

- c. Making false statements about the allowability of any deductions or credits;
- d. Filing, providing forms for, or otherwise aiding and abetting the filing of frivolous FOIA requests on behalf of himself and others;
- e. preparing or assisting in the preparation of documents purporting to “decode” IRS files;
- f. falsely advising customers and others that they are not required to file federal income tax returns or pay federal income taxes; and
- g. Engaging in conduct that substantially interferes with the proper administration and enforcement of the internal revenue laws through the promotion of a false tax scheme.

3. This action has been requested by the Chief Counsel of the Internal Revenue Service, a delegate of the Secretary of the Treasury, and commenced at the direction of a delegate of the Attorney General under 26 U.S.C. §§ 7402 and 7408.

4. Standring resides at 2845 U.S. Route 50, Batavia, Ohio, and does business through VIP Sales, located at 5904 Vine Street, Cincinnati, Ohio. Venue is thus proper in this Court under 28 U.S.C. §§ 1391 and 1396.

Standring’s Abusive Tax Scheme

5. Standring conducts business through websites located at www.irsdecoder.com, www.foiagen.com, and www.sovereignandfree.com, and at seminars nationwide, including Atlanta; Dallas; Portland, Oregon; Fort Smith, Arkansas; and Tacoma, Washington.

6. Through the seminars, promotional materials, and the websites referenced above, Standring sells a “FOIA Generator” and “Document Decoding service” to customers nationwide.

7. Stranding's customers use the "FOIA Generator" to make over 60 FOIA requests to the IRS to obtain, among other documents, their individual master file, or IMF.

8. Stranding's customers' FOIA requests include requests for frivolous and irrelevant information, such as documents disclosing "the identity of the agency administering and/or enforcing Title III of the National Prohibition Act."

9. Once Stranding's customers obtain the IMF through the FOIA Generator, Stranding's customers are instructed to send the IMF to Stranding, who "decodes" the IMF for a fee.

10. As part of this scheme, Stranding falsely tells customers that they are only required to pay federal income taxes if they are involved in an excise taxable activity or if they are federal corporate officers.

11. As part of this scheme, Stranding falsely tells customers that they can use the IMF and other documents obtained under FOIA to prove that they are not liable for federal income tax if they are not engaged in an excise taxable activity or are not federal corporate officers.

12. As part of this scheme, Stranding "decodes" the IMF obtained by his customers through the FOIA generator and falsely informs his customers that they are not liable for federal income tax because they are not engaged in an excise taxable activity nor are they federal corporate officers.

13. As part of the "decoding" process, Stranding falsely informs his customers that the IRS has fraudulently converted his customers into businesses subject to an excise tax. As a result, Stranding falsely informs his customers that they can rely on his "decoding" to prove that they are not legally obligated to file federal income tax returns or to pay federal income taxes.

14. In promoting this scheme, through the websites, seminars, and promotional materials

referenced above, Standring falsely states that laws regarding the withholding of income tax from American citizens cannot be found in the Internal Revenue Code.

15. In promoting this scheme, through the websites, seminars, and promotional materials referenced above, Standring falsely states that the income of most United States citizens and residents living and working within the 50 states is not taxable and that taxpayers are not required to file IRS Forms 1040.

16. In promoting this scheme, through the websites, seminars, and promotional materials referenced above, Standring falsely states that employers have no statutory authority to withhold payroll taxes, and by so doing perpetrate a theft of his customers' money through fraud.

17. As part of this scheme, Standring falsely represents in nationwide seminars that he is an expert in Internal Revenue Service codes and procedures.

18. Based on his professed expert knowledge of the internal revenue laws, Standring knows or should know that his customers are legally obligated to file federal income tax returns and to pay federal income tax.

Harm to the Government

19. Because Standring has refused to provide a customer list or any other information regarding this scheme to the IRS, the Government has been unable to determine the total loss to the United States Treasury by this abusive scheme.

20. The Government has obtained the names of several of Standring's customers, however, who have purchased materials from Standring, filed a number of FOIA requests, and then stopped filing federal income tax returns.

21. The Government has also identified a Standring customer who has been recently convicted of tax evasion and willfully failing to file tax returns based on Standring's representation that he was not legally obligated to file federal income tax returns or to pay federal income taxes.

22. Although the Government's investigation is preliminary, the Government has identified another Standring customer who has incurred a tax liability of almost \$600,000 on the belief that she is not obligated to file federal income tax returns or to pay federal taxes.

