

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA)	
)	
v.)	No. 06 CR 964
)	Chief Judge James F. Holderman
)	
MICHAEL E. KELLY)	
)	

**AGREED MOTION FOR A SIXTH EXTENSION
OF TIME TO SEEK THE RETURN OF AN INDICTMENT
OR TO FILE AN INFORMATION**

The UNITED STATES OF AMERICA, by PATRICK FITZGERALD, United States Attorney for the Northern District of Illinois, at the defendant’s request and with the defendant’s agreement, respectfully moves this Court under 18 U.S.C. § 3161(h)(8)(A) and (B) for a sixth extension of time in which to seek the return of an indictment or file an information in this case from November 9, 2007 to and including January 11, 2008. The first extension of time was sought by the government, which was granted by Chief Judge James Holderman on January 16, 2007. On March 20, 2007, a second extension of time was sought on an agreed motion, which was granted by Acting Chief Judge Norgle. On May 8, 2007, a third extension was sought on an agreed motion and Acting Chief Judge Lefkow granted the motion on May 8, 2007, extending the time to bring an indictment or information to July 19, 2007. On July 10, 2007, based on another agreed motion for an extension, Chief Judge James Holderman granted an extension through September 28, 2007. On September 25, 2007, Acting Chief Judge Wayne R. Andersen granted an agreed motion extending to time to bring charges through November 9, 2007. (Copy attached.)

The current agreed request for an extension of time is sought: to allow the defendant to continue to provide information to the government through additional proffers; to allow the

defendant to produce additional documentary evidence to the government, much of which is located outside the United States; to allow the government time to review the approximately 30 boxes of documents recently produced by the defendant through counsel; and to continue to explore the possibility of a mutually acceptable plea agreement, as a part of which, according to defendant's counsel, the defendant would plead guilty and make substantial restitution of the losses to victims. In support of this agreed motion, the government states as follows:

1. Defendant Michael E. Kelly was arrested in Jacksonville, Florida on December 22, 2006 and charged with engaging in a scheme to defraud in violation of Title 18, United States Code, Section 1341. The criminal complaint, which was filed in this district under case number 06 CR 964, alleged that the defendant's scheme involved fraudulently raising over \$400,000,000 through the offer and sale of so-called universal leases to hundreds (more likely thousands) of investors located throughout the United States. The defendant and others including a network of hundreds of salesmen sold the universal leases by offering returns of as much as 11% per year for 25 years, as well as the option to sell back the universal lease for 100% of the purchase price in as little as two years. The time period of the scheme according to the criminal complaint was in or about 1999 to the present. The criminal investigation has expanded to cover the offer and sale of investment offerings by the defendant and others in 1998 and 1999. That led into the universal lease offering.

2. Defendant Michael E. Kelly, a United States citizen and former resident of the South Bend, Indiana area, is now also a Mexican citizen and a Belize citizen, and has resided in and operated his companies for at least the last several years from Cancun, Mexico. His arrest in Florida took place as a result of the FBI receiving a tip on or about December 21, 2006 that the defendant was returning to the United States for a medical procedure. In fact, the defendant entered the United

States on a chartered plane on or about December 20, 2006 and had plans to leave on December 23, 2006.

3. On December 27, 2006, the defendant waived his right to a detention hearing and to a preliminary hearing in the Middle District of Florida, but reserved the right to have both in this district. On the same day, the presiding magistrate judge in the Middle District of Florida ordered that the defendant be transported in custody to this district.

4. On or about January 9, 2007, the defendant arrived in this district.

5. On January 16, 2007, the government moved for additional time in which to seek an indictment. United States District Court Chief Judge James F. Holderman granted the extension through March 22, 2007. In doing so, the Court made a finding that it did “not believe a further extension of time beyond March 22, 2007, will be necessary for the government’s effective preparation for an indictment, taking into account the exercise of due diligence.”

6. On January 26, 2007, the defendant through counsel waived his right to a preliminary examination and United States Magistrate Michael Mason entered a finding of probable cause.

7. On February 20, 2007, after a detention hearing, United States Magistrate Judge Michael Mason ordered the defendant be detained as a serious risk of flight.

8. The Speedy Trial Act mandates that an indictment or information must be filed within 30 days of the date of the defendant’s arrest. 18 U.S.C. § 3161(b).

