

MEDIA RELEASE

**Attention: News Director
For Immediate Release
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**U.S. DEPARTMENT OF JUSTICE
DAVID L. HUBER
UNITED STATES ATTORNEY
Western District of Kentucky**

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**FORMER MILITARY CHANNEL CHAIRMAN OF THE BOARD
SENTENCED TO 2 YEARS 4 MONTHS IMPRISONMENT FOR FILING
A FRAUDULENT TAX RETURN**

- Diverted corporate funds to own use*
- Failed to report \$737,000 of income*

David L. Huber, United States Attorney for the Western District of Kentucky, announced today that **LEONARD KRANE**, age 57, of Palm Beach Garden, Florida, was **sentenced to 2 years and 4 months imprisonment and 1 year supervised release** for failing to report over \$737,000.00 in funds he diverted for his own use from accounts maintained by his then employer, the Military Channel, Inc., causing a tax loss in excess of \$268,000.

Following a 3-day trial in May, 2006, a jury found Krane guilty of one count of tax fraud for failing to report funds he diverted from the Military Channel on his 1998 Federal income tax return.

In 1998, **Krane** was the Military Channel's Chairman of the Board. During that year, he took over \$737,000 from the Military Channel's accounts without authorization from the Board of Directors or the Military Channel's officers, employees or investors. Military Channel officers and employees repeatedly asked **Krane** to explain his use of Military Channel's funds, but **Krane** refused to answer their questions. **Krane** also threatened to fire any employee who contacted the

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Military Channel's bank to investigate **Krane's** unauthorized use of funds. **Krane** used the money to buy cars and houses for various girlfriends, to buy stock in other companies in his own name, and to pay over \$335,000 to his ex-wife's divorce lawyer.

Despite a lack of any documentation, and testimony from numerous witnesses that **Krane's** takings were unauthorized and that the Military Channel was in dire financial condition in 1998, **Krane** claimed that the \$737,000 constituted proceeds of loans from the Military Channel.

The case was prosecuted by Assistant United States Attorneys James R. Lesousky, Jr. and David Weiser and was investigated by the Internal Revenue Service. **Krane** was represented by Steve Romines.

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