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FOR IMMEDIATE RELEASE

September 22, 2004

**PHILADELPHIA RESTAURANTEUR NEIL STEIN CHARGED
WITH FILING FALSE INCOME TAX RETURNS**

PHILADELPHIA – United States Attorney Patrick L. Meehan and I.R.S. Special Agent-In-Charge Jerome Lisuzzo today announced the unsealing of an indictment¹ against Philadelphia restaurateur Neil H. Stein. Stein is charged with three counts of filing false federal income tax returns, in violation of 26 U.S.C. § 7206(1).

The indictment alleges that Stein, the former owner of Striped Bass and other upscale restaurants in Philadelphia, substantially supplemented his income by skimming cash from his restaurants on a daily basis from at least October 1998 through 2001. According to the indictment, Stein directed his subordinates to take hundreds of dollars in cash each day from each restaurant, give the money to Stein, and then subtract the skimmed amounts from the restaurants' sales records, and in some instances caused his subordinates to record the cash as a loan to Stein. The indictment alleges that Stein skimmed more than \$200,000 in cash in this manner.

“Neil Stein redefined the term ‘take-out’ in the restaurant business,” said Meehan. “His establishments, among the most upscale and well-known in the city, served him almost like a personal ATM.”

The indictment further alleges that Stein routinely used a corporate American Express credit card to pay for substantial personal expenses, totaling at least approximately \$200,000. According to the indictment, Stein directed his subordinates to record these and other personal expenses as business expenses and to pay them with business funds.

In addition, the indictment alleges that Stein failed to pay the Commonwealth of Pennsylvania approximately \$350,000 in state sales tax, thereby making available more cash that could be skimmed.

¹ An indictment is an accusation. A defendant is presumed innocent unless and until proven guilty.

According to the indictment, Stein used the skimmed cash and corporate American Express card to support a lavish lifestyle, including expensive clothing, a \$4,000 per month apartment, and lengthy annual vacations to the island of St. Bartholomew in the French West Indies.

The indictment charges that Stein filed federal income tax returns for the years 1999, 2000, and 2001, that had been prepared by an accountant based on false and fraudulent business records provided to the accountant by Stein and/or his subordinates. The indictment alleges that, as a result, Stein failed to report at least approximately \$100,000 in cash and other payments he received in 1999, at least approximately \$100,000 in cash and other payments he received in 2000, and at least approximately \$250,000 in cash and other payments he received in 2001.

The indictment charges that Stein caused tax losses of at least approximately \$120,000.

“We are here today not only to announce the charges against this defendant but also to serve notice to others that cash, no matter how cleverly it’s hidden, still leaves a trail. To the owners and operators of restaurants and other cash businesses: reporting income is not a suggestion, it’s an obligation,” said Meehan. “Filing false tax returns is not a victimless crime. The unseen victims of such crimes are the honest businessmen and women, working 16-hour days to scrape out a living for their families and still tracking and reporting every penny.”

The defendant Stein faces a maximum term of nine years of imprisonment and a \$300,000 fine.

INFORMATION REGARDING THE DEFENDANT

NAME	ADDRESS	DATE OF BIRTH
Neil H. Stein	2031 Locust Street Apartment 1601 Philadelphia, PA 19103	June 7, 1941 (63)

The case was investigated by the IRS Criminal Investigation Division, the Pennsylvania Department of Revenue Office of Criminal Tax Investigations, and the Regional Criminal Fraud Coordinator of the U.S. Trustees Program, and it has been assigned to Assistant United States Attorney Jennifer Arbittier Bromley.

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