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DEPARTMENT: Official Announcements, Notices, and News Releases; Justice Department Documents

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HEADLINE: **2011 TNT 25-90** DOJ ANNOUNCES SENTENCING OF MIAMI FATHER, SON FOR TAX FRAUD. (Section 7201 -- Attempt to Evade Tax) (Release Date: FEBRUARY 04, 2011) (Doc 2011-2586)

CODE: Section 7201 -- Attempt to Evade Tax;
Section 7207 -- Fraudulent Returns and Documents

ABSTRACT: In a February 4 release, the Justice Department announced that a Miami father and son were each sentenced to 120 months in prison and ordered to pay restitution following their conviction for conspiracy and filing false tax returns; the pair concealed over $ 150 million in assets from the IRS in offshore banks.
Justice Department

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MIAMI BEACH HOTEL DEVELOPERS SENTENCED FOR TAX FRAUD

Release Date: FEBRUARY 04, 2011

Published by Tax Analysts(R)

Father, Son Concealed More than $ 150 Million in Assets; Failed to Report $ 49 Millio n in Income

FRIDAY, FEBRUARY 4, 2011

MIAMI -- Mauricio Cohen Assor, 77, and his son, Leon Cohen-Levy, 46, each with residences in Miami Beach, Fla., were sentenced today after having been convicted of conspiring to defraud the United States and filing false tax returns. U.S. District Judge William J. Zloch sentenced both Cohen Assor and Cohen-Levy to 120 months in prison. Cohen Assor was ordered to pay restitution in the amount of $ 9,379,849 and Cohen-Levy was ordered to pay $ 7,761,959 in restitution. Both defendants have been detained since their arrest on April 15, 2010.

According to court records, the father and son concealed more than $ 150 million in assets, including Miami Beach mansions, yachts, luxury automobiles and bank accounts containing tens of millions of dollars. The defendants also failed to report more than $ 49 million in income to the Internal Revenue Service (IRS).

"American taxpayers who seek anonymity and shelter behind foreign bank accounts in tax haven jurisdictions are simply running out of places to hide," said U.S. Attorney for the District of South Florida Wifredo A. Ferrer. "Those who evade their income tax obligations will be found and will be held accountable for their actions."

"Honest taxpayers who will soon be filing their tax returns should be comforted by the outcome of this case because it shows that no one is above our nation's tax laws," said John A. DiCicco, Acting Assistant Attorney General for the Justice Department's Tax Division. "The Justice Department will aggressively prosecute anyone who tries to cheat our country by hiding assets or income outside its borders."

"As the defendants in this case have learned, hiding income and assets offshore is not tax planning; it's tax fraud," said Victor Song, Chief, IRS-Criminal Investigation. "The IRS is vigorously pursuing unreported income in hidden offshore accounts. We urge citizens to consider whether tax fraud is worth the price of going to jail. The smart choice is to use the IRS voluntary disclosure program to get right with the U.S. government."

According to court documents and trial testimony, the two men and their co-conspirators used nominees and shell companies formed in tax haven jurisdictions, including the Bahamas, the British Virgin Islands, Panama, Liechtenstein and Switzerland, to conceal their assets and income from the IRS. To further conceal their assets and income from the IRS, the defendants also provided false documents to banks; opened bank accounts in the names of nominees; titled their personal residences and luxury vehicles in the name of shell companies; filed false and fraudulent tax returns; failed to file other tax returns; induced individuals to testify falsely under oath in a civil matter pending before the New York Supreme Court; and induced other individuals to make false statements to federal law enforcement agents. Among the nominees used by the defendants were their personal secretary and their limousine driver.

According to court documents and trial testimony, Cohen Assor and Cohen-Levy were the developers and owners of several residential hotels known by the trade name Flatotel International. Flatotel had locations in France, Spain, Brussels and New York. In 2000, the defendants sold their New York hotel and generated proceeds of $ 33 million. The defendants directed that the sale proceeds be transferred to a bank account at HSBC in Switzerland that was opened in the name of a Panamanian bearer share company. The income earned from the sale of the hotel was never reported on U.S. tax returns by the Cohens or by any of their related entities.

According to court documents and trial testimony, among the assets and income the Cohens concealed from the IRS were a $ 45 million investment portfolio; a condominium at Trump World Tower in New York that was worth as much as $ 10 million; the personal residence of Cohen Assor on Fisher Island in Miami Beach worth approximately $ 20 million; the personal residence of defendant Cohen-Levy in Miami Beach worth approximately $ 26 million; the personal residence of the daughter of Cohen Assor in Bal Harbor, Fla.; commercial properties valued in excess of $ 55 million in Miami Beach; luxury vehicles including a Rolls Royce Phantom, a Porsche Carrera GT, a Bentley, a Ferrari Testarossa, a BMW Z8, a Dodge Viper, a limousine and a $ 1.2 million helicopter.

U.S. Attorney Ferrer, Acting Assistant Attorney General DiCicco and IRS-Criminal Investigation Chief Song commended the investigative efforts of the IRS agents involved in this case, as well as Assistant U.S. Attorney Jeffrey A. Neiman and Tax Division Trial Attorney Mark F. Daly and Senior Litigation Counsel Kevin M. Downing.

More information about the Justice Department's Tax Division and its enforcement efforts is available at www.usdoj.gov/tax/.