



U.S. Department of Justice

*United States Attorney
Northern District of Illinois*

*Patrick J. Fitzgerald
United States Attorney*

*Federal Building
219 South Dearborn Street, 5th Floor
Chicago, Illinois 60604
(312) 353-5300*

FOR IMMEDIATE RELEASE
THURSDAY DECEMBER 13, 2007
www.usdoj.gov/usao/iln

PRESS CONTACT:
Randall Samborn
U.S. Attorney's Press Office (312) 353-5318

**CHRISTOPHER KELLY INDICTED ON FEDERAL TAX FRAUD CHARGES;
ALLEGEDLY CONCEALED MORE THAN \$1 MILLION IN INCOME AND
USE OF BUSINESS FUNDS TO PAY PERSONAL GAMBLING DEBTS**

CHICAGO – A suburban businessman was indicted today on federal tax fraud charges for allegedly understating his true personal and business income by more than \$1.3 million over five years, in part by concealing the use of corporate funds for personal expenses including gambling debts to sports bookmakers. The defendant, **Christopher G. Kelly**, president and owner of a roofing business and a separate consulting firm, allegedly cheated the government on his personal and business taxes between 2000 and 2005, according to a 12-count indictment returned today by a federal grand jury, announced Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois; Alvin Patton, Special Agent-in-Charge of the Internal Revenue Service Criminal Investigation Division in Chicago; and Robert D. Grant, Special Agent-in-Charge of the Chicago Office of the Federal Bureau of Investigation.

Kelly, 49, of Burr Ridge, was charged with one count of obstructing and impeding the IRS, five counts of filing false individual federal income tax returns, five counts of filing false corporate tax returns and one count of illegally structuring monetary transactions. He will be arraigned at a later date in U.S. District Court.

According to the indictment, Kelly was the president and owner of BCI Commercial Roofing, Inc., and CGK Consulting, Inc., both of which shared offices at 3062 West 167th St., Markham. Kelly maintained financial control over the two companies and determined how each company spent money and categorized its spending for purposes of calculating its business expenses as well as Kelly's personal income.

As part of a corrupt endeavor to obstruct and impede the IRS, Kelly allegedly used business funds to pay for certain personal expenses, concealed the true nature of the payments through improper recording of the payments on the companies' financial books and created false documents describing the payments; structured cash withdrawals under \$10,000 from banks by disguising them as legitimate business expenses; and used third parties to pay portions of his illegal gambling debts.

More specifically, Kelly allegedly:

- ▶ caused BCI Roofing to pay gambling debts for certain of his losing wagers placed with Individual A, who, with the assistance of Individual B, ran a bookmaking operation in Illinois that accepted wagers on such sporting events as professional and college football, professional and college basketball, baseball and horse racing, and with whom Kelly placed millions of dollars of wagers. On at least one occasion, Kelly allegedly hid the use of corporate funds to pay a gambling debt to Individual A by ordering that the payment be falsely recorded in BCI Roofing's financial books as a loan from the company to Individual A;
- ▶ placed millions of dollars of wagers with casinos in Las Vegas and caused BCI Roofing to pay for certain of his losing wagers there. On at least one occasion, Kelly allegedly hid the use of corporate funds to pay a gambling debt to a casino by ordering the preparation of false internal BCI Roofing documentation to make it appear that the payment was a legitimate business expense incurred by the company as part of a roofing contract for an airline;
- ▶ caused BCI Roofing to partially pay for his home in Burr Ridge and caused BCI Roofing and CGK Consulting to pay for various home items and services, including electronic equipment, hardwood floors, drapery, and lawn maintenance; and
- ▶ hid the use of corporate funds on multiple occasions to pay for various items and services for his home by ordering the preparation of false internal BCI Roofing documentation to make it appear that his payments for home items

and services were legitimate business expenses incurred by the company as part of various roofing contracts for such clients as airlines and an electric company.

Both the IRS obstruction count and five counts of filing false individual federal tax returns for calendar years 2001 through 2005 allege that Kelly reported an aggregate of more than \$5.2 million in total income for those five years but understated his true income by more than a \$1 million for the same period.

As a result of concealing his income and directing the fraudulent classification of certain personal expenses as business expenses, the IRS obstruction count also alleges that Kelly caused false corporate income tax returns to be filed on behalf of BCI Roofing and CGK Consulting from 2000 to 2005, understating the companies' true income by more than \$300,000. The five counts of filing false corporate tax returns on behalf of BCI Roofing for each fiscal year from 2000-01 through 2004-05 allege Kelly overstated the company's cost of goods sold and understated both its taxable income and total tax by falsely deducting certain personal expenses as business expenses.

The IRS obstruction and structuring counts allege in September 2004, Kelly solicited Individual C's help in cashing three checks, each slightly under \$10,000, and returning the cash to Kelly. In one instance, Kelly allegedly gave Individual C a BCI Roofing check for \$9,500 payable to Individual C's four-year-old child, and the following day, Kelly allegedly gave Individual C BCI Roofing and CGK Consulting checks payable to Individual C and Individual C's spouse and obtained the cash back from Individual C for all three checks.

About the same time, Kelly also allegedly concealed his receipt of additional cash by depositing and cashing six BCI Roofing checks payable to himself, his children, his wife and cash. In each of these transactions, Kelly allegedly structured the cash receipts in amounts less than \$10,000 to avoid generating Currency Transaction Reports.

The indictment seeks forfeiture of \$86,600, which is the total amount of the allegedly structured funds.

The IRS obstruction count also alleges that in early 2005 Kelly attempted to conceal the source and nature of a partial payment on a large gambling debt he owed to Individual A. To assist Kelly in paying the debt, Individual D arranged for a wire transfer of approximately \$79,140 from a bank account in Saudi Arabia to a bank account in Florida, according to the indictment. After learning that the wire transfer was not credited to the Florida bank account, Kelly allegedly arranged for the wire transfer of approximately \$45,000 from a pizza company in Chicago to Individual A's bank account. On at least one other occasion, Kelly allegedly attempted to pay a portion of the gambling debt to Individual A by tendering multiple checks, each made out for thousands of dollars and with the payee line left blank, from a second pizza company.

The Government is being represented in Court by Assistant U.S. Attorneys Reid Schar and Christopher Niewoehner.

If convicted, each count in the indictment carries the following maximum penalties: obstructing and impeding the IRS and filing a false tax return – three years in prison and a \$250,000 fine, and illegal structuring of monetary transactions – five years in prison and a \$250,000 fine. In addition, defendants convicted of tax offenses remain liable for any taxes owed, penalties and interest, and they must pay the costs of prosecution. The Court, however, would determine the appropriate sentence to be imposed under the advisory United States Sentencing Guidelines. .

The public is reminded that an indictment contains only charges and is not evidence of guilt. The defendant is presumed innocent and is entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

###