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KEVIN V. RYAN (CASE# 118321)
United States Attorney

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NORTHERN DISTRICT OF CALIFORNIA

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
OAKLAND DIVISION

CRO3-40210 CW

UNITED STATES OF AMERICA,)
)
Plaintiff,)
)
v.)
)
MOHAMMAD YOUSUF CHAUDHRY,)
and)
ALI H. KHAN,)
)
Defendants.)

No.)
)
VIOLATIONS: 26 U.S.C. § 7206(1) -)
Subscribing to a False Tax Return; 18)
U.S.C. § 371 - Conspiracy; 31 U.S.C. §)
5324(a)(3) - Structuring; 18 U.S.C. § 2 -)
Aiding and Abetting; 18 U.S.C. §)
5317(c)(1)(A) - Criminal Forfeiture)
)
OAKLAND VENUE)

INDICTMENT

The Grand Jury charges:

BACKGROUND

At all times relevant to this Indictment:

1. RT Computers, Inc. ("RT"), was a California corporation located at 1673 Rogers Avenue, San Jose, California, in the business of distributing computer software products.
2. Alternative Energy Systems, Inc. ("AES") was a California corporation also located at 1673 Rogers Avenue, San Jose, California.

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INDICTMENT
[Chaudhry and Khan]

1 3. From in or about 1998 to in or about 2001, RT and AES received at least \$7.1 million in
2 gross receipts from numerous software businesses, including the following: Worldwide Sales,
3 Inc. in Union City, California; Powerhouse Microproducts in Chico, California; Goldeneye
4 International, Inc. in Fremont, California; Compu4less LLC in Salt Lake City, Utah; Intrax
5 Group, Inc., in San Jose, California; R & J Technology, Co. in Fremont, California; and Surplus
6 Specialist, LLM, in Salt Lake City, Utah.

7 4. Defendant Mohammad Yousuf Chaudhry was a California resident who owned and
8 operated RT and AES and subscribed to corporation tax returns for those entities as President.

9 5. Defendant Ali H. Khan was a California resident who was an employee of RT and AES.
10 Among other things, Khan was responsible for cashing and negotiating AES and RT checks
11 provided to him by defendant Chaudhry.

12 COUNT ONE - (26 U.S.C. § 7206(1) - Subscribing to a False Tax Return)

13 6. The allegations in paragraphs 1-4 are realleged and incorporated herein as if set forth
14 in full.

15 7. On or about June 13, 1999, in the Northern District of California, and elsewhere, the
16 defendant

17 **MOHAMMAD YOUSUF CHAUDHRY**

18 did willfully make and subscribe to a United States Corporation Income Tax Return, Form 1120,
19 for RT, for the tax year beginning April 1, 1998 and ending March 31, 1999, which he verified to
20 be true and correct by a written declaration that it was made under penalties of perjury, and was
21 filed with the Director, Internal Revenue Center, at Fresno, California, which tax return the
22 defendant did not believe to be true and correct as to every material matter contained therein in
23 that he reported gross receipts to RT in line 1a of the return in the amount of \$225,447, whereas,
24 as he then and there well knew and believed, RT received gross receipts in addition to that
25 heretofore stated, all in violation of Title 26, United States Code, Section 7206(1).

26 COUNT TWO - (26 U.S.C. § 7206(1) - Subscribing to a False Tax Return)

27 8. The allegations in paragraphs 1-4 are realleged and incorporated herein as if set forth
28 in full.

INDICTMENT
[Chaudhry and Khan]

1 9. On or about November 3, 2000, in the Northern District of California, and elsewhere, the
2 defendant

3 MOHAMMAD YOUSUF CHAUDHRY

4 did willfully make and subscribe to a United States Corporation Income Tax Return, Form 1120,
5 for RT, for the tax year beginning April 1, 1999 and ending March 31, 2000, which he verified to
6 be true and correct by a written declaration that it was made under penalties of perjury, and was
7 filed with the Director, Internal Revenue Center, at Fresno, California, which tax return the
8 defendant did not believe to be true and correct as to every material matter contained therein in
9 that he reported gross receipts to RT in line 1a of the return in the amount of \$565,292, whereas,
10 as he then and there well knew and believed, RT received gross receipts in addition to that
11 heretofore stated, all in violation of Title 26, United States Code, Section 7206(1).

12 COUNT THREE - (26 U.S.C. § 7206(1) - Subscribing to a False Tax Return)

13 10. The allegations in paragraphs 1-4 are realleged and incorporated herein as if set forth
14 in full.

