



Department of Justice

U.S. Attorney's Office
Southern District of Texas

Tim Johnson • Acting United States Attorney

FOR IMMEDIATE RELEASE

May 14, 2009

WWW.USDOJ.GOV/USAO/TXS

ANGELA DODGE

PUBLIC AFFAIRS OFFICER

(713) 567-9388

FUEL TAX EVASION SCHEME RESULTS IN PRISON TERM FOR HOUSTONIAN

(HOUSTON, TX) - Sidney Berle Baldon, II, of Houston, Texas, was sentenced today to 60 months -- the maximum statutory penalty -- for conspiring to evade fuel excise taxes, acting United States Attorney Tim Johnson and Special Agent in Charge Rodney Clarke of the Houston office of the Internal Revenue Service Criminal Investigation Division (IRS-CID) announced today.

United States District Judge David Hittner handed down the sentence at a hearing earlier today. Following the hearing, the court remanded Baldon immediately into the custody of the United States Marshals Service to begin serving his sentence, denying a request by Baldon's attorney to allow to report at a later date allowing Baldon time to arrange his personal affairs. In addition to the prison term, Judge Hittner ordered Baldon to pay \$3,328,459 in restitution to the Internal Revenue Service. Co-defendant Yousef Abuteir, also of Houston, who was also scheduled to be sentenced today, failed to appear at the sentencing hearing. A warrant has issued for his arrest. Anyone having information about Abuteir's whereabouts is urged to contact their local IRS-CID Office (see attached photograph of Abuteir).

Baldon, Abuteir, and a third defendant, Tracy Dale Diamond, of Richmond, Texas, each pleaded guilty to conspiring to evade fuel excise taxes in April 2008. The charges stem from the operation of a scheme whereby the defendants obtained taxable kerosene fuel from a refinery in Lake Charles, Louisiana, without paying the appropriate federal excise tax of 24.4 cents per gallon. To evade the taxes, the defendants falsely represented to the refinery that the fuel would be exported or used for specific tax-exempt purposes. Instead, the fuel was trucked to Houston where it was blended with other combustible waste streams. The resulting blend was then sold to Houston-area filling stations and truck stops, where it was sold as tax-paid diesel fuel to consumers.

During the course of the conspiracy, the defendants obtained in excess of 13,000,000 gallons of kerosene from the refinery without paying the appropriate tax. The resulting tax loss to the United States was in excess of \$3,000,000.

The third defendant, Diamond, was also scheduled to be sentenced today. However, the court has postponed his sentencing until May 28, 2009.

The case was investigated by special agents of the Internal Revenue Service Criminal Investigation Division with the assistance of Immigration and Customs Enforcement, the U. S. Department of Transportation Office of Inspector General and the Environmental Protection

Agency Criminal Investigation Division. The case is being prosecuted by Assistant United States Attorney Joseph C. Magliolo.

#