

IN THE UNITED STATES OF AMERICA
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA	:	CRIMINAL NO. 06-CR-
	:	
v.	:	DATE FILED: 11/28/06
	:	
T. MILTON STREET, SR.	:	VIOLATIONS:
JOHN H. VELARDI, SR.	:	18 U.S.C. § 1341 (mail fraud - 2 counts)
MATTHIAS A. SCHWABE	:	18 U.S.C. §§ 1343, 1349 (wire fraud- 2
	:	counts)
	:	18 U.S.C. §§ 1343, 1346, 1349 (honest
	:	services wire fraud - 1 count)
	:	26 U.S.C. § 7206(1) (filing false tax
	:	return - 1 count)
	:	26 U.S.C. § 7206(2) (assisting in false tax
	:	return - 2 counts)
	:	26 U.S.C. § 7203 (failure to file tax
	:	return - 3 counts)
	:	18 U.S.C. § 2 (aiding and abetting)
	:	Notice of forfeiture

INDICTMENT

COUNT ONE

MAIL FRAUD

THE GRAND JURY CHARGES THAT:

At all times material to this indictment:

BACKGROUND

A. The Facilities Maintenance Contract

1. The Facilities Maintenance Contract was a contract for work at the Philadelphia International Airport and the Northeast Philadelphia Airport, offered for bid by the City of Philadelphia in the year 2001. The Facilities Maintenance Contract covered various

maintenance tasks at the airport, including maintenance of elevators, baggage conveyors, jet bridges, storm water and sanitary drainage, fire protection systems, heating, ventilation and air conditioning, and landscaping. The contract term was a single year, with three additional one-year terms renewable at the sole discretion of the City of Philadelphia.

2. The Facilities Maintenance Contract had a contract value of over \$13.6 million per year.

B. Philadelphia Airport Services

3. Philadelphia Airport Services ("PAS") was a joint venture, formed in 2001 specifically to bid on the Facilities Maintenance Contract. It consisted of three joint venture partners: General Asphalt Paving, Affiliated Building Services, and U.S. Facilities.

4. Affiliated Building Services was the managing joint venture partner for PAS, and it handled the finances for PAS out of its offices in Houston, Texas.

5. The Facilities Maintenance Contract was awarded to PAS on July 19, 2001, with work beginning on October 1, 2001.

6. Defendant JOHN H. VELARDI, SR., was the Facilities Director for PAS at the Philadelphia International Airport.

7. MATTHIAS A. SCHWABE (charged elsewhere in this indictment) was the Facilities Maintenance Manager for PAS at the Philadelphia International Airport.

C. The Minority Business Enterprise Council

8. The Minority Business Enterprise Council ("MBEC") was an agency of the City of Philadelphia that attempted to ensure that minority-owned, women-owned, and disabled-owned disadvantaged business enterprises had equal access to and opportunity to

compete for and secure contracts with the City of Philadelphia.

9. As part of its role, MBEC certified such businesses and individuals as qualified and experienced in specific lines of business.

D. Defendant T. MILTON STREET, SR., and His Businesses

10. Defendant T. MILTON STREET, SR., was a food vendor in Philadelphia, Pennsylvania, selling items such as hot dogs and soda at area events.

11. In or about January 2000, the younger brother of defendant T. MILTON STREET, SR., became the Mayor of the City of Philadelphia.

12. Starting in 2000, defendant T. MILTON STREET, SR., began hiring himself out as a highly-paid consultant to area businesses who believed that defendant STREET could help them obtain business with the City of Philadelphia.

13. In or about 2000, General Asphalt Paving hired defendant T. MILTON STREET, SR., to be a consultant to General Asphalt Paving, and paid defendant STREET approximately \$8,000 (later increased to approximately \$12,500) per month, in an effort to gain business with the City of Philadelphia including the Facilities Maintenance Contract.

14. In or about 2002, PAS hired defendant T. MILTON STREET, SR., to be a consultant to PAS, at compensation of \$30,000 per month, in an effort to hold onto the Facilities Maintenance Contract and obtain additional work at the Philadelphia International Airport.

