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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA,)	
)	
Plaintiff,)	
)	
v.)	No. 04 C 7403
)	
WILLIAM J. BENSON, individually and)	Judge Samuel Der-Yeghiayan
d/b/a Constitutional Research Associates,)	
)	
Defendant.)	
_____)	

PERMANENT INJUNCTION

On December 17, 2007, the Court granted the Government’s motion for summary judgment in this action for an injunction under sections 7408 and 7402 of the Internal Revenue Code (IRC) (26 U.S.C.) [106]. In accordance with Rule 65 of the Federal Rules of Civil Procedure and the Court’s opinion of December 17, 2007, the Court makes the following findings of fact and enters a permanent injunction against the defendant, William J. Benson, individually and doing business as Constitutional Research Associates.

Findings of Fact and Conclusions of Law

1. The defendant, William J. Benson, sells the “Reliance Defense Package” and “16th Amendment Reliance Package” on his website. The Reliance Defense Package and the 16th Amendment Reliance Package contain false statements concerning the payment of federal taxes, including statements that purchasers are not required to file tax returns or pay federal taxes because the Sixteenth Amendment to the Constitution was never ratified. These false statements are material within the meaning of Section 6700.

2. Benson falsely tells customers that if they purchase and use his products they will be shielded from criminal prosecution for violating the internal revenue laws. Purchasers of the "Reliance Defense Package" receive a letter signed by Benson that falsely represents that the purchaser can rely on Benson's research to conclude that the Sixteenth Amendment was not ratified, and that the purchaser is thereby not required to file federal income tax returns or pay federal income or social security taxes to the United States. As in *United States v. Raymond*, 228 F.3d 804, 811 (7th Cir. 2000), *cert. den.*, 533 U.S. 902 (2001), Benson's "Reliance" packages constitute a "plan or arrangement" within the meaning of Section 6700.

3. In *United States v. Benson*, 941 F.2d 598, 607 (7th Cir. 1991), the Seventh Circuit explicitly rejected Benson's arguments that the Sixteenth Amendment was improperly ratified. In view of his prior convictions for tax evasion and failure to file tax returns, and the decisions of the Seventh Circuit that refute the central concept of Benson's "Reliance Defense Package" (his claim that the Sixteenth Amendment was never ratified), the Court finds that Benson knew or had reason to know that his statements in promoting the Reliance Defense Package were false or fraudulent. Benson has thus engaged in conduct subject to penalty under Section 6700.

4. From the pleadings and documents that Benson has filed in this Court, it is clear that Benson has never acknowledged the wrongfulness of his actions in promoting his "Reliance Defense Package." Despite the fact that Benson removed his "Reliance Defense Package" from his website after the Government brought the present injunction and after the Government moved for a preliminary injunction in 2004, the Court finds that Benson is likely to continue to engage in conduct subject to penalty under Section 6700 in the future in the absence of an injunction. It is therefore appropriate to permanently enjoin him under Section 7408 from organizing,

promoting, or selling his "Reliance Defense Packages" and "16th Amendment Reliance Packages," and from engaging in any other conduct subject to penalty under Section 6700.

5. Benson's conduct has caused substantial revenue loss to the Treasury, and will require the IRS to expend considerable resources to assess and collect the federal taxes owed by his customers. His actions will also likely cause his customers to incur penalties because of their failure to report and pay their federal tax liabilities.

6. By promoting the "Reliance Defense Packages" and "16th Amendment Reliance Package," Benson has engaged in conduct that substantially interferes with the administration of the internal revenue laws.

7. The Court finds that Benson should be permanently enjoined under Section 7402(a) from engaging in conduct that interferes with the administration or enforcement of the internal revenue laws.

Permanent Injunction

The defendant, William J. Benson, individually and doing business as Constitutional Research Associates, and anyone in active concert or participation with him, are permanently enjoined from:

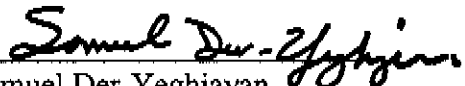
- (a) promoting, organizing or selling the "Reliance Defense Package" or "16th Amendment Reliance Package," which are abusive tax shelters, plans, or arrangements that advise or assist customers to attempt to evade the assessment or collection of their correct federal tax;
- (b) promoting, organizing or selling (or helping others to promote, organize, or sell) any other tax shelter, plan, or arrangement that incites or assists others to attempt to violate the internal revenue laws or unlawfully evade the assessment or collection of their federal tax liabilities or unlawfully claim improper tax refunds;

- (c) making or furnishing (in connection with organizing, promoting, or selling any plan or arrangement) false statements about the excludability of any income or the securing of any other tax benefit by reason of participating in the plan or arrangement;
- (d) engaging in any other activity subject to penalty under the Internal Revenue Code; and
- (e) engaging in any other conduct that interferes with the administration or enforcement of the internal revenue laws.

In accordance with Section 7402(a), the defendant, William J. Benson, individually and doing business as Constitutional Research Associates, is ordered to do the following:

- (f) within 14 days of the entry of this permanent injunction, mail (by United States mail, and, if an e-mail address is known, by electronic mail) a copy of the injunction order to every person and entity to whom he sold or furnished the "Reliance Defense Package" or "16th Amendment Reliance Package";
- (g) within 10 days of the entry of this permanent injunction, remove from his website www.thelawthatneverwas.com all references to selling the Reliance Defense Package or 16th Amendment Reliance Package and any other false statements about the benefits of using the Reliance Defense Package or 16th Amendment Reliance Package;
- (h) post, in not less than 12-point type at the top of the first page of www.thelawthatneverwas.com, a copy of this injunction order; and
- (i) file with the this Court an affidavit or declaration detailing his compliance with the requirements set forth above in subparagraphs (f) through (h), above, within 18 days of the entry of this permanent injunction.

It is SO ORDERED this 10th day of January, 2008.


Samuel Der-Yeghiayan
United States District Judge

Prepared and submitted by:

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