23. Because Standring's customers filed numerous frivolous and irrelevant FOIA requests, the IRS has had to devote substantial resources to processing these requests.

24. Standring continues to promote this false and fraudulent scheme, even after the IRS informed him that his promotion asserts false and misleading statements about material matters under the internal revenue laws.

Injunction under 26 U.S.C. § 7408 for Violation of 26 U.S.C. §6700

25. The United States incorporates by reference the allegations in paragraphs 1 through 24.

26. Section 7408 of 26 U.S.C. authorizes a court to enjoin persons who have engaged in any conduct subject to penalty under 26 U.S.C. §§ 6700 and 6701 if the court finds that injunctive relief is appropriate to prevent the recurrence of such conduct.

27. Section 6700 of 26 U.S.C. penalizes any person who organizes or sells a plan or arrangement and makes, in connection with organizing or selling the plan or arrangement, a statement regarding the excludibility of income or securing of other tax benefit that the person knows or has reason to know is false or fraudulent as to any material matter.

28. Standring, either individually or through VIP Sales, organizes and sells abusive tax schemes. In organizing and selling these abusive tax schemes, Standring makes false or fraudulent statements regarding his customers' obligation to pay federal income taxes based on his "decoding" of his customers' IMF. Standring knows or has reason to know that his programs and program materials contain false or fraudulent statements within the meaning of 26 U.S.C. § 6700.

29. If Standring is not enjoined from promoting the FOIA Generator and Document Decoding scheme described above, he is likely to continue to organize and sell this abusive tax scheme.

WHEREFORE, plaintiff, the United States of America, respectfully prays for the following:

A. That the Court find that Standring, individually and doing business as VIP Sales, has engaged in conduct subject to penalty under 26 U.S.C. § 6700, and that injunctive relief under 26 U.S.C. § 7408 is appropriate to prevent a recurrence of that conduct;

B. That this Court, under 26 U.S.C. §§ 7402 and 7408, enter a permanent injunction

prohibiting Standring, individually and doing business as VIP Sales, and through any other name or entity, and his representatives, agents, servants, employees, attorneys, and those persons in active concert or participation with him, from directly or indirectly:

- a. Engaging in activity subject to penalty under 26 U.S.C. § 6700, including organizing or selling a plan or arrangement and making a statement regarding the excludibility of income or any other tax benefit by participating in the plan that he knows or has reason to know is false or fraudulent as to any material matter;
- b. Stating, through his websites, seminars, or other promotional materials, the false and frivolous position that Standring's customers can use the IMF and other documents obtained under FOIA to prove that they are not liable for federal income tax because they are not engaged in an excise taxable activity nor are they federal corporate officers;
- c. Making false statements about the allowability of any deductions or credits;
- d. Filing, providing forms for, or otherwise aiding and abetting the filing of frivolous FOIA requests on behalf of himself and others;
- e. Preparing or assisting in the preparation of documents purporting to "decode" IRS files;
- f. Falsely advising customers and others that they are not required to file federal income tax returns or pay federal income taxes; and
- g. Engaging in conduct that substantially interferes with the proper administration and enforcement of the internal revenue laws through the promotion of a false tax scheme.

C. That this Court, under 26 U.S.C. §§ 7402 enter an injunction requiring Standring to contact by mail (and also by e-mail, if an address is known) all persons who have purchased any products, services, or advice associated with the false or fraudulent tax scheme described in this complaint and inform those individuals of the Court's findings concerning the falsity of Standring's prior representations and attach a copy of the permanent injunction against Standring and his associates and related entities;


D. That this Court, under 26 U.S.C. §§ 7402 enter an injunction requiring Standing to produce to the United States any records in his possession or to which he has access, identifying the persons who have purchased his abusive tax plans, arrangements, or programs (purchased either directly from him or from his associates or related entities);

E. That this Court, under 26 U.S.C. §§ 7402 enter an injunction requiring Standing and his representatives, agents, servants, employees, attorneys, and those persons in active concert or participation with him, to remove from his websites all abusive tax scheme promotional materials and false commercial speech, to display prominently on the first page of those websites a complete copy of the Court's permanent injunction, and to maintain the websites for one year with a complete copy of the Court's permanent injunction so displayed throughout that time;

F. That this Court order that the United States is permitted to engage in post-judgment discovery to ensure compliance with the permanent injunction; and

G. That this Court grant the United States such other relief, including costs, as is just and equitable.

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