15. From in or about 2000, to in or about 2004, defendant T. MILTON STREET, SR., received more than approximately \$2 million in consulting and other non-vending income, none of which defendant STREET reported to the Internal Revenue Service or paid taxes on, as he was required by law to do, which conduct is charged in Counts 6 through 10.

16. Defendant T. MILTON STREET, SR., was the president of a company called Notlim, Inc. ("Notlim"). Notlim originally was certified by MBEC to operate as a minority-owned food vendor. In 2002, Notlim also was certified by MBEC to operate as a minority-owned consulting company.

17. Defendant T. MILTON STREET, SR., also owned Notlim Service Management Company ("NSMC") but never incorporated it or received any certification from MBEC to operate it as a minority-owned company.

E. The Airport Subcontract

18. During the first year of the Facilities Maintenance Contract, from in or about October 2001, to in or about September 2002, PAS hired a qualified subcontractor to perform the maintenance work for the contract's Schedule B (baggage conveyors), Schedule C (jet bridges), and Schedule D (passenger transportation vehicles). This subcontractor had prior experience in facilities maintenance work, and it performed the work required by the subcontract.

19. In the second year of the contract, from in or about October 2002, until in or about September 2003, PAS itself performed the work on Schedules B, C, and D.

20. In or about November 2002, PAS entered into a subcontract with NSMC (the "Subcontract"), signed by defendant T. MILTON STREET, SR., pursuant to which NSMC agreed to perform the maintenance work on Schedules B, C, and D. The value of the Subcontract to NSMC was approximately \$1.99 million per year until the new Terminal A West opened at the Philadelphia International Airport, at which time the value of the Subcontract could rise as high as approximately \$3.2 million per year.

21. Defendant T. MILTON STREET, SR., had no experience in facilities maintenance work. Therefore, PAS and defendant STREET agreed that defendant STREET would employ the PAS employees who already were performing the work on Schedules B, C, and D.

22. Starting in approximately November 2002, defendant T. MILTON STREET, SR., collected approximately \$166,000 per month from PAS under the Subcontract, and PAS collected approximately \$133,000 per month back from defendant STREET for the use of its employees. The end result was that defendant STREET retained approximately \$33,000 per month from PAS under the Subcontract.

23. PAS, through MATTHIAS A. SCHWABE and others, helped defendant T. MILTON STREET, SR., prepare for the Subcontract work by helping him find office space and insurance, preparing his business plan, attempting to find him a business partner, and attempting to find him a bank loan.

24. The Subcontract incorporated the terms of the Facilities Maintenance Contract, which required the City of Philadelphia, Division of Aviation (“DOA”) to approve any subcontracts entered into by PAS under the Facilities Maintenance Contract. The DOA conditionally approved the Subcontract on April 17, 2003, on the condition that, among other things, NSMC receive MBEC certification.

25. Despite all of the above preparation work and payments, defendant T. MILTON STREET, SR., and NSMC never performed any work under the Subcontract.

F. Cancellation of the Subcontract

26. In approximately the first week of June 2003, the Philadelphia-area radio stations and newspapers broadcast and published news reports of the Subcontract that defendant T. MILTON STREET, SR., obtained for facilities maintenance work at the Philadelphia International Airport.

27. As a result of this publicity, on or about June 6, 2003, defendant T. MILTON STREET, SR., sent a letter to PAS withdrawing NSMC from the Subcontract. In that letter, defendant STREET stated that "it is clear that my participation would raise questions about the appropriateness of the subcontract because of my relationship to the Mayor. Rather than generate such a controversy, and in accordance with the Mayor's request, I choose to withdraw."

28. On or about June 9, 2003, defendant T. MILTON STREET, SR. presented a Recertification Disclosure Affidavit to MBEC for NSMC, asking for recertification as a facilities maintenance management company, although NSMC had never been so certified. NSMC never received this or any other certification from MBEC.

