26, United States Code, Section 7201.

3. Defendant has read the charge against him contained in the information, and that charge has been fully explained to him by his attorney.

4. Defendant fully understands the nature and elements of the crime with which he has been charged.

Charge to Which Defendant Is Pleading Guilty

5. By this Plea Agreement, defendant agrees to enter a voluntary plea of guilty to the information, which charges defendant with tax evasion, in violation of Title 26, United States Code, Section 7201.

Factual Basis

6. Defendant will plead guilty because he is in fact guilty of the charge contained in the information. In pleading guilty, defendant admits the following facts and that those facts establish his guilt beyond a reasonable doubt and constitute relevant conduct pursuant to Guideline § 1B1.3:

From on or about January 1, 2014 through on or about April 15, 2015, in the Northern District of Illinois, Eastern Division, and elsewhere, ANTHONY D. PANICO, defendant herein, knowingly having received income during calendar year 2014 upon which there was income tax due and owing to the United States, and having failed to make an individual income tax return on or before April 15, 2015 as required by law and to pay the income tax to the Internal Revenue Service, willfully attempted to evade and defeat approximately $272,801 in individual income tax due and owing by him to the United States for calendar year 2014, and committed acts of evasion in doing so.

More specifically, beginning no later than January 1, 2010 and continuing through at least April 15, 2018, PANICO sought to evade the assessment and payment of income taxes owed to the United States through the creation and use of multiple entities as well as the use of nominees to conceal his receipt of income and the acquisition of assets.

In each calendar year from 2010 through 2017, PANICO earned income from activities which included investing and lending. PANICO engaged in these activities

through a series of business entities that he operated and controlled including AP Capital Management, LLC; Adesso Investments, LLC; Carillini Capital, LLC; Corsair Holdings, Inc.; FPH, LLC; and FPH Management, Inc. These entities were operated in a manner in which they neither created nor maintained complete records that showed income PANICO received through these entities.

PANICO arranged his income generating activity such that entities nominally owned or controlled by others received income, after which he transferred that income to other entities and to bank accounts he controlled. PANICO's unreported income was principally deposited into bank accounts that he controlled in the name of AP Capital located at Wintrust Wealth Management and Libertyville Bank & Trust, and accounts in the name of FPH, LLC and FPH Management maintained at Libertyville Bank & Trust.

Income from Manufacturing Companies

On or about April 19, 2010, PANICO and Individual A used Adesso to purchase five companies that manufactured heating elements for the spa and hot tub industry ("the manufacturing companies"). The manufacturing companies were located in Allegan, Michigan; Grass Valley, California; Bloomfield, Connecticut; and San Bernardino, California. The owner of the manufacturing companies was Adesso. PANICO used Corsair Holdings to hold the majority interest of Adesso, and the minority owner was Individual A. Corsair was solely owned by a trust in which PANICO was a beneficiary.

PANICO and Individual A directed the manufacturing companies to transfer funds to accounts maintained by Adesso and book the transactions as "owner draws" and "distributions." PANICO and Individual A further caused a portion of the funds received by Adesso, together with funds Adesso received from other income producing activities, to be deposited in accounts held in the name of FPH, LLC and FPH Management, which PANICO controlled. In calendar years 2010 through 2017, PANICO received distributions from the manufacturing companies and Adesso that totaled approximately $6,443,257.

Income from Carillini

In calendar years 2011 through 2017, PANICO received leasing income of at least $919,242 from Carillini, an entity he controlled that generated income from the leasing of ambulances to an ambulance service located in South Carolina. To conceal his receipt of this income, PANICO used a nominee to be the signatory on the Carillini bank account that held the funds that PANICO received as income from the leasing activity.

Income from Lending

In calendar years 2010 through 2017, PANICO made loans to individuals and entities and collected at least $444,321 in interest income. To conceal his receipt of this income, PANICO directed the repayment of the income and principal to various entities including AP Capital and two trusts.

