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DEBTOR, ATTORNEYS, RECEIVE PRISON TERMS FOR CONCEALING \$2.3 MILLION IN BANKRUPTCY ESTATE ASSETS

The longest white-collar crime sentence ever imposed in the District of Alaska--a 58-month prison term--was recently handed down against Robert Kubick of Anchorage, for fraud that resulted in a \$2,334,000 loss to his Chapter 7 bankruptcy estate. Kubick's attorneys also received prison terms for their role in the fraud.

District Judge John W. Sedwick of the District of Alaska sentenced Kubick February 27, after Kubick pleaded guilty to one count of bankruptcy fraud and one count of tax evasion in connection with the concealment of assets including buried cash and diamonds, a big game trophy collection, a hunting lodge, a Land Rover, and two elephant tusks.

Kubick was also ordered to serve two concurrent three-year terms of supervised release after his prison sentence and to pay \$24,000 in restitution to the bankruptcy trustee. The sentence resulted from a plea agreement reached shortly before trial last October.

Kubick was an Anchorage, Alaska, real estate developer in the 1980s. When the Alaskan economy crashed in the late 1980s, Kubick engaged in an extensive effort to evade creditors, many of whom were failed banks taken over by the Federal Deposit Insurance Corp.

Kubick filed a Chapter 7 petition in Houston in 1991, but he failed to disclose the following property:

- More than \$450,000 in buried cash and diamonds;
- More than \$100,000 in jewelry;
- A big game trophy collection worth over \$90,000;
- Two elephant tusks valued at \$10,000;
- Paintings;
- An Alaskan hunting lodge worth \$325,000; and
- Funds placed in an attorney trust account that were used to purchase a \$48,000 Land Rover Kubick gave to his 17-year-old daughter.

Kubick also failed to disclose that he controlled several corporations and partnerships that continued to hold or

participate in real estate developments in Anchorage and Wyoming through the actions of his attorneys, Wayne Herron and Carol Birdwell of Fort Worth, Texas, in a series of transactions in preparation for Kubick's bankruptcy.

Kubick was in Mexico when he was indicted in November 1996. He remained there until he was expelled by the Mexican authorities in March 1997.

Attorney Herron also pleaded guilty, and was sentenced on one count of bankruptcy fraud and one count of tax evasion. He received three years prison time and three years supervised release, and was directed to pay \$6,000 in restitution to Kubick's bankruptcy estate. His wife, attorney Birdwell, pleaded guilty to one count of tax evasion. She was sentenced March 5 to eight months in prison.

Herron and Birdwell planned and executed a scheme that laundered funds--some of which were funneled to them through an Anchorage law firm's trust account--from various real estate transactions. Herron and Birdwell represented to others that they held partnership interests in their own names, and falsified statements regarding an Internal Revenue Code Section 501(c)(3) foundation's interest in the trophy collection.

The United States Trustee's office in Anchorage assisted in the prosecution. The office moved to have Kubick arrested for failure to attend the Section 341 meeting of creditors, and was instrumental in obtaining his appearance at the Section 341 meeting. Later, the office provided expert testimony at the sentencing hearing. The United States Trustee Program is a component of the Justice Department that supervises the administration of bankruptcy cases nationwide.

The case was investigated by special agents of the Internal Revenue Service's Criminal Investigation Division and the Federal Bureau of Investigation, and was prosecuted by Robert C. Bundy, United States Attorney for the District of Alaska.

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