29. On or about June 16, 2003, defendant T. MILTON STREET, SR. sent a letter to PAS attempting to rescind his withdrawal from the Subcontract. That letter stated in part that, "[a]fter further study, our attempt to withdraw from this contract would cause Notlim, Inc. irreparable harm. To that extent we have informed the Mayor of our intention to not withdraw."

30. On or about June 18, 2003, the City of Philadelphia, Director of Aviation, wrote to PAS that the conditional approval of NSMC as a subcontractor on the Facilities Maintenance Contract was rescinded.

31. Upon receipt of the June 18, 2003 letter from the Director of Aviation rescinding the Subcontract, the immediate supervisor of defendant JOHN H. VELARDI, SR., told defendant VELARDI to notify defendant T. MILTON STREET, SR. that the Subcontract was cancelled.

32. With his Subcontract cancelled, and because defendant T. MILTON STREET, SR., owed money to PAS which would be withheld from his compensation, starting in or about June 2003, defendant STREET was facing the prospect of a significant reduction to his monthly income.

G. V-Tech Services, Inc.

33. V-Tech Services, Inc. ("V-Tech") was an MBEC-certified minority-owned company engaged in, among other things, landscaping, office cleaning, and snow removal.

34. Starting in or about July 2003, defendant T. MILTON STREET, SR., and defendant JOHN H. VELARDI, SR., discussed with V-Tech and its owner T.N. a potential assignment of the Subcontract from NSMC to V-Tech and T.N. During these discussions, defendant STREET and defendant VELARDI made knowing misrepresentations to T.N. in order to induce V-Tech to pay defendant STREET for the assignment, including misrepresentations that defendant STREET had the ability and authority to assign the Subcontract, as well as misrepresentations about the value of the Subcontract.

35. V-Tech received an MBEC certification in facilities management in April 2004.

THE SCHEME

_____36. From in or about July 2003 until in or about July 2004, defendants

**T. MILTON STREET, SR., and
JOHN H. VELARDI, SR.,**

devised and intended to devise, and aided, abetted, and willfully caused the devising of, a scheme to defraud V-Tech and T.N., and to obtain money from V-Tech and T.N., by means of false and fraudulent pretenses, representations and promises.

MANNER AND MEANS

It was part of the scheme that:

37. In or about July 2003, defendant T. MILTON STREET, SR., told T.N. that he wanted to assign the Subcontract to V-Tech, and that the contract was worth \$3.2 million per year, with a monthly profit of approximately \$100,000, even though defendant STREET knew these figures exceeded the true value of the Subcontract.

38. In or about September 2003, defendant JOHN H. VELARDI, SR., told T.N. that he approved of defendant T. MILTON STREET, SR., assigning the Subcontract to T.N., even though defendant VELARDI had been told previously that the Subcontract was cancelled.

39. On or about September 22, 2003, defendant T. MILTON STREET, SR., signed an agreement purporting to assign the Subcontract to V-Tech. The agreement falsely stated that defendant STREET had obtained proper written consent from PAS to assign the Subcontract to V-Tech. The assignment also provided that V-Tech would pay \$250,000, as well as an additional \$50,000 and 50% of all profits under the Subcontract after the first \$300,000 in

net profits, to defendant STREET. Defendant STREET accepted \$50,000 in cash from T.N. as a partial payment under the Subcontract, with the remainder due to defendant STREET once V-Tech was permitted to begin work under the Subcontract.

40. On or about September 22, 2003, the same date defendant T. MILTON STREET, SR., signed the assignment agreement with V-Tech and T.N., defendant JOHN H. VELARDI, SR., belatedly sent a letter to defendant STREET stating that the Subcontract with NSMC was cancelled, despite the fact that defendant VELARDI had been instructed to notify defendant STREET of the cancellation months earlier.

41. Between in or about September 2003 and in or about July 2004, defendant JOHN H. VELARDI, SR., continually delayed V-Tech's start date under the Subcontract.

