

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF WISCONSIN  
AT LAW AND IN ADMIRALTY

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UNITED STATES OF AMERICA,

Plaintiff,

Case No.

vs.

**VERIFIED COMPLAINT FOR  
CIVIL FORFEITURE IN REM**

CERTAIN REAL PROPERTY  
commonly known as  
5431 SOUTH 23<sup>RD</sup> STREET,  
MILWAUKEE, WISCONSIN,

Defendant.

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The United States of America, by its attorneys, Steven M. Biskupic, United States Attorney for the Eastern District of Wisconsin, and Scott J. Campbell, Assistant United States Attorney for said district, alleges as follows:

1. This is a civil action in rem brought to enforce the provisions of Title 18, United States Code, Section 981(a)(1)(C) which provides for the forfeiture of property which constitutes or is derived from proceeds traceable to interstate transportation and sale of stolen property with a value of \$5,000 or more, and known to have been stolen, in violation of Title 18, United States Code, Sections 2314 and 2315.

2. Plaintiff brings this action in rem in its own right to forfeit and condemn the defendant property. This Court has jurisdiction over an action commenced by the United States under 28 U.S.C. § 1345, and over an action for forfeiture under 28 U.S.C. § 1355.

3. This Court has *in rem* jurisdiction over the defendant property under 28 U.S.C. § 1355(b). Upon the filing of this complaint, the plaintiff will post a notice of the complaint on the property pursuant to the provisions of 18 U.S.C. § 985(c)(1) and Supplemental Rule G(3)(a).

4. Venue is proper in this district pursuant to 28 U.S.C. § 1355(b)(1), because some of the acts or omissions giving rise to the forfeiture of the defendant real property occurred in the Eastern District of Wisconsin.

5. The defendant real property is a parcel of property located at **5431 South 23<sup>rd</sup> Street, Milwaukee, Wisconsin**, with all appurtenances and improvements thereon, being further described as follows:

Certified Survey Map No. 1959, recorded in the office of the Register of Deeds for Milwaukee County on November 22, 1972, Reel 690 of Certified Survey Maps, Images 540-542 inclusive, as Document No. 4723031, being a part of the Southwest one-quarter (1/4) of Section Thirty (30), Township Six (6) North, Range Twenty-Two (22) East, in the City of Milwaukee, County of Milwaukee, State of Wisconsin.

Parcel ID Number: 644-1521-9

6. As of September 29, 2006, the defendant real property located at 5431 South 23<sup>rd</sup> Street, Milwaukee, Wisconsin, was titled to Abdul Hakim Azzam and Suhair Abdallah.

7. The facts and circumstances supporting the seizure and forfeiture of the defendant real property are contained in the Affidavit of Internal Revenue Service Special Agent Thomas C. Glunz, which is attached hereto as Exhibit A and is fully incorporated herein by reference.

8. The defendant real property, one parcel of property located at 5431 South 23<sup>rd</sup> Street, Milwaukee, Wisconsin, with all appurtenances and improvements thereon, is property that constitutes or is derived from proceeds traceable to interstate transportation and sale of stolen property with a value of \$5,000 or more in violation of Title 18, United States Code, Sections 2314 and 2315, and is therefore subject to forfeiture to the United States of America pursuant to Title 18, United States Code, Section 981(a)(1)(C).

WHEREFORE, the United States of America prays that notice of the complaint for civil forfeiture In Rem be posted upon the defendant real property located at 5431 South 23<sup>rd</sup> Street, Milwaukee, Wisconsin, with all appurtenances and improvements thereon, in an open and visible manner in order to make the government's action open and notorious; that due notice be given to all interested parties to appear and show cause why the forfeiture should not be decreed; that judgment declare the defendant real property to be condemned and forfeited to the United States of America for disposition according to law; and that the United States of America be granted such other and further relief as this Court may deem just and equitable, together with the costs and disbursements of this action.

Respectfully submitted,

STEVEN M. BISKUPIC  
United States Attorney

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**EXHIBIT A**

**AFFIDAVIT IN SUPPORT OF VERIFIED COMPLAINT FOR CIVIL  
FORFEITURE IN REM OF REAL PROPERTY LOCATED AT  
5431 SOUTH 23<sup>RD</sup> STREET, MILWAUKEE, WISCONSIN**

I, Thomas C. Glunz, having been first duly sworn on oath, state that:

**INTRODUCTION**

1. I am employed as a Special Agent with the Internal Revenue Service - Criminal Investigation ("IRS-CI"), and have been so employed since September 1992. My responsibilities include the investigation of criminal violations of the Internal Revenue laws (Title 26, United States Code), the Bank Secrecy Act (Title 31, United States Code), the Money Laundering Control Act (Title 18, United States Code, Section 1956), and related offenses.

