

## **3/13/2007 Schenectady, New York Gas Station owner sentenced to 121 months of imprisonment and imposed a forfeiture judgment of approximately \$6.8 million.**

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March 13, 2007  
PRESS RELEASE

Glenn T. Suddaby, United States Attorney for the Northern District of New York; Anne Marie Coons, Special-Agent-in-Charge of the Buffalo Field Office of the Internal Revenue Service Criminal Investigation Division; John F. Pikus, Special-Agent-in-Charge of the Albany Division of the Federal Bureau of Investigation; and Preston L. Felton, Superintendent of the New York State Police announced that today United States District Court Judge Gary L. Sharpe sentenced USA Gas station owner ZIYA OZBAY, age 59, of Schenectady, New York to 121 months of imprisonment and imposed a forfeiture judgment of approximately \$6.8 million. OZBAY was found guilty by a jury following a trial of federal tax violations including 1) Obstructing and Impeding the Internal Revenue Service, in violation of Title 26, United States Code, Section 7212(a); 2) Failing to Pay Employee Withholding Taxes, in violation of Title 26, United States Code, Section 7202; 3) Failing to File Income Tax Returns, in violation of Title 26, United States Code, Section 7203; and 4) Structuring cash deposits to avoid the reporting of the transactions to the Internal Revenue Service, in violation of Title 31, United States Code, Section 5324(a)(3). Three other defendants - YALCIN OZBAY, age 38, of Saratoga Springs, New York, who was also found guilty by a jury following trial as well as MUSTAFA OZBAY, age 56, of Schenectady, New York and BIROL OZBAY, age 29, of Schenectady, New York, both of whom pled guilty during the trial - still await sentencing on the following dates: March 28, 2007 for BIROL OZBAY, April 13, 2007 for YALCIN OZBAY, and April 26, 2007 for MUSTAFA OZBAY.

ZIYA OZBAY was found guilty of obstructing and impeding the Internal Revenue Service ("IRS") by preventing the IRS from accurately calculating the taxes due from them personally and from their corporations. Specifically, the indictment alleged that ZIYA OZBAY and his co-defendants: 1) failed to maintain corporate books and records accurately reflecting corporate revenues and expenses for several corporations; 2) did not provide their accountant with adequate books and records to prepare income tax returns for several of their corporations; 3) failed to keep their corporate operations separate and distinct; 4) failed to file and filed inaccurate corporate and personal tax returns; 5) failed to pay federal withholding taxes and Federal Insurance Contribution Act taxes for some USA Gas employees; and 6) hid the total amount of their cash deposits from the IRS by making cash deposits of less than \$10,000 to avoid having the cash deposits reported to the IRS.

ZIYA OZBAY was also found guilty of several charges involving the operation of the USA Gas station at 1605 Broadway in Schenectady, New York -- five counts of Failing to File Income Tax Returns for Ozbay Service Center, Inc. (the corporation which owns that USA Gas station ) for tax years 1999, 2000, 2001, 2002, and 2003 and six counts of Failing to Pay Employee Withholding Taxes for USA Gas employees for quarters ending from 1999 through 2003. ZIYA OZBAY was also found guilty of three counts of structuring, that is making cash deposits less than \$10,000 to evade federal reporting requirements for cash deposits more than \$10,000. The total amount structured by all of the USA Gas stations was approximately \$21 million.

The tax investigation was conducted by the Albany Office of the Internal Revenue Service Criminal Investigation Division, which participated in the broader investigation with agents from the Joint Terrorism Task Force in Albany, New York which includes the Federal Bureau of Investigation, the New York State Police, U.S. Immigration and Customs Enforcement, the United States Department of State, the Albany Police Department, the Schenectady Police Department, the Troy Police Department, the New York State Office of Inspector General, the Social Security Administration Office of the Inspector General, the Federal Air Marshals, United States Marshal Service, and the Internal Revenue Service. The New York State Department of Taxation and Finance, the Rotterdam Police Department, the Niskayuna Police Department, the Colonie Police Department, the U.S. Drug Enforcement Administration and the U.S. Postal Inspection Service also provided assistance. The case is being prosecuted by Assistant United States Attorneys Elizabeth C. Coombe and William C. Pericak.

United States Attorney Suddaby thanked all the agencies for their teamwork and dedication, and expressed particular gratitude to Special-Agent-in-Charge Coons and the Special Agents of the Internal Revenue Service Criminal Investigation Division for their leadership and diligence in gathering and analyzing the evidence which led to the successful prosecution.

Inquiries may be directed to Assistant U.S. Attorney Elizabeth C. Coombe at (518) 431-0247.