



U.S. Department of Justice

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**For Immediate Release:
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Event: Guilty Plea

Defendant: Karl Kado

**FORMER COBO CIVIC CENTER CONTRACTOR PLEADS GUILTY TO
MAKING FALSE STATEMENTS ON HIS TAX RETURNS**

Karl Kado, 68, of West Bloomfield, pleaded guilty today to one count of making false statements on his tax returns before United States District Judge Marianne O. Battani, United States Attorney Terrence Berg announced.

Berg was joined in the announcement by Andrew G. Arena, Special Agent In Charge of the Detroit Field Office of the Federal Bureau of Investigation and Maurice Aouate, Special Agent in Charge of the Detroit Field Office of the Internal Revenue Service.

Kado is the owner of Metro Services Organization, Inc., which held exclusive electrical and janitorial contracts at Cobo Hall. Kado's guilty plea is based on his and his company's failure to declare approximately \$270,000 in cash income from 2002 and 2003. The cash was generated by Rachel's Corner, Kado's sundry store in Cobo Hall. One of the reasons that Kado did not declare the cash income was that he used it to make illegal payments to former

Cobo Civic Center Director Efstathios Louis Pavledes and other persons, including another city official, in connection with his exclusive contracts at Cobo Hall.

The tax charge carries a maximum sentence of 3 years in federal prison and a fine of up to \$250,000.

United States Attorney Berg said, "Public corruption is among this office's highest priorities. We will not only hold those public officials accountable who accept bribes, we will pursue those who offer and pay the bribes. Both the bribe giver and the bribe receiver undermine the integrity of government."

"Income derived from any source, cash or otherwise, must be honestly reported on tax returns," said IRS Criminal Investigation Special Agent in Charge Maurice Aouate. "We should not expect the honest taxpayer to foot the bill for those who hide income from the IRS."

The investigation of this case was conducted by the Federal Bureau of Investigation and the Internal Revenue Service. The case is being prosecuted by Assistant U.S. Attorney R. Michael Bullotta and Assistant U.S. Attorney Mark D. Chutkow.