Spending and Acquisition of Assets

In calendar years 2010 through 2017, PANICO used funds from the accounts of FPH, LLC and FPH Management to pay certain personal expenses, including college tuition and personal credit card payments for PANICO and his family members, and to make large cash withdrawals.

In calendar years 2010 through 2017, PANICO used funds from AP Capital and FPH, LLC to acquire multiple pieces of real estate that were held in various trust and nominee entity names to conceal the acquisition of these assets. In calendar years 2013, 2014, and 2015, PANICO obtained cashier's checks totaling $1,783,022 drawn on the FPH, LLC and AP Capital accounts, and caused them to be issued in the name of a fictitious remitter in order to conceal his use of the funds.

In calendar years 2010 through 2017, PANICO, on multiple occasions, transferred funds to the Mirage Casino in Las Vegas, Nevada, from the bank accounts of AP Capital and FPH, LLC, and misidentified to the banks the reason for his use of those funds.

Tax Returns

AP Capital and Carillini were limited liability companies, and as such were required to report on an annual basis their gross receipts or sales, deductions, and income by filing a U.S. Income Tax return, or by reporting this activity on the U.S. Individual Income Tax return of their members. Both AP Capital and Carillini failed to file U.S. Income Tax returns, and PANICO did not report the required information

on his U.S. Individual Income Tax return (Form 1040), for calendar years 2010 through 2017.

In calendar years 2010 through 2017, PANICO had and received more than $9,228,144 of income, and he was required to file a U.S. Individual Income Tax Return for each of those years and to pay the income tax due and owing thereon. In each of those years, PANICO willfully failed to file an income tax return or pay the taxes due and owing.

In calendar year 2010, PANICO received taxable distributions, compensation, and gross income from various businesses and individuals which totaled at least approximately $1,486,236. His evasion of tax in this year resulted in a federal tax loss of approximately $481,391, a state tax loss of approximately $44,587, and total tax loss of approximately $525,978.

In calendar year 2011, PANICO received taxable distributions, compensation, and gross income from various businesses and individuals which totaled at least approximately $1,075,804. His evasion of tax in this year resulted in a federal tax loss of approximately $173,725, a state tax loss of approximately $53,790, and total tax loss of approximately $227,515.

In calendar year 2012, PANICO received taxable distributions, compensation, and gross income from various businesses and individuals which totaled at least approximately $1,740,149. His evasion of tax in this year resulted in a federal tax

loss of approximately $273,175, a state tax loss of approximately $87,007, and total tax loss of approximately $360,182.

In calendar year 2013, PANICO received taxable distributions, compensation, and gross income from various businesses and individuals which totaled at least approximately $961,606. His evasion of tax in this year resulted in a federal tax loss of approximately $217,014, a state tax loss of approximately $48,080, and total tax loss of approximately $265,094.

In calendar year 2014, PANICO received taxable distributions, compensation, and gross income from various businesses and individuals which totaled at least approximately $1,158,667. His evasion of tax in this year resulted in a federal tax loss of approximately $272,801, a state tax loss of approximately $57,933, and total tax loss of approximately $330,734.

In calendar year 2015, PANICO received taxable distributions, compensation, and gross income from various businesses and individuals which totaled at least approximately $155,417. His evasion of tax in this year resulted in a federal tax loss of approximately $23,292, a state tax loss of approximately $5,828, and total tax loss of approximately $29,120.

In calendar year 2016, PANICO received taxable distributions, compensation, and gross income from various businesses and individuals which totaled at least approximately $1,372,654. His evasion of tax in this year resulted in a federal tax

loss of approximately $317,657, a state tax loss of approximately $51,475, and total tax loss of approximately $369,132.

In calendar year 2017, PANICO received taxable distributions, compensation, and gross income from various businesses and individuals which totaled at least approximately $1,277,611. His evasion of tax in this year resulted in a federal tax loss of approximately $299,602, a state tax loss of approximately $55,576, and total tax loss of approximately $355,178.

Therefore, the charged and relevant conduct resulted in a total federal and state tax loss of approximately $2,462,934.

