

## **PRESS RELEASE**

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**FOR IMMEDIATE RELEASE**  
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# **FORMER FLAGSTAFF CPA CONVICTED OF AIDING AND ASSISTING IN THE PREPARATION AND FILING OF FALSE 1995 FEDERAL INCOME TAX RETURNS**

**PHOENIX, ARIZONA** --Paul K. Charlton, United States Attorney for the District of Arizona, Eileen J. O'Connor, Assistant Attorney General, Tax Division, Department of Justice, and Debra King, Special Agent in Charge, jointly announce the conviction of **RALPH N. WHISTLER** of San Diego, California, on 15 felony counts of aiding and assisting in the preparation and filing of false 1995 federal income tax returns.

According to the evidence presented at trial, **WHISTLER** worked in Flagstaff, Arizona as a certified public accountant from about 1980 through 1996. **WHISTLER**'s work included the preparation of individual and corporate income tax returns for over one thousand clients. According to the evidence, **WHISTLER** attended a 1995 National Trust Service ("NTS") seminar in California at which he purchased a so-called "trust package" for himself that purported to legally reduce his federal income tax liabilities. **WHISTLER** modified this "trust package" which he promoted and sold to approximately twenty clients

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for between \$5,000 - \$10,000 per client. According to his clients' testimony, **WHISTLER** directed them to transfer business income to and through a series of bank accounts titled in the names of trusts. **WHISTLER** claimed the amounts placed in these bank accounts as deductions on his clients' federal income tax returns. Another client testified that **WHISTLER** told her to transfer proceeds from the sale of a business into and through a series of bank accounts titled in the names of trusts. **WHISTLER** failed to report the income from this sale on the client's federal income tax return.

The 15 felony counts in the indictment are for **WHISTLER**'s preparation of false federal income tax returns for the clients who purchased his program. **WHISTLER**'s clients were not charged with any crime and were not accused of any wrongdoing. Each felony count of aiding and abetting the preparation and filing of false federal income tax return carries a maximum penalty of up to three years imprisonment and/or a \$250,000 fine.

United States District Court Judge Robert C. Broomfield set sentencing for October 10, 2003 at 10:00 a.m. in Phoenix, Arizona.

This case was prosecuted by Trial Attorneys from the Department of Justice's Tax Division and was the culmination of an investigation conducted by the Internal Revenue Service , Criminal Investigation.

For more information on abusive trust schemes, please visit the Criminal Investigation link on the Internal Revenue Service's web site, <http://www.treas.gov/irs/ci>.

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