

959370

FILED

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF CALIFORNIA**

NOV 22 2004

CLERK, U.S. DISTRICT COURT
EASTERN DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA

v.

JOSEPH BANISTER

WARRANT FOR ARREST

Case Number: **CR.S-04-0435 WBS**

to: The United States Marshal
and any Authorized United States Officer

YOU ARE HEREBY COMMANDED to arrest **JOSEPH BANISTER**

~~SEALED~~

and bring him or her forthwith to the nearest magistrate judge to answer a(n)

Indictment Information Violation Petition Other _____

charging him or her with (brief description of offense)

Conspiracy to Defraud the United States

violation of Title 18 United States Code, Section(s) 371

Mena-Sanchez
Name of Issuing Officer

Deputy Clerk
Title of Issuing Officer

[Signature]
Signature of Issuing Officer

November 17, 2004 - Sacramento, CA
Date and Location

and fixed at \$ No Bail by Magistrate Judge Dale A. Drozd

RETURN

This warrant was received and executed with the arrest of the above-named defendant _____

11/17/2004
Date Received

Paul Howard, Special Agent - IRS
Name and Title of Arresting Officer

11/18/2004
Date of Arrest

[Signature]
Signature of Arresting Officer

FILED

NOV 18 2004

CLERK, U.S. DISTRICT COURT
EASTERN DISTRICT OF CALIFORNIA
BY _____
RECEIVED

1 MCGREGOR W. SCOTT
United States Attorney
2 ROBERT M. TWISS
CAROLYN K. DELANEY
3 Assistant United States Attorneys
501 I Street, 10th Floor
4 Sacramento, California 95814
Telephone: (916) 554-2767
5
6
7

8 IN THE UNITED STATES DISTRICT COURT FOR THE
9 EASTERN DISTRICT OF CALIFORNIA
10

11 UNITED STATES OF AMERICA,)
12 Plaintiff,) CR. No. S-04-435 WBS
13 v.) GOVERNMENT'S MOTION TO UNSEAL
14 WALTER A. THOMPSON,) INDICTMENT
JOSEPH BANISTER,)
15 Defendants.)
16

17 The United States, by and through its undersigned counsel,
18 hereby moves to unseal the above captioned indictment. The
19 indictment was returned on November 17, 2004 and ordered sealed
20 by the Honorable Peter A. Nowinski until either the arrest of
21 both defendants, or the initial court appearance of the first
22 defendant, whichever should occur first.

23 Defendant JOSEPH BANISTER was arrested this morning, and
24 will make his initial appearance this afternoon at 2:00 pm. It
25 is necessary to provide copies of the indictment to the pre-trial
26 services office and the Federal Defender in advance of the 2:00
27 calendar.

28 ///

1 Accordingly, the United States now moves to unseal the
2 indictment for all purposes.

3 Dated: November 18, 2004

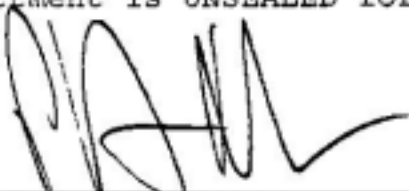
4 McGREGOR W. SCOTT
5 United States Attorney

6 By: Robert M. Twiss
7 ROBERT M. TWISS
8 CAROLYN K. DELANEY
9 Assistant U.S. Attorneys

10 ORDER

11 IT IS SO ORDERED. The indictment is UNSEALED for all
12 purposes.

13 Dated: November 18, 2004

14 
15 _____
16 PETER A. NOWINSKI
17 United States Magistrate Judge
18
19
20
21
22
23
24
25
26
27
28

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA

v.

JOSEPH BANISTER

WARRANT FOR ARREST

Case Number **CRS-04-0435 WBS**

To: The United States Marshal
and any Authorized United States Officer

YOU ARE HEREBY COMMANDED to arrest **JOSEPH BANISTER**

SEALED

and bring him or her forthwith to the nearest magistrate judge to answer a(n)

Indictment Information Violation Petition Other _____

charging him or her with (brief description of offense)

Conspiracy to Defraud the United States

in violation of Title 18 United States Code, Section(s) 371

L Mena-Sanchez
Name of Issuing Officer

Deputy Clerk
Title of Issuing Officer

Original signed by L Mena-Sanchez
Signature of Issuing Officer

November 17, 2004 - Sacramento, CA
Date and Location

Bail fixed at \$ No Bail by Magistrate Judge Dale A. Drozd

RETURN

This warrant was received and executed with the arrest of the above-named defendant _____

Date Received

Name and Title of Arresting Officer

Date of Arrest

Signature of Arresting Officer



1 MCGREGOR W. SCOTT
United States Attorney
2 ROBERT M. TWISS
CAROLYN K. DELANEY
3 Assistant United States Attorneys
501 I Street, 10th Floor
4 Sacramento, California 95814
Telephone: (916) 554-2767
5
6
7

NOV 17 2004
SEALED
CLERK U.S. DISTRICT COURT
EASTERN DISTRICT OF CALIF.

8 IN THE UNITED STATES DISTRICT COURT FOR THE
9 EASTERN DISTRICT OF CALIFORNIA

11 UNITED STATES OF AMERICA,)
12 Plaintiff,)
13 v.)
14 WALTER A. THOMPSON,)
JOSEPH BANISTER,)
15 Defendants.)

CRS-04-0435 WBS
CR. No.
GOVERNMENT'S MOTION TO FILE
INDICTMENT UNDER SEAL

17 The United States, by and through its undersigned counsel,
18 hereby moves to file the indictment in the above captioned case
19 under seal until the arrest of both defendants, or the first
20 court appearance of either defendant, whichever comes first.

21 Defendant JOSEPH BANISTER was employed as a Special Agent in
22 the Criminal Investigation Division of the Internal Revenue
23 Service from 1993 until February of 1999, at which time BANISTER
24 was asked by the Internal Revenue Service to resign his position.
25 Since that time, BANISTER has repeatedly challenged the authority
26 of IRS Special Agents to investigate criminal tax cases and their
27 right to exercise federal law enforcement authority.

28 ///

Special Agent Paul Howard of the Internal Revenue Service
2 has advised the undersigned attorney for the United States that
3 BANISTER received extensive training in the use of firearms while
4 he was employed as an IRS Special Agent. Special Agent Howard
5 also has advised the undersigned the BANISTER was a firearms
6 instructor for the IRS while he was employed as a Special Agent.
7 Based upon BANISTER's training and his experience as a firearms
8 instructor, it is reasonable to assume that BANISTER is very
9 comfortable with firearms, and is an expert in their use.