Maximum Statutory Penalties

7. Defendant understands that the charge to which he is pleading guilty carries the following statutory penalties:

a. A maximum sentence of 5 years' imprisonment. This offense also carries a maximum fine of $250,000, or twice the gross gain or gross loss resulting from that offense, whichever is greater. Defendant further understands that the Court must order costs of prosecution, estimated not to exceed $500. Defendant further understands that the judge also may impose a term of supervised release of not more than three years.

b. Pursuant to Title 18, United States Code, Section 3013, defendant will be assessed $100 on the charge to which he has pled guilty, in addition to any other penalty or restitution imposed.

Sentencing Guidelines Calculations

8. Defendant understands that in determining a sentence, the Court is obligated to calculate the applicable Sentencing Guidelines range, and to consider that range, possible departures under the Sentencing Guidelines, and other sentencing factors under 18 U.S.C. § 3553(a), which include: (i) the nature and circumstances of the offense and the history and characteristics of the defendant; (ii) the need for the sentence imposed to reflect the seriousness of the offense, promote respect for the law, provide just punishment for the offense, afford adequate deterrence to criminal conduct, protect the public from further crimes of the defendant, and provide the defendant with needed educational or vocational training, medical care, or other correctional treatment in the most effective manner; (iii) the kinds of sentences available; (iv) the need to avoid unwarranted sentence disparities among defendants with similar records who have been found guilty of similar conduct; and (v) the need to provide restitution to any victim of the offense.

9. For purposes of calculating the Sentencing Guidelines, the parties agree on the following points:

a. **Applicable Guidelines**. The Sentencing Guidelines to be considered in this case are those in effect at the time of sentencing. The following statements regarding the calculation of the Sentencing Guidelines are based on the Guidelines Manual currently in effect, namely the November 2018 Guidelines Manual.

b. **Offense Level Calculations.**

i. The base offense level is 22, pursuant to Guideline §§ 2T1.1(a)(1) and 2T4.1(I), because the tax loss of $2,462,934 is more than $1,500,000 but less than $3,500,000.

ii. The base offense level is increased by 2 levels, pursuant to Guideline § 2T1.1(b)(2), because the offense involved sophisticated means.

iii. Defendant has clearly demonstrated a recognition and affirmative acceptance of personal responsibility for his criminal conduct. If the government does not receive additional evidence in conflict with this provision, and if defendant continues to accept responsibility for his actions within the meaning of Guideline § 3E1.1(a), including by furnishing the United States Attorney's Office and the Probation Office with all requested financial information relevant to his ability to satisfy any fine or restitution that may be imposed in this case, a two-level reduction in the offense level is appropriate.

iv. In accord with Guideline § 3E1.1(b), defendant has timely notified the government of his intention to enter a plea of guilty, thereby permitting the government to avoid preparing for trial and permitting the Court to allocate its resources efficiently. Therefore, as provided by Guideline § 3E1.1(b), if the Court determines the offense level to be 16 or greater prior to determining that defendant is entitled to a two-level reduction for acceptance of responsibility, the government will move for an additional one-level reduction in the offense level.

c. **Criminal History Category.** With regard to determining defendant's criminal history points and criminal history category, based on the facts now known to the government, defendant's criminal history points equal zero and defendant's criminal history category is I.

d. **Anticipated Advisory Sentencing Guidelines Range.** Therefore, based on the facts now known to the government, the anticipated offense level is 21, which, when combined with the anticipated criminal history category of I, results in an anticipated advisory sentencing guidelines range of 37 to 46 months' imprisonment, in addition to any supervised release, fine, and restitution the Court may impose.

e. Defendant and his attorney and the government acknowledge that the above guidelines calculations are preliminary in nature and are non-binding predictions upon which neither party is entitled to rely. Defendant understands that further review of the facts or applicable legal principles may lead the government to conclude that different or additional guidelines provisions apply in this case. Defendant understands that the Probation Office will conduct its own investigation and that the Court ultimately determines the facts and law relevant to sentencing, and that the Court's determinations govern the final guideline calculation. Accordingly, the validity of this Agreement is not contingent upon the probation officer's or the Court's concurrence with the above calculations, and defendant shall

not have a right to withdraw his plea on the basis of the Court's rejection of these calculations.