42. On or about November 20, 2003, defendant T. MILTON STREET, SR. asked T.N. for additional up-front money, even though V-Tech had not been given a date to start work under the Subcontract. Defendant STREET convinced V-Tech to lend him \$30,000, which amount would be offset against the \$200,000 owed to defendant STREET under the assignment agreement.

43. Acting in reliance upon the representations of defendants T. MILTON STREET, SR. and JOHN H. VELARDI, SR., T.N. spent over \$100,000 to prepare for the execution of the Subcontract by V-Tech.

44. In or about January 2004, defendant JOHN H. VELARDI, SR., sent T.N. a proposed subcontract between PAS and V-Tech with a maximum contract value of \$1.345 million, far less than the \$3.2 million per year promised to V-Tech and T.N. in the assignment agreement. Defendant VELARDI also told T.N. that V-Tech could start work on the Subcontract

once it obtained additional insurance and approval from the unions involved.

45. Defendant JOHN H. VELARDI, SR., never gave V-Tech a date on which V-Tech could begin its work at the Philadelphia International Airport. V-Tech therefore never performed any work, nor collected any money, under the assignment agreement or the Subcontract.

46. On or about August 18, 2003, in the Eastern District of Pennsylvania, defendants

**T. MILTON STREET, SR., and
JOHN H. VELARDI, SR.,**

for the purpose of executing the scheme described above, attempting to do so, and aiding and abetting its execution, knowingly caused to be delivered, by the United States mail, according to the directions thereon, a letter from Notlim Incorporated to V-Tech and its owner T.N., which letter furthered the scheme by leading T.N. to believe that V-Tech had to reach quick agreement with defendant STREET, or risk losing any chance at obtaining an assignment of the Subcontract.

In violation of Title 18, United States Code, Sections 1341 and 2.

COUNTS TWO AND THREE

WIRE FRAUD

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 45 of Count One are incorporated here.
- _____ 2. On or about the dates set forth below, in the Eastern District of Pennsylvania, defendants

**T. MILTON STREET, SR., and
JOHN H. VELARDI, SR.,**

for the purpose of executing the scheme described above, attempting to do so, and aiding and abetting its execution, caused to be transmitted, by means of wire communication in interstate commerce, the signals and sounds described below for each count, each transmission constituting a separate count:

COUNT	DATE	DESCRIPTION
2	09/03/03	Email to T.N., scheduling a meeting to discuss the assignment
3	09/09/03	Email to T.N., suggesting a telephone call to discuss the assignment

All in violation of Title 18, United States Code, Sections 1343, 1349, and 2.

COUNT FOUR

HONEST SERVICES WIRE FRAUD

THE GRAND JURY FURTHER CHARGES THAT:

At all times material to this indictment:

1. Paragraphs 1 through 25 of Count One are incorporated here.
2. MATTHIAS A. SCHWABE owed a duty to provide honest services to his employer PAS.

THE SCHEME

_____ 3. From in or about January 2003, until in or about July 2004, defendant

T. MILTON STREET, SR.,

devised and intended to devise, and aided, abetted, and willfully caused the devising of, a scheme to defraud PAS of the intangible right to MATTHIAS A. SCHWABE's honest services, by means of false and fraudulent pretenses, representations and promises, by paying SCHWABE approximately \$98,000 in exchange for favors past and future, knowing and intending that such payments and favors would deprive PAS of the intangible right to SCHWABE'S honest services.

MANNER AND MEANS

It was part of the scheme that:

A. The January 2003 Payment

4. In or about January 2003, NSMC and defendant T. MILTON STREET, SR., collected approximately \$166,000 from PAS under the Subcontract for the month of December 2002.

5. Also in or about January 2003, PAS submitted an invoice to Notlim for the month of December 2002, for approximately \$103,000, rather than for the agreed-upon regular monthly amount of approximately \$133,000. Defendant T. MILTON STREET, SR., paid PAS \$103,000 for the month of December 2002, thus retaining \$30,000 more than usual.