10 If convicted of the offenses charge in the indictment,
11 defendant BANISTER is facing imprisonment for several years. As
12 a former federal law enforcement officer facing the possibility
13 of going to federal prison for an extended time, there is a
14 possibility that BANISTER might not exercise the best judgment
15 when confronted with arrest if he is aware of it in advance.
16 Accordingly, the United States moves to file the indictment under
17 seal until the arrest of defendant BANISTER, or the first
18 appearance of co-defendant THOMPSON if that should occur first.

19 Defendant WALTER A. THOMPSON was the respondent in case
20 number CIV S-03-1532 FCD which was a petition to enjoin him from
21 failing to deduct, collect, account for, and turn over to the
22 United States Treasury the correct amount of income tax, social
23 security tax (FICA) and Medicare taxes from the employees of his
24 sole proprietorship business known as CENCAL SALES in Redding,
25 California.

26 On or about September 12, 2003, THOMPSON was ordered by the
27 Honorable Frank C. Damrell, Jr. to file the required Employers'
28 Quarterly Tax Returns, Forms 941, with the Internal Revenue

1 Service, and to deduct, collect, account for, and turn over the
2 correct amount of income tax, social security tax (FICA) and
3 Medicare taxes from the employees of his business.

4 THOMPSON failed to comply with the Court's order, and on or
5 about January 26, 2004, the United States filed a petition to
6 hold THOMPSON in contempt. On or about March 5, 2004, an arrest
7 warrant was issued for THOMPSON and he ultimately was arrested
8 and brought before the Court. On or about April 16, 2004,
9 THOMPSON refused to comply with the court order, and he was
10 imprisoned for civil contempt.

11 On or about April 20, 2004, the Honorable Frank C. Damrell,
12 Jr. ordered THOMPSON released based upon his promise to comply
13 with the order. After release, THOMPSON gave notice of his
14 intent to not comply with the court order, and on or about May 7,
15 2004, the United States filed a motion to have THOMPSON arrested
16 again and brought back before the Court. The order issued on or
17 about June 25, 2004, and THOMPSON was returned to Court, and on
18 or about August 11, 2004, he again refused to comply with the
19 court order and was jailed for contempt.

20 THOMPSON remained in custody until in or about October 28,
21 2004, at which time the Honorable Frank C. Damrell, Jr. found
22 that further incarceration would not cause THOMPSON to comply
23 with the court order, and ordered that he be released.

24 Special Agent Shawn Breslin of the Internal Revenue Service
25 has advised the undersigned attorney for the United States that
26 he was advised by the United States Marshal who arrested
27 defendant THOMPSON on the second instance discussed above that
28 THOMPSON was very animated during the arrest, and that the

1 Marshal had to consider using pepper spray to subdue him. As a
2 result, defendant THOMPSON can be expected to resist being
3 arrested pursuant to the indictment if he is aware of the arrest
4 in advance. Accordingly, the United States moves to file the
5 indictment under seal until the arrest of both defendants or the
6 initial appearance in court of the first defendant.

7 Dated: November 17, 2004

8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

McGREGOR W. SCOTT
United States Attorney

By: Robert M. Twiss
ROBERT M. TWISS
CAROLYN K. DELANEY
Assistant U.S. Attorneys

ORDER

IT IS SO ORDERED. The indictment is filed under seal, and shall remain under seal until the arrest of both defendants or the initial appearance in court of the first defendant, whichever should occur first.

Dated: November 17, 2004

MALE A. DROED
United States Magistrate Judge

1 MCGREGOR W. SCOTT
United States Attorney
2 ROBERT M. TWISS
CAROLYN K. DELANEY
3 Assistant United States Attorneys
501 I Street, Suite 10-100
4 Sacramento, California 95814
Telephone: (916) 554-2767

FILED

NOV 1 1981

CLERK, U.S. DISTRICT COURT
EASTERN DISTRICT OF CALIFORNIA

BY _____
DEPUTY CLERK

8 IN THE UNITED STATES DISTRICT COURT FOR THE
9 EASTERN DISTRICT OF CALIFORNIA

11 UNITED STATES OF AMERICA,)
12 Plaintiff,)
13 v.)
14 JOSEPH BANISTER, and)
15 WALTER A. THOMPSON,)
16 Defendants.)
17)
18)

CR. No. **CRS-04-0435 WBS**

VIOLATIONS: 18 U.S.C. § 371-
Conspiracy; 18 U.S.C. § 287-
False Claims Against United
States (Two Counts); 26 U.S.C.
§ 7206(1) - Filing False Tax
Returns; 26 U.S.C. § 7206(2)-
Aiding and Assisting the Filing
Of False Tax Returns (Three
Counts); 26 U.S.C. § 7202-
Willful Failure to Withhold
and Pay Taxes (10 Counts)

19 **I N D I C T M E N T**

20 COUNT ONE: [18 U.S.C. § 371 - Conspiracy to Defraud
the United States]

22 The Grand Jury charges:

23 JOSEPH BANISTER and
24 WALTER A. THOMPSON,

25 defendants herein, as follows:

26 **I. PARTIES, PERSONS AND ENTITIES**

27 At all relevant times,

28 ///

SEALED

1 1. Defendant WALTER A. THOMPSON has been a resident of
2 Shasta County, California, and has operated a sole proprietorship
3 business known as Cencal Sales, which has conducted business in
4 the State and Eastern District of California and elsewhere.

5 2. Defendant JOSEPH BANISTER has been a resident of Santa
6 Clara County, California, and has been engaged in business as a
7 certified public accountant ("CPA"), conducting business in the
8 Northern and Eastern District of California and elsewhere.

9 Defendant JOSEPH BANISTER was employed as a Special Agent in the
10 Criminal Investigation Division of the Internal Revenue Service
11 between November, 1993 and February, 1999.

12 3. Cencal Sales ("CENCAL") was a sole proprietorship
13 business owned and operated by defendant WALTER A. THOMPSON.
14 CENCAL was engaged in the manufacturing and sales of aviation
15 flight bags. At all times material to this case, CENCAL had a
16 number of employees who worked for CENCAL in return for wages
17 paid on an hourly basis. Most of the employees who worked for
18 CENCAL were seamstresses, production managers, or office workers.

