



**U.S. Department of Justice**

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**TAX RETURN PREPARER SENTENCED TO NINE YEARS**  
**FOR PREPARING FALSE RETURNS**

**CONCORD, NEW HAMPSHIRE** – The United States Attorney for the District of New Hampshire, Tom Colantuono, and Eileen J. O'Connor, Assistant Attorney General, Tax Division, U.S. Department of Justice announced that today Steven A. Swan, fifty-one, of Manchester, New Hampshire, was sentenced to 9 years in federal prison for a variety of tax offenses related to his tax return preparation business.

On February 12, 2004, after a six day jury trial, Swan was convicted of fifteen counts of preparing false tax returns and amended returns for others, two counts of preparing false amended tax returns for himself and one count of corruptly impeding the administration of the federal tax laws. During the period in which the crimes were committed, Swan resided in Auburn, New Hampshire.

Swan was sentenced by U.S. District Chief Judge Paul J. Barbadoro, who presided over Swan's trial. Judge Barbadoro increased Swan's sentence on the grounds that Swan obstructed justice by testifying falsely at trial. Judge Barbadoro also increased Swan's sentence, because the evidence at trial showed that Swan filed frivolous lawsuits against, threatened and sought the baseless criminal prosecution of IRS employees and other government officials who lawfully tried to assess and collect taxes from him. Under federal law, Swan will not be eligible for parole.

According to the evidence at trial, during the period 1997 through 2002, Swan prepared hundreds of so-called "zero-income" tax returns for customers of his tax return preparation business. On those returns, Swan reported that the customers did not have any income even though he knew that his customers had received substantial wages, salaries and other

compensation. The evidence at trial further showed that, in 1997, Swan filed two amended returns for himself falsely reporting that he had no income for tax years 1993 and 1994. Those amended returns sought refunds of taxes Swan had paid previously for those years. Finally, the evidence showed that, after the Internal Revenue Service initiated collection efforts against him, Swan obstructed the administration of the tax laws through a continuing campaign to harass and intimidate the IRS, its employees and third parties lawfully complying with IRS collection requests.

At trial, Swan testified in his own defense that he was a former disciple of notorious tax protestor, Irwin Schiff. He further testified that, based upon Schiff's teachings and his own research, he sincerely believed that there was no law making anyone liable for the federal income tax. Swan also claimed that he believed that the federal income tax was unconstitutional, a claim which the Court had already ruled did not constitute a defense to the crimes charged. The government's evidence established that Swan was fully aware of his legal obligation to file accurate tax returns and pay taxes that were due.

The evidence established that Swan prepared more than 200 tax returns for others, making false claims for refunds in excess of \$1 million dollars and generating a tax loss of approximately \$3.2 million. Swan promoted his tax return preparation business by holding seminars entitled, "How Anyone Can LEGALLY Stop Paying Income Taxes" at hotels in Manchester between 1997 and 2002. Swan advertised these seminars in numerous local and regional newspapers. The evidence further demonstrated that Swan encouraged others to file Forms W-4 falsely claiming exempt status to stop the withholding of income taxes. Finally, the evidence showed that Swan initiated numerous frivolous lawsuits and sought the baseless criminal prosecution of IRS collection employees and banks, title companies, and even a recorder of deeds for complying with lawful IRS liens and levies.

United States Attorney Colantuono stated: "Today's sentence is a great one for all tax compliant residents of New Hampshire. All citizens must pay their fair share of the costs of the freedom and privileges of living in this country. The substantial sentence imposed in this case should serve as a clear warning to those attracted by tax protestors' false claim that there is no legal requirement to pay federal income taxes."

Joseph Galasso, Special Agent in Charge of the IRS's Criminal Investigation Division in Boston stated: "Today's sentencing sends a clear message to those who believe that there is no legal requirement to pay federal income taxes. The IRS will aggressively pursue and prosecute those who do not follow the law that requires taxpayers to accurately report and timely pay any tax due."

The case was investigated by the Internal Revenue Service's Criminal Investigation Division. The case was prosecuted by Assistant U.S. Attorney Bill Morse and Jim Chapman, a Trial Attorney with the Department of Justice.

For more information about illegal tax schemes, taxpayers should go to [www.irs.gov](http://www.irs.gov), and use the keyword, "TAX FRAUD."

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