9. The Speedy Trial Act also permits the extension of time to return an indictment “upon the request of the defendant, his attorney or the attorney for the government if the Court finds that the ends of justice served by taking such action outweigh the best interest of the public and the defendant in a speedy trial.” 18 U.S.C. § 3161(h)(8)(A). Among the non-exclusive factors a court

may consider are:

a. Whether the failure to grant such a continuance in the proceeding would be likely to make a continuation of such proceeding impossible, or result in a miscarriage of justice.

18 U.S.C. § 3161(h)(8)(B)(i);

b. Whether, in a case in which arrest precedes indictment, delay in the filing of the indictment is caused because the arrest occurs at a time such that it is unreasonable to expect return and filing of the indictment within the period specified in Section 3161(b), or because the facts upon which the grand jury must base its determination are unusual or complex. 18 U.S.C. § 3161 (h)(8)(B)(iii); and

c. Whether the failure to grant such a continuance in a case, which, taken as a whole, is not so unusual or so complex as to fall within clause (ii), would deny the attorney for the defendant or the government the reasonable time necessary for effective preparation, taking into account the exercise of due diligence. 18 U.S.C. §3161(h)(8)(B)(iv).

10. This matter has been and remains exceptionally complex. The criminal complaint alleges an extensive scheme to defraud that generated more than \$400,000,000 obtained from thousands of investors. Documents, witnesses, and other evidence are located both within the United States and in foreign countries such as Mexico and Panama.

11. In March 2007, Jeffrey Steinback and Edward Genson appeared as counsel for defendant Michael E. Kelly.

12. Since March 2007, counsel for defendant Kelly has traveled to Mexico on several occasions and met with Kelly's business associates and lawyers for the purpose of familiarizing himself with the complex and multi-national nature of the case, especially the current financial status

of defendant Kelly and his businesses. This includes consultation with a number of attorneys from Mexico to assist in providing details concerning a significant asset which may be utilized to provide restitution. Thereafter, counsel for Kelly arranged for two formal presentations to the government, the second including a wide array of documents. Counsel for defendant Kelly continues to collect additional material from Mexico; the location and valuation of assets; to be produced to the government concerning, among other things: the identity of victims; the possibility of restitution, and the sources and uses of victims' funds.

13. Defendant Kelly has been providing information to the government about his conduct pursuant to proffers. There have been multiple proffer sessions. Additional time is needed to complete this process as it involves many complex financial and other transactions over a period of years. The defendant through counsel has also expressed his intention to resolve this matter through a plea agreement. Additional time is needed to explore possible terms, including the payment of restitution, which potentially involves money and assets located outside the United States. The repatriation of assets for restitution purposes is complicated by not only the foreign location of assets, but also by the ongoing business nature of some of the assets. Of course, any resulting order for restitution will be designed to benefit the thousands of victims.

14. In response to requests from the government, defendant Kelly through counsel has made a partial production of documents from Mexico since the last extension of time was granted. Approximately 30 boxes of documents have been produced, 19 of them as recently as November 2, 2007. Some of these documents are in Spanish, including what purport to be financial records. The government will need time to review these records and very possibly to address additional inquiries to the defendant based on the review of these produced records.

15. According to counsel for defendant Kelly, additional records are still being gathered in Mexico for the purpose of copying them and producing them to the government.

16. During the period of the currently requested extension, the grand jury will not be meeting on as many as three occasions due to the Thanksgiving and Christmas holidays.

14. Defendant Kelly and the government intend to continue to exercise due diligence in attempting to resolve this matter. Both agree, that under the circumstances described above, an extension of time within which an indictment or information must be filed to and including January 11, 2008 is in the interests of justice and in the best interests of the public. Granting an extension should allow the defendant time to provide additional information relevant to the ultimate proper charging of this matter and to a resolution of any charges against this defendant without any trial. It should also allow the government time to review the recently produced information.

15. Nothing in the government's agreement to this request for an extension should be viewed as limiting the government in any way from seeking an indictment or filing an information earlier than January 11, 2008.

WHEREFORE, the government and the defendant agree to this request to exclude time and respectfully requests this Court to exclude time from the period prescribed in 18 U.S.C. § 3161 to allow for the return of an indictment or information in this matter up to and including January 11, 2008.

Respectfully submitted.
PATRICK J. FITZGERALD
United States Attorney

By: s/Daniel W. Gillogly
DANIEL W. GILLOGLY
Assistant United States Attorney
(312) 886-1328

s/Edward G. Kohler
EDWARD G. KOHLER
Assistant United States Attorney
(312)353-4086

Agreed to: s/Jeffrey B. Steingack
JEFFREY B. STEINBACK
Attorney for Defendant Michael E. Kelly