



U.S. Department of Justice

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MARENGO CONTRACTOR ARRESTED ON FEDERAL FRAUD AND TAX CHARGES

ROCKFORD – PATRICK J. FITZGERALD, United States Attorney for the Northern District of Illinois; ROBERT D. GRANT, Special Agent-In-Charge of the Chicago Office of the Federal Bureau of Investigation (“FBI”); and ALVIN PATTON, Special Agent-In-Charge of the Chicago Office of the Internal Revenue Service - Criminal Investigation Division (“IRS-CID”); today made the following announcement:

This morning, FBI and IRS-CID agents arrested JOHN M. VOLPENTESTA, 50, of Marengo, Illinois, on a federal warrant arising from a twenty-three count fraud and tax indictment.

The indictment was returned by a federal grand jury in Rockford on October 23, 2007. Pursuant to an order of the U.S. District Court, the case remained under seal until the arrest warrant was executed today.

The indictment charges Volpentesta with four counts of mail fraud and two counts of wire fraud. The fraud charges arise from Volpentesta’s operation of a residential construction business located in Marengo, known as Volpentesta Construction, Inc. (also known as “VCI”). The indictment alleges that Volpentesta defrauded at least four families for whom VCI contracted to build homes. Specifically, the indictment charges that Volpentesta obtained large sums of money from these families by: (1) falsely stating that VCI had performed work on their homes that was actually performed by subcontractors; (2) falsely stating that subcontractors and materials suppliers would be paid, and then failing to pay those subcontractors and suppliers; (3) billing customers for materials he used on other projects, including a strip mall he owned; and (4) charging additional “fees” that VCI was not entitled to under its contracts with the families. The indictment also alleges that Volpentesta defrauded certain individuals who invested money in, or loaned money to, VCI by making false promises about the security of their investments and when their money would be returned. According to the indictment, Volpentesta defrauded his construction customers and investors out of a total of more than \$1 million dollars.

The indictment also contains seventeen federal tax charges. Eleven of those counts charge that from the second quarter of 2003, through the fourth quarter of 2005, Volpentesta collected federal income tax, Medicare, and Social Security taxes from the wages of VCI’s employees, but then failed to pay those monies to the IRS. According to the indictment, the amount of taxes Volpentesta collected from his employees and failed to pay to the IRS was \$164,999. Three of the tax counts charge Volpentesta with failing to file Form 940 Federal Unemployment Tax returns on behalf of VCI for the years 2003, 2004, and 2005. The remaining three counts charge that Volpentesta failed to file Form 1040 federal income tax returns on behalf of himself and his wife

for the years 2003, 2004, and 2005. According to these three counts, Volpentesta received gross income in the following amounts during those years: (1) 2003 – \$375,853.01; (2) 2004 – \$156,844.95; and (3) 2005 – \$193,833.53.

Each of the fraud charges carries a maximum sentence of twenty years of imprisonment, a period of supervised release of three years, restitution, and a fine of the greater of \$250,000 or twice the amount of the loss. Each of the charges of failing to pay employment taxes to the IRS carries a maximum sentence of five years of imprisonment, a period of supervised release of three years, restitution, and a fine of up to \$250,000. Each of the charges of failing to file a federal tax returns carries a maximum sentence of one year of imprisonment, a period of supervised release following imprisonment of 1 year, a period of supervised release of 1 year, restitution, and a maximum fine of up to \$100,000. If convicted, Volpentesta's actual sentence will be determined by the United States District Court, guided by the United States Sentencing Guidelines.

Volpentesta was arraigned this morning by United States Magistrate Judge P. Michael Mahoney. Judge Mahoney will conduct a detention hearing on Tuesday, December 11, 2007, at 10:00 a.m., at the federal courthouse in Rockford. Volpentesta will remain in federal custody pending the hearing on Tuesday.

The case is being investigated by the Rockford offices of the FBI and IRS-CID. The case will be prosecuted in federal court by Assistant United States Attorney SCOTT A. VERSEMAN.

Members of the public are reminded that an indictment is only a charge and is not evidence of guilt. The defendant is entitled to a fair trial at which the government has the burden of proving his guilt beyond a reasonable doubt.

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