

## Statement

I would first like to assure the court that I have read and understand the order limiting what I am able to say in these proceedings. I object to the order limiting what I can say in these proceedings but will respect and adhere to it.

I have had a unique opportunity to view the administration, compliance, and enforcement of the federal income tax system and the operations of the Internal Revenue Service from different perspectives: The perspective of a citizen, the perspective of Certified Public Accountant assisting clients with IRS matters before my IRS employment, the perspective of an IRS Criminal Investigation Division Special Agent, and, lastly, the perspective of Certified Public Accountant assisting clients with IRS matters after my IRS employment, a perspective which has undoubtedly contributed to reason I stand here today.

As a citizen, my perspective on the federal income tax system and the Internal Revenue Service has not been unlike most Americans. I was first exposed to the federal income tax system at the age of 12 when I was assigned my first newspaper route and was told by the San Jose Mercury News and my parents that some of the money I earned would be deducted out of my pay for income taxes. In my adolescent years, I learned that in order to reacquire some of the earnings taken out of my paycheck, I had to file an income tax form to get the earnings back. I had no negative perception or adverse reaction to performing whatever income tax compliance accompanied earning my pay. I did what I believed was required of me.

**In fact, my perception of the federal income tax system as a citizen was positive enough that:**

- **I enrolled in, and graduated from, the accounting program at San Jose State University where income taxation was heavily emphasized.**
- **I pursued licensure as a Certified Public Accountant, and purposely developed expertise in income tax matters.**
- **And my perception about the income tax system was positive enough to make me want to pursue a lifetime career as an Internal Revenue Service Criminal Investigation Division Special Agent.**

**Clearly, my entire academic and professional life revolved around the federal income tax system and for over a decade of my professional life I committed myself to creating a reputation of excellence in that field. For over a decade of my professional life and nearly 30 years of my personal life, I viewed the federal income tax system as one of many legitimate and necessary functions of government and was proud to have developed expertise in that discipline, first as a tax professional and later as a criminal investigator for the Treasury Department.**

**I am as surprised as anyone that my perspective on the federal income tax system and the Internal Revenue Service changed during the time I served as an IRS Criminal Investigation Division Special Agent. I sacrificed a great deal to become an IRS Special Agent and I was more than willing to make those sacrifices because I believed I was using my financial skills to protect the U.S. Treasury against frauds and cheats:**

- I willingly submitted myself to two thorough background investigations, one administered by the FBI and one administered by the IRS, where the most personal aspects of my life were examined.
- I lost my job because the FBI background investigation alarmed the firm I was working for that I would not be able to continue in my position and spent the next two years unable to find permanent work.
- I willingly experienced a \$15-\$20,000 initial cut in pay to become an IRS Special Agent and was set back financially by tens of thousands of dollars as I awaited my annual promotions at the IRS.
- I was subjected to a “routine” employee tax audit, whereby an IRS tax auditor examined three years of my previously filed federal income tax returns. I was told beforehand that the auditor would treat me “just like any other taxpayer” and I soon learned what that warning meant. After thoroughly reviewing my returns and the income and deduction evidence I submitted to him, the IRS auditor alleged that I owed thousands of dollars in back taxes. I was shocked that the IRS auditor would make such an allegation not only because I sincerely believed I had prepared my returns accurately but because I wondered what such an allegation, if sustained, would do to my credibility as an IRS criminal investigator. Fortunately for me, I knew how to evaluate the IRS auditor’s allegations. I determined that he was misapplying the applicable statutes and regulations and showed him the proof. While reviewing my old documents, I discovered other deductions that I had neglected to take and brought these to the attention of the IRS

auditor. Eventually, he was forced to not only retract his allegation of additional tax due but approve a refund for the deductions I had missed. What started as a claim by an IRS agent that thousands of dollars in back taxes was owed turned into about a \$1,000 refund in my favor and a letter from the District Director commending me on my honesty, but only because I knew how to rebut the IRS auditor's claims and I was not afraid to do. This experience most definitely affected my perspective on the manner in which the federal income tax system is administered and it caused me to wonder what such an audit might be like for the average citizen and what happens to them when they are not sophisticated enough or brave enough to battle with an IRS auditor who is demanding back income taxes based on incorrect assertions.

