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TWO OWNERS OF NAPERVILLE BUSINESS CHARGED WITH FAILING TO REPORT A TOTAL OF MORE THAN \$22 MILLION IN INCOME THEY SHARED

CHICAGO — Two owners and executives of a Naperville business that provided a variety of membership and consumer discount programs were each charged with wilfully under-reporting their income and failing to pay federal taxes on a total of more than \$22 million that they diverted from the business and divided equally. The defendants, **Michael H. Martorano** and **William S. Sefton**, each owned at least 47 percent of Consumer Benefit Service, Inc. & Sub (Cbsi) that provided services to businesses and associations worldwide.

Martorano, 65, of Sanibel, Fla., and formerly of Naperville, who was Cbsi's president, and Sefton, 61, of Henderson, Nev., and formerly of the Chicago area, who was vice president/secretary of Cbsi, were each charged with three counts of filing false federal income tax returns in an information filed yesterday in U.S. District Court. They will be arraigned on dates still to be determined.

The charges were announced today by Gary S. Shapiro, Acting United States Attorney for the Northern District of Illinois, and Thomas Jankowski, Acting Special Agent-in-Charge of the Internal Revenue Service Criminal Investigation Division in Chicago.

According to the information, on a number of occasions between December 2005 and Dec. 31, 2009, Martorano and Sefton caused Cbsi to transfer a total of \$21,656,706 into bank accounts in the name of a consulting firm they controlled. Both defendants used some of this money to pay personal expenses and moved other amounts in approximately equal portions into other accounts they controlled individually. As a result, they each obtained approximately \$10,828,353, the charges allege. In 2008, Martorano and Sefton equally divided an additional \$641,975 that they caused Cbsi to transfer to a third party. Neither defendant disclosed the receipt of any of this money to their individual tax return preparer.

Martorano allegedly under-reported his taxable income by a total of \$8,974,360 between 2005 and 2008, while Sefton allegedly under-reported his taxable income by a total of \$5,912,182 between 2005 and 2007. Both men failed to report \$1.25 million in 2005; \$1,274,858 in 2006; and \$3,387,324 in 2007. Martorano failed to report an additional \$3,062,178 in 2008.

The charges further allege that Martorano failed to file a tax return for 2009 during which he had income of \$3,327,9892, and Sefton failed to file tax returns for 2008 and 2009, during which he had income of \$4,542,347 and \$3,327,892, respectively.

Each count of filing a false federal income tax return carries a maximum penalty of three years in prison and a \$250,000 fine and restitution is mandatory. In addition, defendants convicted of tax offenses must pay the costs of prosecution and remain liable for any and all back taxes, as well as a civil fraud penalty of 75 percent of the underpayment plus interest. If convicted, the Court must impose a reasonable sentence under federal statutes and the advisory United States Sentencing Guidelines.

The government is being represented by Assistant U.S. Attorney Kaarina Salovaara.

The public is reminded that an information contains only charges and is 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.

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