

**IN THE UNITED STATES DISTRICT COURT FOR THE  
WESTERN DISTRICT OF MISSOURI  
WESTERN DIVISION**

<b>UNITED STATES OF AMERICA,</b>	)	No. _____
	)	
Plaintiff,	)	<b>COUNT ONE</b>
	)	[All Defendants]
v.	)	<b>18 U.S.C. § 286 (Conspiracy to Defraud</b>
	)	<b>the United States)</b>
<b>GERALD A. POYNTER, II,</b>	)	NMT: 10 years Imprisonment
a/k/a Brother Jerry Love,	)	NMT: Twice the Pecuniary Gain or Loss
[DOB: 06/23/1965],	)	NMT: 3 years Supervised Release
	)	Class C Felony
<b>EARL LEE DAVIS,</b>	)	
[DOB: 01/03/1959],	)	<b>COUNTS TWO through</b>
	)	<b>SEVENTY- TWO</b>
<b>NKOSI GRAY,</b>	)	[Poynter, Counts 2-41, 44-60, and 63-71
[DOB: 02/17/1973],	)	Gray, Count 2
	)	Hall, Counts 3, 4, and 17-35
<b>BILLY RAY HALL,</b>	)	Johnson, Counts 52-60
[DOB: 12/14/1938],	)	Jones, Count 72
	)	Larkins, Counts 44-51
<b>KIMBERLY JOHNSON,</b>	)	Morris, Counts 66-69
[DOB: 08/21/1970],	)	Murray, Counts 3 and 4
	)	J. Olson, Count 41
<b>KRISTI L. JONES,</b>	)	K. Olson, Counts 41-43
[DOB: 11/06/1972],	)	Oyer, Counts 36-40
	)	Perdido, Counts 5, 70, and 71
<b>DARRYL E. LARKINS,</b>	)	Wilson, Counts 61-65]
[DOB: 03/09/1962],	)	<b>18 U.S.C. §§ 287 &amp; 2 (Filing False Claims</b>
	)	<b>for Tax Refunds)</b>
<b>ROBERT E. MORRIS,</b>	)	NMT: 5 years Imprisonment
[DOB: 01/06/1946],	)	NMT: \$250,000 fine
	)	NMT: 3 years Supervised Release
<b>MARK J. MURRAY,</b>	)	Class D Felony
[DOB: 01/11/1962],	)	
	)	\$100 Mandatory Special Assessment Per
<b>JEFFREY A. OLSON,</b>	)	Count
[DOB: 10/08/1970],	)	
	)	Order of Restitution
<b>KAREN A. OLSON,</b>	)	
[DOB: 04/09/1971],	)	
	)	
	)	

<b>SHIRLEY J. OYER,</b>	)
[DOB: 07/15/1941],	)
	)
<b>JOHN V. PERDIDO,</b>	)
[DOB: 02/03/1956],	)
	)
and	)
	)
<b>JENNIFER S. WILSON,</b>	)
[DOB: 12/22/1976],	)
	)
Defendants.	)

## **INDICTMENT**

### **THE GRAND JURY CHARGES THAT:**

#### **Introduction**

At all times relevant to this indictment:

1. Gerald A. **POYNTER**, II (a/k/a Brother Jerry Love) resided at 5013 Pebble Avenue, Kansas City, Missouri, in the Western District of Missouri;
2. Beginning on or about October 11, 2008, **POYNTER** maintained an office and karate studio at 1052 Southwest Luttrell, Suites C and F, Blue Springs, Missouri;
3. **POYNTER** ran a tax preparation business, which he furthered by doing business as entities such as: Sharper Solutions, Surety Analysis, Jerry Love Ministries, Luckytown, Black Belt Tax, Etree, AKKA, and The Dojo; and
4. Skype was a free software messaging service that allows video conferencing, real-time text messaging, file sharing, and phone calls over the Internet.

### **Background and General Allegations**

5. Tax on certain bonds must be paid as interest accrues. Debt issuers provide a yearly form to their bond holders called a 1099-Original Issue Discount (“OID”). Taxpayers report the interest shown on the Form 1099-OID to the Internal Revenue Service on their income tax returns.

