



# Department of Justice

United States Attorney David E. Nahmias  
Northern District of Georgia

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CONTACT: Patrick Crosby

(404)581-6016

FAX (404)581-6160

**OWNERS AND FORMER BOOKKEEPER OF LARGE  
COMMERCIAL CONSTRUCTION FIRM FOUND  
GUILTY OF MILLION-DOLLAR TAX FRAUD SCHEME**

*Gerald Marchelletta, Jr., and Gerald Marchelletta, Sr.,  
Fraudulently Skipped Millions from Alpharetta-based Circle Industries*

ATLANTA, GA - A federal jury has returned a guilty verdict against GERALD MARCHELLETTA, SR., 74, GERALD MARCHELLETTA, JR., 41, and THERESA KOTTWITZ, 49, all of Alpharetta, Georgia, on charges of tax fraud and conspiracy to commit tax fraud.

United States Attorney David E. Nahmias said of today's verdict, "This was a case of pure greed, in which the Defendants tried to defraud the United States Treasury of over \$1 million. The MARCHELLETTAs, assisted by their former bookkeeper, KOTTWITZ, skimmed millions out of their company tax-free to pay for their own mansions and other personal expenses, disguising those blatant personal expenditures on the company tax returns as business expenses. Today the jury held them accountable for their lies, deception, and bogus accounting."

Rodney E. Clarke, Acting Special Agent-in-Charge in charge of Criminal Investigations, U.S. Internal Revenue Service said, "Let these convictions send the message that trying to escape one's tax obligations – or assisting someone else in doing so – is just not worth it. People who are thinking about cheating on their taxes should think again, as the consequences may include a felony conviction."

According to United States Attorney Nahmias and the information presented in court, the MARCHELLETTA defendants own Circle Industries, a multi-million dollar international commercial construction firm based in Alpharetta. Circle has worked on various prominent jobs, including the construction of the Olympic village in downtown Atlanta in 1996 and the Atlantis hotel and casino on Paradise Island in the Bahamas. KOTTWITZ served as the bookkeeper of the firm during the relevant period.



The testimony and other documents presented during trial revealed that the MARCHELLETTAs spent millions in company money – using company checks and credit cards – for their own personal benefit. The biggest items were two luxury estates constructed by the owners, each of which cost Circle over \$1 million. The MARCHELLETTAs also caused Circle to pay over \$10,000 for each of the following personal items: luxury custom clothing, trips to the now-defunct Gold Club, a rental apartment in Alpharetta, and landscaping costs at a house one of them was maintaining in New York. None of these personal payments were recorded on Circle's books as income or loans to the MARCHELLETTAs, or as having anything to do with them personally. Instead, with the assistance of Defendant KOTTWITZ, the expenses were falsely booked as purported job-related or other business expenses.

The jury found MARCHELLETTA, SR and JR. guilty of one count each of willfully subscribing to a false personal tax return, and all defendants guilty of assisting in the filing of a false corporate return and of conspiracy to commit these crimes.

MARCHELLETTA, SR. could receive up to 14 years in prison. MARCHELLETTA, JR. could receive a maximum sentence of 11 years in prison. KOTTWITZ could receive a maximum sentence of 8 years in prison. Sentencing is scheduled for January 8, 2008, at 10 a.m. before United States District Judge Timothy C. Batten.

This case was investigated by Special Agents of the Internal Revenue Service, Criminal Investigation, with assistance from Special Agents of the U.S. Immigration and Customs Enforcement.

Assistant United States Attorneys Paul N. Monnin and Justin S. Anand are prosecuting the case.

For further information please contact David E. Nahmias (pronounced NAH-me-us), United States Attorney, or Charysse L. Alexander, Executive Assistant United States Attorney, through Patrick Crosby, Public Affairs Officer, U.S. Attorney's Office, at (404) 581-6016. The Internet address for the HomePage for the U.S. Attorney's Office for the Northern District of Georgia is [www.usdoj.gov/usao/gan](http://www.usdoj.gov/usao/gan).