19 II. INCOME SUBJECT TO TAXATION

20 4. Gross income subject to taxation is defined in the
21 Internal Revenue Code, Title 26, United States Code, to include
22 all income from whatever source derived, including, but not
23 limited to, several listed items, including, but not limited to:
24 compensation for services, including fees, commissions, fringe
25 benefits, and similar items; gross income derived from business;
26 gains derived from dealings in property; interest; rents;
27 royalties; dividends; annuities; distributive shares of partner-

28

1 ship gross income; and income from an interest in an estate or
2 trust.

3 5. Income is taxed to the party who earns it. The entity
4 which earns income, either an individual, partnership or other
5 entity, cannot avoid taxation by entering into a contractual
6 arrangement whereby the income is diverted to some other person
7 or entity. The income tax consequences under the Internal
8 Revenue Code depend upon the substance of the transaction, not
9 the form.

10 III. EMPLOYMENT TAXES

11 6. Employers, including the owners of sole proprietorships,
12 are required to file U.S. Employers' Quarterly Tax Returns, Form
13 941, reporting the names and social security numbers of the
14 employees who received salary and wages during the tax period,
15 and the amount of wages and salary which each employee received.
16 Employers are required to deduct, collect, account for and pay
17 over to the United States Treasury the proper amount of income,
18 Federal Insurance Contributions Act (FICA) (Social Security) and
19 Medicare taxes.

20 7. Employers are required to calculate the correct amount
21 of income tax to withhold from the employees' pay based upon the
22 amount of money earned, the exemptions claimed and the tax rate
23 which is applicable. In addition, employers must withhold FICA
24 tax in the amount of 6.2% of wages and salary, and Medicare tax
25 in the amount of 1.45% of wages and salary.

26 8. In addition, there are FICA taxes of 6.2% of wages and
27 salary and Medicare taxes of 1.45% of wages and salary imposed
28 upon the employer. Accordingly, each fiscal quarter, an employer

1 is required to file a U.S. Employers' Quarterly Tax Return, Form
2 941, reporting to the U.S. Treasury the total amount of wages and
3 salary paid, and paying to the Treasury the total amount of
4 income taxes withheld from the employees' pay, plus both the
5 employees' portion of FICA taxes and the employer's portion of
6 FICA taxes, in the total amount of 12.4% of wages and salary, as
7 well as employees' and employer's shares of Medicare taxes in the
8 total amount of 2.90% of wages and salary.

9 IV. THE CONSPIRACY

10 9. Between on or about January 1, 2000, and continuing
11 thereafter until on or about January 15, 2003, in the State and
12 Eastern District of California, and elsewhere, defendants JOSEPH
13 BANISTER and WALTER A. THOMPSON did unlawfully, willfully and
14 knowingly conspire, combine, confederate and agree with each
15 other, and with divers other persons, both known and unknown to
16 the grand jury, to defraud the United States by impeding,
17 impairing, obstructing and defeating the lawful Government
18 functions of the Internal Revenue Service of the U.S. Department
19 of the Treasury, in the ascertainment, computation, assessment
20 and collection of the revenue, to wit: income, social security
21 and Medicare taxes. There were two objectives to the conspiracy
22 to defraud the United States:

23 a. To impede, impair, obstruct and defeat the Internal
24 Revenue Service in the ascertainment, computation, assessment and
25 collection of the income, social security and Medicare taxes
26 which were due and owing from the employees of CENCAL for the
27 period July 1, 2000, through December 31, 2002; and

28 b. To impede, impair, obstruct and defeat the Internal

1 Revenue Service in the ascertainment, computation, assessment and
2 collection of the income, social security and Medicare taxes
3 which were due and owing from the owner and operator of CENCAL,
4 to wit, defendant WALTER A. THOMPSON for the tax years ending
5 December 31, 1996, 1997 and 1998.

6 V. THE SCHEME TO DEFRAUD

7 10. The nature of the scheme to defraud the United States
8 was to remove the employees of CENCAL from the taxpayer rolls by
9 no longer withholding any income tax, FICA tax or Medicare taxes
10 from their wages and salaries; by not filing Employers' Quarterly
11 Tax Returns, Form 941, reporting the payment of wages and salary
12 to the employees; and by not providing the employees or the
13 Internal Revenue Service with annual wage and/or other income
14 statements, Forms W-2 or 1099. As a result of the actions of the
15 defendants, dozens of taxpayers who were required to file tax
16 returns and report their income either failed to file returns, or
17 filed returns but failed to report a substantial amount of their
18 income.

19 In addition, defendant JOSEPH BANISTER prepared and
20 defendant WALTER A. THOMPSON signed and filed with the Internal
21 Revenue Service false and fraudulent Amended Individual Income
22 Tax Returns, Forms 1040X, for WALTER A. THOMPSON and his spouse
23 for the tax years ending December 31, 1996, 1997 and 1998, on
24 which returns defendants BANISTER and THOMPSON reduced to 0
25 dollars the information on the original returns on which
26 defendant THOMPSON had reported substantial gross income, taxable
27 income and income taxes.

28 ///

1 VI. MANNER AND MEANS BY WHICH THE
2 CONSPIRACY WAS CARRIED OUT

3 The manner and means by which the conspiracy was sought to
4 be accomplished included, among others, the following:

5 11. Defendant WALTER A. THOMPSON operated CENCAL, a sole
6 proprietorship located in the vicinity of Redding, California.
7 CENCAL manufactured and sold aviation flight bags. There were
8 approximately 25 employees of CENCAL, most of whom were seam-
9 stresses who manufactured the bags. In addition, there were a
10 number of production managers who oversaw the work of the
11 seamstresses, and a small number of office workers. All of the
12 employees were hourly wage employees.

13 12. Prior to July 1, 2000, all of the employees of CENCAL
14 had their personal income taxes withheld from their pay, along
15 with their share of the FICA and Medicare taxes. At the end of
16 each calendar year, each employee of CENCAL received a Form W-2
17 reporting the total amount of income which he/she earned, and how
18 much federal and state income tax, FICA tax and Medicare tax had
19 been withheld from his/her pay. A copy of the W-2's were
20 provided to the Internal Revenue Service by CENCAL.

21 13. On or about July 21, 2000, defendant WALTER A. THOMPSON
22 called an "all hands" meeting for all the employees of CENCAL.
23 At that meeting, defendant THOMPSON advised the employees of
24 CENCAL that it was his opinion that the money which he paid to
25 them as compensation for their labor on behalf of CENCAL was not
26 "income" within the meaning of the internal revenue laws and that
27 no federal income taxes were due and owing as a result of his
28 payment of the compensation to them. Defendant THOMPSON advised

1 the employees that effective immediately as of that meeting, no
2 federal income taxes or FICA and Medicare taxes would be withheld
3 from their pay.