6. From July 1, 2008, to September 21, 2011, **POYNTER**, assisted by “branch managers” he recruited across the United States, promoted a tax refund scheme that **POYNTER** called his *1099-OID Recoupment Process*. In lectures at hotels and in homes across the country, and through conference calls, **POYNTER**, Billy Ray **HALL**, Darryl **LARKINS**, Shirley **OYER**, Robert **MORRIS**, Kimberly **JOHNSON** and others promoted this scheme, explaining to prospective clients that they could “recoup” any debt taken out in their names. Several of these presentations were recorded.

7. In essence, 1) **POYNTER** told his branch managers to recruit clients, and gather financial records of the clients’ debts and spending, such as credit card statements, bank records, and mortgage statements; 2) **POYNTER**, his assistants, or his branch managers would list the gathered financial information on Forms 1099-OID (which would appear as if they had been issued by the client’s creditor, bank or lender to report taxable interest income); 3) the Forms 1099-OID were filed to support the Forms 1040 if the Internal Revenue Service checked to see if a form had been issued by the institution listed on the return; and 4) the clients’ 1040 tax returns were filed, fraudulently reporting over-withholding of tax on purported interest income, making them appear due a tax refund. At the beginning of the scheme, the conspirators filed the Forms

1099-OID by paper; later they began filing these electronically via the Internal Revenue Service's FIRE system.

8. **POYNTER** encouraged his branch managers and clients to sign elaborate contracts, which included confidentiality provisions prohibiting disclosures to law enforcement, certifications that the applicant was not, nor had ever been, "an agent and/or informant for any government or bureaucratic agency, including but not limited to: Internal Revenue Service, FBI, CIA and Police Force of any type, NSC, or Fema." The contracts provided for a \$20 million "penalty" for disclosures of the 1099-OID scheme. Conspirators **JOHNSON**, **MORRIS**, Jennifer **WILSON**, and John **PERDIDO** signed such contracts.

9. **POYNTER**'s "branch managers" included **HALL** (whom **POYNTER** called his "regional manager"), **WILSON**, **JOHNSON**, **LARKINS**, **MORRIS**, **PERDIDO**, **OYER**, and Nkosi **GRAY**. **POYNTER** held conference calls - specifying that they were for branch managers only - to provide updates.

10. In December 2008, **HALL** and **POYNTER** held a "branch manager training" session in Atlanta, Georgia, attended by **WILSON**, **JOHNSON**, and others. There, **POYNTER** made the following statements:

1. "We're here to make money. That's what this is for."
2. "I do things based of practicality, not so much off the laws and all..."
3. "The IRS is looking for norms. The norms happen to be the minimum amount of OIDs that you send in, the better. I think the magic number's nine . . . Try to keep it around nine."
4. "I've made OIDs payable to Spiderman, Superman. You can make it to Sponge Bob. You can make it to anybody you want for however much that you want, for \$100,000 for example. . . . The man's getting

paid. They are 24 months behind on processing OIDs. You could make an OID out and slaughter it. Completely fill it out in any way you want to fill it out, booger that thing up bad. No joke.”

11. At the same training session, **POYNTER** encouraged branch managers to hide the true purpose of the scheme from public view. “Because remember, we are not soliciting an OID process or a recoupment process. Don’t solicit. Don’t put a billboard out telling anybody that this is what we’re doing. What I want you to put on the billboard is that we are a professional tax services company.” **POYNTER** encouraged attendees not to mention his name if questioned by law enforcement. “This will keep you out of trouble and keep me out of trouble. What do you think the first thing out of your mouth when the Po-Po come knocking on your door. There ain’t going to be no Jerry who, he did it.”

12. **POYNTER** and his branch managers recruited at least 145 clients across the United States into the Form 1099-OID scheme. **POYNTER**, his branch managers, and his office staff gathered financial information from the clients and prepared and filed at least 284 fraudulent returns. The returns fraudulently reflected that taxes had been grossly over-withheld from the clients’ purported interest income, making the clients appear – in the aggregate – entitled to over \$95.9 million in fraudulent tax refunds.