- I spent 16 weeks away from my wife and children as I trained to become an IRS Special Agent.
- I willingly withstood the questioning and even scorn of other CPAs who inquired why I would move from the lucrative private sector into government service.

I worked extremely hard while serving as an IRS Special Agent:

- I was elected president of my training class for the first 8-week training class by over 40 of my peers and maintained a 95% academic average.
- My peers re-elected me president of my training class for the second 8-week training class and maintained a 93% academic average.
- I earned a Special Act Award in June, 1995

- I earned a Certificate of Recognition in March, 1996
- I earned a Performance Award in September, 1996
- I earned a Sustained Superior Performance Award in August, 1997
- I earned and a Top Athlete Award in December, 1997
- I served as the Asset Forfeiture Coordinator and the Organized Crime Drug Enforcement Task Force Coordinator for the IRS Criminal Investigation Division Central California District
- and I earned at least 5 grade and step within grade promotions beginning at the GS-7 level and eventually progressing to the GS-13 level

During the last two years of my employment with the IRS Criminal Investigation Division, I encountered and accumulated information and evidence about the inception and administration of the federal income tax system and the practices of the Internal Revenue Service that deeply disturbed me and contributed to a change in my perspective. I believed that I had a moral, ethical, and legal duty to evaluate the information and evidence. Once my evaluation of the information and evidence was substantially completed, I believed I had the moral, ethical, and legal duty to submit it to my supervisors for their evaluation and comment. I fulfilled that duty. They refused to address my concerns and encouraged my resignation. After my resignation, I humbly asked the local IRS office to meet with me to discuss what the tax laws required of me. The District Director wrote me a very gruff response providing only a pamphlet and a refusal of my request for a meeting. I have traveled to Washington, D.C. numerous times where I joined many

other Americans in an attempt to petition government officials for answers and guidance, including the IRS and the U.S. Department of Justice. The IRS and Dept. of Justice went to extraordinary lengths not answer our questions or petitions, even renegeing on oral and written promises to answer our questions. The court has prohibited me from describing the information and evidence I encountered and the beliefs I formulated both during and subsequent to my years at the IRS, dismissing all of it as “tax protester” arguments and “tax protester” beliefs. Interestingly enough, my perspectives and beliefs are an integral component of the allegations leveled against me, given that the IRS allegations used words like:

- willfully misleading
- willfully making
- knowingly misleading
- conscious disregard
- intentionally misleading
- reckless conduct
- gross indifference
- gross inadequacy

I have been forbidden from confronting my IRS accusers to evaluate what, if any, evidence they have accumulated to prove that my conduct was willful, knowing, conscious disregard, intentional, or reckless. I have been forbidden from introducing my own evidence proving that my conduct was not, in any way, willful, knowing, conscious disregard, intentional, or reckless. I have been forbidden from

presenting evidence of the number of times I have petitioned government officials in good faith for a redress of grievances in connection with the income tax and IRS injustices I have encountered.

For reasons I do not understand, I have been unable to impress upon my IRS supervisors, IRS collection personnel, IRS appeals personnel, IRS management, the IRS Assistant Commissioner, the IRS Commissioner, the Treasury Inspector General's Office, the Treasury Department, the U.S. House of Representatives, the U.S. Senate, the Supreme Court, the Clinton Administration, the Bush Administration, and even an administrative law judge from the Environmental Protection Agency that the IRS, as an agency, is engaged in serious wrongdoing, which brings me to the point of describing the most recent perspective I have gained about the federal income tax system, that of my role as a Certified Public Accountant assisting clients with IRS matters after my resignation from the IRS. It is the performance of that role, of course, that has brought me here to this courtroom.

