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Department of Justice

U.S. Attorney's Office

District of Massachusetts

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Former CFO of Boston Grand Prix Pleads Guilty to Fraud and Tax Schemes

Defendant used fraudulently obtained pandemic grant funds to pay for three-carat diamond ring, online dating membership, private school tuition and luxury hotel stays

BOSTON – The former Chief Financial Officer (CFO) of the Boston Grand Prix pleaded guilty today in federal court in Boston in connection with multiple schemes to defraud equipment and small business financing companies as well as the Small Business Administration (SBA) and the Internal Revenue Service.

John F. Casey, 57, formerly of Ipswich, pleaded guilty to 23 counts of wire fraud, three counts of aggravated identity theft, four counts of money laundering and three counts of filing false tax returns. U.S. District Court Judge Allison D. Burroughs scheduled sentencing for Feb. 15, 2022. Casey was indicted in September 2020.

Casey became the CFO of the Boston Grand Prix in January 2015. The Boston Grand Prix organization made payments to or on behalf of Casey totaling approximately \$308,292 in 2015 and \$601,073 in 2016 which Casey failed to include in the gross income he claimed on his personal tax returns for those years.

Casey owned an ice rink in Peabody from October 2013 until he sold it in June 2016. Between October 2014 and October 2016, Casey obtained over \$743,000 in funds from equipment financing companies, purportedly for the purchase of equipment for the ice rink, when in fact he no longer owned the rink for four months during this period. In addition, in August 2016, more than two months after he sold the Peabody rink, Casey obtained over \$145,000 in small business loans for the rink business. In order to secure the financing, Casey submitted false documents and information including fake invoices for the equipment, bank records purporting to show deposits into Casey's accounts related to the Peabody rink, inflated personal and corporate tax returns and personal financial statements falsely claiming ownership and value of various assets. Casey also submitted a fake Deed of Sale containing a forged signature in support of one of his loan applications. Relying on Casey's false statements, the financing companies provided funding to Casey in amounts and on terms they otherwise would not have made. Most of the funds provided by the victim companies were never repaid.

In addition, between March 2020 and at least May 2021, Casey orchestrated a scheme to fraudulently obtain Economic Injury Disaster Loans and Paycheck Protection Program loans from the SBA and a

Massachusetts Sector-Specific Relief Grant – available under the Coronavirus Aid, Relief, and Economic Security (CARES) Act – by submitting false applications for companies he created and controlled and improperly using the fraudulently obtained loan and grant funds for personal expenses. Specifically, Casey submitted at least 14 loan applications to the SBA and intermediary lenders which contained false information concerning, among other things, the gross revenues of the companies during the year prior to the COVID-19 pandemic, the average monthly payroll of the companies and the existence of some of the companies.

In January 2021, while awaiting trial for the financing fraud scheme, Casey submitted an application for a \$70,000 pandemic-related relief grant to the Massachusetts Growth Capital Corporation containing false information about the operating expenses of a company that was not in business in 2019 or 2020. Between April 2020 and April 2021, approximately \$676,552 in COVID-19 relief funds was deposited into bank accounts controlled by Casey, and he used the vast majority of the funds for personal expenses, including a three-carat diamond ring, a six-month membership to Match.com, private school tuition, residential rent payments, living expenses, payments on personal credit card accounts, restaurant meals, car payments and luxury hotel stays.

Casey also pleaded guilty to laundering the proceeds of his fraud schemes and to failing to include the income from the Peabody rink fraud scheme on his 2014, 2015 and 2016 personal federal tax returns.

The charge of wire fraud provides for a sentence of up to 20 years in prison, three years of supervised release and a fine of up to \$250,000 or twice the gross gain or loss, whichever is greater. The charge of aggravated identity theft provides for a consecutive sentence of two years in prison, one year supervised release and a fine of up to \$250,000 or twice the gross gain or loss, whichever is greater. The charge of unlawful monetary transactions provides for a sentence of up to 10 years in prison, three years of supervised release and a fine of up to \$250,000 or twice the value of the criminally derived property, whichever is greater. The charge of filing false tax returns provides for a sentence of up to three years in prison, one year of supervised release and a fine of up to \$250,000 or twice the gross gain or loss, whichever is greater. Sentences are imposed by a federal district court judge based upon the U.S. Sentencing Guidelines and other statutory factors.

Acting United States Attorney Nathaniel R. Mendell; Joseph R. Bonavolonta, Special Agent in Charge of the Federal Bureau of Investigation, Boston Division; and Joleen D. Simpson, Special Agent in Charge of the Internal Revenue Service's Criminal Investigations, made the announcement today. Assistant U.S. Attorney Kristina E. Barclay of Mendell's Public Corruption & Special Prosecutions Unit is prosecuting the case.

On May 17, 2021, the Attorney General established the COVID-19 Fraud Enforcement Task Force to marshal the resources of the Department of Justice in partnership with agencies across government to enhance efforts to combat and prevent pandemic-related fraud. The Task Force bolsters efforts to investigate and prosecute the most culpable domestic and international criminal actors and assists agencies tasked with administering relief programs to prevent fraud by, among other methods, augmenting and incorporating existing coordination mechanisms, identifying resources and techniques to uncover fraudulent actors and their schemes, and sharing and harnessing information and insights gained from prior enforcement efforts. For more information on the Department's response to the pandemic, please visit <https://www.justice.gov/coronavirus>.

Anyone with information about allegations of attempted fraud involving COVID-19 can report it by calling the Department of Justice's National Center for Disaster Fraud (NCDF) Hotline at 866-720-5721 or via the NCDF Web Complaint Form at: <https://www.justice.gov/disaster-fraud/ncdf-disaster-complaint-form>.

Topic(s):

Financial Fraud
Tax

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