13. The conspirators prepared one Form 1099-OID for each of the client’s bank accounts, credit cards, and loans. In actuality, these clients had not earned – or paid tax on – any purported interest income. Nor had the listed banks, creditors or lenders issued the clients any Forms 1099-OID. The conspirators calculated the interest income claimed on these fictitious Forms 1099-OID according to **POYNTER**’s arbitrary and capricious formula, by aggregating the taxpayer’s debts and spending, which in no way related to real interest income.

14. Despite the fact that multiple persons assisted with preparing each of these returns, all 284 returns in **POYNTER**'s scheme fraudulently reflected that they were "self-prepared."

15. While about 89% of these fraudulent claims were detected by the IRS and denied, almost 11% were paid out. In all, the conspirators successfully triggered over \$3.5 million in fraudulent refunds, including individual refunds of up to \$805,000. **POYNTER** and the referring branch managers often split up-front fees from clients of up to \$3,000 to prepare the returns, and they often split back-end fees of up to 15% of any refunds obtained by clients.

16. For each of the denied refund claims, the IRS sent correspondence informing the filer that the claim was frivolous ("frivolous letters"), warning of possible penalties. Moreover, when 1099-OIDs were electronically filed on IRS FIRE system, the person to whom the Transmitter Control Code ("TCC") Number was registered also received notification.

17. Branch managers obtained from clients financial documents such as mortgage and loan statements, car payments, foreclosure records, bank statements, credit card statements, and other records. This information, often along with two samples of each client's signature, was transmitted to **POYNTER** in person, or by mail, email, or Skype. On some occasions, client information was transmitted to **POYNTER** through a tax-related website he maintained at [www.luckytown.ws](http://www.luckytown.ws).

18. **POYNTER** and his office staff used the financial information to prepare fraudulent tax returns that included fraudulent Forms 1099-OID. Most of the returns and OIDs were then filed by **POYNTER** or his office staff. Returns for tax year 2008 and some for 2007 were prepared using TaxAct computer software. Most of these were filed electronically through

Internet Protocol addresses connected to **POYNTER**. Amended returns for previous tax years were also prepared and filed by mail. Most bore postmarks from the Kansas City area.

19. **POYNTER** maintained a master spreadsheet on a computer at his office tracking payments received from clients, amounts due to **POYNTER**, amounts due to branch managers, and returns filed, along with other information. In addition, **POYNTER** maintained Skype logs on his computers documenting his exchanges with branch managers, clients and office staff.

### **POYNTER**

20. In July 2008, **POYNTER** filed a paper tax return fraudulently claiming that he was entitled to a refund, which he supported by filing a fraudulent Form 1099-OID. He received a refund of \$196,348. On July 30, 2008, the Internal Revenue Service issued a jeopardy levy against **POYNTER**, reclaiming nearly \$180,000 of the funds, informing him that the withholdings were false.

21. In addition to clients recruited by the branch managers, **POYNTER** submitted and caused to be submitted at least \$31 million in fraudulent claims for 44 direct clients. From these returns, the Internal Revenue Service paid out \$951,930 in refunds. These refunds were based on claims of over-withheld tax from interest income. But in actuality, **POYNTER**'s clients had not received interest income from the banks and lenders listed on their Forms 1099, the entities listed had not issued the forms, nor had the entities paid any taxes on behalf of the clients.

22. When **POYNTER**'s clients' refunds were denied and the IRS sent correspondence that the claims were false and frivolous, many forwarded the letters to **POYNTER**, and he provided them with form correspondence to send back to the IRS.

23. When clients or branch managers expressed concern about the process's legality, **POYNTER** frequently said, "the Government has to prove intent." On multiple occasions, he told co-conspirators that he was not going to be arrested and would not be going to go to jail. He advised clients to split refunds between multiple accounts, because if a very large refund went into one account, it might "raise eyebrows."

