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**HOTEL EXECUTIVE SENTENCED TO 33 MONTHS IN JAIL FOR
PARTICIPATION IN MULTIMILLION-DOLLAR FEDERAL TAX
EVASION SCHEME; CHARGES UNSEALED AGAINST HIS MOTHER,
BEATRICE TOLLMAN, FOR INVOLVEMENT IN SAME SCHEME**

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, announced that hotel executive BRETT G. TOLLMAN was sentenced in Manhattan federal court to 33 months in prison today based on his involvement in two tax schemes involving millions in unreported income through the use of secret foreign bank accounts.

Mr. KELLEY also announced the unsealing of tax fraud charges against BEATRICE NINA TOLLMAN, BRETT TOLLMAN's mother and wife of indicted defendant STANLEY TOLLMAN, based on her involvement in the tax fraud scheme involving foreign bank accounts.

BRETT TOLLMAN pled guilty to two tax fraud conspiracy charges on September 5, 2003. According to court records and his guilty pleas to the two charges, TOLLMAN served as an executive at Tollman-Hundley Hotels, a private company based in New York, which

owned and managed various Days Inn hotels throughout the United States. Also according to court records and the Information, TOLLMAN had various positions with The Travel Corporation, a British Virgins Island company that was and is the parent company to various travel and tourism companies, including Trafalgar Tours International and the Red Carnation Group of hotels.

BRETT TOLLMAN admitted as part of his guilty plea that from 1993 to 1999, he received from The Travel Corporation more than \$2.7 million in compensation through a secret Channel Islands bank account maintained in the name Maxie Group, which amounts he knowingly failed to report to the IRS. According to court records and the Information, BRETT TOLLMAN and others had signatory authority over that account, which was opened in order to receive the secret compensation from The Travel Corporation and its subsidiaries and affiliated companies, including Trafalgar Tours International and Red Carnation.

TOLLMAN also admitted that he was aware of an additional \$6 million that was paid to others by The Travel Corporation as part of the tax evasion scheme, which amounts were also not reported to the IRS. According to TOLLMAN's plea agreement, the unreported income from the Channel Islands scheme resulted in a tax loss to the United States of more than \$3,150,000.

TOLLMAN further admitted during his guilty plea that he conspired with employees of the Tollman-Hundley companies to pay those employees various forms of compensation that was not reported to the IRS by the Tollman-Hundley companies or by the employees. According to the tax conspiracy charge to which TOLLMAN pled guilty and other court documents, the unreported compensation included rental payments for the employees' residences, off-the-books overtime payments, car lease payments, and insurance for employee vehicles. According to TOLLMAN's plea agreement, the unreported compensation to Tollman-Hundley employees involved the payment of almost \$900,000, and a tax loss to the United States of over \$350,000, bringing the total tax loss to \$3,500,000.

In addition to the prison term, BRETT TOLLMAN was sentenced by United States District Judge LORETTA A. PRESKA to pay \$3.5 million in restitution to the IRS based on his involvement in the schemes. Judge PRESKA also ordered TOLLMAN to pay a fine of \$50,000, and the costs of prosecution in the amount of \$27,500. TOLLMAN is scheduled to begin serving his sentence on May 6, 2004.

Four co-defendants, including a lawyer and two accountants, MONTY D. HUNDLEY, SANFORD FREEDMAN, JAMES CUTLER, and HOWARD ZUKERMAN, were convicted in January 2004 based on their

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participation in a related, multimillion-dollar bank fraud scheme. HUNDLEY and CUTLER were also convicted of participating in the same tax fraud scheme to which BRETT TOLLMAN pled guilty -- which involved the payment to Tollman-Hundley employees of various unreported income. All four are scheduled to be sentenced by Judge PRESKA on June 2, 2004.

STANLEY TOLLMAN, the father of BRETT G. TOLLMAN, is a fugitive on the bank fraud and tax fraud charges.

According to the seven-count Complaint charging BEATRICE TOLLMAN, between 1994 and 1999, STANLEY S. TOLLMAN and his wife, BEATRICE TOLLMAN, received in excess of \$35 million in income from the Travel Corporation and its related companies through their secret Channel Islands bank accounts, which income they failed to report on their U.S. Individual Income Tax Returns. Also according to the Complaint, BEATRICE TOLLMAN, the chief executive at the Travel Corporation's Red Carnation Group of hotels, had extensive dealings with the accountants and bankers who managed the TOLLMANS' secret accounts in the Channel Islands in order to further the tax fraud scheme.

Those alleged contacts included: calling the bankers from her homes in New York and London to direct the transfer of the

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unreported income; using phony names such as "Toni," "Vicki" and "Chantelle" and coded language when speaking with the Channel Islands accountants and bankers; having cash withdrawn from the secret accounts delivered to her in London by the Channel Islands bankers; expressing concern about disclosures regarding the secret accounts being made by the Channel Islands bankers to the IRS; and inquiring of the Channel Islands bankers whether they could delete records of the secret Channel Islands accounts from their computer records.

According to Court records, BEATRICE TOLLMAN fled the United States (where she maintains homes at 485 Park Avenue in New York, Palm Beach, Florida, and Litchfield County, Connecticut) in 2003, shortly after learning that the United States authorities had obtained records from the Channel Islands relating to her involvement in the tax fraud scheme.

Mr. KELLEY praised the investigative efforts of the IRS and FBI. He also thanked law enforcement officials in Guernsey, the Channel Islands, for their extensive efforts in helping to obtain evidence that assisted in uncovering the massive tax fraud scheme. Mr. KELLEY said the investigation is continuing.

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According to documents filed in court BRETT G. TOLLMAN, 42, lives in Manhattan.

Assistant United States Attorneys STANLEY J. OKULA, JR., PETER G. NEIMAN, JUSTIN WEDDLE and JOHN P. COLLINS, JR., are in charge of the prosecution.

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