

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA

v.

DHRUVESH PATEL

Crim. No.

18 U.S.C. § 371

INFORMATION

The defendant having waived in open court prosecution by Indictment, the United States charges:

1. At all times relevant to this Information:
 - a. Defendant DHRUVESH PATEL (“PATEL”) was a resident of Absecon, New Jersey.
 - b. Mayank Ray (“Ray”), who was a co-conspirator but not named as a defendant herein and charged elsewhere, was a resident of Absecon, New Jersey.
 - c. D&M Hospitality LLC (“D&M”) was a business of defendant PATEL and Ray that owned a Rodeway Inn motel located in Atlantic City, New Jersey, between at least 2015 and 2020. Between 2015 and 2017, D&M was a partnership in which defendant PATEL was a general partner, and Ray was a limited partner. Between 2018 and 2020, D&M was an S-corporation in which defendant PATEL and Ray were each 50% owners.
 - d. M&D Hospitality LLC (“M&D”) was a partnership of defendant PATEL and Ray that owned an Econo Lodge motel located in Atlantic City, New

Jersey, between at least 2018 and 2020. Defendant PATEL and Ray were both general partners of D&M.

e. The Internal Revenue Service (“IRS”) was an agency of the United States Department of the Treasury responsible for administering and enforcing the tax laws of the United States and collecting the taxes that were due and owing to the Treasury of the United States by its citizens, residents, and businesses.

f. Pursuant to the tax laws of the United States, employers had a duty to collect, truthfully account for, and pay over to the IRS Federal Insurance Contribution Act (“FICA”) and income taxes (collectively, “payroll taxes”). FICA required the payment of taxes by employees and employers to fund various federal benefit programs, including Social Security and Medicare. Employers, such as D&M and M&D, were required to withhold payroll taxes from their employees’ wages; file an Employer’s Quarterly Federal Tax Return, IRS Form 941 (“Form 941”) disclosing all wages paid, taxes withheld, and payroll taxes due and owing; and pay over to the IRS the payroll taxes withheld from the employees’ wages by the due date indicated on the Form 941.

g. Pursuant to the tax laws of the United States, individuals who earn over a certain amount of gross income are required to file a U.S. Individual Income Tax Return (“Form 1040”) that reports income, deductions, and credits. The Form 1040 is used by the IRS to assess liability for individual income tax and eligibility for refunds.

h. Pursuant to the tax laws of the United States, partnerships—relationships between two or more people who join to carry on a trade or business—are required to file a U.S. Return of Partnership Income (“Form 1065”) that reports income and deductions. Each partner is required to report on the partner’s Form 1040 the partner’s share of the partnership’s ordinary business income or loss.

i. Pursuant to the tax laws of the United States, S-corporations are required to file a U.S. Income Tax Return for an S Corporation (“Form 1120-S”) that reports income and deductions. Each shareholder is required to report on the shareholder’s Form 1040 the shareholder’s share of the S-corporation’s ordinary business income or loss.

The Conspiracy

2. Between on or about January 1, 2019 until on or about May 17, 2021, in Atlantic County, in the District of New Jersey and elsewhere, the defendant,

DHRUVESH PATEL,

did knowingly and intentionally conspire and agree with Mayank Ray to defraud the United States by impeding, impairing, obstructing, and defeating the lawful Government functions of the Internal Revenue Service of the Department of the Treasury in the ascertainment, computation, assessment, and collection of the revenue, namely, payroll taxes due and owing from the employees of D&M and M&D and the individual income taxes due and owing from defendant PATEL and Ray.

Object of the Conspiracy

3. It was the object of the conspiracy to defraud the United States and the IRS by concealing cash wages paid to employees of D&M and M&D and receipts

earned by D&M and M&D and to prevent the Internal Revenue Service from properly assessing and collecting payroll taxes due and owing from D&M's and M&D's employees and the individual income taxes due and owing from defendant PATEL and Ray.

Manner and Means of the Conspiracy

4. It was a part of the conspiracy that D&M and M&D generated substantial gross receipts from customers who paid for motel rooms using cash.

5. It was a further part of the conspiracy that defendant PATEL and Ray caused a substantial portion of the cash receipts to be used to pay D&M and M&D employees their wages in cash without first collecting payroll taxes from the gross wages.

6. It was a further part of the conspiracy that defendant PATEL and Ray kept for their respective personal uses some of the remaining cash receipts.

7. It was a further part of the conspiracy that defendant PATEL and Ray concealed from their outside accounting firm their businesses' receipt of cash and their use of the resulting cash for paying employee wages and for personal use.

8. It was a further part of the conspiracy that defendant PATEL and Ray caused to be prepared and filed with the IRS Forms 941 that falsely underreported the true number of workers employed by D&M and M&D and falsely concealed the cash wages paid to D&M and M&D employees.

9. It was a further part of the conspiracy that defendant PATEL and Ray caused to be prepared and filed with the IRS Forms 1065 and 1120-S that falsely

underreported the gross receipts earned by D&M and M&D and Forms 1040 that falsely underreported the ordinary income each earned from D&M and M&D.

Overt Acts

10. In furtherance of this conspiracy and to effect its object, the following overt acts were committed in the District of New Jersey and elsewhere:

- a. On or about July 14, 2020, defendant PATEL and Ray caused the preparation and presentation to the IRS of a false 2019 Form 1040 for defendant PATEL that falsely underreported the income that defendant PATEL earned from M&D and D&M in 2019, and as a result, underreported defendant PATEL's taxable income.
- b. On or about July 14, 2020, defendant PATEL and Ray caused the preparation and presentation to the IRS of a false 2019 Form 1040 for Ray that falsely underreported the income that Ray earned

from M&D and D&M in 2019, and as a result, underreported Ray's taxable income.

In violation of Title 18, United States Code, Section 371.

TODD BLANCHE
U.S. Deputy Attorney General

PHILIP LAMPARELLO
Senior Counsel

/s/ Jeffrey B. Bender
Jeffrey B. Bender
Assistant U.S. Attorney

Approved:

/s/ R. David Walk, Jr.
R. David Walk, Jr.
Deputy U.S. Attorney

CASE NUMBER: _____

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INFORMATION FOR

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**TODD BLANCHE
UNITED STATES DEPUTY ATTORNEY GENERAL**

**PHILIP W. LAMPARELLO
SENIOR COUNSEL**

**JEFFREY BENDER
ASSISTANT U.S. ATTORNEY
CAMDEN, NEW JERSEY
856-757-5026**
