



PRESS RELEASE

Internal Revenue Service - Criminal Investigation *Chief Richard Weber*

Date: Nov. 10, 2015

Contact: *CI-HQ-COMMUNICATIONSEDUCATION@ci.irs.gov
IRS – Criminal Investigation

CI Release #: CI-2015-11-10-D

Former Maryland Businessman Sentenced to Prison for Fraudulent \$7 Million Bond Scheme and Filing a False Tax

A Hampton Bays, New York man was sentenced today to 63 months in prison followed by three years of supervised release, for securities fraud and filing a false tax return.

Wilfred T. Azar, III, 54, formerly of Queenstown, Maryland, was sentenced by U.S. District Judge William D. Quarles Jr, who also entered an order that Azar must perform 100 hours of community service while on supervised release, and pay restitution in the amount of \$7,219,362 to the victim investors and \$469,936 to the IRS.

The sentence was announced by Acting Deputy Assistant Attorney General Bruce M. Salad of the Department of Justice's Tax Division; U.S. Attorney Rod J. Rosenstein of the District of Maryland; Special Agent in Charge Thomas Jankowski of the Internal Revenue Service-Criminal Investigation (IRS-CI), Washington, D.C. Field Office and Special Agent in Charge Kevin Perkins of the FBI's Baltimore Division.

In 1999, Azar became president and majority owner of Empire Corporation and exercised complete control over the operations of Empire. Empire Corporation owned Empire Towers Corporation. Empire Towers Corporation's primary asset was Empire Towers, a 10-story office building in Glen Burnie, Maryland.

According to Azar's plea agreement and court documents, by January 2006, Empire Corporation could no longer pay its expenses and was effectively insolvent. By 2007, Empire Towers Corporation had exhausted its lines of credit from lending institutions.

From January 2006 to April 2010, Azar caused Empire Corporation to sell bonds to 64 individual investors for more than \$7 million. While many of the bonds were titled "registered," the bonds were not registered with either the U.S. Securities and Exchange Commission (SEC) or the state of Maryland. In addition, Azar falsely told investors that Empire Corporation was in good financial health and that the company generated enough revenue to pay the promised 10 percent annual rate of return. Azar falsely represented that the money invested would be used for a specific renovation project or other capital improvement at the Empire Towers office building. Azar failed to inform investors that he used most of the money raised from previous bond sales for his own personal purposes. Although the bonds were issued by Empire Corporation, Azar diverted millions of dollars of proceeds from the bond sales to his own bank account and the bank accounts of other companies that he controlled.

During the period of the fraud, Azar misappropriated approximately \$7,219,362 in investor proceeds raised through the sale of bonds. Azar used the bond proceeds: to purchase a \$100,000 Aston Martin luxury automobile, to pay the \$3,000 monthly mortgage on his primary residence, to pay \$51,000 to an Azar trust, to purchase Baltimore Ravens season tickets for \$17,298 and to pay \$25,389 in country club

dues. In addition, Azar charged over \$420,000 to a credit card paid by Empire Management Services, including daily living expenses, lavish vacations and university tuition for one of his children. Azar also diverted more than \$1.07 million in Empire funds as “loans” to other unrelated businesses he controlled which were never repaid and another \$3.31 million to make lulling payments.

Finally, Azar failed to report approximately \$1,959,250 of embezzled income on his 2009 tax return, thereby avoiding \$469,936 in federal income taxes.

The SEC has also filed a complaint against Azar and another individual in connection with the scheme and that case is pending.

Today's announcement is part of efforts underway by President Obama's Financial Fraud Enforcement Task Force (FFETF) which was created in November 2009 to wage an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes. With more than 20 federal agencies, 94 U.S. Attorneys' offices and state and local partners, it's the broadest coalition of law enforcement, investigatory and regulatory agencies ever assembled to combat fraud. Since its formation, the task force has made great strides in facilitating increased investigation and prosecution of financial crimes; enhancing coordination and cooperation among federal, state and local authorities; addressing discrimination in the lending and financial markets and conducting outreach to the public, victims, financial institutions and other organizations. Since fiscal year 2009, the Justice Department has filed over 18,000 financial fraud cases against more than 25,000 defendants. For more information on the task force, visit www.stopfraud.gov.

Acting Deputy Assistant Attorney General Salad and U.S. Attorney Rosenstein praised the IRS-CI, FBI and SEC for their work in the investigation. Acting Deputy Assistant Attorney General Salad and U.S. Attorney Rosenstein thanked Assistant U.S. Attorney Martin J. Clarke and Trial Attorney Kenneth C. Vert of the Justice Department's Tax Division, who prosecuted the case.

#