

NEWS

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FOR IMMEDIATE RELEASE

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Former Operator of a Bordentown Car Dealership Arrested on Indictment for Defrauding Banks of More than \$7 Million

(More)

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TRENTON – The former operator of a Bordentown car dealership was arrested today on a federal Indictment in connection with his check-kiting scheme that resulted in losses of more than \$7 million to banks, Acting U.S. Attorney Ralph J. Marra, Jr., announced.

Denis Kelliher, 39, who resides in both Toms River and Monroe Township, was arrested at his home in Toms River by Special Agents with the FBI and IRS Criminal Investigation early this morning. Kelliher is scheduled to make his first appearance in federal court and be arraigned on the 11-count Indictment today at 1:00 p.m., before U.S. District Court Chief Judge Garrett E. Brown, Jr., in the federal courthouse in Trenton.

On August 6, 2009, a federal grand jury returned the Indictment which charges Kelliher with two counts of bank fraud, one count of wire fraud, and eight counts of money laundering.

According to the Indictment, Kelliher was the principal operator of Cartec Motors, LLC, (“Cartec”) located on Route 206 in Bordentown, which was in the business of buying and selling both new and used motor vehicles, including recreational vehicles.

The Indictment describes a scheme in which Kelliher attempted to create artificial balances in checking accounts that he controlled, including Cartec accounts at KeyBank, Commerce Bank (now known as TD Bank), 1st Constitution Bank and Roma Bank, and his personal account at 1st Constitution, by transferring monies between these accounts.

Kelliher allegedly wrote checks on accounts that he controlled, and deposited these checks into other accounts that he controlled, while knowing there were insufficient funds in the accounts against which the checks were drawn - a scheme commonly known as “check kiting.” The Indictment charges that as a result of the defendant’s check kiting activity, Cartec’s account at KeyBank was overdrawn by more than \$6.9 million, and that its account at Commerce was overdrawn by more than \$200,000.

In addition, the wire fraud count charges Kelliher in connection with a separate scheme in which he approached a prior Cartec customer for a \$410,000 loan purportedly to be used to purchase recreational vehicles for re-sale. The Indictment alleges that Kelliher provided the former customer, identified only as “Victim-1” in the Indictment, with a personal financial statement which claimed that as of Dec. 31, 2008, Kelliher’s net worth exceeded \$6.2 million. The Indictment alleges this financial statement was false and that it failed to disclose that, in September 2008, KeyBank obtained a judgment for approximately \$27 million against Cartec and Kelliher individually.

Counts One and Two of the Indictment, charging Kelliher with bank fraud, each carry a maximum penalty of 30 years in prison and a fine of \$1 million. Count Three, which

charges wire fraud, carries a maximum penalty of 20 years in prison and a fine of \$250,000 or twice the aggregate loss to the victims or gain to the defendant. Counts Four through Eleven, charging money laundering, each carry a maximum penalty of 10 years in prison and a fine of \$250,000 or twice the aggregate loss to the victims or gain to the defendants.

In determining an actual sentence, the judge to whom the case is assigned would, upon a conviction, consult the advisory U.S. Sentencing Guidelines, which provide appropriate sentencing ranges that take into account the severity and characteristics of the offense, the defendant's criminal history, if any, and other factors. The judge, however, is not bound by those guidelines in determining a sentence. Parole has been abolished in the federal system. Defendants who are given custodial terms must serve nearly all that time.

Despite indictment, the defendant is presumed innocent unless proven guilty beyond a reasonable doubt.

Marra credited Special Agents of the FBI's Trenton Resident Agency, under the direction of Special Agent in Charge Weysan Dun in Newark, the IRS Criminal Investigation Division, under the direction of Special Agent in Charge William P. Offord, with the investigation leading to the Indictment.

The government is represented by Assistant U.S. Attorneys Eric M. Schweiker and Jennifer Davenport of the Criminal Division in Trenton.

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