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FOR IMMEDIATE RELEASE
FRIDAY, FEBRUARY 3, 2011
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OWNER OF SUBURBAN ADULT ENTERTAINMENT CLUBS SENTENCED TO 12 MONTHS IN JAIL AND SIX MONTHS HOME CONFINEMENT FOR FEDERAL TAX OFFENSES

CHICAGO A Libertyville man who diverted more than \$12 million in cash from three adult entertainment clubs he owned and operated in Chicago suburbs was sentenced to serve 18 months in confinement for obstructing the Internal Revenue Service and filing a false individual income tax return to impede the collection of federal taxes, Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois, and Alvin Patton, Special Agent in Charge of the Internal Revenue Service Criminal Investigation Division in Chicago, announced today. The defendant, **Michael G. Wellek**, was charged in a two-count criminal information filed in U.S. District Court in October, 2010, and pled guilty last fall to one count of obstructing the IRS in the collection of taxes and one count of filing a false federal income tax return for 2000. Wellek was the owner and operator of three “gentleman’s” clubs: Heavenly Bodies in Elk Grove Village; Skybox in Harvey; and Cowboys in Markham.

In May 2003, IRS agents seized approximately \$12 million in cash from a warehouse in Elk Grove Village where Wellek conducted business. The cash was stored in bags marked with a date and location indicating from which adult club the cash was earned. Operating the businesses as sole

proprietorships, Wellek was required to report their gross income and expenses on self-employment schedules attached to his federal income tax returns, and include their net income in calculating his annual individual gross income, taxable income and income tax.

According to the charges, from 1989 through 1999, Wellek did not file any personal income tax returns despite operating profitable businesses that generated substantial taxable income. Between February 2000 and May 2003, Wellek endeavored to obstruct and impede the IRS in collecting taxes on his business income. Specifically, between February 2000 and October 2002, Wellek engaged in a pattern of false and misleading conduct, including making false representations about his assets and income, to obstruct and impede an IRS audit for the tax years 1989 through 1999.

Wellek was ordered to begin serving the sentence on June, 1, by District Judge Joan H. Lefkow. Under the terms of the sentence, Wellek will serve 12 months in the custody of the Bureau of Prisons, followed by 6 months home confinement in combination with one year of supervised release. Judge Lefkow also ordered Wellek to pay a fine of \$75,000 and perform 200 hours of community service. Taxes owed to the United States Government have been paid. Judge Lefkow noted the importance of deterring other people from committing tax offenses in imposing the sentence.

The government was represented by Assistant U.S. Attorney Patrick King.

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