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Cohens Guilty of Evading Taxes

The father and son pair of developers who built the 'Flatotel' group of hotels, Mauricio Cohen Assor and his son, Leon Cohen Levy were convicted of evading taxes on a $33 million sale of a hotel in Florida. In the much publicized trial, a federal grand jury found both defendants guilty as charged. They both face up to 11 years in jail.

The IRS said the Cohens used shell companies overseas owned by cooperating friends and family members and forged documents to dupe the IRS. The Cohens have been living an extravagant lifestyle owning mansions and luxury cars. Consequently, the IRS said they should have declared their income that allowed them to own such expensive assets. But the Cohens claim theses assets are owned by corporations.

This case drew particular interest among tax lawyers across the country because it was the first since March 2009 when the Treasury Department made concerted efforts to track down offshore bank accounts used to hide assets in attempts to evade taxes.

US District Judge William Zloch set December 17 for sentencing while the defense attorney for the Cohens, Michael Pasano said he would request a re-trial. Judge Zloch gave Pasano until October 27 to file his motion for re-trial.

Both men have had previous records when it came to taxes. Leon Cohen was convicted of falsely reporting $45,000 in income for 2005 and $46,101 for 2007 while Mauricio Cohen was convicted of falsely reporting income of $10,399 for 2004 and $41,821 for 2007. In another previous case, the jury cleared Leon Cohen of a charge that he falsely reported income of $45,000 for 2004.

In this present case, prosecutors claimed that Mauricio Cohen did not report $11.9 million of his income and his use of a Rolls Royce and his mansion and earnings from a British Virgin Islands corporation, Whitebury Shipping Time Sharing Ltd. On the other hand, Leon Cohen was alleged to have concealed $4.4 million from his use of a mansion, two Porsches and two Ferraris. Their lawyer Pasano contends that the prosecution did not prove that the Cohens intentionally broke the law. On top of that, he also said that there were varying theories on whether they owned the mansions and luxury cars or whether they only used them for business purposes.

The Assistant DA, Mark Daly in his closing submissions in court said the men transferred $33 million they received from the sale of their New York Flatotel in 2000 by depositing the money into a Swiss account of HSBC Plc and then moving it to other offshore accounts. In addition, Daly also said the Cohens hid their ownership of a company that invested up to $45 million.