24. Beginning at least in December 2008, **POYNTER** assembled forms to send back to the IRS in response to challenges and frivolous letters. He distributed "enforcement packages" to clients and branch managers containing these form letter responses. On May 15, 2009, **POYNTER** sent out an email instructing co-conspirators how to handle law enforcement inquiries, including asking them to remind their clients to say their returns were "self-prepared." The title of the email was, "if CID shows up," referring to IRS-Criminal Investigation Division.

25. **POYNTER** sought to insulate himself from the scheme. He insisted that most clients deal with a branch manager, as a "buffer," and not directly with him. He regularly reminded co-conspirators to refer to his fees as "Love Donations" and to write checks for his fees to "Jerry Love Ministries." **POYNTER** asked Earl Lee **DAVIS** to provide him with an Electronic Filing Identification Number ("EFIN") for use in filing the fraudulent tax returns. Although **POYNTER** had a Transmitter Control Code ("TCC") in his own name, he requested that other co-conspirators apply for and provide him with TCC numbers for use in filing the fraudulent Forms 1099-OID. Persons who provided **POYNTER** with TCC numbers included Jeff and Karen **OLSON**, **MORRIS**, and **JOHNSON**.

26. **POYNTER** frequently used disclaimers, such as the assertion on his website that it was "for entertainment purposes only." On April 10, 2009, **POYNTER** sent **LARKINS**,



**WILSON, JOHNSON**, and others an email with the headline “Who Couldn’t Use a Treasury Check Right Now? That’s what Brother Love calls Surety Analysis ... It’s like watching the sham wow infomercial.” The email contained a purported disclaimer that it was for “entertainment and educational purposes only.” **POYNTER** also devised and employed elaborate contracts with some of his clients and branch managers, which included “Hold Harmless” and release of liability provisions.

### **JONES**

27. **POYNTER** employed Kristi **JONES**, of Riverside, Missouri, who engaged in data entry. She looked up Employer Identification Numbers (EINs) – which are required to complete Forms 1099 – and she taught several others how to make entries on the IRS FIRE system, which is an electronic method to file Forms 1099-OID. **JONES** also taught **WILSON**, T.T., and others how to enter data for FIRE. **JONES** was the contact person at **POYTNER**’s office for T.T. and his sister-in-law M.T., who entered data on FIRE for **PERDIDO**. **JONES** filed her own Form 1040 for tax year 2008 using Forms 1099-OID, claiming a \$5,160 refund, which the IRS paid. Although her refund was based on claims that she over-withheld tax from interest income, in actuality, **JONES** had not received interest income from the banks and lenders listed on her Forms 1099, they had not issued her the forms, nor had they paid any taxes on her behalf.

### **HALL**

28. As **POYNTER**’s Regional Manager, Billy Ray **HALL**, of Newton, Alabama, had at least four branch managers beneath him, including **WILSON, JOHNSON**, M.M., and C.I. All four were trained by **POYNTER** at a December 2008 seminar in Atlanta, Georgia, sponsored

by **HALL**. **HALL** spoke at another seminar with **POYNTER** in Monroe, Louisiana. **HALL** sponsored other meetings where **POYNTER** provided information on the Form 1099-OID process. **HALL** introduced **POYNTER** to D.W. to help develop the [www.luckytown.ws](http://www.luckytown.ws) website. **HALL** had at least 20 clients of his own, resulting in at least 51 individual income tax returns claiming \$8.7 million in fraudulent refunds. Of those, the IRS paid out \$659,740 in fraudulent refunds. For three of **HALL**'s clients, his Bank of America account was designated on the returns, to receive 15% of the requested refunds. When IRS issued R.A.S.'s refund, \$12,488 was wired directly into **HALL**'s account; **HALL** provided half to **POYNTER**. Although **HALL**'s clients' refunds were based on claims that they over-withheld tax from interest income, in actuality, they had not received interest income from the banks and lenders listed on their Forms 1099, the entities listed had not issued the forms, nor had the entities paid any taxes on behalf of the clients.