4 14. On or before July 21, 2000, defendant WALTER THOMPSON
5 instructed his bookkeeping, accounting and other office personnel
6 to stop withholding federal income taxes, FICA taxes and Medicare
7 taxes from the compensation paid to the employees of CENCAL.
8 Defendant THOMPSON also told the bookkeeping, accounting and
9 other office personnel to stop filing U.S. Employers' Quarterly
10 Tax Returns, Form 941, with the Internal Revenue Service. At the
11 same time, defendant THOMPSON told his bookkeeping, accounting
12 and other office personnel not to provide any annual wage
13 statements, Forms W-2, to the employees of CENCAL to account for
14 the compensation paid to those employees, nor to provide Forms W-
15 2 to the Internal Revenue Service.

16 15. On or about October 11, 2000, defendant THOMPSON had a
17 second "all hands" meeting for the employees of CENCAL. At the
18 October 11th meeting, defendant THOMPSON repeated that he would
19 not with-hold federal taxes from the compensation paid to the
20 employees nor file the Employers' Quarterly Tax Returns.
21 Defendant THOMPSON advised the employees that the compensation
22 which they received was not "income" within the meaning of the
23 internal revenue laws, and that they did not have to pay taxes on
24 it. Defendant THOMPSON outlined in detail his reasons for not
25 withholding federal taxes from the employees.

26 16. Defendant JOSEPH BANISTER attended the October 11, 2000
27 "all hands" meeting and participated in the discussion.
28 Defendant THOMPSON introduced defendant BANISTER as a certified

1 public accountant that defendant THOMPSON had known since 1999,
2 and that defendant BANISTER was a former Special Agent with the
3 Internal Revenue Service.

4 Defendant BANISTER advised the employees that he was a
5 certified public accountant and former Special Agent with the
6 Criminal Investigation Division of the Internal Revenue Service.
7 Defendant BANISTER was present during defendant THOMPSON's
8 extended explanation of defendant THOMPSON'S position on the tax
9 issues to the employees. At the end of defendant THOMPSON's
10 presentation, defendant BANISTER outlined for the employees the
11 nature of the research he had done on the tax issues, and advised
12 the CENCAL employees about the circumstances leading up to the
13 end of his employment with the Internal Revenue Service.
14 Defendant BANISTER told the employees that he could not find any
15 authority in his research which established that people such as
16 the employees had to pay federal income taxes on the wages which
17 they made at CENCAL. Defendant BANISTER advised the employees
18 that defendant THOMPSON was an honorable man who would not lie to
19 them.

20 17. Beginning in July of 2000, and continuing through at
21 least December 31, 2002, no income taxes, FICA taxes or Medicare
22 taxes were withheld from the compensation paid to employees of
23 CENCAL, nor were these taxes collected, accounted for and paid
24 over to the United States Treasury.

25 18. Beginning in July of 2000, and continuing through at
26 least January 15, 2003, no U.S. Employers' Quarterly Tax Returns,
27 Form 941, were filed with the Internal Revenue Service accounting
28 for compensation paid to the employees of CENCAL during the

1 period between July 1, 2000, and December 31, 2002.

2 Thompson's Individual Taxes

3 19. On or about January 31, 2000, defendant JOSEPH BANISTER
4 prepared an Amended U.S. Individual Income Tax Return, Form
5 1040X, for defendant WALTER A. THOMPSON and Thompson's wife for
6 the tax year ending December 31, 1998. The amended tax return
7 eliminated all of the adjusted gross income, itemized deductions,
8 exemptions, and taxes which defendant THOMPSON had reported to
9 the Internal Revenue Service when defendant THOMPSON originally
10 had filed the 1998 tax return.

11 20. Defendant THOMPSON originally had reported that in
12 1998, he and his wife had adjusted gross income of \$66,192,
13 itemized deductions of \$14,141, taxable income of \$41,251, and
14 total taxes due and owing of \$15,582. The amended return for
15 1998 prepared by defendant BANISTER reduced all those amounts to
16 \$0. At the time, defendant THOMPSON owed a huge tax bill to the
17 Internal Revenue Service for the 1998 tax year. The amended
18 return would have eliminated the tax liability in its entirety.

19 21. On or about February 7, 2000, defendant WALTER A.
20 THOMPSON signed and filed with the Internal Revenue Service the
21 Amended U.S. Individual Income Tax Return, Form 1040X, for
22 himself and his wife for the tax year ending December 31, 1998,
23 which defendant JOSEPH BANISTER had prepared.

24 22. On or about February 29, 2000, defendant JOSEPH
25 BANISTER prepared an Amended U.S. Individual Income Tax Return,
26 Form 1040X, for defendant WALTER A. THOMPSON and Thompson's wife
27 for the tax year ending December 31, 1996. The amended tax
28 return eliminated all of the adjusted gross income, itemized

1 deductions, exemptions, and taxes which defendant THOMPSON had
2 reported to the Internal Revenue Service when defendant THOMPSON
3 originally had filed the 1996 tax return.

4 23. Defendant THOMPSON originally had reported that in
5 1996, he and his wife had adjusted gross income of \$102,076,
6 itemized deductions of \$15,119, taxable income of \$76,757, and
7 total taxes due and owing of \$26,943. The amended return for
8 1996 prepared by defendant BANISTER reduced all those amounts to
9 \$0, and sought a tax refund of \$28,161.

10 24. On or about March 16, 2000, defendant WALTER A. THOMPSON
11 signed and filed with the Internal Revenue Service an Amended
12 U.S. Individual Income Tax Return, Form 1040X, for himself and
13 his wife for the tax year ending December 31, 1996, which
14 defendant JOSEPH BANISTER had prepared.

15 25. On or about February 29, 2000, defendant JOSEPH BANISTER
16 prepared an Amended U.S. Individual Income Tax Return, Form
17 1040X, for defendant WALTER A. THOMPSON and Thompson's wife for
18 the tax year ending December 31, 1997. The amended tax return
19 eliminated all of the adjusted gross income, itemized deductions,
20 exemptions, and taxes which defendant THOMPSON had reported to
21 the Internal Revenue Service when defendant THOMPSON originally
22 had filed the 1997 tax return.

