



*Office of the United States Attorney  
District of Arizona*

FOR IMMEDIATE RELEASE  
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## **PHOENIX BUSINESSMAN PLEADS GUILTY TO TAX EVASION**

PHOENIX – Jay Bruce Bernstein, 62, formerly of Paradise Valley, Ariz., pleaded guilty to one count of tax evasion with respect to his 1998 individual income tax return. The charge was connected with \$744,048 he received in the course of selling his convenience store businesses to The Circle K Corporation.

Bernstein pleaded guilty before U.S. Magistrate Judge Andrew W. Austin in the Western District of Texas on March 26, 2008. He was charged on March 24, 2008 with a one count information alleging that when he filed his 1998 Form 1040, he understated his income by \$744,048. The information also charges that Bernstein provided false documents and statements to an employee of the Internal Revenue Service for the purpose of concealing the additional income.

At the plea hearing, Bernstein admitted that in April 1994, as the president of Kwik-Stop Corporation and as the general partner of Kwik-Stop limited partnership, he entered into a contract to sell 16 Kwik-Stop stores to The Circle K Corporation. Bernstein also entered into a non-competition agreement with Circle K. As a result of the contract and agreement, Bernstein received \$744,084 in income from Circle K in 1998, an amount that was not included on Bernstein's tax return.

Bernstein established KWK Financial in 1997 and caused KWK Financial to file a false 1040NR, U.S. Nonresident Alien Income Tax Return, for 1998 claiming the receipt of \$744,084 in income. Bernstein's conduct resulted in a criminal tax loss of \$241,631. Under the terms of the plea agreement, he will pay restitution of that full amount.

A sentencing date has not been set, but will occur before U.S. District Judge Sam Sparks in U.S. District Court for the Western District of Texas. A conviction for tax evasion carries a maximum sentence of five years in federal prison, a \$250,000 fine or both. In determining an actual sentence, the assigned district judge will consult the U.S. Sentencing Guidelines, which provide appropriate sentencing ranges. The judge, however, is not bound by those guidelines in determining a sentence.

The investigation preceding the indictment was conducted by Special Agents of the Internal Revenue Service, Criminal Investigation and was prosecuted by U.S. Department of Justice Tax Division Trial Attorneys Michael C. Vasiliadis and Margaret Leigh Kessler, Washington, D.C. and Assistant U.S. Attorney Stephen W. Laramore, District of Arizona, Phoenix.

CASE NUMBER: A-08-CR-072-SS  
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