Once I resigned from the Internal Revenue Service, my detailed knowledge of the IRS's wrongdoing increased at a seemingly exponential rate. I believe that the IRS routinely skips or ignores its administrative due process procedures because I have witnessed it. I believe that the IRS treats citizens who refer to or quote from sections of the Internal Revenue Code, Code of Federal Regulations, the Internal Revenue Manual, or heaven forbid, the U.S. Constitution, basically anyone who

desired to compare IRS agent conduct to the laws that governed their conduct, as “tax protesters” rather than concerned citizens because I have witnessed it. I believe that IRS agents routinely and illegally exceed their delegated authority because I have witnessed it. I believe that the IRS purposely and fraudulently manipulates its Individual Master File computer system to achieve desired results against the unsuspecting public because I have witnessed it. And I believe the IRS targets for economic, reputation, and livelihood destruction anyone who opposes it because I have witnessed it. Indeed, I have lived it.

I believe my perspective about the federal income tax and the IRS as a Certified Public Accountant assisting clients with IRS matters is consistent with the teachings of my Christian faith and the ethics of my profession. The teachings of my Christian faith were indelibly etched in my mind, especially as a young man attending Bellarmine College Preparatory in San Jose, California, where the school motto has always been “Be A Man For Others”. My father, who also graduated from that same institution, made sure that this phrase became more than a motto in my life, but a code to live by. My Christian faith forbids me from bearing false witness against my neighbor. I therefore have always been candid and truthful in my personal and professional life. The ethics of my profession instruct that I must not only do my best to distinguish between right and wrong but always try to do what is right. I have adhered to the ethical principles of my profession throughout my career, and most fervently during my service as an IRS Special Agent and over the last four years since resigning from the Internal Revenue Service. In fact, upon resigning from the IRS, I was required to take a mandatory ethics examination to



reactivate my CPA certificate. The preparation materials spoke of the following guidelines, which I had highlighted for emphasis:

- “Ethical decisions always consider the effects on others. Unethical decisions disregard the human consequences.” (pg. viii)
- “Every person is an independent moral agent capable of making choices and accountable for the consequences of those choices.” (pg. ix)
- “A separate and morally superior source of ethical obligation is the individual’s ethical value system which forms the conscience.” (pg. x)
- “A common excuse made by those who act improperly is that they were required to do so at risk of their job or career. This excuse does not free one of the obligations of conscience and ethical duty since neither popular opinion nor occupational or regional norms of behavior override sincerely held ethical values.” (pg. x)

I believe that I have a moral and ethical obligation to zealously advocate on behalf of my clients.

- I worked diligently for them and I believed I had an obligation to make sure the administrative record reflected as many relevant facts as possible.
- I had performed many hours of diligent research and consulted with knowledgeable people.
- I incorporated provable facts and evidence into documents submitted to the IRS.
- I was honest and open with my clients and with IRS personnel.

- I never made statements that I knew to be false.
- I believed I was following my clients' instructions and attempting to defend them against IRS officials who were determined to devour them. To my knowledge neither of them have ever complained about the services I rendered to them. In fact, they complemented me on my vigorous defense.
- I truly believed that the Internal Revenue Service officials, both past and present, had at the very least deceived and at the very most defrauded my clients and it was my obligation to come to their aid.

In closing, I would ask the court to consider that its decision to eliminate all discussion and examination of my credibility, experiences, beliefs, and intentions in connection with my conduct when all of the allegations leveled against me are based on just such criteria. Impugning my beliefs and experiences while denying me an opportunity to have those beliefs and experiences displayed and examined is wrong and inconsistent the American tradition of fairness and justice. I hope that the court will recognize that my core belief system would never allow me to knowingly, intentionally or willfully engage in any of the conduct the IRS has alleged in its complaint. Silence in the face of wrongdoing is as bad as the wrongdoing itself. Thank you.