

ORIGINAL

JUDGE GARDEPHE

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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UNITED STATES OF AMERICA,

: INFORMATION

-v.-

20⁹ CRIM 67

ADEL KELLEL,

:

Defendant.

:

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COUNT ONE
(Tax Evasion)

The United States Attorney charges:

Background

1. At all times relevant to this Information, ADEL KELLEL, the defendant, resided in New Hyde Park, New York.

2. At all times relevant to this Information, ADEL KELLEL, the defendant, was the president and at least a partial owner of K&H Restaurant, Inc. ("K&H"). In 2011, KELLEL was a 45% owner of K&H. From at least January 2012 through at least December 2015, KELLEL was the 100% owner of K&H.

3. At all times relevant to this Information, K&H operated Raffles Bistro a/k/a Raffles Restaurant ("Raffles"), a restaurant that was located in a hotel ("Hotel A") in New York, New York.

4. At all times relevant to this Information, the gross receipts for K&H consisted primarily of: (a) credit card

payments by Raffles customers; (b) cash payments by Raffles customers; and (c) check payments by Hotel A for various services that Raffles provided to hotel guests and patrons, including room service, banquets, and catering. Hotel A also reimbursed K&H by check for breakfasts that Raffles provided to hotel guests in instances when guests paid for breakfast using vouchers provided by Hotel A.

5. At all times relevant to this Information, K&H filed its income taxes using a U.S. Income Tax Return for an S Corporation, Form 1120S ("Form 1120S").

6. As an owner of K&H, ADEL KELLEL, the defendant, was required to report his share of K&H's ordinary business income or loss, as reported on the Form 1120S, on his U.S. Individual Income Tax Return, Form 1040 ("Form 1040").

7. ADEL KELLEL, the defendant, used three different accountants (the "Accountants") to prepare K&H's Forms 1120S and KELLEL's Forms 1040 for the calendar years 2011 through 2015. In connection with the preparation of these tax returns, KELLEL provided the Accountants with information relating to two bank accounts: (a) K&H's operating account (the "Operating Account"), and (b) K&H's sales tax account (the "Sales Tax Account"). KELLEL did not provide the Accountants with information relating to any other bank accounts in which there was significant activity.

8. The Accountants used the information provided by ADEL KELLEL, the defendant, to prepare K&H's Forms 1120S and KELLEL's Forms 1040 for the calendar years 2011 through 2015, which were filed with the Internal Revenue Service ("IRS").

9. As further described below, as part of a scheme to evade income taxes, ADEL KELLEL, the defendant, concealed a substantial portion of K&H's gross receipts from the Accountants, thereby causing the Accountants to prepare Forms 1120S and Forms 1040 for the calendar years 2011 through 2015 that were materially false in several respects.

10. First, from at least 2011 through at least 2015, K&H received substantial cash income in the form of cash payments by Raffles customers. However, in order to conceal the cash portion of K&H's gross receipts from the IRS and avoid paying income taxes thereon, ADEL KELLEL, the defendant: (a) caused the cash to be deposited into personal bank accounts and/or to be spent directly on personal expenses, and (b) provided incomplete information to the Accountants that did not include the full extent of the cash payments received.

11. In addition, from at least 2011 through at least 2014, K&H received substantial income in the form of check payments by Hotel A. However, as further described below, in order to conceal the check portion of K&H's gross receipts from the IRS and avoid paying income taxes thereon, ADEL KELLEL, the

defendant: (a) deposited only a portion of Hotel A's check payments into the Operating Account or the Sales Tax Account, and (b) diverted the remaining checks into other non-business bank accounts that KELLEL did not disclose to the Accountants.

12. Specifically, from at least 2011 through at least 2014, ADEL KELLEL, the defendant, diverted over 150 Hotel A checks, totaling over \$2 million in gross receipts for K&H, by depositing, and causing to be deposited, these checks into approximately one dozen bank accounts besides the Operating Account or the Sales Tax Account. Specifically, KELLEL:

a. deposited checks into bank accounts in the names of KELLEL and/or his wife, including accounts opened solely for the purpose of depositing diverted checks;

b. deposited checks into additional bank accounts in the name of K&H, including accounts opened for the sole purpose of depositing diverted checks; and

c. directed one of K&H's employees to deposit at least one diverted check and then provide the cash to KELLEL.

13. ADEL KELLEL, the defendant, used the money from the diverted checks for various personal expenses, including, but not limited to, overseas transfers; condominium fees; rent for a high-end Manhattan apartment; college tuition payments for his children; gambling; shopping at luxury retailers such as Hugo

Boss and Saks Fifth Avenue; and payments for luxury cars manufactured by Mercedes, Porsche, and Maserati.

14. ADEL KELLEL, the defendant, also used the money from the diverted checks to pay for domestic and international travel, including trips to Las Vegas, Nevada; Agadir, Morocco; Cairo, Egypt; Frankfurt, Germany; and Paris, France.

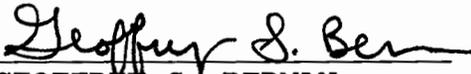
15. By fraudulently concealing the cash and check income from the Accountants, as described above, ADEL KELLEL, the defendant, caused K&H's Forms 1120s and KELLEL's Forms 1040 for the calendar years 2011 through 2015 to be materially false by grossly underreporting K&H's gross receipts and, by extension, KELLEL's taxable income.

Statutory Allegations

16. From in or about January 2011 through in or about April 2016, in the Southern District of New York and elsewhere, ADEL KELLEL, the defendant, willfully and knowingly did attempt to evade and defeat a substantial part of the income taxes due and owing by him to the United States of America for the calendar years 2011, 2012, 2013, 2014, and 2015, to wit, at least approximately \$613,478, by committing the following affirmative acts, among others: (a) preparing and causing to be prepared and filed false and fraudulent U.S. Income Tax Returns for an S Corporation, Forms 1120S, in the name of K&H, for the years 2011 through 2015, which omitted business activity and

flow-through shareholder income concerning cash receipts and checks deposited in various non-business bank accounts; (b) preparing and causing to be prepared and filed false and fraudulent U.S. Individual Income Tax Returns, Forms 1040, for the years 2011 through 2015, that falsely and fraudulently omitted income paid to KELLEL; and (c) depositing, and causing to be deposited, checks from Hotel A to various non-business bank accounts.

(Title 26, United States Code, Section 7201.)


GEOFFREY S. BERMAN
United States Attorney

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(Title 26, United States Code, Section 7201.)

GEOFFREY S. BERMAN
United States Attorney
