



U.S. Department of Justice

United States Attorney
Southern District of Mississippi

188 East Capitol Street, Suite 500 601-965-4480
Jackson, Mississippi 39201 FTS 490-4480

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BILOXI IMPORTER SENTENCED TO JAIL FOR CUSTOMS FRAUD

STAN HARRIS, Acting United States Attorney for the Southern District of Mississippi, and MICHAEL A. HOLT, Special Agent-In-Charge, Immigration and Customs Enforcement, New Orleans Office of Investigations, Department of Homeland Security, announced that **PAUL KOTSAKOS** of Biloxi was sentenced today to nine months of imprisonment and was ordered to pay restitution in the amount of \$10,403 and \$3,000 fine for his part in a customs fraud. Upon release from jail, **KOTSAKOS** will be required to serve three years of supervised release.

KOTSAKOS was sentenced by United States District Judge Halil Suleyman Ozerden in federal district court in Gulfport, Mississippi.

"We will continue to pursue those individuals and companies that circumvent duty requirements on imports," said MICHAEL A. HOLT, Special Agent-in-Charge of ICE's Office of Investigations in New Orleans. "Those companies that perpetrate commercial fraud pose a serious problem for our

country and will continue to be the focus of our enforcement actions."

KOTSAKOS pleaded guilty in January following his being charged in a 16-count indictment voted by the Grand Jury. The indictment charged **KOTSAKOS** with conspiracy to commit various offenses against the United States, including United States customs violations and wire fraud. The indictment also charged **KOTSAKOS** with 14 counts of wire fraud.

According to the indictment, **KOTSAKOS** operated an import company known as PK Promotions, Inc., in Biloxi. PK Promotions provided promotional items to casinos, restaurants, wholesalers, and sports teams. PK Promotions imported promotional items, such as bags, cups, beads, lanyards, and shirts, from China. **PAUL KOTSAKOS** served as president of PK Promotions.

As described in the indictment, **KOTSAKOS** sought to avoid paying the full amount of duty on imported goods by employing various means, such as presenting fraudulent invoices for submission to the United States Customhouse and arranging to give merchandise a false classification to reduce the import duties. As part of the scheme, both defendants caused invoices received from foreign suppliers to be altered to reflect a lower price of goods sold on the invoices that were sent to customs brokers for submission to United States Customs and Border Protection officials to determine the applicable customs

duties. As examples, the indictment lists various overt acts of the conspiracy, detailing how the invoices for imported items were altered to reduce the price of the items so as to lower the customs duties.

As a further part of the scheme, **KOTSAKOS** communicated with foreign manufacturers via electronic mail to request that the suppliers prepare phony invoices reflecting a lower price for goods sold or a different classification of the goods in order to evade otherwise applicable customs duties, with the understanding that the suppliers would bill defendant PK Promotions separately for the actual price of the goods. For example, **KOTSAKOS** e-mailed a supplier in China in July 2003, asking to "get the invoice to read half of the amount for the high tariff." Also in July 2003, **KOTSAKOS** sent an e-mail to a supplier in China, requesting that an invoice for engraved glassware be classified so as to refer to the glassware as having no engraving. In November 2003, he sent another e-mail to a supplier in China, stating that "we need invoice for the less amount to show the customs."

As the indictment explains, **KOTSAKOS** participated in a related scheme to send fraudulent invoices by facsimile to another supplier of promotional items located in Louisiana, for which PK Promotions imported goods and falsely billed the supplier for an inflated amount of the goods. This related

scheme involved preparing phony invoices on letterhead of a bogus company called "Taiwan Foreign Trade Co., Ltd.," that were then faxed to the Louisiana supplier.

Assistant United States Attorney GAINES CLEVELAND was the prosecutor in charge of the case. Mr. HARRIS praised the efforts of the Department of Homeland Security, Immigration and Customs Enforcement for its diligent work in the investigation of this case.

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