

STATE OF WISCONSIN

CIRCUIT COURT

SHEBOYGAN COUNTY

STATE OF WISCONSIN,

Plaintiff,

v.

Case No. 13-CM-_____

MOHAMMAD ABDUL QADEER SIDDIQUI,
6316 WEST MADISON STREET,
WEST ALLIS, WI 53214,
DOB: 09/29/1972,

Defendant.

CRIMINAL COMPLAINT

I, Mark A. Jurgella, being first duly sworn, state upon information and belief that:

COUNT 1: DISTRIBUTING TOBACCO PRODUCTS WITHOUT A PERMIT

That the defendant did for the period from June 16, 2010, to December 29, 2010, in the city of Sheboygan, Sheboygan County, Wisconsin, act as the distributor of tobacco products without having applied for or obtained a tobacco products permit from the Department of Revenue in violation of Wis. Stat. §§ 139.79(1) and 139.44(5) and (7).

Upon conviction of the same, shall be fined not less than \$100 nor more than \$1000 or imprisoned not less than ten days or more than ninety days or receive both said fine and imprisonment. In addition, the defendant shall have all tobacco permits revoked for a period of two years from the date of conviction.

COUNT 2: FAILURE TO MAINTAIN

That the defendant did on April 27, 2011, in the city of Sheboygan, Sheboygan County, Wisconsin, as the holder of a license to sell tobacco products and having purchased tobacco

products did not maintain evidence of said purchases for a period of at least two years in violation of Wis. Stat. § 134.65(4) and (5).

Upon conviction of the same shall be fined not less than \$25 nor more than \$100.

COUNT 3: DISTRIBUTING TOBACCO PRODUCTS WITHOUT A PERMIT

That the defendant did for the period from January 6, 2012, through September 13, 2012, in the city of Sheboygan, Sheboygan County, Wisconsin, act as the distributor of tobacco products without having applied for or obtained a tobacco products permit from the Department of Revenue in violation of Wis. Stat. §§ 139.79(1) and 139.44(5) and (7). This count relates to purchases from Supply2Store.

Upon conviction of the same, shall be fined not less than \$100 nor more than \$1000 or imprisoned not less than ten days or more than ninety days or receive both said fine and imprisonment. In addition, the defendant shall have all tobacco permits revoked for a period of two years from the date of conviction.

COUNT 4: DISTRIBUTING TOBACCO PRODUCTS WITHOUT A PERMIT

That the defendant did for the period from January 5, 2012, through October 24, 2012, in the city of Sheboygan, Sheboygan County, Wisconsin, act as the distributor of tobacco products without having applied for or obtained a tobacco products permit from the Department of Revenue in violation of Wis. Stat. §§ 139.79(1) and 139.44(5) and (7). This count relates to purchases from Arango Cigar Co.

Upon conviction of the same, shall be fined not less than \$100 nor more than \$1000 or imprisoned not less than ten days or more than ninety days or receive both said fine and imprisonment. In addition, the defendant shall have all tobacco permits revoked for a period of two years from the date of conviction.

COUNT 5: FAILURE TO MAINTAIN

That the defendant did on February 20, 2013, in the city of Sheboygan, Sheboygan County, Wisconsin, as the holder of a license to sell tobacco products and having purchased tobacco products did not maintain evidence of said purchases for a period of at least two years in violation of Wis. Stat. § 134.65(4) and (5).

Upon conviction of the same shall be fined not less than \$25 nor more than \$100.

COUNT 6: EVASION OF TOBACCO TAX

That the defendant did for the period between June 16, 2010, and December 29, 2010, possess tobacco products with the intent to sell the same after having caused those products to be brought into the state, he did attempt to evade the paying of the tax on said products in violation of Wis. Stat. §§ 139.76(1) and 139.44(2) and (9).

Upon conviction of the same, he may be fined not more than \$100,000 and imprisoned not more than nine months or receive both such fine and imprisonment and all unpaid taxes that should have been paid pursuant to § 139.76(1) shall accrue interest at the rate of 12 percent per year.