2. This affidavit is submitted in support of a Verified Complaint for Civil Forfeiture In Rem of real property located at 5431 South 23<sup>rd</sup> Street, Milwaukee, Wisconsin. Based upon information I believe to be truthful and reliable, the defendant real property located at 5431 South 23<sup>rd</sup> Street, Milwaukee, Wisconsin, constitutes or is derived from proceeds traceable to the interstate transportation and sale of stolen property with a value of \$5,000 or more in violation of Title 18, United States Code, Sections 2314 and 2315.

3. According to the official records of the Register of Deeds of Milwaukee County, Wisconsin, the real property located at 5431 South 23<sup>rd</sup> Street, Milwaukee, Wisconsin, is titled in the names of Abdul Hakim Azzam and Suhair Adallah.

4. All the information contained in this affidavit is derived from my own personal knowledge and observations, from interviews of witnesses, from other law enforcement agencies, including the FBI and State of Wisconsin, from court records, and from other third

party records. I believe this information to be both reliable and credible. This information is offered for the purpose of obtaining search and seizure warrants for the above-described vehicle and does not exhaust my knowledge of the facts of this investigation.

## **INVESTIGATION OF ABDULHAKIM AZZAM**

### **Background**

5. Based on my training, experience, and participation in financial investigations involving the concealment of funds and assets in order to prevent detection by the Internal Revenue Service (“IRS”), the Federal Bureau of Investigation (“FBI”), and other government agencies, I have observed that:

- a. Individuals involved in illegal activities generate large amounts money from their sales. These individuals use the money to facilitate the operation of their illegal activities, and to purchase legitimate personal items, such as housing, cars, jewelry, and clothing.
- b. Individuals attempting to conceal their income or illegal activities will frequently place assets in the names of friends, relatives, or close associates to avoid detection of these assets by the IRS and other government agencies. Even though these assets are in the names of others, their true owners will continue to exercise dominion and control over the use, ownership, and disposition of these assets.
- c. Individuals involved in illegal activities often utilize domestic and international banks and their attendant services. They may often attempt to establish a “front” operation (business or shell corporation) which generate large quantities of cash to make it appear as if their wealth was legitimately obtained. In addition, they will often use checking and savings accounts at financial institutions. Frequently, these individuals have some sort of legitimate income or funds, and co-mingle their illegal profits with their legitimate funds. This helps to conceal the illegal source.

All of these methods employed by individuals to conceal illegal funds are what your affiant generally refers to as “money laundering.”

6. As is detailed below, this investigation shows that Abdulhakim AZZAM has been involved in buying and selling large quantities of stolen infant formula in Milwaukee, Wisconsin, and throughout the United States from approximately 1999 through 2003.

7. The financial investigation demonstrates that AZZAM has received millions of dollars in proceeds from the interstate transportation, receipt, and sale of stolen property with a value of \$5,000 or more, which are violations of Title 18 U.S.C. Sections 2314 and 2315, and has purchased real estate and a vehicle with these illegal proceeds in 2000 and 2003.

8. Although AZZAM does appear to receive some legitimate income from his ownership and employment at Penny Saver Food Market in Milwaukee, he does not receive the amount of money needed to make large asset purchases, such as a residence in Milwaukee for \$208,000.

9. Records pertaining to AZZAM's purchase of the Milwaukee residence in October of 2000 reflect that the residence was purchased outright, without any part of the purchase price having been financed through a mortgage loan. Records pertaining to AZZAM's ownership of the Milwaukee residence indicate that as of September of 2006, the Milwaukee residence is unencumbered by any mortgage loans, home equity loans, or home equity lines of credit.

10. The FBI has numerous ongoing national investigations which have identified retail theft groups, fences, wholesalers, and distributors operating nationwide who are involved in the theft and fencing of infant formula. In February 2002, Abdulhakim AZZAM of Milwaukee, Wisconsin was identified as a subject of this investigation.

