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Directions:

Read the press release below and discuss with the class.



Department of Justice

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"INSTITUTE OF GLOBAL PROSPERITY" CO-FOUNDER GUILTY OF TAX FRAUD

Defendant Concealed \$40 Million in Sales In Bogus Trusts, Nominee Entities and Offshore Bank Accounts

WASHINGTON, D.C. - Lorenzo (Zo) Lamantia (aka Lorenzo Milano), a co-founder of the "Institute of Global Prosperity," pleaded guilty to felony tax charges of conspiracy to defraud the United States by impeding the Internal Revenue Service (IRS) and tax evasion for the 2000 tax year in Seattle, Washington, the Justice Department and Internal Revenue Service (IRS) announced today. Lamantia's common-law wife, Kuldeep Singh (aka Kay Singh and Kay Milano), pleaded guilty to charges of willfully failing to file income tax returns for 1999 and 2000. U.S. Magistrate Judge Mary Alice Theiler scheduled their sentencing for April 10, 2006 at 9:30 A.M.

On May 11, 2004, Lamantia and Singh, residents of Mountain Ranch, California, were charged—along with Global Prosperity principals Daniel Andersen, David Struckman, and Dwayne Robare—with conspiring to defraud the United States by impeding the IRS. The indictment alleges that from 1996 until May 2002, the defendants operated Global Prosperity, an organization that sold audiotapes, CD's and tickets to offshore seminars on "wealth-building" strategies. At the seminars, vendors promoted bogus trust packages and other schemes advocating fraudulent methods of eliminating a person's income tax liability. Global Prosperity allegedly received more than \$40 million from selling the so-called "wealth building" products and tickets to the offshore seminars. The defendants concealed income they earned from the sale of Global Prosperity products, in part by using bogus trusts, nominee entities and offshore bank accounts, into which they deposited portions of their profits. They transferred funds from the offshore bank accounts back into the United States through wire transfers and the use of debit cards.

"People who promote or use bogus trusts, offshore bank accounts, and other fraudulent means to conceal income from the IRS can expect to face criminal prosecution and conviction," said Eileen J. O'Connor, Assistant Attorney General for the Justice Department's Tax Division. "This prosecution reflects the strong commitment of the Department of Justice and the Internal Revenue Service to vigorously protect the integrity of the federal tax system."

"Moving money and assets offshore to evade tax obligations is illegal and individuals engaging in this activity will be prosecuted," said Nancy J. Jardini, IRS Chief, Criminal Investigation. "The investigation of promoters and clients of international, offshore tax evasion schemes continues to be a high priority for IRS Criminal Investigation."

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According to documents filed with the court, Lamantia admitted that he conspired with his co-defendants to defraud the IRS by using a system of bogus trusts, nominee entities and related domestic and offshore bank accounts to conceal millions of dollars in income generated from the sale of Global Prosperity products. Lamantia admitted that he and his accomplices maintained the anonymity of Global Prosperity by changing the name of the business, using mail drops to conceal its location, and discouraging the use of Social Security numbers to escape notice by the IRS. Lamantia further admitted that he failed to file individual income tax returns, corporate income tax returns, trust income tax returns, partnership tax returns, and declarations of a financial interest in, or signature authority over, a foreign bank account, as required by law. Lamantia admitted that his actions caused a tax loss of between \$2.5 million and \$5 million to the U.S. Treasury. Finally, he agreed to cooperate fully with the IRS and pay all delinquent taxes, interest and penalties.

In documents filed with the court, Singh admitted that beginning in 1999, she owned and operated a business named International Free Enterprise Associates (IFEA), which offered retail and marketing information to Global Prosperity members for an annual fee of \$125. She further admitted that in 1999 and 2000, IFEA received gross income of approximately \$253,000 and \$124,000, respectively, for which Singh was required to file a tax return. Singh admitted that despite her knowledge of the filing requirement, she willfully failed to file income tax returns for 1999 and 2000. She further admitted that, along with Lamantia, she used a series of offshore bank accounts to conceal income earned from IFEA and Global Prosperity that caused a tax loss to the U.S. Treasury of approximately \$1.47 million.

Lamantia faces a potential maximum sentence of ten years in prison followed by six years of supervised release, a \$500,000 fine and liability for the costs of prosecution. Singh faces a potential maximum sentence of two years in prison followed by two years of supervised release, a \$200,000 fine and liability for the costs of prosecution.

Other individuals associated with the operation of Global Prosperity, including co-founder Daniel Andersen, have been convicted of tax charges in connection with this prosecution. In July 2004, Daniel Andersen pleaded guilty to conspiring to defraud the United States as charged in the indictment. He will be sentenced on March 15, 2006. In April 2005, Global Prosperity principal Dwayne Robare pleaded guilty to tax evasion in connection with concealing Global Prosperity income from the IRS. The date of his sentencing and the date of the trial of the remaining defendant, David Struckman, who resided in Renton and Issaquah, Washington, have not been set by the court.

Assistant Attorney General O'Connor thanked Tax Division Trial Attorneys Larry J. Wszalek and Mark T. Odulio, who prosecuted the case. She also thanked the special agents of the IRS whose assistance was essential to the successful investigation and prosecution of the case.

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