



*United States Attorney
Southern District of New York*

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**MANHATTAN ENTREPRENEUR PLEADS GUILTY
IN U.S. COURT TO TAX EVASION**

*CHARGED EXPENSES FOR GREENWICH HOME
TO HOTEL HE MANAGED*

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, announced that PETER AREST pleaded guilty today in White Plains federal court to evading his income taxes for the years 2001 and 2002. According to the felony Information and statements made during AREST'S guilty plea before United States District Judge KENNETH M. KARAS:

AREST was the manager and partial owner of the 35th Street Hotel Corp., which operated the Hotel Metro located at 45 West 35th Street in Manhattan. During the years 2001 and 2002, AREST engaged in a scheme to evade his federal income tax obligations by causing the Hotel Metro to renovate his newly purchased home in Greenwich, Connecticut, and to pay other personal expenses.

The Information charges that AREST concealed his receipt of the payments by causing false invoices to be submitted and paid by the hotel, in turn causing the Hotel Metro Corp. to falsely characterize the payments as legitimate business expenses paid to third parties rather than as additional compensation to AREST, and then failing to report the income on his personal tax returns.

As a result of the scheme, AREST understated his taxable income by more than \$180,000 in total, and understated his tax liability by approximately \$60,000 for these two years combined.

AREST, age 62, pleaded guilty to one count of tax evasion. He faces up to 5 years in prison, a maximum fine of \$250,000 or twice the gross gain or loss from the offense, and up to 3 years of supervised release. Judge KARAS set July 18, 2008, for sentencing.

Mr. GARCIA praised the investigative work of the Internal Revenue Service, Criminal Investigation Division, and the Federal Bureau of Investigation and thanked them for their assistance in this case.

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

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