11. FBI developed information that revealed AZZAM and his nephew, Mahmoud Bassar, a/k/a "Mack," were purchasing stolen infant formula and over-the-counter medications from fences in North Carolina and Georgia. Shipments of stolen infant formula were transported

from North Carolina and Georgia to AZZAM in Milwaukee by means of interstate commercial freight carriers, and were consigned to Penny Saver Food Market. AZZAM operates a small grocery store at 510 West Vine Street in Milwaukee named “Penny Saver Food Market.”

12. The stolen infant formula was made up of cans of powder, 12.9 to 14.2 ounces per can, depending on the type of formula. The formula was usually packed 18 cans per paper grocery bag. These grocery bags were then stacked three to four bags high on pallets, and then shrink wrapped for shipping. The estimated average value of these shipments ranged from \$70,000 to \$120,000.

13. A significant amount of the stolen infant formula was shipped interstate via ABF Freight Systems, Inc. to its terminal in West Allis, Wisconsin, where AZZAM and Bassar then picked up the formula, re-packaged it, and shipped it to wholesalers throughout the United States. According to ABF Freight shipping documents, AZZAM paid for all the shipping costs associated with receiving and shipping the stolen infant formula with checks from the Penny Saver Food Market bank account.

14. AZZAM also wrote checks from the Penny Saver Food Market bank account to obtain significant amounts of cash to pay off the retail theft groups and fences in North Carolina and Georgia.

15. The wholesalers who purchased the stolen infant formula from AZZAM and Bassar paid for the product via wire transfers made directly into the Penny Saver Food Market bank account or via checks payable to Penny Saver that AZZAM then deposited into the Penny Saver account.

16. To be sure, it is not unusual for infant formula to be sold on the secondary market. In this type of transaction, the purchaser who buys directly from the manufacturer, resells

overstock to another source, who then resells the formula on his own behalf. However, this investigation revealed that the infant formula that AZZAM is known to have shipped and received was not part of a secondary market sale. Rather, it was stolen.

### **Women Infant Children (“WIC”) Audit**

17. In July 2002, David J. Beem, Compliance Manager, WIC Vendor Management Section, Division of Public Health, State of Wisconsin, initiated a WIC audit of Penny Saver Food Market. The WIC program is a federally funded program designed to provide families in need with the specific nutritional needs for young children. Those who qualify for the benefits received vouchers that are redeemed at authorized stores for specific product items, including, milk, eggs, cereals, juice and dry or liquid infant formula. Beem provided the following information and documents relating to the history and ownership of Penny Saver Food Market.

18. On September 3, 1992, Abdulhakim AZZAM d/b/a Penny Saver entered into an agreement with the State of Wisconsin to participate in the WIC program.

19. In December 1997, AZZAM was disqualified from the WIC program for three years. AZZAM filed an appeal; however, he withdrew the appeal, and stated that he planned to sell the business.

20. In May 1998, approximately five months after AZZAM and Penny Saver were disqualified from the WIC program, an individual having the initials S.A. made an offer to purchase Penny Saver from AZZAM. S.A. submitted an application for his newly created company, Ola Corp d/b/a Penny Saver Food Market, which he incorporated in the State of Wisconsin on May 11, 1998.

21. On November 29, 1998, S.A. filed a Food Stamp Program Application For Stores on behalf of Penny Saver Food Market. The application stated Penny Saver was a “Medium or

Small Grocer,” with estimated business receipts of \$524,614, and intended to start business on January 1, 1999. On this application, S.A. checked “No,” when asked if he operates “a wholesale and retail firm at the same location.”

22. According to a closing statement, on February 1, 1999, AZZAM sold Penny Saver to Ola Corp. and S.A., its officer and director. The terms of the sale included a \$50,000 purchase price, which was to be paid at a rate of \$5,000 per month beginning March 1, 1999 until paid.

23. According to bank records subpoenaed and received in 2003 from U.S. Bank, f/k/a Firststar Bank, AZZAM and S.A. opened a Basic Business Checking account (#\*\*\*\*\*667) in the name Penny Saver Food Market, Ola Corp at Firststar Bank on March 10, 1999. The signature card for this account was signed by “Abdul N AZZAM” and S.A.

24. On April 8, 1999, less than one month later, the March 10, 1999 signature card was replaced with a new one that did not include AZZAM’s name or signature. The new signature card contained only S.A.’s name and signature. The title “President” was listed next to S.A.’s name.

#### **Statements of cooperating defendants**

25. On September 9, 2002, Cooperating Defendant #1 (“CD-1”) made the following statements to law enforcement officials in North Carolina regarding the theft and sale of stolen infant formula.

