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Southern District of New York*

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**NEW ROCHELLE COUNTRY CLUB OWNER
SENTENCED TO A YEAR AND A DAY FOR TAX EVASION**

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, announced that MICHELINO MORELLI, a/k/a "Michael Morelli," was sentenced in Manhattan federal court today to a term of imprisonment of one year and one for evading personal income taxes over a period of four years on income that he received from the VIP Beach and Tennis Club, Ltd. ("VIP Beach and Tennis Club"), a private country club and catering facility located on Davenport Neck in New Rochelle, New York. United States District Judge Deborah A. Batts also imposed a term of supervised release of two years and a \$10,000 fine and ordered that MORELLI surrender for service of his sentence on September 29, 2006.

MORELLI, who has been employed as the General Manager of the VIP Beach and Tennis Club since 1996 and is also one of the Club's owners, pleaded guilty on September 12, 2005 to four counts of defrauding the Internal Revenue Service ("IRS"). At the time of his plea, MORELLI admitted that, from 1997 to 2000, he pocketed approximately \$685,000 in cash proceeds that he received for services provided by the VIP Beach and Tennis Club and then failed to report the income to the IRS, as required.

The Indictment alleges that from 1997 to 2000, MORELLI under-reported his personal income by more than \$650,000. Also, according to the Indictment, MORELLI failed to report the cash proceeds as income on the corporate tax returns for VIP Beach and Tennis Club. As a result, the corporate tax returns for VIP Beach and Tennis Club, which were signed by MORELLI, falsely under-reported the gross income of the business for the years 1997 to 2000. Finally, the Indictment alleges that, from 1997 to 2001, MORELLI made more than 220 cash deposits totaling more than \$750,000 in proceeds from VIP Beach and Tennis into his personal bank accounts, or accounts of his family members, in amounts of \$10,000 or less in order to avoid federal currency transaction reporting requirements.

MORELLI, 65, lives in New Rochelle, New York.

Mr. GARCIA praised the combined investigative efforts of the Internal Revenue Service and the Federal Bureau of Investigation in this case.

Assistant United States Attorney TIMOTHY J. TREANOR is in charge of the prosecution.

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