6. On or about January 23, 2003, defendant T. MILTON STREET, SR., gave a \$15,000 check to MATTHIAS A. SCHWABE. The check was made payable to SCHWABE's wife, and it stated on the memo line that it was for "consulting svcs" which SCHWABE's wife never performed, in part so that PAS would not find out about the payment.

7. SCHWABE never notified anyone at PAS about this \$15,000 payment.

B. The February-March 2003 Payment

8. In or about February 2003, NSMC and defendant T. MILTON STREET, SR., collected approximately \$166,000 from PAS under the Subcontract for the month of January 2003. MATTHIAS A. SCHWABE handed this payment to defendant STREET.

9. Also in or about February 2003, PAS submitted an invoice to Notlim for approximately \$133,000 for the month of January 2003, with the notation: "Due to loan, no payment required." Defendant T. MILTON STREET, SR., made no payment on that invoice, thereby retaining the full \$166,000 for that month.

10. On or about March 7, 2003, defendant T. MILTON STREET, SR., handed a signed check to MATTHIAS A. SCHWABE, to help SCHWABE pay for home renovations. The check was made out for \$83,000 – half of the above \$166,000 payment.

11. MATTHIAS A. SCHWABE thereafter made the check payable to his home contractor, so that PAS would not find out about the payment.

12. MATTHIAS A. SCHWABE never notified anyone at PAS about this \$83,000 payment.

**C. Services and Favors Performed for Defendant
T. MILTON STREET, SR. by MATTHIAS A. SCHWABE**

13. While employed by PAS, MATTHIAS A. SCHWABE performed many services and favors for the benefit of defendant T. MILTON STREET, SR., including but not limited to the following:

a. SCHWABE was the first to suggest that defendant STREET be given the lucrative Subcontract, even though defendant STREET had no experience in facilities maintenance;

b. SCHWABE provided at least seven PAS-paid cell phones to defendant STREET for the use of defendant STREET, his son, and his various employees, including food vendors;

c. SCHWABE put together a bid for defendant STREET to maintain kitchen exhaust hoods at the Philadelphia International Airport;

d. SCHWABE helped defendant STREET renovate his vending space at the Robin Hood Dell East concert venue in Philadelphia, Pennsylvania;

e. SCHWABE located and arranged for the purchase of sound equipment for an upcoming political campaign, on request of defendant STREET.

f. SCHWABE helped defendant STREET arrange for the renovation of a hair salon for defendant STREET's girlfriend, after which SCHWABE submitted and caused to be submitted a voucher to PAS requesting payment to the contractor in the amount of \$22,035.

14. On or about before June 2, 2004, in the Eastern District of Pennsylvania and elsewhere, defendant

T. MILTON STREET, SR.,

for the purpose of executing the scheme to defraud described above, attempting to do so, and aiding and abetting its execution, caused to be transmitted by means of wire communication in interstate commerce signals and sounds, that is, an electronic payment request for \$22,035, from PAS's offices in Philadelphia, Pennsylvania, to Affiliated Building Services in Houston, Texas, which payment was for renovations made to a hair salon for defendant STREET's girlfriend, and not for PAS business.

All in violation of Title 18, United States Code, Sections 1343, 1346, 1349, and 2.

COUNT FIVE

MAIL FRAUD

THE GRAND JURY FURTHER CHARGES THAT:

At all times material to this indictment:

- _____ 1. PAS maintained a petty cash checking account at Sovereign Bank.
2. Defendant MATTHIAS A. SCHWABE had signing authority for this petty cash fund as part of his duties as Facilities Maintenance Manager for PAS at the Philadelphia International Airport.
3. When replenishment of the petty cash fund was needed, defendant MATTHIAS A. SCHWABE submitted a reimbursement request to Affiliated Building Services in Houston, Texas.
4. Defendant MATTHIAS A. SCHWABE was not permitted to use money from the PAS petty cash account to pay for his personal expenses.

THE SCHEME

- _____ 5. From in or about January 2003 until in or about December 2004, in the Eastern District of Pennsylvania and elsewhere, defendant

MATTHIAS A. SCHWABE

devised and intended to devise a scheme to defraud PAS and to obtain money from PAS by means of false and fraudulent pretenses, representations and promises.