23 26. Defendant THOMPSON originally had reported that in
24 1997, he and his wife had adjusted gross income of \$136,476,
25 itemized deductions of \$14,581, taxable income of \$111,295, and
26 total taxes due and owing of \$38,098. The amended return for
27 1997 prepared by defendant BANISTER reduced all those amounts to
28 \$0, and sought a tax refund of \$39,711.

1 27. On or about March 16, 2000, defendant WALTER A.
2 THOMPSON signed and filed with the Internal Revenue Service an
3 Amended U.S. Individual Income Tax Return, Form 1040X, for
4 himself and his wife for the tax year ending December 31, 1997,
5 which defendant JOSEPH BANISTER had prepared.

6 28. As a result of the foregoing, defendants BANISTER and
7 THOMPSON defrauded the United States in the amount of approx-
8 imately \$83,454 with regard to the amended individual income tax
9 returns of defendant THOMPSON for the tax years ending December
10 31, 1996, 1997 and 1998.

11 29. As a result of the foregoing, defendants BANISTER and
12 THOMPSON defrauded the United States in the amount of approx-
13 imately \$176,215 with regard to the income taxes, FICA taxes and
14 Medicare taxes which should have been deducted, collected,
15 accounted for and paid over to the United States Treasury through
16 the Internal Revenue Service from the wages and salaries of the
17 employees of CENCAL between July 1, 2000 and December 31, 2002.

18 30. The total tax loss from both objectives of the
19 conspiracy was approximately \$259,669.

20 VII. OVERT ACTS

21 In furtherance of the conspiracy, and to effect the object
22 thereof, the following overt acts were committed in the Eastern
23 District of California and elsewhere:

24 31. On or about January 11, 2000, defendant WALTER A.
25 THOMPSON sent an email to defendant JOSEPH BANISTER advising
26 defendant BANISTER that defendant THOMPSON had acquired copies of
27 defendant THOMPSON's 1996, 1997 and 1998 tax returns from his
28 preparer, and was sending them to defendant BANISTER via UPS.

2 32. On or about January 11, 2000, defendant JOSEPH BANISTER
3 sent an email to defendant WALTER A. THOMPSON advising defendant
4 THOMPSON that defendant BANISTER had just about finished
5 preparing defendant THOMPSON's amended individual income tax
6 return, Form 1040X, for the 1998 tax year.

7 33. On or about January 31, 2000, in the State and Eastern
8 District of California, defendant JOSEPH BANISTER prepared an
9 amended U.S. Individual Income Tax Return, Form 1040X, of
10 taxpayers WALTER and Denise THOMPSON for the period ending
11 December 31, 1998.

12 34. On or about February 29, 2000, in the State and Eastern
13 District of California, defendant JOSEPH BANISTER prepared an
14 amended U.S. Individual Income Tax Return, Form 1040X, of
15 taxpayers WALTER and Denise THOMPSON for the period ending
16 December 31, 1997.

17 35. On or about February 29, 2000, in the State and Eastern
18 District of California, defendant JOSEPH BANISTER prepared an
19 amended U.S. Individual Income Tax Return, Form 1040X, of
20 taxpayers WALTER and Denise THOMPSON for the period ending
21 December 31, 1996.

22 36. On or about February 7, 2000, in the State and Eastern
23 District of California, defendant WALTER A. THOMPSON made and
24 subscribed an Amended U.S. Individual Income Tax Return, Form
25 1040X, for the calendar year ending December 31, 1998.

26 37. On or about February 7, 2000, in the State and Eastern
27 District of California, defendant WALTER A. THOMPSON filed an
28 Amended U.S. Individual Income Tax Return, Form 1040X, for the
calendar year ending December 31, 1998, with the Internal Revenue

1 service.

2 38. On or about March 16, 2000, in the State and Eastern
3 District of California, defendant WALTER A. THOMPSON made and
4 subscribed an Amended U.S. Individual Income Tax Return, Form
5 1040X, for the calendar year ending December 31, 1996.

6 39. On or about March 16, 2000, in the State and Eastern
7 District of California, defendant WALTER A. THOMPSON filed an
8 Amended U.S. Individual Income Tax Return, Form 1040X, for the
9 calendar year ending December 31, 1996, with the Internal Revenue
10 Service.

11 40. On or about March 21, 2000, in the State and Eastern
12 District of California, defendant WALTER A. THOMPSON made and
13 subscribed an Amended U.S. Individual Income Tax Return, Form
14 1040X, for the calendar year ending December 31, 1997.

15 41. On or about March 21, 2000, in the State and Eastern
16 District of California, defendant WALTER A. THOMPSON filed an
17 Amended U.S. Individual Income Tax Return, Form 1040X, for the
18 calendar year ending December 31, 1997, with the Internal Revenue
19 Service.

20 42. On or about April 30, 2000, in the State and Eastern
21 District of California, defendant JOSEPH BANISTER sent a letter
22 to the Chief, Collection Branch, Internal Revenue Service Center
23 at Fresno, California, regarding the disallowance of defendant
24 WALTER A. THOMPSON's Amended U.S. Individual Income Tax Return
25 for the calendar year ending December 31, 1998.

26 43. On or about May 25, 2000, in the State and Eastern
27 District of California, defendant JOSEPH BANISTER sent a letter
28 to the Director of Customer Service, Internal Revenue Service

1 Center at Fresno, California, regarding the disallowance of
2 defendant WALTER A. THOMPSON's Amended U.S. Individual Income Tax
3 Return for the calendar year ending December 31, 1996.

4 44. On or about May 25, 2000, in the State and Eastern
5 District of California, defendant JOSEPH BANISTER sent a letter
6 to the Director of Customer Service, Internal Revenue Service
7 Center at Fresno, California, regarding the disallowance of
8 defendant WALTER A. THOMPSON's Amended U.S. Individual Income Tax
9 Return for the calendar year ending December 31, 1998.

10 45. On or about July 21, 2000, defendant WALTER A. THOMPSON
11 conducted an "all hands" meeting for all the employees of CENCAL.

12 46. On or about July 21, 2000, defendant WALTER A. THOMPSON
13 instructed the employees of CENCAL that he would no longer with-
14 hold federal income and employment taxes from their pay.

15 47. On or about July 1, 2000, defendant WALTER A. THOMPSON
16 instructed the bookkeeping, accounting and other office employees
17 of CENCAL to not withhold federal income taxes, FICA taxes and
18 Medicare taxes from the pay of the employees of CENCAL.

