

**UNITED STATES ATTORNEY'S OFFICE
District of Oregon**



PRESS ROOM

June 6, 2008

**Two Former Tigard, Oregon Residents Indicted for Conspiring to
Defraud the United States and for Failing to File a Tax Return**

Tax Avoidance Scheme Most Recently Operated in Arizona

Portland, Ore. — Micaela Renee Dutson and her husband, Tony Dutson, were arraigned in federal court yesterday in Portland on charges that they conspired to defraud the United States of more than \$8 million and failed to file income taxes. Micaela Dutson and Tony Dutson both pled not guilty to all charges, and trial is set for August 5, 2008 before U. S. District Court Judge Anna Brown.

The indictment alleges that the conspiracy, which began in 1997 and continued through at least October 2005, was intended to impede, impair and obstruct the lawful functions of the Internal Revenue Service through deceit and dishonest means. At the heart of the conspiracy was the marketing of abusive tax avoidance programs which were designed solely to assist people in evading assessment and collection of federal income taxes. The indictment also alleges that the defendants used the fact that Micaela Dutson was once a lawyer to build trust with their clients.

The Dutsons allegedly collected hundreds of thousands of dollars in fees from clients who paid them to help hide assets and avoid payment of federal income taxes. These tax avoidance programs were sold using various business entities, including "Power Unlimited," "Diamond Productions International," and "Watermark Financial." The indictment alleges that the Dutsons marketed and sold more than 150 "trust" packages consisting of corporations and entities they referred to as "irrevocable pure trust organizations" and "irrevocable business trusts." According to the indictment, the Dutsons falsely advised clients that they could legally avoid paying taxes by putting their income and assets (including real estate and vehicles) into these trusts, and that these trusts could protect the income and assets from seizure by creditors, including the IRS.

According to the indictment, the Dutsons typically charged between \$1,500 and \$2,500 to establish each "trust" in a package, and encouraged the purchase of multiple trusts for added security. The Dutsons also charged an annual maintenance fee of around \$250 for each "trust". The Dutsons used the money they received to pay for personal expenses, and then failed to disclose the money received to the IRS by failing to file tax returns.

During the life of the alleged conspiracy, the Dutsons helped clients hide millions of dollars in income from the IRS. These clients have

since been assessed over \$8 million in taxes, interest and penalties.

Conspiracy carries a maximum sentence of five years in prison.
Failure to file tax returns carries a maximum penalty of up to one year
in prison for each offense.

A criminal indictment is only an allegation and not evidence of guilt.
Each of these defendants is presumed innocent unless and until
proven guilty. The charges stem from an investigation by the Internal
Revenue Service – Criminal Investigation. The case is being
prosecuted by Assistant U.S. Attorney Dwight C. Holton.