MANNER AND MEANS

It was part of the scheme that:

6. Defendant MATTHIAS A. SCHWABE spent approximately \$10,000 from the petty cash checking account on personal expenses such as food, clothing, and entertainment, and he falsely and fraudulently represented to PAS that these expenses were for the benefit of PAS.

7. On or about April 11, 2003, defendant

MATTHIAS A. SCHWABE,

for the purpose of executing the scheme to defraud described above, attempting to do so, and aiding and abetting its execution, knowingly caused to be delivered, by the United States mail, according to the directions thereon, a payment request to Affiliated Building Services in Houston, Texas, which payment request was for replenishment of the PAS petty cash checking account.

All in violation of Title 18, United States Code, Sections 1341 and 2.

COUNT SIX

ASSISTING IN FALSE TAX RETURN FOR TAX YEAR 2000

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 10 through 25 of Count One are incorporated here.
2. On or about September 24, 2001, defendant T. MILTON STREET, SR.,

filed and caused to be filed his federal tax return for the year 2000, and reported only approximately \$19,900 in vending income for that year.

_____ 3. Defendant T. MILTON STREET, SR., failed to disclose that he also received consulting and other non-vending income from various companies, which totaled over \$75,000 in the year 2000.

4. In or about September 2001, in the Eastern District of Pennsylvania, defendant

T. MILTON STREET, SR.,

willfully aided and assisted in the preparation and presentation of a materially false and fraudulent tax return, namely his United States income tax return, Form 1040, for the calendar year 2000, knowing that the tax return was materially false and fraudulent, in that defendant STREET knew the tax return did not disclose his substantial consulting and other non-vending income.

In violation of Title 26, United States Code, Section 7206(2).

COUNT SEVEN

ASSISTING IN FALSE TAX RETURN FOR TAX YEAR 2001

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 10 through 25 of Count One are incorporated here.

_____ 2. On or about April 27, 2004, defendant T. MILTON STREET, SR., filed and caused to be filed his 2001 federal tax return, and reported only approximately \$25,900 in vending income for that year.

_____ 3. Defendant T. MILTON STREET, SR., failed to disclose that he also received consulting and other non-vending income from various companies, which totaled over \$150,000 in the year 2001.

4. In or about April 2004, in the Eastern District of Pennsylvania, defendant

T. MILTON STREET, SR.,

willfully aided and assisted in the preparation and presentation of a materially false and fraudulent tax return, namely his United States income tax return, Form 1040, for the calendar year 2001, knowing that the tax return was materially false and fraudulent, in that defendant STREET knew the tax return did not disclose his substantial consulting and other non-vending income.

In violation of Title 26, United States Code, Section 7206(2).

COUNT EIGHT

FAILURE TO FILE TAX RETURN FOR TAX YEAR 2002

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 10 through 25 of Count One are incorporated here.
2. For tax year 2002, under the Internal Revenue Code and related regulations, every individual whose gross income exceeded \$7,700 was required to file a federal income tax return.
3. In 2002, defendant T. MILTON STREET, SR., and his businesses received more than \$550,000 in gross consulting and other non-vending income from PAS and other businesses.
4. On or about April 15, 2003, in Philadelphia, in the Eastern District of Pennsylvania, and elsewhere, defendant

T. MILTON STREET, SR.,

had and received gross income substantially in excess of the minimum filing requirement of \$7,700, and by reason of such gross income he was required by law, following the close of that calendar year and on or before April 15, 2003, to make an income tax return to the Director, Internal Revenue Service Center, at Philadelphia, Pennsylvania, or other proper officer of the United States, stating specifically the items of his gross income and any deductions and credits to which he was entitled; and knowing this, he willfully failed to make an income tax return to the Director of the Internal Revenue Service Center, or to any other proper officer of the United States.

In violation of Title 26, United States Code, Section 7203.