19 48. On or about July 1, 2000, defendant WALTER A. THOMPSON
20 instructed the bookkeeping, accounting and other office employees
21 of CENCAL to not provide year ending wage and income statements,
22 Forms W-2, to the employees of CENCAL to account for the wages
23 and salary paid to the employees by CENCAL.

24 49. On or about July 1, 2000, defendant WALTER A. THOMPSON
25 instructed the bookkeeping, accounting and other office employees
26 of CENCAL to not provide year ending wage and income statements,
27 Forms W-2, to the Internal Revenue Service to account for the
28 wages and salary paid to the employees by CENCAL.

1 50. On or about August 22, 2000, defendant JOSEPH BANISTER
2 sent an email to defendant WALTER A. THOMPSON regarding the
3 disallowance of defendant THOMPSON's claim for refund filed with
4 regard to the 1997 tax year.

5 51. On or about August 22, 2000, defendant WALTER A.
6 THOMPSON sent an email to defendant JOSEPH BANISTER giving
7 defendant BANISTER instructions regarding what to say to the
8 Internal Revenue Service regarding defendant THOMPSON's claim for
9 refund for the 1997 tax year.

10 52. On or about August 27, 2000, defendant JOSEPH BANISTER
11 sent a letter to the Chief, Automated Collection Branch of the
12 Internal Revenue Service Center at Fresno, California, regarding
13 a due process hearing for defendant WALTER A. THOMPSON.

14 53. On or about September 7, 2000, defendant WALTER A.
15 THOMPSON sent an email to defendant JOSEPH BANISTER asking
16 defendant BANISTER to review a memo which defendant THOMPSON was
17 planning to distribute to his employees explaining why he was not
18 going to withhold federal taxes from the employees' compensation.

19 54. On or about October 11, 2000, defendant WALTER A.
20 THOMPSON had an "all hands" meeting of the employees of CENCAL,
21 at which he repeated that he was not going to withhold federal
22 taxes from their compensation.

23 55. On or about October 11, 2000, defendant WALTER A.
24 THOMPSON explained in detail to the employees of CENCAL exactly
25 why he was not going to withhold federal taxes from their
26 compensation.

27 56. On or about October 11, 2000, defendant JOSEPH BANISTER
28 attended an "all hands" meeting of the employees of CENCAL in

1 Redding, California, at which time defendant BANISTER advised the
2 employees that he was a certified public accountant and former
3 Special Agent with the Criminal Investigation Division of the
4 Internal Revenue Service.

5 57. On or about October 11, 2000, defendant JOSEPH BANISTER
6 was an active participant in the discussion about why defendant
7 WALTER A. THOMPSON, dba Cencal Sales Anister was not going to
8 withhold federal taxes from the compensation paid to the
9 employees.

10 58. On or about October 11, 2000, defendant JOSEPH BANISTER
11 outlined for the employees the nature of the research he had done
12 on the tax issues, and that he could not find any authority in
13 his research which established that people such as the employees
14 had to pay federal income taxes on the wages which they made at
15 CENCAL.

16 59. On or about October 11, 2000, defendant JOSEPH BANISTER
17 advised the employees of CENCAL that defendant THOMPSON was an
18 honorable man who would not lie to them.

19 60. On or about October 15, 2000, defendant WALTER A.
20 THOMPSON sent an email to defendant JOSEPH BANISTER thanking
21 defendant BANISTER for his participation in the October 11th
22 meeting.

23 All in violation of Title 18, United States Code, Section
24 371.

25 COUNT TWO: [18 U.S.C. § 287 - Filing False Claim with United
26 States]

27 The Grand Jury further charges: T H A T

28 WALTER A. THOMPSON,

1 defendant herein, on or about March 16, 2000, in the County of
2 Shasta, State and Eastern District of California, did make and
3 present to the United States Treasury a claim against the United
4 States for payment, which he knew to be false, fictitious and
5 fraudulent, by preparing and causing to be prepared an Amended
6 U.S. Individual Income Tax Return, Form 1040X, for the calendar
7 year ending December 31, 1996, which was presented to the United
8 States Treasury Department, through the Internal Revenue Service,
9 wherein he claimed a refund in taxes in the amount of \$28,161,
10 knowing such claim to be false, fictitious and fraudulent, all in
11 violation of Title 18, United States Code, Section 287.

12 COUNT THREE: [18 U.S.C. § 287 - Filing False Claim with United
13 States]

14 The Grand Jury further charges: T H A T

15 WALTER A. THOMPSON,

16 defendant herein, on or about March 21, 2000, in the County of
17 Shasta, State and Eastern District of California, did make and
18 present to the United States Treasury a claim against the United
19 States for payment, which he knew to be false, fictitious and
20 fraudulent, by preparing and causing to be prepared a U.S.
21 Individual Income Tax Return, Form 1040X, for the calendar year
22 ending December 31, 1997, which was presented to the United
23 States Treasury Department, through the Internal Revenue Service,
24 wherein he claimed a refund in taxes in the amount of \$39,711,
25 knowing such claim to be false, fictitious and fraudulent, all in
26 violation of Title 18, United States Code, Section 287.

27 //

28 ///

1 COUNT FOUR: [26 U.S.C. § 7206(1) - Willfully Filing False Tax
Returns]

2
3 The Grand Jury further charges: T H A T

4 WALTER A. THOMPSON,

5 defendant herein, on or about February 7, 2000, in the County of
6 Shasta, Eastern District of California, did willfully make and
7 subscribe an Amended U.S. Individual Income Tax Return, Form
8 1040X, for the calendar year ending December 31, 1998, which was
9 verified by a written statement that it was made under penalties
10 of perjury and was filed with the Internal Revenue Service, which
11 said amended individual income tax return he did not believe to
12 be true and correct as to every material matter in that said
13 return reported \$0 in adjusted gross income on line 1, \$0 taxable
14 income on line 5, and \$0 tax due on lines 6 and 10, whereas, as
15 he then and there well knew and believed, he received adjusted
16 gross income of approximately \$66,192, and had taxable income of
17 approximately \$41,251, and taxes due and owing of approximately
18 \$15,582,

19 All in violation of Title 26, United States Code, Section
20 7206(1).

21 COUNT FIVE: [26 U.S.C. § 7206(2) - Willfully Aiding and
Assisting the Filing of False Tax Returns]

22
23 The Grand Jury further charges: T H A T

24 JOSEPH BANISTER,

25 defendant herein, on or about February 29, 2000, in the State and
26 Eastern District of California, did willfully aid and assist in,
27 and procure, counsel and advise the preparation and presentation
28 to the Internal Revenue Service of an Amended U.S. Individual

