

Former Edwardsville Resident/Area Building Contractor Pleads Guilty To Bankruptcy Fraud

by Dan Brannan, Content Director
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EAST ST. LOUIS - A former resident of Edwardsville pled guilty on Friday, October 28, 2022, to making a series of false statements during his 2018 bankruptcy case in the U.S. Bankruptcy Court for the Southern District of Illinois.

According to court documents, Kevin Kahrig, 49, a former building contractor in the area, concealed assets from his creditors by transferring those assets to his girlfriend-turned-spouse, Catharine Kahrig, prior to filing bankruptcy. As part of his plea, Kahrig admitted that he transferred \$277,850 in cash and checks to Catharine Kahrig in 2016, then closed all his bank accounts the next year. Kahrig hid those cash transfers and many of the closed accounts in his later filings with the bankruptcy court.

Also in the court documents, it says next, Kahrig took his name off a lakefront home he co-owned with Catharine Kahrig and hid this transfer from the bankruptcy court. Kahrig also sold his boat before bankruptcy. He gave the \$395,000 he got from the boat to Catharine. Although Kahrig did disclose the sale of this boat to the bankruptcy court, he lied about the amount he received from the sale and did not disclose that he had provided those funds to Catharine.

"All told, Kahrig concealed hundreds of thousands of dollars in assets from his creditors," United States Attorney Rachelle Aud Crowe said.

"Individuals who hide assets and make false statements on bankruptcy pleadings not only defraud their creditors, but they use the federal courts as a part of their fraud," said Crowe. "That is an intolerable abuse of the bankruptcy system which demands transparency and forthrightness by those seeking to have their debts discharged or restructured. Those who engage in such behavior will be held accountable by this office."

FBI Springfield Field Office Special Agent in Charge David Nanz said: "Kevin Kahrig chose lies and deception at every step to conceal assets and escape financial obligations. "The FBI takes our responsibility to pursue allegations of bankruptcy fraud very seriously and will always work to hold accountable those who try to bypass the system."

Nancy J. Gargula, United States Trustee for Indiana and Central and Southern Illinois (Region 10) agreed with Nanz: "Concealing assets in a bankruptcy proceeding is a crime that threatens the integrity of the bankruptcy process and public confidence in that process. "We are grateful to all of our law enforcement partners in this case and, in particular, to the United States Attorney Rachelle Aud Crowe for her commitment to pursuing those who lie about assets in bankruptcy."

Kahrig's offense carries a maximum sentence of five years imprisonment and a fine of up to \$250,000. Kahrig's sentencing is set for 10 a.m. February 2, 2023.

The investigation was conducted by the Federal Bureau of Investigation, Springfield Field Office, in collaboration with the Southern District of Illinois Bankruptcy Fraud Working Group coordinated by the U.S. Trustee for Region 10, after referral by the U.S. Trustee.

The U.S. Trustee Program is the component of the Justice Department that protects the integrity of the bankruptcy system by overseeing case administration and litigating to enforce bankruptcy laws. Region 10 is headquartered in Indianapolis, with additional offices in Peoria, Illinois, and South Bend, Indiana. The case is being prosecuted by Assistant United States Attorney Peter T. Reed.