15 11. On or about April 8, 2002, in the Northern District of California, and elsewhere, the
16 defendant

17 MOHAMMAD YOUSUF CHAUDHRY

18 did willfully make and subscribe to a United States Corporation Income Tax Return, Form 1120,
19 for RT, for the tax year beginning April 1, 2000 and ending March 31, 2001, which he verified to
20 be true and correct by a written declaration that it was made under penalties of perjury, and was
21 filed with the Director, Internal Revenue Center, at Fresno, California, which tax return the
22 defendant did not believe to be true and correct as to every material matter contained therein in
23 that he reported gross receipts to RT in line 1a of the return in the amount of \$542,812, whereas,
24 as he then and there well knew and believed, RT received gross receipts in addition to that
25 heretofore stated, all in violation of Title 26, United States Code, Section 7206(1).

26 COUNT FOUR - (26 U.S.C. § 7206(1) - Subscribing to a False Tax Return)

27 12. The allegations in paragraphs 1-4 are realleged and incorporated herein as if set forth
28 in full.

INDICTMENT
[Chaudhry and Khan]

1 13. On or about October 31, 2000, in the Northern District of California, and elsewhere, the
2 defendant

3 MOHAMMAD YOUSUF CHAUDHRY

4 did willfully make and subscribe to a United States Corporation Income Tax Return, Form 1120,
5 for AES, for the tax year 1999, which he verified to be true and correct by a written declaration
6 that it was made under penalties of perjury, and was filed with the Director, Internal Revenue
7 Center, at Fresno, California, which tax return the defendant did not believe to be true and correct
8 as to every material matter contained therein in that he reported gross receipts to AES in line 1a
9 of the return in the amount of \$34,876, whereas, as he then and there well knew and believed,
10 AES received gross receipts in addition to that heretofore stated, all in violation of Title 26,
11 United States Code, Section 7206(1).

12 COUNT FIVE - (26 U.S.C. § 7206(1) - Subscribing to a False Tax Return)

13 14. The allegations in paragraphs 1-4 are realleged and incorporated herein as if set forth
14 in full.

15 15. On or about August 6, 2001, in the Northern District of California, and elsewhere, the
16 defendant

17 MOHAMMAD YOUSUF CHAUDHRY

18 did willfully make and subscribe to a United States Corporation Income Tax Return, Form 1120,
19 for AES, for tax year 2000, which he verified to be true and correct by a written declaration that
20 it was made under penalties of perjury, and was filed with the Director, Internal Revenue Center,
21 at Fresno, California, which tax return the defendant did not believe to be true and correct as to
22 every material matter contained therein in that he reported gross receipts to AES in line 1a of the
23 return in the amount of \$418,686, whereas, as he then and there well knew and believed, AES
24 received gross receipts in addition to that heretofore stated, all in violation of Title 26, United
25 States Code, Section 7206(1).

26 COUNT SIX: (18 U.S.C. § 371 - Conspiracy)

27 16. The allegations in paragraphs 1-5 are realleged and incorporated herein as if set forth
28 in full.

INDICTMENT
[Chaudhry and Khan]

1 17. On or about and between dates unknown to the Grand Jury but beginning no later than
2 January 2000, and ending no earlier than April 2001, both dates being approximate and inclusive,
3 in the Northern District of California, and elsewhere, the defendants

4 MOHAMMAD YOUSUF CHAUDHRY and
5 ALI H. KHAN

6 did conspire with each other and other persons to structure transactions for the purpose of
7 evading the reporting requirements of Title 31, United States Code, Section 5313(a), and the
8 regulations promulgated thereunder, in violation of Title 31, United States Code, Section
9 5324(a)(3), and Title 31, Code of Federal Regulations, Section 103.22.

10 18. In furtherance of the conspiracy and to attain the objects thereof, the following overt acts,
11 among others, were committed in the Northern District of California:

12 Representative Worldwide Sales Checks

13 a. Defendant Khan cashed Worldwide Sales ("WWS") check number 2155, payable to
14 RT in the amount of \$9,500 and dated January 21, 2000, at "E.C.L. Enterprise Market and Deli"
15 ("ECL") in Santa Clara, California.

16 b. Defendant Khan cashed WWS check number 2156, payable to AES in the amount of
17 \$9,450 and dated January 21, 2000, at ECL.

18 c. Defendant Khan cashed WWS check number 2157, payable to RT in the amount of
19 \$9,800 and dated January 21, 2000, at ECL.

20 d. Defendant Khan cashed WWS check number 2158, payable to AES in the amount of
21 \$9,750 and dated January 21, 2000, at ECL.

22 e. Defendant Khan cashed WWS check number 2285, payable to RT in the amount of
23 \$9,500 and dated February 14, 2000, at ECL.

24 f. Defendant Khan cashed WWS check number 2286, payable to AES in the amount of
25 \$9,550 and dated February 15, 2000, at ECL.

26 g. Defendant Khan cashed WWS check number 2287, payable to AES in the amount of
27 \$9,800 and dated February 15, 2000, at ECL.

