



Department of Justice

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JUSTICE INDICTS NINE PROMOTERS OF ALLEGED ABUSIVE TRUST SCHEME

Operators, Salesmen of Innovative Financial Consultants Charged with Tax Fraud

WASHINGTON, D.C. – Eileen J. O'Connor, Assistant Attorney General of the Justice Department's Tax Division, Paul K. Charlton, U.S. Attorney for the District of Arizona, and David B. Palmer, Chief, Internal Revenue Service, Criminal Investigation, today announced the indictment of nine individuals for conspiracy to defraud the Internal Revenue Service by marketing alleged abusive trusts through an organization known as Innovative Financial Consultants (IFC).

On April 4, 2003, a federal grand jury sitting in the District of Arizona indicted the following individuals for conspiracy to defraud the United States in violation of 18 U.S.C.

Section 371:

- Dennis O. Poseley of Phoenix;
- Patricia Ann Ensign of Phoenix;
- John F. Poseley of Casa Grande, Ariz.;
- Mark D. Poseley of Chandler, Ariz.;
- David W. Trepas of Scottsdale, Ariz.;
- Rachel McElhinney of Scottsdale, Ariz.;
- Jeffrey G. Lewis of Scottsdale, Ariz.;
- Keith D. Priest of Tempe, Ariz.; and
- Frank C. Williams of Houston.

The indictment, which was unsealed today, alleges that the defendants sold various trust packages for financial gain by falsely claiming that taxpayers could lawfully avoid income taxes by placing their income and assets into either an "onshore" or "offshore" trust package. IFC sold the offshore trust package for approximately \$10,500 and the onshore trust package for

approximately \$4,154, according to the indictment. The indictment states that IFC records reflect the creation of approximately 3,000 “pure trust organizations,” which the government alleges were bogus trusts, between September 1996 and February 2001. However, according to the indictment, IFC enabled their clients to retain the use, control and dominion of any income and assets they placed into their respective trusts while making it difficult or impossible for the IRS to track the true ownership of assets or income assigned to the “trusts” or deposited into trust bank accounts.

The indictment alleges that Dennis Poseley and Patricia Ensign, were the founders and operators of IFC, and that Jeffrey G. Lewis and Keith D. Priest were “trustees.” John F. Poseley, Mark D. Poseley, David W. Trepas, Rachel McElhinney allegedly worked as IFC salespeople; Frank C. Williams prepared tax returns for IFC clients referred to him by the sales team, according to the indictment.

The IFC trust packages were promoted and sold at presentations throughout the United States and internationally, as well as through telephone conference calls for prospective clients and at an Internet website.

An indictment is merely an accusation. Defendants are presumed innocent until and unless proven guilty.

This prosecution is the result of an investigation by the IRS Criminal Investigation. The prosecution is being handled by trial attorneys Edward E. Groves, Larry J. Wszalek, and Mark T. Odulio of the Justice Department’s Tax Division.

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