



NEWS RELEASE

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FOR IMMEDIATE RELEASE

KC BUSINESS OWNER PLEADS GUILTY TO \$100,000 TAX EVASION

KANSAS CITY, Mo. – Bradley J. Schlozman, United States Attorney for the Western District of Missouri, announced that a Kansas City, Mo., business owner pleaded guilty in federal court today to attempting to evade paying more than \$100,000 in income taxes.

Parnell Riley, Jr., 52, of Kansas City, pleaded guilty before U.S. Chief District Judge Ferando J. Gaitan this morning to the charge contained in a March 2, 2005, federal indictment.

“With the tax-filing deadline just weeks away, and IRS enforcement efforts significantly ramped up this year, any individual even contemplating cheating on his taxes ought to ask himself soberly: ‘Do I feel lucky?’ Because the likely result of such evasive action is costly litigation and a very probable prison sentence,” Schlozman said.

By pleading guilty today, **Riley** admitted that he attempted to evade paying \$111,173 in income taxes for the years 2000 through 2002 by concealing assets from the Internal Revenue Service, placing funds and property in the names of others, and filing a false amended return for fiscal year 2000 in an attempt to reduce his outstanding tax liability.

Riley was self-employed and operated his own business, Riley & Company, doing business as Independent Information & Investigation, a personal injury automobile accident investigations business. The company contacted accident victims and referred the victims to auto body shops, attorneys, and/or chiropractors, for which the company was paid referral fees. During the years 2000 through 2002, **Riley** had a combined total tax due of \$111,173 but actually paid only \$844 in withheld taxes.

Riley admitted that he committed the following acts, among others, to evade the payment of the tax due and owing for the years 2000, 2001, and 2002:

- * conducted a large volume of his financial transactions in cash and with the use of cashiers checks, often drawn in the name of one of the business entities he had created;
- * cashed income checks at a check cashing business;
- * formed numerous business entities and set up bank accounts in their names at various financial

institutions, which he used to deposit and withdraw funds;

- * purchased several vehicles under his wife's name, including a 1997 Cadillac Deville, a 1999 Cadillac Escalade, a 2002 Cadillac Escalade, and a 1998 Mercedes SLK Kompressor;
- * conducted a number of property purchases in the names of other persons;
- * used an American Century brokerage account in the name of his wife to make deposits and cash withdrawals, to move funds in money markets, and to buy and sell securities.

Riley also admitted that on Sept. 3, 2002, he filed a false and fraudulent amended income tax return for the tax year 2000, resulting in a reduction of his tax liability for that year in the amount of \$5,375. This amended return claimed he was entitled to additional deductions, including \$4,000 for office rent and \$11,761 for unclaimed expenses for the business use of his residence, although he knew he was not entitled to these additional deductions.

Under federal statutes, could be subject to a sentence of up to five years in federal prison without parole, plus a fine up to \$250,000 and an order of restitution. A sentencing hearing will be scheduled after the completion of a presentence investigation by the United States Probation Office.

This case is being prosecuted by Assistant U.S. Attorney David M. Ketchmark. It was investigated by IRS-Criminal Investigation and the Federal Bureau of Investigation.

This news release, as well as additional information about the office of the United States Attorney for the Western District of Missouri, is available on-line at
www.usdoj.gov/usao/mow/index.html