### **JOHNSON**

29. On February 10, 2009, Kimberly **JOHNSON**, of Chickamauga, Georgia, signed an affiliate contract with Sharper Solutions Trust (a **POYNTER** d/b/a). She participated in conference calls that **POYNTER** held with the branch managers every Tuesday or Thursday to provide additional OID training. On one call, **JOHNSON** stated:

We would also like you to know this call is an informational/educational call only. We are not advising or recommending anything ... you were invited to learn about the 1099 recoupment process and that is what we will begin now. If you have any questions you would like answered, if sitting in front of your computer, I encourage you to send them to me at: [kjohnson231@comcast.net](mailto:kjohnson231@comcast.net). Lastly, regarding sharing this information with other people . . . I will not take any of your friends on as clients until I have a relationship with you, so please refrain from sharing this with others until you get yourself educated and have established a relationship with me.

30. **JOHNSON** paid a friend, D.K., to assist her in preparing returns for her clients. **JOHNSON** helped prepare and file 43 federal tax returns for 38 clients, claiming \$3.8 million in fraudulent refunds. Of these, at least \$306,000 was paid out. **JOHNSON** wrote checks to Jerry Love Ministries for **POYNTER**'s half of commissions, as he had instructed. She exchanged over 160 emails with **POYNTER** regarding the OID scheme. Although **JOHNSON**'s clients' refunds were based on claims that they over-withheld tax from interest income, in actuality, they had not received interest income from the banks and lenders listed on their Forms 1099, the forms had not been issued by the entities, nor had the entities paid any taxes on behalf of the clients. At **POYNTER**'s urging, **JOHNSON** applied for and received a TCC number to file Forms 1099 on the IRS FIRE system. She attempted to make the TCC number appear as though it related to her employer, a medical doctor. She provided this TCC number to **POYNTER** and he used it 487 times in furtherance of the scheme.

31. **JOHNSON**'s clients began receiving "frivolous letters" from the IRS advising that their tax returns represented a frivolous argument and that they had 30 days to amend the return or be assessed a \$5,000 penalty in addition to other possible penalties. **JOHNSON** personally amended returns for some clients, reducing the amount of the requested refunds, and refiling them. **JOHNSON** continued to assist with filing fraudulent returns at least until October 16, 2009.

### **WILSON**

32. Jennifer **WILSON**, of Cumming, Georgia, signed an affiliate contract on February 17, 2009. On March 30, 2009, **WILSON** sent **POYNTER** an email reading: "IRS processes all of their electronic 1040s on good faith and it is only via audit that the IRS ever

establishes if the 1040 was filed in accordance to all the other supporting documents (like 1099's or w2's) that come in ... they [IRS] may never notice – or they might.” **WILSON** traveled to Kansas City, where Kristi **JONES** taught her how to enter EINs into the 1099 FIRE program. **WILSON** helped prepare at least five income tax returns connected to the scheme, including for herself and her husband, claiming \$1.7 million in fraudulent refunds. The IRS paid out \$174,826 in fraudulent refunds. **WILSON** split up front fees of at least \$750 with **POYNTER**, along with back end fees of \$26,223. Although **WILSON**'s and her clients' refunds were based on claims that they over-withheld tax from interest income, in actuality, they had not received interest income from the banks and lenders listed on their Forms 1099, the entities had not issued the forms, nor had those entities paid any taxes on their behalf. When asked, she reassured her clients that the OID process was legal. She advised clients to split the refunds between multiple bank accounts, to refrain from making any large transactions, and to keep transfers under \$10,000. **POYNTER** confided in **WILSON** that his residence had been searched in the past by law enforcement. When asked by agents for her perspective on filing Forms OID for clients, **WILSON** said “I may be committing suicide, but if you want to commit suicide, you can go right along with me.”

### **LARKINS**

33. Darryl **LARKINS**, of Chicago, Illinois, had at least 10 clients, for whom he helped file 17 federal income tax returns, claiming \$6.6 million in fraudulent refunds. Although **LARKINS**'s clients' refunds were based on claims that they over-withheld tax from interest income, in actuality, they had not received interest income from the banks and lenders listed on their Forms 1099, the entities listed had not issued the forms, nor had the entities paid any taxes on behalf of **LARKINS**'s clients.