1 Income Tax Return, Form 1040X, of taxpayers WALTER and Denise
2 THOMPSON for the period ending December 31, 1996, which was false
3 and fraudulent as to a material matter in that it represented
4 that adjusted gross income received by taxpayers WALTER and
5 Denise THOMPSON was \$0, and that taxable income and taxes due and
6 owing both were \$0, whereas as the defendant then and there well
7 knew and believed, the total amount of adjusted gross income,
8 taxable income and tax due and owing were substantially in excess
9 thereof,

10 All in violation of Title 26, United States Code, Section
11 7206(2).

12 COUNT SIX: [26 U.S.C. § 7206(2) - Willfully Aiding and
13 Assisting the Filing of False Tax Returns]

14 The Grand Jury further charges: T H A T

15 JOSEPH BANISTER,

16 defendant herein, on or about February 29, 2000, in the State and
17 Eastern District of California, did willfully aid and assist in,
18 and procure, counsel and advise the preparation and presentation
19 to the Internal Revenue Service of an Amended U.S. Individual
20 Income Tax Return, Form 1040X, of taxpayers WALTER and Denise
21 THOMPSON for the period ending December 31, 1997, which was false
22 and fraudulent as to a material matter in that it represented
23 that adjusted gross income received by taxpayers WALTER and
24 Denise THOMPSON was \$0, and that taxable income and taxes due and
25 owing both were \$0, whereas as the defendant then and there well
26 knew and believed, the total amount of adjusted gross income,
27 taxable income and tax due and owing were substantially in excess
28 thereof,

1 All in violation of Title 26, United States Code, Section
2 7206(2).

3 COUNT SEVEN: [26 U.S.C. § 7206(2) - Willfully Aiding and
4 Assisting the Filing of False Tax Returns]

5 The Grand Jury further charges: T H A T

6 JOSEPH BANISTER,

7 defendant herein, on or about January 31, 2000, in the State and
8 Eastern District of California, did willfully aid and assist in,
9 and procure, counsel and advise the preparation and presentation
10 to the Internal Revenue Service of an Amended U.S. Individual
11 Income Tax Return, Form 1040X, of taxpayers WALTER and Denise
12 THOMPSON for the period ending December 31, 1998, which was false
13 and fraudulent as to a material matter in that it represented
14 that adjusted gross income received by taxpayers WALTER and
15 Denise THOMPSON was \$0, and that taxable income and taxes due and
16 owing both were \$0, whereas as the defendant then and there well
17 knew and believed, the total amount of adjusted gross income,
18 taxable income and tax due and owing were substantially in excess
19 thereof,

20 All in violation of Title 26, United States Code, Section
21 7206(2).

22 COUNT EIGHT: [26 U.S.C. § 7202 - Willful Failure to Withhold and
23 Pay Taxes]

24 The Grand Jury further charges: T H A T

25 WALTER A. THOMPSON,

26 defendant herein, on or about October 15, 2000, in the County of
27 Shasta, State and Eastern District of California, who conducted a
28 business as a sole proprietorship under the name and style of

1 Cencal Sales, with its principal place of business in Redding,
2 California, did willfully fail to truthfully deduct, collect,
3 account for, and pay over to the Internal Revenue Service those
4 federal income taxes and Federal Insurance Contributions Act
5 (FICA) and Medicare taxes due and owing to the United States of
6 America for the fiscal quarter ending September 30, 2000, in the
7 amount of approximately \$14,965.90,

8 All in violation of Title 26, United States Code, Section
9 7202.

10 COUNT NINE: [26 U.S.C. § 7202 - Willful Failure to Withhold and
11 Pay Taxes]

12 The Grand Jury further charges: T H A T

13 WALTER A. THOMPSON,
14 defendant herein, on or about January 15, 2001, in the County of
15 Shasta, State and Eastern District of California, who conducted a
16 business as a sole proprietorship under the name and style of
17 Cencal Sales, with its principal place of business in Redding,
18 California, did willfully fail to truthfully deduct, collect,
19 account for, and pay over to the Internal Revenue Service those
20 federal income taxes and Federal Insurance Contributions Act
21 (FICA) and Medicare taxes due and owing to the United States of
22 America for the fiscal quarter ending December 31, 2000, in the
23 amount of approximately \$20,930.77,

24 All in violation of Title 26, United States Code, Section
25 7202.

26 ///

27 ///

28 ///

1 COUNT TEN: [26 U.S.C. § 7202 - Willful Failure to Withhold and
2 Pay Taxes]

3 The Grand Jury further charges: T H A T

4 WALTER A. THOMPSON,

5 defendant herein, on or about April 15, 2001, in the County of
6 Shasta, State and Eastern District of California, who conducted a
7 business as a sole proprietorship under the name and style of
8 Cencal Sales, with its principal place of business in Redding,
9 California, did willfully fail to truthfully deduct, collect,
10 account for, and pay over to the Internal Revenue Service those
11 federal income taxes and Federal Insurance Contributions Act
12 (FICA) and Medicare taxes due and owing to the United States of
13 America for the fiscal quarter ending March 31, 2001, in the
14 amount of approximately \$20,378.04,

15 All in violation of Title 26, United States Code, Section
16 7202.

17 COUNT ELEVEN: [26 U.S.C. § 7202 - Willful Failure to Withhold
18 and Pay Taxes]

19 The Grand Jury further charges: T H A T

20 WALTER A. THOMPSON,

21 defendant herein, on or about July 15, 2001, in the County of
22 Shasta, State and Eastern District of California, who conducted a
23 business as a sole proprietorship under the name and style of
24 Cencal Sales, with its principal place of business in Redding,
25 California, did willfully fail to truthfully deduct, collect,
26 account for, and pay over to the Internal Revenue Service those
27 federal income taxes and Federal Insurance Contributions Act
28 (FICA) and Medicare taxes due and owing to the United States of