26. CD-1 knows and has worked with “Abdul,” also known as Abdulhakim AZZAM of Penny Saver Food Mart. CD-1 identified a photograph of AZZAM. CD-1 met AZZAM at an ABF Freight location in North Carolina approximately four years ago (1998), and has worked with AZZAM and AZZAM’s nephew in the theft and sale of infant formula.

27. CD-1 explained that groups of women go to a store in a city and steal three to six cans of infant formula at a time, putting them in their purses or other items of clothing. They end up generally with 60 to 70 cans at the end of the day. Each case contains six cans. CD-1 paid them \$25 per case.

28. A buyer like AZZAM buys the infant formula by the case. CD-1 would speak with AZZAM on the phone to arrange a deal. CD-1 would tell AZZAM how many cases CD-1 had to sell. They would then discuss the shipping. AZZAM would call ABF Freight and tell them where to send the shipment, either to Penny Saver in Milwaukee or to a business in Lexington, Kentucky. AZZAM would pay the ABF Freight shipping costs.

29. CD-1 estimated that CD-1 may have shipped up to 2,500 cases a week to Penny Saver, and that the price per case ranged from \$35 to \$55. The price of a case of stolen infant formula depended on the brand of formula.

30. CD-1 stated AZZAM had to know the infant formula was stolen because AZZAM could not buy the formula at such low rates. In addition, AZZAM saw for himself how the formula was packaged. A real distributor of infant formula would never have sold it in the condition that AZZAM received it.

31. CD-1 stated that before September 11, 2001, AZZAM would fly to North Carolina with cash to pay for the stolen infant formula. AZZAM would carry \$10,000 in cash, more or less, depending on the amount of stolen infant formula he was buying. After September 11, 2001, AZZAM became concerned about traveling with large sums of cash and being stopped by police or security, so AZZAM had his nephew drive to North Carolina to pay for the stolen infant formula.

32. On January 10, 2005, Jose Vidal Castellanos made the following statements to law enforcement officials in North Carolina regarding the theft and sale of stolen infant formula:

33. Castellanos met Abdul AZZAM and Mahmoud Bassar approximately four years ago (2001) in North Carolina where they negotiated the arrangement to work together buying and selling stolen infant formula. Castellanos identified photographs of AZZAM and Bassar. Castellanos shipped stolen infant formula to AZZAM and Bassar in the name Penny Saver.

34. Castellanos received the stolen infant formula from individuals who Castellanos referred to as Castellanos' "clients." Castellanos stated AZZAM, Bassar, and everyone involved in the network to buy and sell infant formula was aware it was stolen. Castellanos explained that some of the items still had price stickers on it from the stores where it was stolen.

35. Castellanos stated AZZAM always paid cash to Castellanos, and it was generally paid in \$100 bills. Prior to September 11, 2001, AZZAM and Bassar traveled to North Carolina approximately once a week to pay Castellanos. After September 11, 2001, AZZAM began sending packages of cash via Federal Express, DHL, UPS or a similar company to Castellanos and others for the stolen infant formula.

36. The packages of cash were sent to a postal mailbox in Cary, North Carolina that Castellanos maintained in the name of Castellanos' cousin. Each week, Castellanos received \$25,000 to \$75,000 from AZZAM and Bassar for the product that Castellanos sold to them.

37. On January 10, 2005, cooperating defendant Jose Gomez Borjas ("Gomez") made the following statements to law enforcement officials in North Carolina regarding the theft and sale of stolen infant formula:

38. Gomez began working with AZZAM and Bassar in 2003 after Castellanos left North Carolina for California, and Castellanos left Gomez with a portion of Castellanos' stolen

infant formula business. Gomez would deal with AZZAM over the phone to arrange shipments and payments. Gomez would then meet with Bassar at ABF Freight in North Carolina when Bassar would come to purchase stolen infant formula.

39. Gomez stated there was a lot of competition among “Arabs” for the stolen infant formula. Gomez sold to whoever paid the best price for the products. Gomez used ABF Freight to ship the stolen infant formula from North Carolina and Georgia to AZZAM and Bassar. Gomez used the Penny Saver name on the paperwork as the shipper and receiver.

40. Bassar initially paid Gomez in person after buying the stolen formula; however, Bassar had problems taking that much cash on an airplane so he began sending Gomez cash payments by Federal Express or UPS. AZZAM and Bassar explained to Gomez that Gomez needed to open postal mailboxes in order to be paid. Bassar explained the payment process to Gomez. If AZZAM and Bassar sent \$50,000 to Gomez, it would contain five bundles of \$10,000 each, generally made up of \$100 bills.