34. On October 23, 2008, **LARKINS** emailed **POYNTER**: “Mr. Jerry Love you are a STAR tonight. . . . We are waitin to learn of your thoughts on 1099 OID and Jail...LOL.” **POYNTER** replied: “jail is good.” **LARKINS** responded “lol”. From November 11 to November 14, 2008, **LARKINS** traveled to Kansas City to meet with **POYNTER**. **LARKINS** helped arrange a 1099-OID scheme seminar in Monroe, Louisiana, on November 24, 2008, and he sponsored a seminar for **POYNTER** in Chicago in early 2009. On December 8, 2008, **LARKINS** forwarded an email to **POYNTER** with the subject line, “Tax defiers convicted: tried using bill of exchange and 1099 on DOJ attorneys.” On December 9, 2008, D.E. sent a Skype message to **LARKINS** reading: “YOU are doing a grave injustice to yourself and your friends AND anyone who would be encouraged to attend but dangling a carrot with the potential to explode. . . . this is not for public consumption. Period. It is for a select person with knowledge. We DO NOT speak about this over the phone. We DO NOT disclose this to others.”

35. **LARKINS** held his own conference calls to promote OIDs, sometimes inviting **POYNTER** to speak. He also completed a PowerPoint presentation, which he shared with **POYNTER**. It stated: “This PowerPoint is intended for entertainment purposes only and the author makes no claims as to the accuracy of the information shared. Each person needs to take responsibility for whatever actions or lack thereof may come as a result of reading this presentation.” Further, **LARKINS** helped **POYNTER** set up a purported non-profit foundation to conceal **POYNTER**’s income from the scheme.

#### **DAVIS**

36. At **POYNTER**’s request, on January 6, 2009, Earl Lee **DAVIS**, of Monroe, Louisiana, provided **POYNTER** with an Electronic Filing Identification Number (EFIN). Hoping to receive payment from **POYNTER**, **DAVIS** had requested the EFIN from M.C., a tax

return preparer, telling M.C. that **DAVIS** had a friend who wanted to prepare returns for military personnel. M.C. was unaware that the EFIN he provided to **DAVIS** was for use by **POYNTER**. **POYNTER** used the EFIN provided by **DAVIS** to electronically file 84 Forms 1040, which included fraudulent refund claims based on purportedly-withheld tax on interest income. **DAVIS** also filed returns for 5 clients whom **LARKINS** referred to him. Although **DAVIS**'s clients' refunds were based on claims that they over-withheld tax from interest income, in actuality, they had not received interest income from the banks and lenders listed on their Forms 1099, those entities had not issued the forms, nor had those entities paid any taxes on behalf of **DAVIS**'s clients.

#### **MORRIS**

37. On February 9, 2009, Robert **MORRIS**, of Rocklin, California, signed a branch manager contract with **POYNTER**. On at least two occasions, **MORRIS** arranged meetings at his home in California to promote **POYNTER**'s scheme. He sent money to **POYNTER** on multiple occasions to pay fees. **MORRIS** also obtained a TCC number in the name of Keosauqua Trust, which he set up with assistance from a neighbor. He provided the TCC number to **POYNTER**, who used it in connection with 123 fraudulent filings. **MORRIS** affirmed to IRS, via email, under penalties of perjury, that the Forms 1099-OID and Forms 1099A **POYNTER** filed using the Keosauqua Trust TCC number were correct. **MORRIS** recruited at least 11 clients to the scheme, and helped them file \$1.2 million in fraudulent claims. At least one client, A.C., received a refund of \$46,063 from her 2008 federal individual income tax return. **MORRIS** instructed A.C. to write him a "Love donation" check for 15% of her refund. A.C. provided a check for \$6,900. **MORRIS** also caused multiple Forms 1040 to be

filed in his own name. Although these claimed refunds were based on claims that tax had been over-withheld on interest income, in actuality, **MORRIS** and his clients had not received interest income from the banks and lenders listed on the Forms 1099, those entities had not issued the forms, nor had they paid taxes on their behalf.