10. Both parties expressly acknowledge that this Agreement is not governed by Fed. R. Crim. P. 11(c)(1)(B), and that errors in applying or interpreting any of the sentencing guidelines may be corrected by either party prior to sentencing. The parties may correct these errors either by stipulation or by a statement to the Probation Office or the Court, setting forth the disagreement regarding the applicable provisions of the guidelines. The validity of this Agreement will not be affected by such corrections, and defendant shall not have a right to withdraw his plea, nor the government the right to vacate this Agreement, on the basis of such corrections.

Agreements Relating to Sentencing

11. Each party is free to recommend whatever sentence it deems appropriate.

12. It is understood by the parties that the sentencing judge is neither a party to nor bound by this Agreement and may impose a sentence up to the maximum penalties as set forth above. Defendant further acknowledges that if the Court does not accept the sentencing recommendation of the parties, defendant will have no right to withdraw his guilty plea.

13. Regarding restitution, defendant agrees to pay restitution arising from the offense conduct set forth above, totaling $2,462,934, consisting of $2,058,657 to the Internal Revenue Service and $404,277 to the State of Illinois, pursuant to Title

18, United States Code, Sections 3663(a)(3) and 3664. The total amount of restitution to the Internal Revenue Service consists of the following amounts:

Tax Year	To Be Credited to Tax	Amount
2010	Defendant's Form 1040	$481,391
2011	Defendant's Form 1040	$173,725
2012	Defendant's Form 1040	$273,175
2013	Defendant's Form 1040	$217,014
2014	Defendant's Form 1040	$272,801
2015	Defendant's Form 1040	$23,292
2016	Defendant's Form 1040	$317,657
2017	Defendant's Form 1040	$299,602

14. Defendant understands that the amount of tax loss as calculated by the Internal Revenue Service may exceed the amount of tax due as calculated for restitution in the criminal case. Defendant further understands that the IRS may use the restitution order as a basis for civil assessment pursuant to Title 26, United States Code, Section 6201(a)(4).

15. Restitution shall be due immediately and paid pursuant to a schedule to be set by the Court at sentencing. Defendant acknowledges that pursuant to Title 18, United States Code, Section 3664(k), he is required to notify the Court and the United States Attorney's Office of any material change in economic circumstances that might affect his ability to pay restitution.

16. Defendant agrees to pay the special assessment of $100 at the time of sentencing with a cashier's check or money order payable to the Clerk of the U.S. District Court.

17. Defendant agrees that the United States may enforce collection of any fine or restitution imposed in this case pursuant to Title 18, United States Code, Sections 3572, 3613, and 3664(m), and that the Internal Revenue Service may collect the full amount of the restitution-based assessment pursuant to Title 26, United States Code, Section 6331, notwithstanding any payment schedule set by the Court.

Acknowledgments and Waivers Regarding Plea of Guilty

Nature of Agreement

18. This Agreement is entirely voluntary and represents the entire agreement between the United States Attorney and defendant regarding defendant's criminal liability in case 21 CR 305.

19. This Agreement concerns criminal liability only. Except as expressly set forth in this Agreement, nothing herein shall constitute a limitation, waiver, or release by the United States or any of its agencies of any administrative or judicial civil claim, demand, or cause of action it may have against defendant or any other person or entity. The obligations of this Agreement are limited to the United States Attorney's Office for the Northern District of Illinois and cannot bind any other federal, state, or local prosecuting, administrative, or regulatory authorities, except as expressly set forth in this Agreement.

20. Defendant understands that nothing in this Agreement shall limit the Internal Revenue Service in its collection of any taxes, interest or penalties.

Defendant understands that the amount of tax as calculated by the IRS may exceed the amount of tax due as calculated for the criminal case.