#### **FBI surveillance evidence**

41. On September 6, 2002, FBI agents conducted visual and video surveillance of ABF Freight Systems, Inc. in West Allis, Wisconsin. AZZAM was scheduled to pick up a shipment of infant formula on this date. Agents observed AZZAM and an unidentified male driving a white box truck to pick up pallets of infant formula from ABF Freight. AZZAM proceeded to take the pallets to a garage located at 5476 South 26<sup>th</sup> Street, where Mahmoud “Mack” Bassar rented one-half of a duplex. Agents observed that the garage was full of brown paper grocery type bags, full of what appeared to be infant formula. AZZAM and the unidentified male loaded the brown bags and other boxes in the garage into the truck. AZZAM

and the unidentified male then drove to an area wholesaler, where they were observed backing up the truck to the loading dock.

42. FBI conducted eight additional surveillances from September 13, 2002 through December 30, 2003, and observed AZZAM and Bassar at ABF Freight in West Allis on these dates picking up infant formula. FBI agents saw AZZAM and Bassar receiving the infant formula, unloading it, repackaging it, and shipping it to wholesalers throughout the United States. On numerous dates, the infant formula was observed being transported from ABF Freight in trucks rented from Budget Rentals to 5476 South 26<sup>th</sup> Street, and to 5431 South 23<sup>rd</sup> Street, which is AZZAM's residence.

#### **ABF Freight Systems, Inc. Records**

43. Shipping records were obtained from ABF Freight Systems, Inc. They confirm the origination point, destination, and volume of infant formula purchased and re-sold by AZZAM and Bassar. For example, on September 6, 2002, the first day of the FBI surveillance (as described above), the records reveal that a shipment of "Baby Formula" was delivered to "Penny Saver Milwaukee, WI" from "Penny Saver Milwaukee, WI / Durham, NC." The signature of the shipper was "Mack." The shipping cost was \$550.00, which was paid with check number 2984. According to U.S. Bank records, this is a check from the Penny Saver Food Market checking account.

#### **1999 and 2000 U.S. Bank Records**

44. An analysis of the bank records provided by U.S. Bank for the Penny Saver Food Market checking account (#\*\*\*\*\*667), which was opened on March 10, 1999, revealed that from March 1999 through October 17, 1999, the account appeared to have normal business activity for a "small to medium grocery" store. The individual deposits each month ranged from

\$2,000 to \$9,000. However, from October 18, 1999 through December 1999, there were four deposits ranging from \$33,000 to \$59,000, and which consisted primarily of large check payments from one wholesaler (known hereafter as “Wholesaler A”). For all of 1999, there was a total of \$386,042 in deposits made to the Penny Saver Food Market account. Approximately \$149,872 of this amount, or 39% of the total, was payments from Wholesaler A.

45. This trend of large payments from Wholesaler A continued into 2000. For all of 2000, a total of approximately \$1.7 million in payments from Wholesaler A was deposited into the Penny Saver Food Market account. This amount constituted approximately 80% of the total deposits (\$2.2 million) into the account for 2000.

46. In addition to the payments from Wholesaler A in 2000, there were multiple deposits into the Penny Saver Food Market account that consisted of checks payable to AZZAM personally. These included a refund check from the U.S. Treasury Department to AZZAM and his wife Suhair Azzam, payments from MATC to AZZAM, and monthly rental payments from Abdelrahim S. Awartani to AZZAM. Other deposits into the account consisted of WIC checks, and other items consistent with deposits for a grocery store.

47. The analysis of the Penny Saver Food Market bank records for 2000 also revealed that on January 18, 2000, and continuing until July 17, 2000, AZZAM wrote approximately fifteen checks payable to “CASH” from the Penny Saver account in the exact amount of \$10,000 (or \$150,000 total). On three occasions, AZZAM wrote two checks payable to “CASH” for \$10,000 on the same date. U.S. Bank filed Currency Transaction Reports (“CTR”) on these three days since the aggregate of the amount withdrawn on one day exceeded \$10,000 in cash.

48. After July 17, 2000, AZZAM began writing checks payable to “CASH” for amounts as high as \$85,000. S.A. also wrote checks to “CASH” that exceeded \$10,000. For all

of 2000, AZZAM and S.A. wrote checks payable to “CASH” for approximately \$1.5 million from the Penny Saver Food Market account. This amount constituted approximately 72% of the total withdrawals (\$2.0 million) from the account for 2000.