COUNT 7: EVASION OF TOBACCO TAX

That the defendant did for the period between January 5, 2012, and September 13, 2012, possess tobacco products with the intent to sell the same after having caused those products to be brought into the state, he did attempt to evade the paying of the tax on said products in violation of Wis. Stat. §§ 139.76(1) and 139.44(2) and (9). This count relates to purchases from Supply2Store.

Upon conviction of the same, he may be fined not more than \$100,000 and imprisoned not more than nine months or receive both such fine and imprisonment and all unpaid taxes that

should have been paid pursuant to § 139.76(1) shall accrue interest at the rate of 12 percent per year.

COUNT 8: EVASION OF TOBACCO TAX

That the defendant did for the period between January 6, 2012, and October 24, 2012, possess tobacco products with the intent to sell the same after having caused those products to be brought into the state, he did attempt to evade the paying of the tax on said products in violation of Wis. Stat. §§ 139.76(1) and 139.44(2) and (9). This count relates to purchases from Arango Cigar Co.

Upon conviction of the same, he may be fined not more than \$100,000 and imprisoned not more than nine months or receive both such fine and imprisonment and all unpaid taxes that should have been paid pursuant to § 139.76(1) shall accrue interest at the rate of 12 percent per year.

STATEMENT OF PROBABLE CAUSE

This is based upon the reports of Special Agent Mark A. Jurgella as follows.

1. Special Agent Jurgella indicates that on April 27, 2011, he did go to the SH Tobacco Store located in the city of Sheboygan, Sheboygan County, Wisconsin. At that time, Special Agent Jurgella had obtained from the Illinois Department of Revenue invoices from an entity known as Supply2Store all dated between June 2010 and December 2010. There were a total of nine invoices during that period of time.

2. Upon arrival at the store, he met with an employee of the store, that individual being identified as Chinnu Pagadala. Mr. Pagadala stated he had been employed at this location for approximately three years, but it was his understanding that Mr. Siddiqui had only purchased the business sometime in 2010. In the course of doing an inspection of the store, Special Agent

Jurgella was able to observe numerous tobacco products including pipe tobacco and cigars, which items matched invoices that he had obtained showing sales from the entity Supply2Store to SH Tobacco. Special Agent Jurgella was also able to obtain from Mr. Pagadala invoices from other entities, which were permitted distributors in the state of Wisconsin, and none of the items that were noted and seized came from those legal entities. The records of the Wisconsin Department of Revenue show that Supply2Store is not the holder of a distributor permit in the state of Wisconsin and that Supply2Store has not paid any state excise tax on tobacco products in the years 2010 and 2012. The records of the Department of Revenue also show that the Siddiqui Group, Inc., the entity owned by the defendant, has not paid any tobacco product excise taxes during the years 2010 or 2012 and that neither the Siddiqui Group, Inc. nor the defendant possess a distributor's permit as required by ch. 139.

3. In checking invoices at the SH Tobacco Store located in the city of Sheboygan, Special Agent Jurgella observed, as indicated above, a number of invoices from various legal suppliers but was not able to observe any invoices at the store from the entity Supply2Store. Special Agent Jurgella did talk to the defendant and the defendant, in a statement against interest, did admit that he had made purchases from Supply2Store for the business known as SH Tobacco, located in the city of Sheboygan, Sheboygan County, Wisconsin.

4. The records of the Department of Revenue show that no excise tax was paid on any of the items on the invoices from Supply2Store to SH Tobacco in Sheboygan. An excise tax is to be paid upon tobacco products being brought into the state of Wisconsin to be sold pursuant to Wis. Stat. § 139.76(1). In addition, if an individual is acting as a distributor, that is, if they are bringing tobacco products into the state of Wisconsin for sale in the state of Wisconsin, that individual must have a permit to act as a distributor or make purchases from an individual who is

a holder of a Wisconsin distributor's permit. This requirement is set forth in Wis. Stat. § 139.79(1). Neither Supply2Store nor the defendant was the holder of a permit according to the Wisconsin Department of Revenue records as of 2010.