### **OYER**

38. Shirley **OYER**, of Overland Park, Kansas, was a promoter and branch manager, often working on tax returns from an office space at **POYNTER**'s karate studio. **OYER** recruited at least 12 clients. She helped them prepare and file at least 26 fraudulent returns, claiming \$12.4 million in refunds. Of those, the IRS paid out \$92,974. Although these claims were based on over-withholding of interest income, none of the banks or lenders listed on the Forms 1099-OID had accumulated interest income for **OYER**'s clients, they had not issued the Forms 1099-OID, nor had any paid taxes on **OYER**'s clients' behalf. One of **OYER**'s clients, J.E., received a \$64,353 refund for tax year 2006. A check from J.E. for \$6,436 was deposited into **POYNTER**'s Sharper Solutions bank account. **OYER** held at least one meeting to recruit clients, where she provided attendees with computer files illustrating the documents required to complete fraudulent Forms 1099-OID. **OYER** received at least \$2,862.20 in fees, which she deposited into the business account of her company, ABC Seamless Siding, on May 28, 2009. She also assisted multiple clients in responding to IRS correspondence concerning the fraudulent claims and refunds.

### **GRAY**

39. Former bank teller Nkosi **GRAY**, of New Fairfield, Connecticut, became a client of **POYNTER**'s. On October 17, 2008, **GRAY** received a \$278,874 refund for his 2007 federal income tax return, which included fraudulent Forms OID. He had never accrued any interest

income from the banks and lenders listed on his Forms 1099-OID, nor had those entities issued him the forms, nor had they paid any taxes on his behalf. **GRAY** forwarded **POYNTER** a \$15,000 fee. Over the next two months, **GRAY** made 56 withdrawals from his bank account under \$10,000, purposely avoiding the bank's mandatory reporting of large withdrawals.

**POYNTER** recruited **GRAY** to be a branch manager, listing him on the master spreadsheet. On January 14, 2009, **GRAY** obtained a TCC number, which he used to submit fraudulent information returns on the IRS FIRE system. He continued to work with **POYNTER**. On March 6, 2009, **GRAY** sent **POYNTER** an email concerning a U.S. Department of Justice action against filers of fraudulent OID returns, with the subject line "Beware!".

#### **OLSONs**

40. Jeffrey and Karen **OLSON**, of Wood Dale, Illinois, met **POYNTER** at a conference. On October 13, 2008, they submitted a 2007 joint income tax return including fraudulent Forms 1099-OID, which was processed through the Kansas City, Missouri, IRS Service Center. They received a refund of \$171,806. In actuality, the **OLSONs** had never accrued any interest income from the banks and lenders listed on their Forms 1099-OID, nor had those entities issued the forms, nor had they paid any taxes on the **OLSONs'** behalf.

41. The **OLSONs** obtained a TCC number for use with their tax preparation and submission company, FATR, LLC. Jeffrey **OLSON** utilized the FIRE system in order to transmit Forms 1099 using the TCC number. He charged clients for this service. Via Skype, Karen **OLSON** taught **POYNTER** how to use the software associated with 1099 FIRE. On February 16, 2009, the **OLSONs** provided their TCC number to **POYNTER** for him to use in filing Forms 1099-OID for other clients. **POYNTER** used the advice and instruction provided by the **OLSONs** to file fraudulent claims in excess of \$89 million. Because the TCC number



**POYNTER** used was theirs, the **OLSONs** received notifications from the Internal Revenue Service that the forms appeared fraudulent. Karen **OLSON** requested paperwork from **POYNTER** “in the event anything happens [to show] that we had authorization to transmit.”

42. Karen **OLSON** prepared at least four returns, claiming refunds of at least \$826,007, that were based on fraudulent Forms 1099-OID. Refunds totaling \$408,693 were issued. On March 16, 2009, Karen **OLSON** forwarded to **POYNTER** a notice from the IRS concerning excessive withholding and an article concerning a fraud alert for 1099-OID filings. Subsequently, Karen **OLSON** filed an additional return for J.S. and C.S., based on fraudulent Forms 1099-OID, requesting a refund of \$227,563 for tax year 2008. Karen **OLSON** also prepared a 2008 individual return for J.E., who received his refund of \$236,867, and paid \$21,986 to the **OLSONs** in the form of a cashier’s check to The Griffen Trust, of which Karen **OLSON** is a trustee. From February 1, 2010, through May 15, 2010, Karen **OLSON** wrote checks from The Griffen Trust totaling \$23,884.67.

