

SACRAMENTO Bolshevik

Citigroup swap

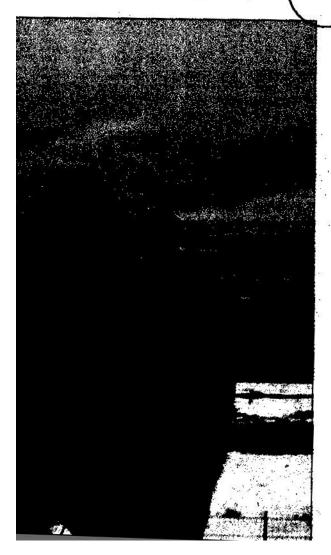
6.25.05 Citigroup Inc. swaps most of its asset-management business for the broker-dealer component of Legg Mason Inc.

SUMPTION

27.6 billion pounds

2004

## ry sees fallout



## Verdict cheered by tax evaders

Accountant acquitted of preparing false returns still faces the loss of his license.

> By Andrew McIntosh BEESTAFF WRITER

Tax evaders are crowing over a courtroom victory for accountant Joseph R. Banister, acquitted of helping a client prepare false returns, but the trouble is not over for the former IRS investigator.

The California Board of Accountancy has charged Banister with two counts of professional misconduct under the state's Business and Professions Code because he failed to file his own personal tax returns between 1999-2002.

Banister, a 42-year-old San Jose resident, is facing a second charge after federal Administrative Law Judge William B. Moran disbarred him from practicing before the Internal Revenue Service, saying he was giving taxpayers erroneous advice.

Board of Accountancy executive officer Carol Sigman signed the five-page complaint on Feb. 25, requesting a hearing to determine whether Banister's certified public accountant's license should be suspended or revoked.

Banister, a former gun-toting TAX CASE, Page D2

# Client guilty and doing jail

**▼ FROM PAGE D1** 

always denied any wrongdoing. be reached for comment but has come Tax is a Heax," could not carries links that read "The In-IRS special agent whose Web site

said that when state officials geles, he declined to answer. quizzed Banister about his tax returns at a 2004 hearing in Los An-The misconduct complaint

port in which he questioned the the IRS in 1999 after writing a re-1991, Banister was forced out of A licensed accountant since

**Shallit**:

lity gets

pose income taxes on workers. agency's legal authority to im-

ers that there was no legal requirement for them to withhold but he also advised business ownfederal tax system's legitimacy, taxes from their workers' pay-Not only did he question the

tancy Board's Sigman said: "This the contrary by federal courts." issue has long been decided to In her complaint, the Accoun-

celebrated in Sacramento and on who consider Banister a folk hero Nevertheless, tax protesters

the Internet this week after a jury acquitted him of federal charges with a small business client to file that accused him of conspiring hree false tax returns.

guilty verdicts cheered, and the room as the jury read its notprotesters who were in the courtjudge had bailiffs remove them. Two women in a group of tax

employment taxes. about \$259,669 in income and to defraud the government of ter and Redding businessman Walter Thompson of conspiring Prosecutors had accused Banis-

> and remit taxes from the payyear sentence after his company, January. He is now serving a sixchecks of his workers. Cencal Aviation Products Shasta Lake, failed to withhold Thompson was convicted in

and Thompson cases raise quesquitted while the business owner tions about the administration of he advised and helped goes to ustice: How can Banister be ac-The verdicts in the Banister

with Petronovich, Pugh & Co. in Bob Petersen, an accountant

San Jose and past president of the California Society of Certified Proploited by tax advisers who colthere's a loophole being ex-Banister acquittal does not mean fessional Accountants, said the lect fees as their clients go to jail. "I think this was just a case of

> als wh penalti

tax adv

Hes

II SWE legislat

his 28

ISD't W

"Ou

case to the jury," Petersen said. the prosecutor failing to make his IRS spokesman Bill Steiner and

> all pec this ty

ment on the verdict. Robert Twiss, both declined com-Congressional and California

> be rea The B

woman for federal prosecutor

Patricia Pontello, a spokes-

# FOR THE RECORD

Foreign exchan



an the

| 135 - 135 | 135 - 135 | 135 - 135 | 135 - 135 | 135 - 135 | 135 - 135 | 135 - 135 | 135 - 135 | 135 - 135 | 135 - 135 | 135 - 135 | 135 - 135 | 135 - 135 | 135 - 135 | 135 - 135 - 135 | 135 - 135 | 135 - 135 | 135 - 135 | 135 - 135 | 135 - 135 | 135 - 135 | 135 - 135 - 135 | 135 - 135 - 135 | 135 - 135 - 135 | 135 - 135 - 135 | 135 - 13

 Saturday, June 25, 2005 The Sacramento Bee

# legislators have strengthened case: Client guilty and doing jail time

agency's legal authority to imose Web site ad "The In-

quirement for them to withhold taxes from their workers' pay-Not only did he question the federal tax system's legitimacy, but he also advised business owners that there was no legal repose income taxes on workers.

ritent but has

vrongdoing.

"could not

tancy Board's Sigman said: "This In her complaint, the Accoun-

ing in Los An-

o answer.

tate officials

out his tax re

t complaint

celebrated in Sacramento and on issue has long been decided to Nevertheless, tax protesters who consider Banister a folk hero the contrary by federal courts."

questioned the

er writing a re-

forced out of nuntant since

acquitted him of federal charges with a small business client to file that accused him of conspiring the Internet this week after a jury three false tax returns.

guilty verdicts cheered, and the Two women in a group of tax protesters who were in the courtroom as the jury read its notjudge had bailiffs remove them.

ter and Redding businessman Walter Thompson of conspiring about \$259,669 in income and Prosecutors had accused Banisto defraud the government of employment taxes.

Shasta Lake, failed to withhold and remit taxes from the pay-Thompson was convicted in January. He is now serving a sixyear sentence after his company Cencal Aviation Products checks of his workers.

he advised and helped goes to quitted while the business owner and Thompson cases raise questions about the administration of ustice: How can Banister be ac-The verdicts in the Banister

Bob Petersen, an accountant with Petronovich, Pugh & Co. in

Banister acquittal does not mean California Society of Certified Professional Accountants, said the there's a loophole being exploited by tax advisers who collect fees as their clients go to jail.

the prosecutor failing to make his IRS spokesman Bill Steiner and a spokes-"I think this was just a case of case to the jury," Petersen said.

woman for federal prosecutor Robert Twiss, both declined com-Patricia Pontello,

Congressional and California ment on the verdict.

als who give clients erroneous laws in recent years to increase penalties for financial professiontax advice, Petersen said.

his 28,000-member society and He said Banister is not part of isn't welcome.

"Our group does not condone this type of behavior. We think all people need to pay their fair share of taxes," Petersen added. The Bee's Andrew McIntosh can be reached at (916) 321-1215 or amcintosh@sacbee.com.

# FOR THE RECORD

Foreign exchange

