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## Philadelphia restaurateur pleads guilty to tax fraud

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### Abstract (Document Summary)

He earlier pleaded not guilty to the tax charges. But Assistant U.S. Attorney Jennifer Arbittier Williams said she was prepared to prove [Neil Stein] skimmed cash from such restaurants as Striped Bass, Rouge and Bleu at the rate of \$200 or \$300 per day, and that he kept a double set of books to hide the deception.

Stein, she said, lived conspicuously above his means, shelling out as much as \$20,000 for vacations on St. Bart's island in the French West Indies, more than \$65,000 toward his daughter's wedding at the Four Seasons Hotel, and \$50,000 in annual rent for his Center City apartment.

[Andrew P. Goldner], 70, changed his plea to guilty on one of two counts of assisting in the preparation of a fraudulent income-tax return. Prosecutors are expected to drop their case involving Stein's 2000 tax return when Judge [Louis H. Pollak] sentences him on the 2001 count in several weeks.

### Full Text (721 words)

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Jun. 1--The man credited with reviving the Center City restaurant scene may wind up spending a year or more in the cooler.

But groundbreaking restaurateur Neil Stein, who pleaded guilty yesterday to federal tax- fraud charges, wasn't crying the blues.

"I feel terrific that I'm so healthy, that I haven't done any drugs or alcohol in eight months," said Stein, 63, after entering a plea that could put him in prison for 12 to 30 months when he's sentenced this summer.

Tanned and fit in a gray suit with a subdued magenta-striped shirt, Stein spoke firmly as he told District Judge Louis H. Pollak that he's been "100 percent free" of drugs and alcohol.

He then pleaded guilty to three counts of filing fraudulent income-tax returns for three years starting in 1999. Prosecutors said he skimmed more than \$450,000 from his restaurants and from the use of a corporate credit card while reporting only his \$104,000 annual salary. They said he avoided paying about \$120,000 in income tax on the rest of the money.

Stein, wearing his customary dark glasses, gave the judge a short history of his life, from his birth in South Philly to his one-year career as a minor league shortstop with the Phillies' Class D team in Ithaca, N.Y., to the opening of such restaurants as the original Fish Market, the famed Striped Bass (now owned by competitor Stephen Starr) and the current Rouge.

He earlier pleaded not guilty to the tax charges. But Assistant U.S. Attorney Jennifer Arbittier Williams said she was prepared to prove Stein skimmed cash from such restaurants as Striped Bass, Rouge and Bleu at the rate of \$200 or \$300 per day, and that he kept a double set of books to hide the deception.

Stein, she said, lived conspicuously above his means, shelling out as much as \$20,000 for vacations on St. Bart's island in the French West Indies, more than \$65,000 toward his daughter's wedding at the Four Seasons Hotel, and \$50,000 in annual rent for his Center City apartment.

Stein accepted most of what the prosecutor said but defended some of his use of a corporate credit card, particularly on vacations when he spent time "looking at other people's businesses."

Before approving the plea agreement, Pollak noted maximum sentences for the felony counts could total nine years in prison and \$750,000 in fines.

However, he said, sentencing guidelines point to a shorter prison term and a much lower fine. He told Stein he would probably draw a prison term of 12 to 30 months when he is sentenced six or seven weeks from now.

Afterward, Stein said he was "concentrating on getting my life into the next plateau. To move on."

Stein -- a force behind such highly regarded eateries as Marabella's and Rock Lobster and the short-lived Avenue B -- spent time in drug rehab in both 2003 and 2004. He has said he has battled an addiction to prescription painkillers, which he took for gout. Yesterday, he told the judge he was no longer on any medication.

"I'm very happy. I feel healthy," he said after the hearing.

Stein said he still shows up at Rouge on Rittenhouse Square, his only remaining restaurant, "every day" at lunchtime.

"Mr. Mutombo was in today," he said, referring to former 76er Dikembe Mutombo, who was in town touting the Live Aid concert.

Stein's arrest last September on tax-fraud charges followed years of financial troubles that ended in bankruptcies, sales or closings of his remaining restaurants, with the exception of Rouge.

Charged with him was the accountant who handled his 2000 and 2001 income-tax returns, Andrew P. Goldner, of Wynnewood, who yesterday also entered a guilty plea.

Goldner, 70, changed his plea to guilty on one of two counts of assisting in the preparation of a fraudulent income-tax return. Prosecutors are expected to drop their case involving Stein's 2000 tax return when Judge Pollak sentences him on the 2001 count in several weeks.

Goldner, a CPA for nearly 40 years, faces a maximum sentence of three years in prison and a \$250,000 fine. However, sentencing guidelines call for 12 to 18 months in prison with a much lower fine.

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