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Tax Fraud Trial Goes Underway for Father-Son Developers

Mauricio Cohen Assor, 77 and his son, Leon Cohen Levy, 46, the Miami father and son pair of hotel developers began their trial last week under charges of hiding more than \$150 million in assets from the IRS. In a high-profile trial that is expected to bring to light their opulent lifestyle of owning luxury cars, yachts and mansions.

Cohen Assor and Cohen Levy are accused of making filing false tax returns and defrauding the IRS. They are alleged to have used shell companies in tax havens to evade taxes. A federal court jury of 12 members (7 men and 7 women including 2 alternates) has been appointed in Fort Lauderdale, Florida where the case will be heard.

Up to now, both father and son have remained in custody despite several attempts at bail.

The prosecutors case rests on the claim that the father and son did not disclose the fact they owned a house worth \$26 million in Miami Beach and another elsewhere worth \$20 million. In addition, they allegedly owned another \$55 million in commercial properties and \$45 million in various forms of investments which also went undeclared. In addition, the men owned luxury cars in the form of a Ferrari Testarossa, a Porsche Carrera GT and a Rolls Royce Phantom.

The father-son developers operated all suite hotels in Europe under the brand, 'Flatotel' that also included one in New York, owned through nominees, which was sold in 2000 generating profits of \$33 million which was deposited into their Swiss HSBC Holdings

Plc account. But they are alleged to have concealed the details of this sale from the IRS.

A further accusation is that Cohen Assor and his son used a shell company called American Leisure Resorts Inc. to hide assets in tax haven countries like the British Virgin Islands, Panama, Liechtenstein, Switzerland and the Bahamas.

On the other hand, the attorney for the defense, Michael Pasano, will attempt to show that the accused never meant to break the law. Pasano also claims that they never owned the hotel that was sold or American Leisure Resorts but they were the Resort's employees. Their case rests on the absence of any proof of agreement to violate the law and intentional participation in criminal acts.

But will mere sincere faith in believing they were not breaking the law suffice to convince the jury they are not guilty? It remains to be seen.