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**MARVIN BERKOWITZ PLEADS GUILTY TO \$54 MILLION TAX FRAUD CONSPIRACY; DIRECTED RING FROM ISRAEL IN OBTAINING \$4.5 MILLION IN REFUNDS USING NAMES OF FEDERAL PRISONERS AND DECEASED PERSONS**

CHICAGO — A former Chicago man who lived in Israel since 2003 pleaded guilty today to federal tax fraud conspiracy charges, admitting that he orchestrated a group of family members and others who tried to obtain at least \$54 million in fraudulent federal and state income tax refunds using the identities of at least 2,900 prisoners and deceased persons. The defendant, **Marvin Berkowitz**, admitted directing a fraud ring that obtained at least \$4.5 million in actual tax refunds from the Internal Revenue Service and the tax agencies of at least 28 states. Berkowitz, 63, who fled to Israel in 2003 and was arrested in Jerusalem by Israeli authorities in 2009, admitted directing at least 58 individuals, who controlled some 90 different address and 42 bank accounts, in obtaining the bogus tax refunds. The IRS was able to detect, freeze or intercept the additional false claims for refunds totaling approximately \$50 million that were not actually paid.

Berkowitz, two of his sons, a son-in-law, and seven other defendants were indicted and arrested in 2009. Berkowitz, who was scheduled to go on trial with several co-defendants on Jan. 31, pleaded guilty to one count of conspiracy to defraud the IRS and to commit mail and wire fraud,

and one count of mail fraud. He faces a maximum sentence of 25 years in prison and a \$500,000 fine, or a fine totaling twice his gain or twice the loss, whichever is greater, as well as mandatory restitution. A written plea agreement contemplates an advisory federal sentencing guideline range of 188 to 235 months in prison. U.S. District Judge Virginia Kendall set sentencing for 1:30 p.m. on June 15.

Berkowitz also agreed to a forfeiture judgment of \$4.5 million and agreed to relinquish an unspecified amount of funds being held in accounts at financial institutions in Israel, as well as real estate in Israel owned in the name of or for the benefit of Berkowitz or his family members.

The guilty plea was announced by Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois, and Alvin Patton, Special Agent-in-Charge of the IRS Criminal Investigation Division in Chicago. U.S. Immigration and Customs Enforcement (ICE) and the U.S. Postal Inspection Service also assisted in the investigation, along with the U.S. Department of State Regional Security Office in Jerusalem and Israeli authorities.

Berkowitz's son, **David Berkowitz**, of Hollywood, Calif., previously pleaded guilty in the case, while charges remain pending against another son, **Yair Berkowitz**, and Marvin Berkowitz's son-in-law, **Eric Berkowitz**, both of Chicago, and seven other defendants.

According to Berkowitz's plea agreement, between 2003 and August 2009, Berkowitz directed a conspiracy to file thousands of fraudulent state and federal income tax returns, using the names and social security numbers of federal inmates and deceased persons without their or their families' knowledge or consent. The false returns included various fictitious and false items, including addresses and phone numbers, deductions, business losses and expenses, credits, and W-2 wage and 1099 income statements of earnings from employers. Berkowitz forged the signatures of the purported taxpayers on the returns, and then mailed packages from Israel containing the false returns, together with stamped envelopes, addressed to the IRS and state taxing agencies, to

individuals working for him in the United States. Berkowitz instructed those individuals to mail the envelopes from different mailboxes in order to avoid raising suspicion at the IRS and state taxing agencies.

Berkowitz recruited individuals to accept fraudulent tax refunds at addresses and bank accounts they controlled. Berkowitz then instructed the individuals to mail the tax refunds to him in Israel or to distribute the proceeds to his co-conspirators. In addition, Berkowitz directed at least \$1.5 million in proceeds from the refunds to his family members.

As part of the conspiracy, Berkowitz variously misrepresented to a number of individuals that he worked with that he was a tax preparer, a certified public accountant, a rabbi, an attorney, and/or that he operated a tax preparation business. In some cases, Berkowitz provided these individuals with letters purporting to confirm that Berkowitz was employed by a company managing the tax returns of clients stationed in the Middle East, as well as with documents purporting to be powers of attorney authorizing Berkowitz, or Berkowitz's co-conspirators, to act on behalf of the taxpayer.

Many of Berkowitz's recruits were individuals for whom he had previously prepared income taxes, in violation of a permanent injunction entered against him in 1984, in *United States v. North American Investment Group et al*, 84 C 3683, which prohibited Berkowitz from acting, directly or indirectly, as a tax preparer.

The government is being represented by Assistant U.S. Attorneys Charles Ex, Maureen Merin and Dylan Smith.

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