

# NEWS RELEASE

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## **Shelby County Insurance Salesman Charged with Tax Evasion, Wire Fraud and Money Laundering**

Urbana, IL - A Shelby county, Illinois man was charged with tax evasion, filing a false tax return, wire fraud and money laundering in a seven-count indictment returned today by a federal grand jury in Springfield, Illinois, as announced by Jan Paul Miller, United States Attorney for the Central District of Illinois.

The indictment, and accompanying court documents, allege that Denny R. Patridge, age 55, of 108 W. First Street, Strasburg, Illinois, operated an insurance business known as Patridge Insurance Services, Inc., from an office in his Strasburg home. The indictment charges Patridge with filing a false tax return for 1998; evasion of payment of taxes for 1996 and 1997; tax evasion for 1999; wire fraud; and, money laundering.

The indictment alleges that Patridge established "trusts" which he used to conceal earnings, hide the origin of his income, deceive the Internal Revenue Service, and circumvent personal income taxes. Specifically, during 1998, Patridge caused \$81,600 of the money received by Patridge Insurance Services, Inc., to be diverted to one of the trusts. The indictment alleges that Patridge placed funds in bank accounts which bore the names of his trusts and claimed on trust tax returns that the funds had been distributed to an offshore trust. At all times, however, the indictment alleges, Patridge retained full control over funds in the trust bank accounts and enjoyed the beneficial use of those funds, which made the income taxable to him personally.

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The indictment alleges Patridge filed a 1998 tax return in which he reported the adjusted gross income was \$6,667 when he knew the total income he received and should have reported was approximately \$86,845.

The indictment alleges Patridge did not report a substantial amount of his income on returns he filed for 1996 and 1997. In 1998, after the IRS notified Patridge that it had made a formal assessment of the 1996 and 1997 back taxes he owed, Patridge liquidated his investment accounts, set up an “offshore” account, and placed approximately \$200,000 in the offshore account.

The indictment charges Patridge with evading taxes for calendar year 1999, specifically, approximately \$19,523 due on taxable income of approximately \$76,796. The indictment alleges Patridge evaded taxes by, among other things, transferring money to a foreign account that he earned as income, concealing that money from the IRS, using the money to pay personal expenses, and failing to file an individual income tax return.

The indictment also charges Patridge with two counts each of wire fraud and money laundering. As alleged in the indictment, shortly after the IRS informed Patridge that a lien could be placed on his property if he failed to pay his 1996 and 1997 income taxes, Patridge began to set up a system whereby he could hide his assets from the IRS by moving his money offshore to an account under his control but not under his name. Patridge also allegedly established a new account at Edgar County Bank and Trust in Paris, Illinois, in his own name, through which funds could be directed offshore. On or about October 3, 2000, Patridge allegedly wired approximately \$200,000 in funds from the account at Edgar County Bank to an account at a bank in St. Kitts held in the name of Nevis American Trust Company, an entity which maintained the funds on behalf of Sultan Services, Ltd, which was under Patridge’s direction.

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Having transferred \$200,000 to St. Kitts in October 2000, Patridge allegedly took steps to prevent the IRS from obtaining a first lien on his real estate by causing a mortgage on his home in Strasburg to be recorded with the clerk of Shelby County, Illinois, with a \$100,000 "loan" from a corporation controlled by Patridge. On or about October 23, 2000, Patridge wired \$100,000 from an offshore location to a corporation he controlled in the U.S.

The indictment alleges the purpose of the transfer was to provide the corporation with sufficient funds to loan Patridge \$100,000. Patridge used his home in Strasburg, Illinois, as security for the loan of his own funds and to establish a false mortgage on his property.

Finally, the indictment alleges that after Patridge transferred \$100,000 from offshore to the U.S. and established a false mortgage, Patridge transferred the money back offshore, and was therefore able to use the money as he personally desired.

If convicted, the charges of tax evasion and filing a false tax return carry maximum statutory penalties of up to three and five years imprisonment respectively and fine of up to \$250,000 for each count. The maximum statutory penalty for the offenses of wire fraud and money laundering is up to 20 years in prison and fines of \$250,000 to \$500,000.

A summons will be issued for Patridge to appear in federal court in Urbana, Illinois.

The charges are the result of an investigation by the Criminal Investigation Division of the Internal Revenue Service. The case is being prosecuted by Hilary W. Frooman, Assistant U.S. Attorney, of the Urbana division.

Members of the public are reminded that an indictment is merely an accusation; the defendant is presumed innocent unless proven guilty.

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