Waiver of Rights

21. Defendant understands that by pleading guilty he surrenders certain rights, including the following:

a. **Right to be charged by indictment**. Defendant understands that he has a right to have the charge prosecuted by an indictment returned by a concurrence of twelve or more members of a grand jury consisting of not less than sixteen and not more than twenty-three members. By signing this Agreement, defendant knowingly waives his right to be prosecuted by indictment and to assert at trial or on appeal any defects or errors arising from the information, the information process, or the fact that he has been prosecuted by way of information.

b. **Trial rights**. Defendant has the right to persist in a plea of not guilty to the charge against him, and if he does, he would have the right to a public and speedy trial.

i. The trial could be either a jury trial or a trial by the judge sitting without a jury. However, in order that the trial be conducted by the judge sitting without a jury, defendant, the government, and the judge all must agree that the trial be conducted by the judge without a jury.

ii. If the trial is a jury trial, the jury would be composed of twelve citizens from the district, selected at random. Defendant and his attorney

would participate in choosing the jury by requesting that the Court remove prospective jurors for cause where actual bias or other disqualification is shown, or by removing prospective jurors without cause by exercising peremptory challenges.

iii. If the trial is a jury trial, the jury would be instructed that defendant is presumed innocent, that the government has the burden of proving defendant guilty beyond a reasonable doubt, and that the jury could not convict him unless, after hearing all the evidence, it was persuaded of his guilt beyond a reasonable doubt. The jury would have to agree unanimously before it could return a verdict of guilty or not guilty.

iv. If the trial is held by the judge without a jury, the judge would find the facts and determine, after hearing all the evidence, whether or not the judge was persuaded that the government had established defendant's guilt beyond a reasonable doubt.

v. At a trial, whether by a jury or a judge, the government would be required to present its witnesses and other evidence against defendant. Defendant would be able to confront those government witnesses and his attorney would be able to cross-examine them.

vi. At a trial, defendant could present witnesses and other evidence in his own behalf. If the witnesses for defendant would not appear voluntarily, he could require their attendance through the subpoena power of the Court. A defendant is not required to present any evidence.

vii. At a trial, defendant would have a privilege against self-incrimination so that he could decline to testify, and no inference of guilt could be drawn from his refusal to testify. If defendant desired to do so, he could testify in his own behalf.

c. **Appellate rights.** Defendant further understands he is waiving all appellate issues that might have been available if he had exercised his right to trial and may only appeal the validity of this plea of guilty and the sentence imposed. Defendant understands that any appeal must be filed within 14 calendar days of the entry of the judgment of conviction.

22. Defendant understands that by pleading guilty he is waiving all the rights set forth in the prior paragraphs, with the exception of the appellate rights specifically preserved above. Defendant's attorney has explained those rights to him, and the consequences of his waiver of those rights.

23. Defendant understands that he has the right to have the criminal charge in the information brought within six years of the last of the alleged acts constituting the specified violation. By signing this document, defendant knowingly waives any right to have the charge in the information brought against him within the period established by the statute of limitations. Defendant also knowingly waives any defense or claim based upon the statute of limitations or upon the timeliness with which the charge in the information was brought.

Presentence Investigation Report/Post-Sentence Supervision

24. Defendant understands that the United States Attorney's Office in its submission to the Probation Office as part of the Pre-Sentence Report and at sentencing shall fully apprise the District Court and the Probation Office of the nature, scope, and extent of defendant's conduct regarding the charge against him, and related matters. The government will make known all matters in aggravation and mitigation relevant to sentencing.

25. Defendant agrees to truthfully and completely execute a Financial Statement (with supporting documentation) prior to sentencing, to be provided to and shared among the Court, the Probation Office, and the United States Attorney's Office regarding all details of his financial circumstances, including his recent income tax returns as specified by the probation officer. Defendant understands that providing false or incomplete information, or refusing to provide this information, may be used as a basis for denial of a reduction for acceptance of responsibility pursuant to Guideline § 3E1.1 and enhancement of his sentence for obstruction of justice under Guideline § 3C1.1, and may be prosecuted as a violation of Title 18, United States Code, Section 1001 or as a contempt of the Court.

