



# Department of Justice

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## **FORMER PRESIDENT OF DOMEQC IMPORTERS INC. PLEADS GUILTY TO CONSPIRACY CHARGES**

WASHINGTON — The former president and co-owner of Domecq Importers Inc. of Larchmont, N.Y., and Old Greenwich, Conn., today pleaded guilty and has agreed to serve 10 years in prison for conspiring to commit tax fraud and to defraud Allied Domecq PLC, the Department of Justice announced.

The executive, Michael L. Domecq, was originally indicted on Sept. 5, 2000, in U.S. District Court in Manhattan for participating in a scheme to divert more than \$14.6 million from Domecq Importers into personal offshore bank accounts. Domecq's sentence is ultimately the decision of the sentencing judge.

According to that indictment, Domecq and other top executives at Domecq Importers diverted money directly from Domecq Importers with the assistance of certain outside vendors of advertising materials and services. The conspiracy took place from at least as early as 1989 until October 1995. The outside vendors invoiced the company for goods never produced and services never performed. Domecq and his co-conspirators approved the phony invoices for payment and had the company pay them. The outside vendors then issued checks to shell corporations controlled by Domecq and his co-conspirators. The checks were usually deposited in the co-conspirators' offshore bank accounts. Domecq and the co-conspirators failed to pay income taxes on most, if not all, of this money. Domecq was the president of Domecq Importers until 1995 and then he became the president of Allied Domecq Spirits & Wine, Latin America.

In court, Domecq acknowledged that he and others deliberately concealed income from the Internal Revenue Service (IRS) and submitted false and fraudulent documentation to the IRS. Domecq also acknowledged that over a period of several years, he and others agreed to divert money from Domecq Importers as additional income to themselves.

Domecq, formerly a resident of Greenwich, Conn., moved to Spain in 1997 while the investigation was pending. He was later arrested and convicted in the United Kingdom in 2006 for possessing a false Spanish passport and illegally obtaining a United Kingdom driver's license. Domecq was extradited back to the United States in 2007.

“Today's plea agreement and proposed 10-year jail sentence underscores that the Department of Justice will vigorously investigate and prosecute individuals who violate criminal laws no matter how hard they try to escape the U.S. legal system,” said Thomas O. Barnett,

Assistant Attorney General in charge of the Department's Antitrust Division.

“With the help of our law enforcement partners abroad, we have been able to track down, and bring to justice, a fugitive who stole from his company and defrauded the United States of millions of dollars in taxes,” said Michael J. Garcia, United States Attorney for the Southern District of New York.

Three former top executives of Domecq Importers – Chief Financial Officer Alfredo Valdes, Vice President of Marketing Gabriel Sagaz, and Vice President of Sales Thomas Kaminsky – previously pleaded guilty to charges related to the same conspiracy. Additionally, two outside vendors of advertising display materials, Mary Burke and Alvin Appel, previously pleaded guilty to related offenses.

Domecq faces a combined maximum sentence of 10 years in prison for the two counts of conspiracy to which he pleaded guilty. As part of his plea agreement with the government, Domecq agreed to file accurate personal tax returns or amended personal tax returns for the calendar years 1989 through 2006 reporting at least \$7.675 million in unreported income for 1989 through 1994, and to pay back taxes on that unreported income, plus interest and any applicable penalties.

Sentencing for Domecq is set tentatively for August 15, 2007.

At the time of the offense, Domecq Importers imported and distributed numerous brands of liquor, including Sauza tequila, Presidente brandy, Courvoisier cognac, and Beefeater gin. From 1994 through 2005 Domecq Importers was an American subsidiary of Allied Domecq P.L.C. Pernod Ricard of Paris acquired Allied Domecq P.L.C. on July 26, 2005. Pernod Ricard subsequently sold several former Allied Domecq brands to Fortune Brands of Lincolnshire, Ill.

Today's plea is the result of a joint investigation between the Antitrust Division's New York Field office and the U.S. Attorney's Office for the Southern District of New York, with the assistance of the Federal Bureau of Investigation and the IRS.

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