28 h. Defendant Khan cashed WWS check number 2288, payable to AES in the amount of

INDICTMENT
[Chaudhry and Khan]

- 1 \$9,450 and dated February 15, 2000, at ECL.
- 2 i. Defendant Khan cashed WWS check number 2289, payable to RT in the amount of
- 3 \$9,580 and dated February 15, 2000, at ECL.
- 4 j. Defendant Khan cashed WWS check number 2408, payable to RT in the amount of
- 5 \$9,450 and dated March 14, 2000, at ECL.
- 6 k. Defendant Khan cashed WWS check number 2409, payable to AES in the amount of
- 7 \$9,800 and dated March 14, 2000, at ECL.
- 8 l. Defendant Khan cashed WWS check number 2410, payable to RT in the amount of
- 9 \$9,500 and dated March 15, 2000, at ECL.
- 10 m. Defendant Khan deposited WWS check number 2411, payable to RT in the amount of
- 11 \$9,750 and dated March 16, 2000, at Union Bank.
- 12 n. Defendant Khan cashed WWS check number 2412, payable to RT in the amount of
- 13 \$9,400 and dated March 15, 2000, at ECL.
- 14 o. Defendant Khan cashed WWS check number 2413, payable to RT in the amount of
- 15 \$9,550 and dated March 15, 2000, at ECL.

16 Powerhouse Microproducts Checks

- 17 p. Defendant Khan cashed Powerhouse Microproducts ("Powerhouse") check number
- 18 1505, payable to RT in the amount of \$7,125 and dated December 7, 2000, at ECL.
- 19 q. Defendant Khan cashed Powerhouse check number 1506, payable to AES in the
- 20 amount of \$7,125 and dated December 7, 2000, at ECL.
- 21 r. Defendant Khan cashed Powerhouse check number 1507, payable to RT in the amount
- 22 of \$7,125 and dated December 8, 2000, at ECL.
- 23 s. Defendant Khan cashed Powerhouse check number 1508, payable to AES in the
- 24 amount of \$7,125 and dated December 8, 2000, at ECL.

25 Goldeneye Checks

- 26 t. Defendant Khan cashed Goldeneye International, Inc. ("Goldeneye") check number
- 27 1674, payable to RT in the amount of \$9,800 and dated March 31, 2000, at ECL.
- 28 u. Defendant Khan cashed Goldeneye check number 1677, payable to RT in the amount

1 of \$8,400 and dated March 29, 2000, at ECL.

2 v. Defendant Khan cashed Goldeneye check number 1673, payable to AES in the amount
3 of \$9,500 and dated March 31, 2000, at ECL.

4 w. Defendant Khan cashed Goldeneye check number 1675, payable to AES in the
5 amount of \$9,700 and dated March 31, 2000, at ECL.

6 x. Defendant Khan cashed Goldeneye check number 1676, payable to AES in the amount
7 of \$8,100 and dated March 29, 2000, at ECL.

8 y. Defendant Khan cashed Goldeneye International, Inc. ("Goldeneye") check number
9 1666, payable to RT in the amount of \$9,000 and dated March 24, 2000, at ECL.

10 z. Defendant Khan cashed Goldeneye check number 1667, payable to RT in the amount
11 of \$8,500 and dated March 23, 2000, at ECL.

12 aa. Defendant Khan cashed Goldeneye check number 1668, payable to RT in the amount
13 of \$9,500 and dated March 27, 2000, at ECL.

14 Compu4less Checks

15 bb. Defendant Khan deposited Compu4less L.L.C. ("Compu4less") check number 1357,
16 payable to RT in the amount of \$9,500 and dated March 23, 2000, at Union Bank.

17 cc. Defendant Khan cashed Compu4less check number 1358, payable to RT in the
18 amount of \$9,802 and dated March 23, 2000, at ECL.

19 dd. Defendant Khan cashed Compu4less check number 1359, payable to RT in the
20 amount of \$9,500 and dated March 23, 2000, at ECL.

21 ee. Defendant Khan cashed Compu4less check number 1360, payable to RT in the
22 amount of \$9,500 and dated March 23, 2000, at ECL.

23 ff. Defendant Khan cashed Compu4less check number 1361, payable to RT in the
24 amount of \$9,500 and dated March 23, 2000, at ECL.

25 gg. Defendant Khan cashed Compu4less check number 1362, payable to RT in the
26 amount of \$9,500 and dated March 23, 2000, at ECL.

