



*United States Attorney
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**YONKERS' CHIEF MARSHAL PLEADS GUILTY TO OBSTRUCTING THE IRS,
FAILING TO FILE TAX RETURNS**

MICHAEL GARCIA, the United States Attorney for the Southern District of New York, announced that RALPH ARRED, pleaded guilty today in White Plains federal court to obstructing the Internal Revenue Service ("IRS") and failing to file federal income tax returns. ARRED, the City of Yonkers Chief Marshal, was formerly the head of the Yonkers City Democratic Party. (Marshals oversee evictions and other city-related matters.)

According to Court records and his guilty plea to a felony Information, ARRED owned and operated Arred Electrical Contractor Corp. ("Arred Electrical"), a construction-related company based in Yonkers, New York. According to the Information to which ARRED pleaded guilty, the IRS audited Arred Electrical in the late 1980s and discovered that Arred Electrical owed the IRS nearly \$800,000 in payroll taxes that it had withheld from its employees' salaries but which it had not remitted to the IRS as required by law.

As a result of these audits, the IRS, as permitted by applicable regulations, assessed the unpaid payroll taxes against ARRED personally as the owner of the company. Over the more than a decade that followed, ARRED engaged in conduct calculated to prevent the IRS from collecting the unpaid payroll taxes, including: (i) lying to federal officials under oath in a civil deposition about his assets, (ii) using nominee accounts and a

shell corporation to conceal his assets (including gifts he received from a Yonkers contractor), (iii) and failing to file personal income tax returns.

According to Court documents and information disclosed during the plea proceeding, ARRED also owned an entity known as County Site Development, Inc. ("County Site"), which received millions of dollars from Westchester County as a result of nine emergency no-bid contracts awarded to ARRED by the County. The Information charges that during the years 2001 through 2004, at a time when he was receiving substantial income from County Site and other sources, ARRED filed no personal income tax returns.

As a result of his guilty plea, ARRED, 64, of Scarsdale, New York, faces a maximum sentence of 3 years in prison on the charge of obstructing the IRS and 1 year on the charge of failing to file tax returns. As a result of his guilty plea, which was entered before United State Magistrate Judge GEORGE A. YANTHIS, he also faces a maximum fine of \$250,000 or twice the gross gain or loss resulting from his offenses, and imposition of the costs of prosecution. Sentencing is scheduled for July 20, 2006, at 9:00 a.m. before United States District Judge Colleen McMahon.

Mr. GARCIA praised the extensive investigative efforts of the IRS, the Federal Bureau of Investigation, and the Westchester County District Attorney's Office. The investigation is continuing.

Assistant United States Attorney PERRY A. CARBONE is in charge of the prosecution together with Westchester County Assistant District Attorney EDWARD LIVINGSTON, who was designated as a Special Assistant United States Attorney for purposes of this case.

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