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For more information contact:

Managing Assistant U.S. Attorney Dixie A. Morrow
(850) 444-4000

13 INDICTED BY GRAND JURY IN NATIONWIDE TAX DEFIER OPERATION
LED BY IRS CRIMINAL INVESTIGATION

Pensacola, Florida – Thomas F. Kirwin, Acting United States Attorney for the Northern District of Florida, announced the unsealing of an indictment charging 13 individuals throughout the United States with conspiracy to impair and impede the Internal Revenue Service and to commit wire fraud, conspiracy to commit money laundering, and wire fraud, all as part of a nationwide tax defier movement which promoted the use of offshore trusts and foreign bank accounts as a way of evading federal income taxes. Two defendants are also charged with evasion of payment of income taxes. The charges include Title 18, United States Code (U.S.C.), Section 371 (Conspiracy), 18 U.S.C. 1956(h) (Conspiracy to commit money laundering), 18 U.S.C. Section 1343 (Mail Fraud), and U.S.C. 7201 (Willful Intent to Evade or Defeat Tax).

The individuals charged in the grand jury indictment are:

Claudia Constance Hirmer, age 49, of Niceville, Florida;
Mark Steven Hirmer, age 54, of Niceville, Florida;
Ellen Meredith Stubenhaus, age 49, of Lake Worth, Florida;
Dover Eugene Perry, age 34, of Renton, Washington;
Arnold Ray Manansala, age 40, of Renton, Washington;
Michael Guy Leonard, age 61, of Troy, New York;
Mark Daniel Leitner, age 36, of Fairport, New York;
Arthur Ramirez Merino, age 36, of Seattle, Washington;
Joseph William McPhillips, age 42, of Panama;
Eugene Joseph Casternovia, age 60, of Ashland, Oregon;
Robert Leighton Pendell, age 42, of Ashland, Oregon;
Mark Barry Lyon, age 52, of Williams, Oregon;
Jeffrey Jean Jenks, age 50, of Eugene, Oregon.

The indictment alleges that Mark and Claudia Hirmer operated "Pinnacle Quest International" (PQI), along with their related companies, "Synergy Productions International, Inc." (SPI) and "MCD Productions," in the Fort Walton Beach, Florida, area, where they sold memberships in their organization ranging in price from \$1,350 to \$18,750. The indictment alleges such memberships allowed users to gain access to various presentations, conference calls, DVD's, CD's and offshore conferences which Claudia Hirmer organized. It is alleged that PQI contracted with vendors, who gained exclusive access to the PQI membership in order to sell their products promoting anti-tax theories, offshore corporate structures, debt elimination tactics and offshore investment opportunities. It is further alleged that as part of the organization, PQI encouraged its members to refer clients to authorized vendors with the top selling PQI members being part of its "Executive Council, who included Ellen Stubenhaus Joe McPhillips Arnold Manansala Dover Perry Michael Leonard and Arthur

Merino. According to the indictment, "Qualified Consultants" for PQI, who included Mark Leitner, were individuals authorized to sell various levels of memberships. Membership fees would be distributed to the "Qualified Consultants" and "Executive Council" members who recruited the member. The indictment alleges an Ashland, Oregon organization called "SORCE" (Southern Oregon Resource Center Educational Services) was among the vendors PQI used. Controlled by Eugene Casternovia and which employed Mark Lyon and Robert Pendell, the indictment alleges SORCE sold materials and services to create a complex system of offshore entities used to conceal assets.

According to the indictment, the vendors promoting offshore trusts were attempting to illegally exploit the general rule that non-resident aliens are not required to pay income tax on U.S. interest income, U.S. capital gains, or income from the sales of foreign properties or from foreign sources. The indictment alleges vendors did so by attempting to create a structure which gave the appearance that a non-resident alien was the owner of the assets when, in fact, a U.S. citizen was the owner. Alternatively, the indictment alleges some vendors promoted the use of a warehouse banking program called "MYICIS" which offered anonymous banking services and which would not honor IRS levies. In these ways, the indictment alleges members were misled by PQI's owners and the "Executive Council" to believe that vendor-offered products would allow them to legally pay no taxes, become free of debt, accumulate wealth, and protect their assets from the U.S. government and creditors.

Several of the charged defendants have been arrested and have appeared before United States Magistrate Judges in the jurisdictions of arrest. Mark and Claudia Hirmer first appeared before U.S. Magistrate Judge Elizabeth Timothy in Pensacola on August 28, 2008, at which time the United States requested they be detained without bond pending trial. A hearing on the matter of detention is scheduled for September 2, 2008, at 2:00 pm before U.S. Magistrate Judge Miles Davis. Defendants arrested in other states will appear in Pensacola on September 9, 2008, at 11:00 am before Judge Davis.

"There is no secret formula that can eliminate a person's tax obligations," said Eileen Mayer, Chief, IRS Criminal Investigation. "Taxpayers should be wary of scams and promises that claim to help avoid paying taxes."

"Today's unsealed indictment against the leaders of Pinnacle Quest International (PQI) shows that the Tax Division will utilize all its tools to stop promoters of illegal tax defier schemes," said John Marrella, Deputy Assistant Attorney General of the Justice Department's Tax Division. "Through the Tax Defier Initiative, the Tax Division is committed to using both civil tools, such as the preliminary injunction entered against PQI in May, and also criminal tools, such as this indictment, against organizations like PQI that market and promote fraudulent tax evasion packages."

If convicted, defendants face the following maximum penalties: conspiracy - 5 years imprisonment and up to a \$250,000 fine; conspiracy to commit money laundering - 20 years imprisonment and up to a \$250,000 fine; mail fraud - 20 years imprisonment and up to a \$250,000 fine per count; and willful intent to evade or defeat tax - 5 years imprisonment, up to a \$250,000 fine, plus costs of prosecution. Included in the grand jury indictment is forfeiture of more than \$50 million and three Northwest Florida residences.

This case is being prosecuted by Assistant United States Attorneys Michelle Heldmyer and Tiffany Eggers of the Northern District of Florida, Pensacola Division. This case was investigated by the IRS Criminal Investigation offices located in Pensacola, Florida, Rochester, New York, Dallas, Texas, and San Diego, California.

An indictment is merely a formal charge by the grand jury. Each defendant is presumed innocent unless and until proven guilty in United States District Court.