27 All in violation of Title 18, United States Code, Section 371.

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INDICTMENT
[Chaudhry and Khan]

WSSB

SEVENTEEN

COUNTS SEVEN THROUGH SEVENTEEN: (31 U.S.C. §§ 5324(a)(3) and 18 U.S.C. § 2 - Structuring Transactions For the Purpose of Evading a Reporting Requirement & Aiding and Abetting)

19. On or about the dates set forth below, in the Northern District of California, the defendants

MOHAMMAD YOUSUF CHAUDHRY and ALI H. KHAN

as described more specifically below, did knowingly aid for the purpose of evading the reporting requirements of Title 31, United States Code, Section 5313(a), and the regulations promulgated thereunder, structure and attempt to structure the following transactions with domestic financial institutions:

COUNT	DEFENDANT(S)	DATE(S)	DESCRIPTION
7	CHAUDHRY	8-20-99	Four WWS checks payable to RT and one to AES, numbers 1524-1528, each in the amount of \$9,500, for a total of \$47,500
8	CHAUDHRY	9-30-99	Six WWS checks, three each payable to RT and AES, numbers 1682-1687, in amounts ranging from \$5,000 to \$9,500, for a total of \$56,000
9	CHAUDHRY	11-15-99 to 11-19-99	Ten WWS checks, numbers 1864-1873, five each payable to RT and AES, in amounts ranging from \$2,700 to \$9,850, for a total of \$85,600
10	CHAUDHRY KHAN	1-21-00 to 1-25-00	Thirteen WWS checks, numbers 2155-2167, six payable to AES and seven payable to RT, in amount ranging from \$8,400 to \$9,800, for a total of \$120,000
11	CHAUDHRY KHAN	3-14-00 to 3-20-00	Seventeen WWS checks, numbers 2408-2424, nine payable to RT and eight payable to AES, in amount ranging from \$5,650 to \$9,850, for a total amount of \$150,000
12	CHAUDHRY KHAN	4-29-00 to 5-8-00	Thirteen WWS checks, five payable to RT, eight payable to AES, in amounts ranging from \$3,150 to \$9,500, for a total of \$112,600
13	CHAUDHRY KHAN	12-7-00 to 12-8-00	Four Powerhouse checks, numbers 1505-1508, two payable to RT and two payable to AES, all in the amount of \$7,125, for a total of \$28,500
14	CHAUDHRY KHAN	3-23-00 to 3-27-00	Three Coldeneye checks, number 1666-1668, payable to RT, ranging from \$8,500 to \$9,500, for a total of \$27,000

INDICTMENT [Chaudhry and Khan]

COUNT	DEFENDANT(S)	DATE(S)	DESCRIPTION
15	CHAUDHRY KHAN	3-29-00 to 3-31-00	Five Goldeneye checks, numbers 1673-1677, two payable to RT and three payable to AES, in amount ranging from \$8,100 to \$9,800, for a total of \$45,500
16	CHAUDHRY KHAN	3-23-00	Six Computerless checks, numbers 1357-1362, payable to RT, five in the amount of \$9,500 and one in the amount of \$9,802, for total of \$57,302
17	CHAUDHRY	10-12-99	Four Computerless checks, numbers 1173-1176, payable to RT, in amounts ranging from \$9,453 to \$9,900, for a total of \$39,153

All in violation of Title 31, United States Code, Section 5324(a)(3); Title 31, Code of Federal Regulations, Section 103.22; and Title 18, United States Code, Section 2.

COUNT EIGHTEEN: (31 U.S.C. § 5317(c)(1)(A) - Criminal Forfeiture)

20. The allegations contained in Counts Six through Sixteen of this Indictment are hereby realleged and by this reference fully incorporated herein for the purpose of alleging forfeitures pursuant to the provisions of Title 31, United States Code, Section 5317(c)(1)(A).

21. As a result of the offenses alleged in Counts Six through Fifteen, the defendants Mohammad Yousuf Chaudhry and Ali H. Kahn shall forfeit to the United States all property, real or personal, involved in the offenses and any property traceable thereto.

22. If any of the property described herein as being subject to forfeiture, as a result of any act or omission of the defendant -

- (1) cannot be located upon the exercise of due diligence;
- (2) has been transferred or sold to or deposited with, a third person;
- (3) has been placed beyond the jurisdiction of the Court;
- (4) has been substantially diminished in value; or
- (5) has been commingled with other property which cannot be subdivided without difficulty;

any and all interest defendants have in other property shall be vested in the United States and

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INDICTMENT
[Chaudhry and Khan]

1 forfeited to the United States pursuant to Title 31, United States Code, Section 5317(c)(1)(B),
2 and Title 21, United States Code, Section 853(p).

3 DATED: October 23, 2003

A TRUE BILL.

4
5 *Margaret G...* 10/23/03
FO REPERSON

6 KEVIN V. RYAN
7 United States Attorney

8 *Charles B. Burch*

9 CHARLES B. BURCH
Acting Oakland Branch Chief

10
11 (Approved as to form: *[Signature]*

AUSA SONDERBY

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INDICTMENT
[Chaudhry and Khan]