



Department of Justice

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LOTTERY WINNER AND MARKET OWNER CONVICTED OF CONSPIRACY TO DEFRAUD THE IRS

Charles M. Oberly, III, United States Attorney for the District of Delaware announced that Kedrick Francis, of Wilmington Delaware, and Chirag Patel, of Philadelphia, Pennsylvania, each pleaded guilty yesterday to one count of conspiracy to defraud the Internal Revenue Service. In addition, Francis and Patel each pleaded guilty to one count of making a false statement on a tax return. Francis and Patel now face up to three years in prison and a fine of up to \$100,000. Sentencing has been set for July 13, 2011.

According to documents filed in Court and statements made during the plea hearing, Chirag Patel was the owner and operator of Conley's Market, a convenience store in Woodlyn, Pennsylvania. Kedrick Francis regularly purchased Pennsylvania Lottery tickets from Patel at Conley's Market. On February 23, 2008, Francis won \$532,000 from the Pennsylvania Lottery. On that day, defendant had purchased a total of 360 \$0.50 tickets with the winning number of "4177." Of these winning tickets, 200 were played "straight," resulting in \$500,000 in lottery winnings, and 160 were played "boxed," resulting in \$32,000 in lottery winnings. Shortly after Francis's winning lottery number was drawn, Patel contacted him and offered to assist him in redeeming the 200 "straight" tickets to enable Francis to evade a substantial portion of the tax liability due on the winnings. Francis agreed to give the "straight" tickets to Patel, who would enlist the help of others to redeem the tickets, or would use the personal information of others to do so. Patel would then return the proceeds of the redeemed lottery tickets to Francis, and keep a percentage of the proceeds for himself as a "fee." Since this process would generate a lottery claim form in the name of the third party, and not Francis, this had the effect of concealing Francis's Pennsylvania Lottery winnings from the IRS.

Francis provided Patel with all of the winning "straight" tickets over the course of several weeks in February and March 2008. Patel then approached a number of individuals and asked them to redeem lottery tickets on his behalf. Patel compensated some of these third-parties several hundred dollars for each lottery ticket redeemed. Each of the 200 winning "straight" tickets were redeemed at Conley's Market or nearby. Over the course of approximately one month, Patel wrote \$390,000 in checks to Francis, and gave him an additional \$60,000 in cash—the proceeds of the winning "straight" tickets less \$50,000, the "fee" charged by Patel. Neither Francis or Patel declared the proceeds of the lottery winnings on their federal income tax returns.

United States Attorney Oberly praised the work of the Internal Revenue Service Criminal Investigations saying, “The thorough investigation by the Internal Revenue Service led to the conviction of Mr. Francis and Mr. Patel, whose crime is the very essence of greed. Individuals who are fortunate enough to win the lottery cannot avoid their obligations to the government.”

“Tax evasion undermines the integrity of our system of taxation. Each of us is responsible for filing correct and accurate tax returns,” said Special Agent in Charge, Eric Hylton. “IRS Criminal Investigation will vigorously investigate those individuals who knowingly and willfully evade their tax obligation.”

This case was prosecuted by Assistant United States Attorney Lesley F. Wolf, who may be contacted for further information.

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