1 America for the fiscal quarter ending June 30, 2001, in the
2 amount of approximately \$16,724.61,

3 All in violation of Title 26, United States Code, Section
4 7202.

5 COUNT TWELVE: [26 U.S.C. § 7202 - Willful Failure to Withhold
6 and Pay Taxes]

7 The Grand Jury further charges: T H A T

8 WALTER A. THOMPSON,

9 defendant herein, on or about October 15, 2001, in the County of
10 Shasta, State and Eastern District of California, who conducted a
11 business as a sole proprietorship under the name and style of
12 Cencal Sales, with its principal place of business in Redding,
13 California, did willfully fail to truthfully deduct, collect,
14 account for and pay over to the Internal Revenue Service those
15 federal income taxes and Federal Insurance Contributions Act
16 (FICA) and Medicare taxes due and owing to the United States of
17 America for the fiscal quarter ending September 30, 2001, in the
18 amount of approximately \$17,898.96,

19 All in violation of Title 26, United States Code, Section
20 7202.

21 COUNT THIRTEEN: [26 U.S.C. § 7202 - Willful Failure to Withhold
22 and Pay Taxes]

23 The Grand Jury further charges: T H A T

24 WALTER A. THOMPSON,

25 defendant herein, on or about January 15, 2002, in the County of
26 Shasta, State and Eastern District of California, who conducted a
27 business as a sole proprietorship under the name and style of
28 Cencal Sales, with its principal place of business in Redding,

1 California, did willfully fail to truthfully deduct, collect,
2 account for and pay over to the Internal Revenue Service those
3 federal income taxes and Federal Insurance Contributions Act
4 (FICA) and Medicare taxes due and owing to the United States of
5 America for the fiscal quarter ending December 31, 2001, in the
6 amount of approximately \$12,857.95,

7 All in violation of Title 26, United States Code, Section
8 7202.

9 COUNT FOURTEEN: [26 U.S.C. § 7202 - Willful Failure to Withhold
and Pay Taxes]

10
11 The Grand Jury further charges: T H A T

12 WALTER A. THOMPSON,

13 defendant herein, on or about April 15, 2002, in the County of
14 Shasta, State and Eastern District of California, who conducted a
15 business as a sole proprietorship under the name and style of
16 Cencal Sales, with its principal place of business in Redding,
17 California, did willfully fail to truthfully deduct, collect,
18 account for and pay over to the Internal Revenue Service those
19 federal income taxes and Federal Insurance Contributions Act
20 (FICA) and Medicare taxes due and owing to the United States of
21 America for the fiscal quarter ending March 31, 2002, in the
22 amount of approximately \$16,788.30,

23 All in violation of Title 26, United States Code, Section
24 7202.

25 COUNT FIFTEEN: [26 U.S.C. § 7202 - Willful Failure to Withhold
and Pay Taxes]

26
27 The Grand Jury further charges: T H A T

28 WALTER A. THOMPSON,

1 defendant herein, on or about July 15, 2002, in the County of
2 Shasta, State and Eastern District of California, who conducted a
3 business as a sole proprietorship under the name and style of
4 Cencal Sales, with its principal place of business in Redding,
5 California, did willfully fail to truthfully deduct, collect,
6 account for and pay over to the Internal Revenue Service those
7 federal income taxes and Federal Insurance Contributions Act
8 (FICA) and Medicare taxes due and owing to the United States of
9 America for the fiscal quarter ending June 30, 2002, in the
10 amount of approximately \$16,902.17,

11 All in violation of Title 26, United States Code, Section
12 7202.

13 COUNT SIXTEEN: [26 U.S.C. § 7202 - Willful Failure to Withhold
14 and Pay Taxes]

15 The Grand Jury further charges: T H A T

16 WALTER A. THOMPSON,

17 defendant herein, on or about October 15, 2002, in the County of
18 Shasta, State and Eastern District of California, who conducted a
19 business as a sole proprietorship under the name and style of
20 Cencal Sales, with its principal place of business in Redding,
21 California, did willfully fail to truthfully deduct, collect,
22 account for and pay over to the Internal Revenue Service those
23 federal income taxes and Federal Insurance Contributions Act
24 (FICA) and Medicare taxes due and owing to the United States of
25 America for the fiscal quarter ending September 30, 2002, in the
26 amount of approximately \$16,890.52,

27 All in violation of Title 26, United States Code, Section
28 7202.

1 COUNT SEVENTEEN: [26 U.S.C. § 7202 - Willful Failure to Withhold
and Pay Taxes]

2
3 The Grand Jury further charges: T H A T

4 WALTER A. THOMPSON,

5 defendant herein, on or about January 15, 2003, in the County of
6 Shasta, State and Eastern District of California, who conducted a
7 business as a sole proprietorship under the name and style of
8 Cencal Sales, with its principal place of business in Redding,
9 California, did willfully fail to truthfully deduct, collect,
10 account for and pay over to the Internal Revenue Service those
11 federal income taxes and Federal Insurance Contributions Act
12 (FICA) and Medicare taxes due and owing to the United States of
13 America for the fiscal quarter ending December 31, 2002, in the
14 amount of approximately \$21,883.06,

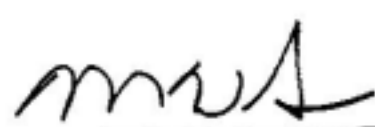
15 All in violation of Title 26, United States Code, Section
16 7202.

17 SENTENCING ALLEGATIONS

- 18 1. The tax loss for which defendant JOSEPH BANISTER is
19 responsible in Count Five is approximately \$26,943.
20 2. The tax loss for which defendant JOSEPH BANISTER is
21 responsible in Count Six is approximately \$38,098.
22 3. The tax loss for which defendant JOSEPH BANISTER is
23 responsible in Count Seven is approximately \$15,582.

24 A TRUE BILL.

25 
26 FOREPERSON

27 
28 MCGREGOR W. SCOTT
United States Attorney

UNITED STATES DISTRICT COURT

Eastern District of California

Criminal Division

THE UNITED STATES OF AMERICA

vs.

JOSEPH BANISTER and
WALTER A. THOMPSON

SEALED

INDICTMENT

VIOLATION(S): 18 U.S.C. § 371 - Conspiracy to Defraud The United States; 18 U.S.C. § 287 - Filing False Claim with United States (2 Counts); 26 U.S.C. § 7206(1) - Willfully Filing False Tax Returns; 26 U.S.C. § 7206(2) - Willfully Aiding and Assisting the Filing of False Tax Returns (3 Counts); 26 U.S.C. § 7202 - Willful Failure to Withhold and Pay Taxes (10 Counts)

A true bill,

Grant S. [Signature]

Foreman.

Filed in open court this 17th day

of November, A.D. 2004

Pete Buzo

Clerk

Deputy Clerk

Bail, \$

[Signature]

Bench warrants

No Bail