



U.S. Department of Justice

*United States Attorney
Northern District of Illinois*

*Patrick J. Fitzgerald
United States Attorney*

*Federal Building
219 South Dearborn Street, 5th Floor
Chicago, Illinois 60604
(312) 353-5300*

FOR IMMEDIATE RELEASE
THURSDAY NOVEMBER 5, 2009
www.usdoj.gov/usao/iln

PRESS CONTACTS:
AUSA Brian Hayes (312) 353-4307
Randall Samborn (312) 353-5318

**FUGITIVE FORMER GENERAL MOTORS EXECUTIVE RETURNS TO U.S.;
PLEADS GUILTY TO METALS FRAUD AND \$6.5 MILLION KICKBACK SCHEME**

CHICAGO – A former General Motors Corp. executive who was a fugitive abroad for more than a year returned to the United States yesterday and pleaded guilty today to federal charges relating to a kickback and fraud scheme involving GM's sale of bulk aluminum to third parties. The defendant, **Daniel J. Bealko**, GM's former global commodity manager for lightweight metals, also pleaded guilty to federal income tax evasion, admitting that he concealed from the IRS approximately \$6.5 million in kickbacks he received from his co-defendant, a Chicago area businessman who was engaged in metal brokerage and commodity trading businesses and who previously pleaded guilty in the case.

Bealko, 62, formerly of Clarkston, Mich., was believed to be living in the Caribbean islands of St. Kitts and Nevis when he was indicted in March 2008, together with Anthony Demetrius Brown, who owned businesses in Illinois and Nevada related to metal sales, sports and entertainment. Bealko was arrested last year in Liechtenstein, where he underwent extradition proceedings. Those proceedings were withdrawn after Bealko agreed to return to the United States and plead guilty. He was taken into federal custody when he arrived in Chicago yesterday and he was ordered detained today by U.S. District Judge Charles Kocoras, who set sentencing for Jan. 19, 2010.

Bealko agreed to the entry of a forfeiture judgment of \$6.5 million and further agreed to assist the Government in repatriating certain foreign assets, including approximately \$3.3 million held in a bank account in Liechtenstein, which would be applied toward restitution to GM.

The guilty plea was announced by Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois; Alvin Patton, Special Agent-in-Charge of the Internal Revenue Service Criminal Investigation Division in Chicago; and Robert D. Grant, Special Agent-in-Charge of the Chicago Office of the Federal Bureau of Investigation.

Brown, 48, also known as “Tony Brown,” formerly of Highland Park, pleaded guilty to engaging in the kickback and fraud scheme in October 2008 and is awaiting sentencing.

Bealko was GM’s Global Commodity manager between 1996 and December 2003, and was entrusted with the discretionary authority to devise and implement a plan for GM to divest its extensive bulk aluminum holdings between late 1998 and December 2003. During the 1990s, GM acquired several hundred millions pounds of bulk aluminum, a large portion of which it decided to sell by the late 1990s. To protect itself from price fluctuations, GM engaged in hedging strategies, such as commodities futures trading, typically through the New York Mercantile Exchange and the London Metals Exchange. In court today, Bealko said that the bulk aluminum sales totaled approximately \$1 billion.

Brown was the owner of the former Fuci Metals USA, a bulk metal sales broker, and the former Commodities Management Exchange, which auctioned bulk metal through an internet-based exchange, CMXchange.com, both of which had offices in north suburban Northfield. Brown also had an interest in sports and entertainment-related businesses, principally based in Las Vegas, including CMX Sports & Entertainment and CMX Productions.

Between mid-1998 and December 2003, Bealko received approximately \$6.5 million in kickbacks from Brown for steering GM bulk aluminum sales on favorable credit terms to Fuci

Metals, which then re-sold the aluminum for a small profit to third parties that Bealko located and on sales terms that he negotiated. Rather than repay GM, Brown diverted funds that he had obtained from the sale of GM's aluminum to goods and services for his own personal benefit and on his sports and entertainment business interests. As a result, Fuci became insolvent, leaving GM with a debt of approximately \$83 million.

In his plea agreement, Bealko admitted that he told Brown that he had not been adequately compensated by GM in light of the substantial sums he made for the company in managing its aluminum positions. And Bealko complained that GM's medical insurance was not sufficiently covering the costs of medical care required by a close family member.

In pleading guilty to tax evasion for 2002, Bealko admitted that he had nearly \$1.35 million in taxable income and owed at least \$490,000 in taxes that he did not pay. In total, between 1998 and 2003, Bealko admitted willfully under-reporting his taxable income by \$6.5 million (the total amount he received in kickbacks), resulting in a tax loss to the government of approximately \$1.82 million.

The Government is being represented by Assistant U.S. Attorney Brian Hayes.

Bealko faces a maximum penalty for wire fraud of 20 years in prison and a fine of \$250,000 or twice the gross gain or gross loss resulting from the crime, and a maximum penalty for tax evasion of 5 years in prison and a \$250,000 fine, in addition the costs of prosecution and remaining liable for any taxes owed, penalties and interest owed. In addition to mandatory restitution, the plea agreement calculates Bealko's advisory United States Sentencing Guidelines range at 70 to 87 months and calls for the government to recommend a sentence at the low end of the applicable sentencing guidelines range.

###