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OAK BROOK MAN SENTENCED TO 71 MONTHS FOR TAX FRAUD

An Oak Brook business owner who failed to report more than \$7.8 million in income over five years was sentenced to serve five years and eleven months in federal prison for tax fraud, 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, **Chris J. Kokenis**, failed to report income totaling \$7,861,992, resulting in \$2,411,089 in federal taxes that he failed to report and pay between 1996 and 2000.

Kokenis, age 57, of Oak Brook, was sentenced today and ordered to begin serving the 71 month term on June 21, 2011, by U.S. District Judge Milton I. Shadur. Judge Shadur also ordered Kokenis to pay a \$165,000 fine and serve one year of supervised release, the conditions of which include that he provide 400 hours of community service. Like any defendant convicted of tax fraud, Kokenis remains civilly liable to the government for any and all back taxes, as well as a civil fraud penalty of 75% of the underpayment plus interest.

IRS Criminal Investigation Division, Special Agent in Charge Al Patton stated “With tax preparation season upon us, we encourage all taxpayers to honor their civic duty and legal obligation to report all of their income and pay all of the taxes they owe.”

On September 22, 2010, a jury found Kokenis guilty of eight counts of filing false federal corporate and individual income tax returns. Kokenis’s conviction and sentencing are the result of his conduct while President of Delta Energy and Delta Oil Company, located in Oak Brook, Illinois. Delta Oil and Delta Energy were engaged in the exploration and production of oil and natural gas, investing in and operating a number of oil and gas wells in Northern Michigan. Delta Oil and Delta Energy earned income from their ownership of interests in oil and gas wells, operating oil and gas wells on behalf of other investors, and selling interests in these wells.

Kokenis filed false corporate and personal income tax returns for the calendar years 1997, 1998, 1999 and 2000. Between 1996 and 2000, he failed to report over \$7.8 million in sales of oil well interests, and he treated personal expenses, including home improvement expenses, real estate taxes paid and other personal expenditures, as business expenses, thus fraudulently reducing the amount of income attributable to the corporations.

The evidence at trial established that during the course of a civil audit of Delta Energy, the IRS requested Kokenis to produce records to support large and questionable expenditures by the business. In response to this request, Kokenis produced false, altered and counterfeited documents to conceal the fact that he had paid personal expenditures with business funds and to conceal his fraudulent reversal of sales in the corporate books.

This case was investigated by the IRS Criminal Investigation Division, Chicago Field Office. The prosecution of the case was handled by Assistant United States Attorneys Stephen Heinze, Patrick J. King and Brian Havey.

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