



*United States Attorney
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MANHATTAN HEDGE FUND ADVISOR PLEADS GUILTY
IN WHITE PLAINS FEDERAL COURT TO INCOME TAX EVASION

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, announced that BURT KOZLOFF pleaded guilty to income tax evasion late yesterday in White Plains federal court. KOZLOFF was an investment advisor to the defunct Bayou hedge funds.

According to Court records and his guilty plea, between 1997 and 2000 KOZLOFF was employed by Select Advisors LLC ("Select Advisors"), an investment advisory firm specializing in developing and promoting hedge funds. KOZLOFF admitted that he failed to timely file federal income tax returns for the years 1997, 1999 and 2000 despite receiving in excess of \$3.5 million in income from Select Advisors in those years. KOZLOFF further admitted that he caused his accountant to submit false information to the IRS, including requests for extensions of time to file his tax returns, which claimed that he had made payments to the IRS totaling approximately \$329,000, when in fact he had made no such payments.

As a result of his guilty plea before U.S. Magistrate Judge GEORGE A. YANTHIS, KOZLOFF, 59, of Manhattan, faces a maximum sentence of five years in prison and a maximum fine of \$250,000 or twice the gross gain or loss resulting from his offense, as well as imposition of the costs of prosecution. Sentencing is scheduled for October 1, 2007, at 9:00 a.m. before U.S. District Judge CHARLES L. BRIEANT.

Mr. GARCIA praised the extensive investigative efforts of the IRS in this case.

Assistant United States Attorney PERRY A. CARBONE is in charge of the prosecution.