5. The provisions of Wis. Stat. § 134.65 require that the holder of a tobacco products seller's permit issued by a local municipality must keep copies of invoices showing all tobacco product purchases for two years from the date of purchase. SH Tobacco Store owned by the Siddiqui Group, Inc., whose owner is the defendant, was the holder of a tobacco seller's permit issued by the city of Sheboygan as of 2010. On April 27, 2011, Special Agent Jurgella was unable to find any invoices from Supply2Store for the year 2010 despite having received and reviewed copies of nine invoices showing purchases by SH Tobacco Store located in the city of Sheboygan from Supply2Store in the year 2010.

6. On February 20, 2013, Special Agent Jurgella returned to the SH Tobacco Store located in the city of Sheboygan, Sheboygan County, Wisconsin. Upon arrival, the same employee was present at the business, that being, Chinnu Pagadala. Prior to coming to the store, Special Agent Jurgella had obtained from the Illinois Department of Revenue a printout showing numerous purchases from two entities. One being Supply2Store and the other being the Arango Cigar Co. All of those purchases from Supply2Store were for the time period between January 6, 2012, and September 13, 2012, and those invoices showed a total of thirty purchases from Supply2Store between January 6, 2012, and September 13, 2012, with a total dollar value of \$33,312.05. The records as it relates to the purchases from the Arango Cigar Co. show a total of thirty-five purchases, totaling \$61,252.61. Mr. Pagadala, while first denying purchases from Supply2Store and Arango Cigar Co., eventually admitted that in fact purchases were made from both entities to the SH Tobacco Store located in the city of Sheboygan, Sheboygan County,

Wisconsin. Mr. Pagadala stated that he would write down on a sheet of paper what was needed for supplies for the store and fax it to the defendant in Milwaukee. The defendant would then place the order and items would come from both Supply2Store and Arango Cigar Co. He stated that as it related to Arango Cigar Co., all orders were COD or cash on delivery and that he had checks that were pre-signed, dated, and had Arango Cigar Co. in the paid to line. In fact, upon reviewing the premises, Special Agent Jurgella was able to find two such checks, one dated February 19, 2013, and one dated February 28, 2013. Supply2Store and Arango Cigar Co. are both based in the state of Illinois and shipped the tobacco products from Illinois to Wisconsin.

7. Special Agent Jurgella then had a phone conversation with the defendant. The defendant, in a statement against interest, also admitted to making purchases from Supply2Store and Arango Cigar Co. The records of the Department of Revenue show that in 2012, none of the following were holders of a distributor's permit from the Wisconsin Department of Revenue: Supply2Store, Arango Cigar Co., or SH Tobacco. Special Agent Jurgella was able to find numerous tobacco products in the SH Tobacco Store, which products were not noted on any invoices held in the store from any licensed distributor. Special Agent Jurgella also asked for but did not find or receive any invoices from either Supply2Store or Arango Cigar Co. for the year 2012 despite having received a record showing a total of sixty-five purchases and invoices from those two entities.

8. The records of the Department of Revenue also show that no excise tax was paid on any of the sixty-five invoices between Supply2Store or Arango Cigar Co. and SH Tobacco Store located in Sheboygan, Wisconsin. Specifically, none of the following paid any excise tax on those purchases: Arango Cigar Co., Supply2Store, or SH Tobacco Store.

9. According to the records of the Department of Revenue, a total of \$111,142.84 in tobacco products were purchased from Supply2Store and Arango Cigar Co. during 2010 and 2012 by the SH Tobacco Store located in the city of Sheboygan. No excise tax was paid on those purchases. The excise tax at the time of the sales would have been 71 percent of the manufacturer's established list price to distributors for all tobacco products except moist snuff and cigars, 100 percent of the manufacturer's established list price for moist snuff, and 50 cents for each cigar. Further pursuant to Wis. Stat. § 139.44(9), all unpaid taxes bear interest at the rate of 12 percent per year from the due date of the return. All of the above occurred in the city of Sheboygan, Sheboygan County, Wisconsin.

MARK A. JURGELLA
Special Agent, Wisconsin Department of Revenue

Subscribed and sworn to before me,
and approved for filing,
this _____ day of _____, 2013.

RICHARD J. DUFOUR
Assistant Attorney General and
Special Prosecutor for Sheboygan County
State Bar # 1014811
My commission is permanent.

Wisconsin Department of Justice
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