

Glen Carbon man pleads guilty, is sentenced for defrauding victims from prior conviction

by Dan Brannan, Content Director
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EAST ST. LOUIS - Kenneth J. Lee, 54, of Glen Carbon was sentenced to 42 months, followed by three years of supervised release, on June 9, 2017, for a guilty plea to a six-count information charging conspiracy to defraud, criminal contempt of court, mail fraud, making false statements and aggravated identity theft.

Donald S. Boyce, United States Attorney for the Southern District of Illinois, made the announcement today.

Boyce said the court also ordered Lee to pay approximately \$525,000 in restitution to victims of his fraud scheme.

United States Attorney Donald S. Boyce praised both investigative efforts by federal law enforcement as well as the supervision efforts of United States Probation.

“The victims of this defendant have waited over 10 years for their savings to be paid back by a man who has worked tirelessly to continue his deception and fraud against his victims and the government’s efforts to get their money back. This prosecution is a sign that the victims, regardless of how much time has passed, are not forgotten, and that the men and women who investigate, and prosecute these cases will continue to work tirelessly to seek justice for them.”

In January of 2006, Lee pled guilty in United States District Court for the Eastern District of Missouri to charges that he had committed mail fraud and failed to file taxes. Lee was sentenced to prison, ordered to pay over \$580,000 in restitution to his “Ponzi” scheme victims, and serve three years of supervised release after imprisonment.

After his release from prison, he began serving his period of supervision in the Southern District of Illinois. While serving the term of supervised release Lee violated the 2006 order to repay his victims by failing to report to United States Probation and the United States Attorney’s Financial Litigation Unit, income and assets, that should have been used for restitution.

At his plea, Lee admitted that beginning in April of 2006 and continuing until July of 2015, Lee along with others agreed to utilize various entities, names, and ruses to conceal and disguise business dealings and assets. The defendant utilized assets generated by his various business and financial dealings to pay personal expenses while concealing those assets from the legitimate efforts of the government to obtain restitution for the defendant’s prior victims.

During this time, Lee made false statements, created false documents, failed to comply with the order of the United States District Court for the Eastern District of Missouri, and, on at least one false document, used the name of a prior victim without permission, therein committing aggravated identity theft.

“Those who engage in this type of fraud should know they will not go undetected and will be held accountable,” said Karl Stiften, Special Agent in Charge of IRS Criminal Investigation.

The investigation was conducted by the Internal Revenue Service, Criminal Investigation, and the U.S. Postal Inspection Service. The case is being prosecuted by Assistant United States Attorney Ranley R. Killian.