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JUSTICE NEWS

Department of Justice

Office of Public Affairs

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Businessman Convicted for Evading \$1.9 Million in Taxes on Sales of Ozone-Depleting Greenhouse Gases

WASHINGTON— Dov Shellef, a businessman from Great Neck, N.Y., was convicted today on 86 counts, following a five-week jury trial, for conspiring to defraud the Internal Revenue Service in the collection of approximately \$1.9 million in excise taxes due on sales of the ozone-depleting greenhouse gas known as CFC-113, the Justice Department announced.

The jury sitting in Central Islip, N.Y., also convicted Shellef for subscribing to false corporate tax returns, wire fraud and money laundering.

According to facts presented at trial, Shellef represented to manufacturers that he was purchasing CFC-113 for export, allowing manufacturers to sell it to him tax-free. He then sold the product in the domestic market without notifying the manufacturers or paying the excise tax.

As of 1996, the Clean Air Act banned the importation and production of CFCs in the United States, but allowed manufacturers to sell and export CFCs that had been stockpiled prior to the ban. CFCs, used primarily as refrigerants and industrial solvents, migrate upon release into the upper atmosphere and destroy ozone, thus permitting more harmful ultraviolet radiation to reach the earth.

In addition, CFC-113 is a significant contributor to climate change. These chemicals are subject to a substantial excise tax imposed to discourage their use and to promote the transition to more ozone-friendly products. This excise tax applied to domestic sales of stockpiled CFCs, but not to sales for export.

Shellef faces a maximum prison sentence of five years for the conspiracy, three years for the false corporate tax return, 20 years for the wire fraud convictions and 20 years for the money laundering convictions. He faces a fine of up to \$250,000 for conspiracy, false tax return and wire fraud, and a fine of \$500,000 or twice the property involved in the offenses for money laundering. Shellef also faces forfeiture of more than \$1 million involved in the money laundering offenses.

Shellef and his business partner, William Rubenstein, were previously convicted by a jury in July 2005 on 130 counts, including conspiracy to defeat the excise taxes on ozone-depleting chemicals, money laundering, wire fraud and a variety of tax violations. These convictions were reversed by the U.S. court of appeals in March 2008 on grounds that some of them should have been tried separately. Prior to the start of the second trial, Rubenstein pleaded guilty to the conspiracy violation but has not yet been sentenced.

The government's case was prosecuted by the Justice Department's Environment and Natural Resources Division and the Tax Division. The case was investigated by special agents of the Internal Revenue Service, with assistance from the Environmental Protection Agency.

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Environment and Natural Resources Division

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