**Purchase of 5431 South 23<sup>rd</sup> Street, Milwaukee, WI**

49. In addition to the checks to “CASH” in 2000, AZZAM also wrote two Penny Saver checks totaling \$106,349 (\$51,349 and \$55,000) payable to Haifa Azzam. Haifa Azzam is the sister of AZZAM, and the mother of Mahmoud Bassar. Both of the Penny Saver checks had “Returned Amount” written in the memo section.

50. According to bank records received from U.S. Bank, f/k/a Firststar Bank, the two checks were deposited into Haifa Azzam’s personal bank account #\*\*\*\*\*608 at Firststar Bank. The first check from Penny Saver in the amount of \$51,349, was deposited on April 4, 2000. The second check from Penny Saver in the amount of \$55,000, was deposited on October 23, 2000. Per the signature card for this account, Abdulhakim AZZAM is the Power of Attorney for Haifa Azzam, and has signature authority on the account.

51. Also on October 23, 2000, Haifa Azzam’s account received a wire transfer in the amount of \$109,979 from Union National Bank. There was a subsequent debit from the account in the amount of \$202,851.40, also on October 23, 2000.

52. According to the Checking Debit slip received from U.S. Bank, Abdulhakim Azzam used the \$202,851.40 withdrawal to purchase cashier’s check #\*\*\*\*\*263, dated October 23, 2000, and made payable to “Michael Plum Trust Acct.” Azzam’s signature appears on the debit slip.

53. According to real estate records obtained from the Milwaukee County Register of Deeds, AZZAM and his wife Suhair Abdallah purchased the residence at 5431 South 23<sup>rd</sup> Street,

Milwaukee, Wisconsin from Neil and Patricia Milczarek for \$208,000 on October 23, 2000.

Patricia Milczarek was interviewed in December 2006 regarding this sale. She recalled selling the house to AZZAM and his family, and that Michael Plum handled the sale for her. At the time of the sale, AZZAM stated he was a professor at MATC, and taught computers. Milczarek also believed AZZAM's family owned a gas or convenience store.

### **2001 and 2002 U.S. Bank Records**

54. In 2001, approximately \$1.0 million in payments from Wholesaler A was deposited into the Penny Saver Food Market account. In addition, approximately \$4.4 million in wire transfers and checks from several wholesalers in Kentucky (known collectively hereafter as "Wholesaler B") was deposited into the account. These amounts from Wholesaler A and Wholesaler B, totaling \$5.4 million, constituted approximately 86% of the total deposits (\$6.3 million) into the account for 2001.

55. In 2001, AZZAM and S.A. wrote Penny Saver checks payable to "CASH" for approximately \$6.0 million from the Penny Saver Food Market account. This amount constituted approximately 93% of the total withdrawals (\$6.4 million) from the account for 2001.

56. In 2002, approximately \$1.5 million in payments from Wholesaler A and approximately \$641,619 in payments from Wholesaler B was deposited into the account. In addition, approximately \$1.2 million in wire transfers from several wholesalers in Arizona (known collectively hereafter as "Wholesaler C") was deposited into the account. These amounts from Wholesaler A, B, and C, totaling \$3.4 million, constituted approximately 75% of the total deposits (\$4.5 million) into the account for 2002.

57. In 2002, AZZAM and S.A. wrote Penny Saver checks payable to "CASH," and made cash withdrawals for approximately \$4.0 million from the Penny Saver Food Market

account. This amount constituted approximately 92% of the total withdrawals (\$4.4 million) from the account for 2002.

58. The following is a summary of the above analysis of the Penny Saver Food

Market account:

| YEAR           | Deposits from Wholesaler A | Deposits from Wholesaler B | Deposits from Wholesaler C    | Checks To Cash / Cash Withdrawal |
|----------------|----------------------------|----------------------------|-------------------------------|----------------------------------|
| 1999           | \$ 149,872.27              |                            |                               |                                  |
| 2000           | \$ 1,757,184.15            |                            |                               | \$ 1,517,000.00                  |
| 2001           | \$ 1,038,521.29            | \$ 4,419,020.00            | \$ 244,309.00                 | \$ 6,034,804.50                  |
| 2002           | \$ 1,555,062.88            | \$ 641,619.10              | \$ 1,230,659.75               | \$ 4,061,000.00                  |
| 2003           | \$ 867,491.60              | \$ 474,900.00              | \$ 1,852,014.50               | \$ 5,805,286.00                  |
| <b>TOTALS:</b> | <b>\$ 5,368,132.19</b>     | <b>\$ 5,535,539.10</b>     | <b>\$ 3,326,983.25</b>        |                                  |
|                |                            | <b>GRAND TOTALS:</b>       | <b><u>\$14,230,654.54</u></b> | <b><u>\$17,418,090.50</u></b>    |

