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AREA DEFENDANTS PROSECUTED IN SEPARATE TAX FRAUDS;
FEDERAL AUTHORITIES URGE VOLUNTARY TAX COMPLIANCE

CHICAGO – A former suburban restaurant owner who allegedly failed to report more than $1.5 million in income, a Chicago bankruptcy attorney who allegedly failed to report nearly $250,000 in income, a Kane County businessman, and a Will County man who allegedly owes the government millions of dollars in unpaid taxes, are among area defendants who have been charged recently in separate federal cases with violating federal tax laws. In addition, at least nine other defendants have been charged this year in connection with schemes to defraud the Internal Revenue Service by either preparing false federal income tax returns or recruiting individual taxpayers to file false claims for tax refunds. Those nine defendants combined were allegedly responsible for either preparing, or causing taxpayers to submit, more than 450 individual federal income tax returns falsely claiming a total of nearly $2 million in refunds, and actually obtaining thousands of dollars in fraudulent refunds and refund anticipation loans. The cases were announced today by Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois, and Byram Tichenor, Special Agent-in- Charge of the Internal Revenue Service Criminal Investigation Division in Chicago.

"We prosecute tax fraud cases on a year-round basis and taxpayers who might be thinking about cheating with this month's filing deadline looming should think twice or they will pay the consequences," Mr. Fitzgerald said. "This office will continue to work with IRS criminal investigation agents to ensure that those who willfully violate federal tax laws are prosecuted."

Mr. Tichenor urged all individuals and corporations in Illinois to fulfill their tax obligations by filing truthful returns and paying taxes due. In addition to criminal penalties, including incarceration, fines and the costs of prosecution, convicted defendants remain responsible for any taxes, penalties and interest due, he said. Those making false claims against the government may be required to pay restitution or may be sued civilly for an amount greater than the fraudulent claims.

"We are committed to ensuring that honest taxpayers are not cheated and that all taxpayers pay their fair share," Mr. Tichenor said. "We are aggressively serving the public by investigating criminal violations of the Internal Revenue Code. One of our focuses is to maximize revenue by investigating and prosecuting abusive return preparers. Tax fraud does not know a season – IRS special agents pursue criminals year round, not only at tax time."

Details of four cases follow. In each case, the public is reminded that criminal informations and indictments contain only charges and are not evidence of guilt. The defendants are presumed innocent and are entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt. If convicted, the Court will determine the appropriate sentence to be imposed.

United States v. Rexhepi

Sali Rexhepi, 38, of Willow Springs, who formerly owned the Viking Restaurant in Winfield, was charged with three counts of filing false income tax returns for 1999-2001 for allegedly failing to report more than $1.5 million restaurant income over the three years. According to a criminal information filed on April 4, Rexhepi was the sole shareholder of ADEM Inc., a closely-held corporation that did business as the Viking Restaurant, and he was required to report all of the company's income or loss on his individual income tax return. The charges allege that Rexhepi failed to report restaurant income of approximately $519,803 in 1999, $533,404 in 2000, and $495,283 in 2001, respectively. Rexhepi will be arraigned on April 13 in U.S. District Court.

If convicted, each count carries a maximum penalty of three years in prison and a $250,000 fine. (AUSA James Barz)

<u>United States v. Borges</u>

Ernesto D. Borges, Jr., 58, of Chicago, an attorney, was charged with one misdemeanor count of failing to file a federal income tax return for 2001 in a criminal information filed on April 4. According to the charge, Borges had gross income in 2001 of $241,476 and willfully failed to file a tax return by April 15, 2002. Borges will be arraigned at a later date in U.S. District Court. If convicted, he faces a maximum penalty of 1 year in prison and a $100,000 fine. (AUSA Barz)

<u>United States v. Santeler</u>

Donald A. Santeler, 51, of Carpentersville, owner of Polar Tech Industries, Inc., of Genoa, Ill., which manufactures temperature sensitive shipping materials, was charged with one count of tax evasion for 2001 in a criminal information filed on March 31. According to the information, from 1996 through 2001, Santeler fraudulently claimed losses totaling more than $2 million over the six years from a business operation described on his tax returns as "Oil and Gas Working Interest," knowing that he was not in any oil well business nor had any oil well investments. He also allegedly claimed losses totaling more than $800,000 in 2001and 2002 from Polar Tech Management LLC, a fictitious company that did not exist. In 2001, Santeler allegedly received approximately $2,016,514 in gross income and had $1,997,684 in taxable income, upon which he owed approximately $758,182 in income taxes. In October 2002, Santeler filed an individual income tax return for 2001 that allegedly listed fraudulently claimed losses and failed to include the total amount of income taxes he owed.

Santeler is scheduled to be arraigned on May 1 in U.S. District Court. If convicted, tax evasion carries a maximum penalty of five years in prison and a $250,000 fine. (AUSA George Jackson)

<u>United States v. Black</u>

Rex Black, 55 of Beecher, was charged with one count of tax fraud and four counts of passing bad checks in an indictment returned by a federal grand jury on March 30. According to the charges Black owned a farm in Manteno/Peotone, his home in Beecher and an interest in the Eagle Nest Limited Trust. In 2000, the IRS began an audit of the federal income tax returns of Black and his wife for 1997 and 1998. Based on the audit, in March 2001, the IRS assessed Black and his wife approximately $4,856,895 in additional income taxes, penalties and interest for the 1997 and 1998 tax years.

In an effort to collect, the IRS filed liens in 2002 and 2003 against Black's various holdings and gave him notices of additional interest and penalties due. Since at least November 2000 through the present, Black allegedly corruptly obstructed and impeded the IRS in carrying out its effort to collect taxes, interest and penalties from him by passing either checks drawn on closed bank accounts or bogus financial instruments. On seven occasions in 2002 and 2003, Black allegedly presented to the IRS five personal checks drawn on closed accounts and two fictitious Registered Bills of Exchange, six of which were for amounts ranging from more than $500,000 to nearly $5 million.

If convicted, the tax fraud count carries a maximum penalty of three years in prison and a $250,000 fine, and each count of passing a bad check carries a maximum count of 25 years in prison and a $250,000 fine. A warrant was issued for Black's arrest. (AUSA Jackson)

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