Department of Justice

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GAINESVILLE WOMAN CONVICTED OF
TAX CONSPIRACY AND PASSING FAKE BONDS

Co-defendant Testified Demer Helped Evade Payment of Federal Income Taxes

ATLANTA, GA - A federal jury returned a guilty verdict late Wednesday against JACQUELINE ANN DEMER, 50, of Gainesville, Georgia on a charge of conspiracy to impede the Internal Revenue Service (IRS) in the ascertainment, assessment, and collection of the income taxes of JERRY ROBERT LAHR, and on five counts of fictitious obligations fraud, relating to the mailing of five fake bonds to the IRS in purported payment of LAHR's income taxes. LAHR pleaded guilty on December 3, 2008, to conspiracy charges, and testified against DEMER at trial.

United States Attorney David E. Nahmias said, "As the evidence established at trial, the defendants in this case used shell entities, warehouse bank accounts, fraudulent mortgage documents, and phony identification documents and aliases, with the intent of hiding income and real and personal property from the Internal Revenue Service, thereby preventing the collection of hundreds of thousands of dollars in past due taxes. In addition, they submitted fake bonds to the IRS. We will continue to vigorously pursue and prosecute tax evaders and those who assist them, whose actions are an affront to the millions of honest American taxpayers."

Assistant Attorney General Nathan J. Hochman of the United States Department of Justice, Tax Division, said, "Today's conviction shows that neither the government nor juries are tolerating those who engage in tax defier conduct to avoid their federal tax obligations. Taxpayers have a duty to file timely and accurate returns every year, as well as a duty to pay their tax obligations. The Tax Division has committed to investigate and prosecute tax defier conduct, such as that displayed by Mr. Lahr and Ms. Demer, throughout the nation under the Tax Defier Initiative."

Eileen Mayer, Chief of the Internal Revenue Service Criminal Investigation Division, said, "With the tax filing season right around the corner, today's verdict serves as a reminder that the use of nominee bank accounts and entities to hide income is not tax planning, but criminal activity. We should not forget that the ultimate victims in tax fraud cases are the honest tax payers who file accurate and timely returns each year."

According to United States Attorney Nahmias and the information presented in court: DEMER, using the alias Jessica Dalton, mailed five false and fictitious obligations, captioned "Bond[s] to discharge attachment for debt," to the IRS in October 2003. These false bonds were submitted as purported payment of LAHR's tax liabilities, penalties, and interest for years 1996 through 2000.

LAHR had gross income totaling approximately $2,600,000 for tax years 1996 through 2003. However, LAHR neither filed federal income tax returns nor made any payments to the IRS for those tax years. LAHR and DEMER conspired to conceal LAHR's assets, income, and expenditures through the use of bank accounts and shell "trust" entities, all in nominee names. Beginning in at least 2001, LAHR deposited the proceeds from his sale of life insurance contracts into a bank account titled in the name of "Asset Protection Concepts, LP." LAHR then transferred hundreds of thousands of dollars of these proceeds into bank accounts opened by DEMER in the names of two additional shell companies: "Kingfisher Enterprises" and "Furnace Creek Enterprises." DEMER then made payments from these accounts for LAHR's personal expenses and the purchase of real and personal property by LAHR. Great care was taken by DEMER and LAHR to keep any reference to LAHR's names off checks written from the bank accounts. The bank accounts, which contained millions of dollars, were used by other clients of DEMER's; the commingling of funds helped further disguise her clients' income.

Additionally, DEMER served as the trustee for various shell entities set up to conceal LAHR's ownership of assets, such as real property and automobiles. The evidence at trial also established that DEMER used at least 30 different business names and post office boxes in seven different locations, some of which were opened with a fraudulent identification card in the name of her alias, Jessica Dalton. DEMER's own home was titled in the name of another shell entity, which listed LAHR as trustee.

The jury found DEMER guilty on all counts: one count of conspiracy and five counts of fictitious obligations fraud. DEMER was indicted on April 8, 2008.

DEMER could receive a maximum sentence of 130 years in prison and a fine of up to $1,500,000. LAHR could receive a maximum sentence of 5 years in prison and a fine of up to $250,000. Under the terms of his plea agreement, he must pay 1.1 million dollars in back taxes as restitution to the IRS and file accurate state and federal income tax returns through the present date. In determining the actual sentence, the Court will

consider the United States Sentencing Guidelines, which are not binding but provide appropriate sentencing ranges for most offenders. Sentencing for both LAHR and DEMER is scheduled for February 23, 2008, at 9:30 a.m. before United States District Judge William S. Duffey, Jr.

This case was investigated by Special Agents of the Internal Revenue Service, Criminal Investigations Division.

Assistant United States Attorney Teresa D. Hoyt and DOJ Trial Attorney Jenny L. Grus are prosecuting the case.

For further information please contact David E. Nahmias (pronounced NAH-me-us), United States Attorney, or Charysse L. Alexander, Executive Assistant United States Attorney, through Patrick Crosby, Public Affairs Officer, U.S. Attorney's Office, at (404) 581-6016. The Internet address for the HomePage for the U.S. Attorney's Office for the Northern District of Georgia is www.usdoj.gov/usao/gan.