59. U.S. Bank closed the Penny Saver Food Market account in September 2003.

AZZAM and S.A. opened a business account at Wells Fargo Bank in the name Ola Corp on September 16, 2003. AZZAM and S.A. opened a second business account at Tri City National Bank in the name Ola Corp. d/b/a Penny Saver on September 22, 2003.

60. Analysis of the Wells Fargo account reveals that it was opened solely to handle the large deposits and large withdrawals for the stolen infant formula scheme, similar to the activity in the Penny Saver Food Market account at U.S. Bank. The deposits and withdrawals do not reflect the activity of a small grocery store in Milwaukee. NOTE: The deposits from Wholesalers A, B, and C into the U.S. Bank and Wells Fargo account make up the amounts

reported for 2003 in the above table. The amount of cash withdrawals from both accounts is also reported for 2003.

61. Analysis of the Tri City account reveals that it was opened solely to handle the legitimate business activity of Penny Saver, as it has significantly smaller deposits and smaller withdrawals than the Wells Fargo and U.S. Bank accounts.

62. On May 4, 2004, S.A. testified in federal court in the civil matter of S.A. d/b/a Penny Saver Food Market vs. U.S. (Case No. 02-C-1132). S.A. stated that AZZAM did not have any ownership interest in Penny Saver. He stated AZZAM worked “on and off” at Penny Saver after S.A. bought it, and had not worked there in a “long time.” S.A. also testified that AZZAM did not get any part of the proceeds from the store.

#### **Traffic stop evidence**

63. On or about October 23, 2002, AZZAM was traffic stopped for a defective rear light by Milwaukee Police officers. AZZAM told officers that he works at Penny Saver Grocery and had \$80,000 in cash inside his car. Officers located a black case in the trunk that contained approximately \$84,920 in cash, and six cans of baby formula. AZZAM stated he had withdrawn \$80,000 from the Penny Saver account at U.S. Bank. During the traffic stop, Mahmoud Bassar walked up to officers to inquire about his uncle AZZAM. Bassar stated he is the owner of Penny Saver. Officers took custody of the \$84,920 in cash until AZZAM could show it was withdrawn from US Bank.

64. The following day, on October 24, 2002, AZZAM and Bassar went to the Milwaukee Police Department, and provided a U.S. Bank statement history printout that showed the withdrawal of \$80,000 from the Penny Saver account on October 23, 2002. AZZAM stated that he wrote out a check for cash and then cashed it at the bank. AZZAM stated that he uses

that money at the store to purchase store supplies, as well as cashing checks for customers inside the store.

### **Interview of U.S. Bank personnel**

65. On September 22, 2003, FBI agents interviewed a U.S. Bank employee who has known Abdulhakim AZZAM as a U.S. Bank customer for several years. The employee stated that over the past two years, AZZAM has gone from routinely negotiating transactions of \$10,000 to \$20,000 at a time to transactions of \$60,000 to \$70,000 at a time.

66. The employee stated that both AZZAM and S.A. conducted financial transactions on the Penny Saver Food Market account. However, prior to January 2003, AZZAM was the primary person to come into the bank and conduct the transactions.

67. Generally, AZZAM would call U.S. Bank and request a large sum of cash for the next day. He would ask, "Can I have anything today?" When AZZAM picked up the cash, he would have a black attaché case, which zipped around the top. AZZAM would push the attaché case toward the teller, and the teller would place the cash inside.

68. On one occasion, a U.S. Bank manager attempted to have a conversation with AZZAM regarding his cash activity. AZZAM stated it was "none of his business." AZZAM stated he is running a business that has cash in and out, and the bank did not need to know any more.

69. During the week of August 11, 2003, an unidentified male contacted U.S. Bank and attempted to withdraw \$280,000 in cash from the Penny Saver account. S.A. called shortly after and advised the bank, "don't listen to him," and asked for a lesser amount of cash. After this suspicious activity, AZZAM was notified by letter that his account would be closed. The Penny Saver account was closed out on September 19, 2003.