COUNT NINE

FAILURE TO FILE TAX RETURN FOR TAX YEAR 2003

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 10 through 25 of Count One are incorporated here.
2. For tax year 2003, under the Internal Revenue Code and related regulations, every individual whose gross income exceeded \$7,800 was required to file a federal income tax return.
3. In 2003, defendant T. MILTON STREET, SR., and his businesses received more than \$1.5 million in gross consulting and other non-vending income from PAS and other businesses.
4. On or about April 15, 2004, in Philadelphia, in the Eastern District of Pennsylvania, and elsewhere, defendant

T. MILTON STREET, SR.,

had and received gross income substantially in excess of the minimum filing requirement of \$7,800, and by reason of such gross income he was required by law, following the close of that calendar year and on or before April 15, 2004, to make an income tax return to the Director, Internal Revenue Service Center, at Philadelphia, Pennsylvania, or other proper officer of the United States, stating specifically the items of his gross income and any deductions and credits to which he was entitled; and knowing this, he willfully failed to make an income tax return to the Director of the Internal Revenue Service Center, or to any other proper officer of the United States.

In violation of Title 26, United States Code, Section 7203.

COUNT TEN

FAILURE TO FILE TAX RETURN FOR TAX YEAR 2004

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 10 through 25 of Count One are incorporated here.
2. For tax year 2004, under the Internal Revenue Code and related regulations, every individual whose gross income exceeded \$9,150 was required to file a federal income tax return.
3. In 2004, defendant T. MILTON STREET, SR., and his businesses received more than \$300,000 in gross consulting and other non-vending income from PAS and other businesses.
4. On or about August 15, 2005, in Philadelphia, in the Eastern District of Pennsylvania, and elsewhere, defendant

T. MILTON STREET, SR.,

had and received gross income substantially in excess of the minimum filing requirement of \$9,150, and by reason of such gross income he was required by law, following the close of that calendar year and on or before August 15, 2005, given defendant STREET's request for a filing extension, to make an income tax return to the Director, Internal Revenue Service Center, at Philadelphia, Pennsylvania, or other proper officer of the United States, stating specifically the items of his gross income and any deductions and credits to which he was entitled; and knowing this, he willfully failed to make an income tax return to the Director of the Internal Revenue Service Center, or to any other proper officer of the United States.

In violation of Title 26, United States Code, Section 7203.

COUNT ELEVEN

FILING FALSE TAX RETURN

THE GRAND JURY FURTHER CHARGES THAT:

On or about April 15, 2004, in the Eastern District of Pennsylvania, defendant

MATTHIAS A. SCHWABE

willfully made and subscribed a U.S. Individual Income Tax Return, Form 1040, for the calendar year 2003, which was verified by a written declaration that it was made under the penalties of perjury and was filed with the Internal Revenue Service, Philadelphia Service Center, Philadelphia, Pennsylvania, which income tax return he did not believe to be true and correct as to every material matter, in that the return failed to report \$83,000 received from T. MILTON STREET, SR., as income.

In violation of Title 26, United States Code, Section 7206(1).

NOTICE OF FORFEITURE

THE GRAND JURY FURTHER CHARGES THAT:

1. As a result of the violations of Title 18, United States Code, Sections 1341, 1343, and 1349, as set forth in Counts 1, 2, and 3 of this indictment, defendant

T. MILTON STREET, SR.,

shall forfeit to the United States of America any property, real or personal, that constitutes or is derived from proceeds traceable to the commission of such offenses, including, but not limited to, the sum of \$80,000, and:

2. If any of the property subject to forfeiture, as a result of any act or omission of the defendant:

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third party;
- (c) has been placed beyond the jurisdiction of the Court;
- (d) has been substantially diminished in value; or
- (e) has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States, pursuant to Title 28, United States Code, Section 2461(c), incorporating Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendant up to the value of the property subject to forfeiture.

All pursuant to Title 28, United States Code, Section 2461(c) and Title 18, United States Code, Section 981(a)(1)(C).

A TRUE BILL:

FOREPERSON

PATRICK L. MEEHAN
United States Attorney