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## Seven are arrested in alleged tax-shelters scheme

By Matt Krasnowski

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LOS ANGELES – An income-tax critic, who portrayed the Internal Revenue Service as "vultures," and six alleged associates – including a Solana Beach man – were arrested Monday on charges connected to the promotion of bogus tax shelters.

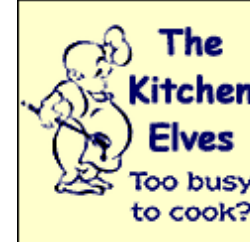
On federal income tax return filing day, IRS agents arrested Lynne Meredith, 52, of Sunset Beach, the owner and operator of "We the People" and "Sovereignty Pure Trusts," which authorities said promised to limit people's exposure to federal income taxes.

The Orange County woman, who has boasted about never paying income taxes, authored anti-IRS books titled "How to Cook a Vulture" and "Vultures in Eagle's Clothing."

Gregory Paul Karl, 52, of Solana Beach, who allegedly aided Meredith in selling the trusts, also was arrested Monday.

The 35-count indictment alleges that between October 1994 and November 2001, Meredith sold trusts, claiming they could protect earned income from the government. She allegedly urged taxpayers not to file income tax returns, helped them file phony returns, and urged people to lodge protests with the IRS if the agency audited them, authorities said.

Government officials said because of Meredith's activities, taxpayers filed phony returns and some people sought as much as \$21,000 in



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refunds.

"Meredith misled numerous people into believing that the tax shelters she was selling would legally keep them from having to pay income taxes," said Michael S. Kochmanski, the special agent in charge of the IRS' Los Angeles criminal investigation office. "Instead many of these people now find themselves owing back taxes, penalties and interest."

Prosecutors said they learned of Meredith's activity in the mid-1990s when an unidentified taxpayer used Meredith's methods to file a tax return and was penalized by the government.

Meredith allegedly sold the trusts for \$500 at seminars throughout the country, and said the trusts were prepared with the "combined efforts of attorneys, paralegals, CPAs and other professional staff."

Between 1994 and 1999, Meredith earned more than \$6.2 million from the scheme, and did not pay federal income tax and did not file a tax return during those years, according to the indictment.

Meredith's books advise readers to file tax returns that accurately report income but request a refund of all taxes paid, or create tax shelter trusts to protect income and assets from taxes.

The indictment cites six people, identified by initials, who contend they followed Meredith's advice and filed improper returns. When the IRS questioned the returns, the people then wrote protest correspondence, it said.

When the people complained to Meredith and her colleagues, prosecutors contend they were refused refunds.

The indictment states that Karl sold 47 trusts and misrepresented the trust's legal powers. It also states he established phony taxpayer identification numbers for the trust purchasers.

The others charged include: Gayle Bisbee, 54, of Sunset Beach; Teresa Manharth Giordano, 39, of Murrieta; Willie Watts, 43, of Murrieta; Betty Erickson, 57, of Windsor; and Nadia Moore, 53, of Huntington Beach.

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