## Currency Transaction Reports (“CTR”)

70. U.S. Bank filed a CTR for every cash withdrawal made by AZZAM or S.A. that exceeded \$10,000. An analysis of the CTRs filed by U.S. Bank from April 2000 through September 2003, revealed that AZZAM and S.A. withdrew approximately \$16.6 million in cash from the Penny Saver Food Market account. AZZAM withdrew \$14.6 million himself, and S.A. withdrew the remaining \$2.0 million.

## 2000 – 2001 – 2002 Tax Returns

71. In or about July 2003, the Internal Revenue Service provided the 2000, 2001, and 2002 tax returns of Ola Corp., Abdulhakim AZZAM, and S.A., pursuant to a federal court order. According to the tax returns provided by the IRS, on or about June 18, 2002, S.A. filed a 2000 and 2001 Form 1120-A – U.S. Corporation Short-Form Income Tax Returns for Ola Corp. S.A. signed both returns as president.

72. The 2000 corporate tax return for Ola Corp. reported the following:

|                    |   |                   |
|--------------------|---|-------------------|
| Gross Receipts     | = | \$538,530         |
| Cost of Goods Sold | = | \$453,877         |
| Total Deductions   | = | \$ 84,703         |
| Taxable Income     | = | -\$ 50 (negative) |
| Total Tax          | = | \$ 0              |

73. The 2001 corporate tax return for Ola Corp. reported the following:

|                    |   |                   |
|--------------------|---|-------------------|
| Gross Receipts     | = | \$646,817         |
| Cost of Goods Sold | = | \$561,756         |
| Total Deductions   | = | \$ 85,091         |
| Taxable Income     | = | -\$ 30 (negative) |
| Total Tax          | = | \$ 0              |

74. Abdulhakim AZZAM and Suhair Azzam filed joint 2000 and 2001 tax returns (No 2002 tax return had been filed as of July 28, 2003). The Azzams reported approximately \$36,000 in wages from Penny Saver, and minimal rental income for both 2000 and 2001.

According to AZZAM's 2000 and 2001 tax returns, AZZAM listed six dependent daughters. One of the daughter's names is Ola Azzam.

75. Per the IRS, as of July 28, 2003, S.A. had not filed individual income tax returns for 2000, 2001, or 2002.

### **SUMMARY**

76. Beginning in May 1998, AZZAM attempted to conceal his ownership and interest in Penny Saver Food Market by allegedly selling the business to third party S.A.. AZZAM then removed his name from the signature card for the Penny Saver business checking account at U.S. Bank in April 1999. However, the evidence has shown AZZAM maintained control of the Penny Saver account at U.S. Bank from 1999 through 2003.

77. AZZAM deposited millions of dollars in illegal proceeds from the interstate transportation of stolen infant formula into the Penny Saver Food Market account, and co-mingled the funds with seemingly legitimate deposits from the operation of the Penny Saver grocery store, in an attempt to disguise the illegal funds. In addition, AZZAM personally withdrew over \$14.6 million in cash from the Penny Saver account in 2000 through 2003 to keep the stolen infant formula scheme functioning by reinvesting in additional product.

78. AZZAM also used the illegal proceeds to purchase his current residence at 5431 South 23<sup>rd</sup> Street, Milwaukee. AZZAM attempted to disguise his use of the proceeds to buy his residence by writing two Penny Saver checks totaling over \$106,000 to his sister, Haifa Azzam. Even though the money was deposited into Haifa Azzam bank account, it was used subsequently to purchase AZZAM's residence. AZZAM needed to disguise the illegal proceeds he used for personal use, because as evidenced by the tax returns he filed, he did not earn sufficient legitimate income to purchase the residence.

**CONCLUSION**

79. Based on my training and experience, the evidence received and the information obtained, I believe that the defendant property located at 5431 South 23<sup>rd</sup> Street, Milwaukee, Wisconsin, was purchased with proceeds traceable to the interstate transportation and sale of stolen property with a value of \$5,000 or more in violation of Title 18, U.S.C. Sections 2314 and 2315, and is therefore forfeitable to the United States under 18 U.S.C. § 981(a)(1)(C).

s/Thomas C. Glunz

Subscribed and sworn to before me  
this 2<sup>nd</sup> day of February, 2007.

s/CHERYL GROSS  
Notary Public, State of Wisconsin  
My commission Expires January 3, 2010.