



Former Defense Contractor and his Wife Indicted for Evading U.S. Taxes on Profits from Selling Jet Fuel to the U.S. Military

Defendant reaped \$350 million but pretended it belonged to his French wife

July 3, 2024

WASHINGTON – The Joint Chiefs of Global Tax Enforcement (J5) welcomed the unsealing of a 30-count indictment charging Douglas Edelman, 72, a former defense contractor, and Delphine Le Dain, 58, his wife, with a decades-long scheme to defraud the United States and evade taxes on more than \$350 million in income Edelman made as a defense contractor during the U.S.’ post-9/11 military efforts in Afghanistan and the Middle East. The investigation was known as Operation Jetsetter in the J5.

Edelman was arrested July 3, 2024 in Ibiza, Spain and the U.S. will seek Edelman’s extradition to stand trial.

According to the indictment, between 2003 and 2020, Edelman was the 50% owner of Mina Corp. and Red Star Enterprises (Mina/Red Star), a defense contracting business that received more than \$7 billion from contracts with the U.S. Department of Defense to provide jet fuel to U.S. troops in Afghanistan and the Middle East. Working with Le Dain and several other co-conspirators, Edelman allegedly engaged in a years-long scheme to conceal his profits from Mina/Red Star, including by concealing his income in undisclosed foreign bank accounts, creating false documents, and making false statements that Le Dain who, as a French citizen residing abroad, did not have U.S. tax obligations, founded and owned Mina/Red Star. Le Dain allegedly signed some of the false documents, including those that purported to “gift” Edelman money for certain personal expenses.

To carry off his scheme, Edelman is alleged to have conveyed this false story of Le Dain’s ownership to various arms of the U.S. government, including to a Subcommittee of the U.S. House of Representatives during a 2010 Congressional investigation, to the Department of Defense during contract negotiations, to the Internal Revenue Service (IRS) in a 2015 application to the Offshore Voluntary Disclosure Program, and to the Department of Justice in a 2018 presentation.

“This case is a great example of exactly why the J5 exists. Through our collaboration over the course of several years and operational activity in each of our jurisdictions, a thorough investigation has now led to the arrest and indictment of Douglas Edelman,” said Guy Ficco, Chief of IRS Criminal Investigation (CI). “This is the largest J5 case to date and comes as the organization celebrates six years together – a true culmination of our capability and a resounding message to others in the world about our resolve.”

Until approximately 2015, Edelman did not file any U.S. individual tax returns and did not pay any tax on the tens of millions of dollars he was allegedly making each year from Mina/Red Star. In 2015,

Edelman allegedly filed false returns for tax years 2007 to 2014, claiming that his business interests, income, and assets belonged to Le Dain. From 2015 to 2020, Edelman allegedly filed false tax returns claiming that his only income was as a consultant, and that he had no interests in any foreign businesses.

The indictment further alleges that Edelman directed his profits from Mina/Red Star into banks known at the time to shield account holder identities from U.S. authorities, in countries such as Switzerland, the Bahamas, Singapore, and the United Arab Emirates. He held the accounts in the name of non-U.S. entities created in countries such as Panama, Belize, and the British Virgin Islands. Edelman allegedly always controlled the money in these accounts and used it to fund his other business ventures around the world, including a business selling internet services to U.S. troops and contractors at Kandahar Air Base in Afghanistan, a Mexican fuel infrastructure project, and a music television franchise in Eastern Europe. Edelman allegedly also used the money to buy a ski chalet in Austria, a house in Spain, a townhouse in London, and multiple yachts—all of which were purchased in the name of nominees.

Edelman and Le Dain are charged with conspiring to defraud the United States and 15 counts of tax evasion. Edelman is also charged with two counts of making false statements to the U.S., and 12 counts of willfully violating his foreign bank account reporting obligations, as part of a pattern of unlawful activity.

“This is a great outcome that shows how collaboration and the sharing of intelligence across the J5 is instrumental in enabling us to tackle these sophisticated international enablers of tax evasion,” said Louise Clarke, Deputy Commissioner of the Australian Taxation Office (ATO). “We are pleased the information we contributed has played a key role in this operation’s success.”

“Today’s indictment proves that each member of the J5 is now better equipped to conduct operations together in the fight against those who commit, promote and enable international tax crimes and money laundering,” said Eric Ferron, Director General of the Criminal Investigations Directorate at the Canada Revenue Agency (CRA). “Together, we will continue to tighten the net on those who break tax laws, and ensure they face the consequences of their actions. The CRA applauds the IRS and our partners for their efforts in this case.”

“Operation Jetsetter shows that the combined investigation capacity of the J5 countries ensures effect and impact,” said Niels Obbink, Director General, Dutch Fiscal Intelligence and Investigation Service (FIOD). “This result confirms the importance of staying connected internationally. The network works.”

“The power of the J5 is being able to combine our expertise and intelligence to tackle those suspected of carrying out the most sophisticated tax crimes,” said Richard Las, Director, Fraud Investigation Service, His Majesty’s Revenue and Customs (HMRC). “This case is proof of that and demonstrates our ability to unravel the most complex financial webs, even when they’re spun across the globe.”

If convicted, Edelman and Le Dain face up to five years in prison for the conspiracy count, as well as five years in federal prison for each tax evasion count. Edelman also faces up to five years in prison for each false statement count, and 10 years in federal prison for each count of willfully violating foreign bank account reporting while engaged in a pattern of unlawful activity involving more than \$100,000 per year.

IRS CI and the Special Inspector General for Afghanistan Reconstruction are investigating the case, with assistance from HMRC. Assistance was also provided by the Joint Chiefs of Global Tax Enforcement, which brings together the taxing authorities of Australia, Canada, the Netherlands, the United Kingdom, and the United States. The Guardia Civil of Spain provided assistance with Edelman's arrest.

The J5 leads the fight against international tax crime and money laundering, including cryptocurrency threats and those who undertake, enable or facilitate global tax evasion. They work together to gather information, share intelligence and conduct coordinated operations against transnational financial crimes.

For more information about the J5, please visit www.irs.gov/j5.