26. For the purpose of monitoring defendant's compliance with his obligations to pay a fine and restitution during any term of supervised release or probation to which defendant is sentenced, defendant further consents to the disclosure by the IRS to the Probation Office and the United States Attorney's Office

of defendant's individual income tax returns (together with extensions, correspondence, and other tax information) filed subsequent to defendant's sentencing, to and including the final year of any period of supervised release or probation to which defendant is sentenced. Defendant also agrees that a certified copy of this Agreement shall be sufficient evidence of defendant's request to the IRS to disclose the returns and return information, as provided for in Title 26, United States Code, Section 6103(b).

Other Terms

27. Defendant agrees to cooperate with the United States Attorney's Office in collecting any unpaid fine and restitution for which defendant is liable, including providing financial statements and supporting records as requested by the United States Attorney's Office.

28. Regarding matters relating to the Internal Revenue Service, defendant agrees to cooperate with the Internal Revenue Service in any tax examination or audit of defendant which directly or indirectly relates to or arises out of the course of conduct that defendant has acknowledged in this Agreement, by transmitting to the IRS original records or copies thereof, and any additional books and records that the IRS may request.

29. Defendant will not object to a motion brought by the United States Attorney's Office for the entry of an order authorizing disclosure of documents, testimony and related investigative materials which may constitute grand jury

material, preliminary to or in connection with any judicial proceeding, pursuant to Fed. R. Crim. P. 6(e)(3)(E)(i). In addition, defendant will not object to the government's solicitation of consent from third parties who provided records or other materials to the grand jury pursuant to grand jury subpoenas, to turn those materials over to the Civil Division of the United States Attorney's Office, or an appropriate federal or state agency (including but not limited to the Internal Revenue Service), for use in civil or administrative proceedings or investigations, rather than returning them to the third parties for later summons or subpoena in connection with a civil or administrative proceeding. Nothing in this paragraph or the preceding paragraph precludes defendant from asserting any legal or factual defense to taxes, interest, and penalties that may be assessed by the IRS.

30. Defendant understands that, if convicted, a defendant who is not a United States citizen may be removed from the United States, denied citizenship, and denied admission to the United States in the future.

Conclusion

31. Defendant understands that this Agreement will be filed with the Court, will become a matter of public record, and may be disclosed to any person.

32. Defendant understands that his compliance with each part of this Agreement extends throughout the period of his sentence, and failure to abide by any term of the Agreement is a violation of the Agreement. Defendant further understands that in the event he violates this Agreement, the government, at its

option, may move to vacate the Agreement, rendering it null and void, and thereafter prosecute defendant not subject to any of the limits set forth in this Agreement, or may move to resentence defendant or require defendant's specific performance of this Agreement. Defendant understands and agrees that in the event that the Court permits defendant to withdraw from this Agreement, or defendant breaches any of its terms and the government elects to void the Agreement and prosecute defendant, any prosecutions that are not time-barred by the applicable statute of limitations on the date of the signing of this Agreement may be commenced against defendant in accordance with this paragraph, notwithstanding the expiration of the statute of limitations between the signing of this Agreement and the commencement of such prosecutions.

33. Should the judge refuse to accept defendant's plea of guilty, this Agreement shall become null and void and neither party will be bound to it.

34. Defendant and his attorney acknowledge that no threats, promises, or representations have been made, nor agreements reached, other than those set forth in this Agreement, to cause defendant to plead guilty.

35. Defendant acknowledges that he has read this Agreement and carefully reviewed each provision with his attorney. Defendant further acknowledges that he understands and voluntarily accepts each and every term and condition of this Agreement.

AGREED THIS DATE: _____

John R. Lausch, Jr., by TCM
JOHN R. LAUSCH, JR.
United States Attorney

ANTHONY D. PANICO
Defendant

PATRICK J. KING, JR.
Assistant U.S. Attorney

LEIGH D. ROADMAN
Attorney for Defendant