#### **PERDIDO**

43. In September 2008, John **PERDIDO**, of Temecula, California, became a **POYNTER** client, submitting his financial information to a branch manager. His 2007 return was filed electronically on October 13, 2008, from an Internet Protocol address connected to **POYNTER**. It claimed a refund of \$1,328,617 based on over-withholding of taxes from interest income. In actuality, **PERDIDO** had not received interest income from the banks and lenders listed on his Forms 1099, nor had those entities issued the forms or paid any taxes on his behalf. On October 29, 2008, **PERDIDO** emailed **POYNTER** regarding his 2007 return, writing that he had learned that his requested refund was problematic and questionable, and that the claims on

his return had no basis for being included as taxable income. In or around December 2008, **PERDIDO** referred six friends to the scheme.

44. On February 6, 2009, **PERDIDO** received the largest single refund from **POYNTER**'s scheme – \$805,749 for his tax year 2007 federal individual income tax return – which used fraudulent Forms 1099-OID. From February 11, 2009, to March 30, 2009, over \$500,000 was quickly removed from the **PERDIDOS**' bank accounts. There were two wire transfers to the Philippines of \$100,000 each, which **PERDIDO** used to purchase a car and a house in Batung, and to make renovations to the house. He also bought an \$11,000 Rolex watch, paid off his credit cards, and invested \$200,000. On February 23, 2009, **PERDIDO** wire transferred \$118,000 to **POYNTER** as payment. On March 2, 2009, **PERDIDO** sent **POYNTER** a signed contract to act as a branch manager. **PERDIDO** recruited 16 clients to the scheme. **PERDIDO** asked T.T. and M.T. to assist him in entering data in a format that FIRE would accept. T.T. and M.T. contacted Kristi **JONES** for assistance when they had questions. **PERDIDO** instructed T.T. not to talk with him about OIDs over the phone.

#### **MURRAY**

45. Mark **MURRAY**, of Newton, Alabama, was a client of Billy Ray **HALL**. **MURRAY** received a \$352,885 refund for 2005, and a \$229,606.33 refund for 2006. Although his refunds were based on claims that he over-withheld tax from interest income, in actuality, **MURRAY** had not received interest income from the banks and lenders listed on his Forms 1099, they had not issued the forms, nor had those entities paid any taxes on his behalf. **MURRAY**, who had used a CPA to prepare his returns for the previous 20 years, did not discuss the 1099-OID process with his CPA before participating in the scheme. Between April 15, 2009,

and September 20, 2010, in order to prevent the IRS from recovering the fraudulent refunds, he regularly moved the funds between accounts. **MURRAY** purchased at least 28 bank checks for increasingly smaller amounts as he disposed of the refunds. **MURRAY** paid off the land on which his house is located for \$69,881.41. On the same day, he transferred \$16,000 to another account at the same bank, withdrew \$4,000 in cash, and wrote a \$6,089.69 check to GE Capital. A week later on April 7, 2009, he bought a \$43,364.04 ditch witch for his irrigation business, and the next day he bought \$150,000 in silver coins, which he stored at a friend's house. In August, he bought additional silver coins for \$75,000. On June 4, 2010, **MURRAY** purchased for **HALL** a new 2010 GMC Sierra 1500 for an initial loan amount of \$40,000 and 60 monthly payments of \$748.76. He falsely explained to the car dealership that he was related to **HALL**.

46. The allegations outlined below in Counts Two through Seventy-two are hereby incorporated by reference as if fully set forth herein.

#### **Manner and Means**

As part of the conspiracy to defraud:

47. Defendants promoted the *1099-OID recoupment process*, recruited clients across the United States, gathered financial information from the clients, and prepared income tax returns that fraudulently showed the clients were due a tax refund.

48. Defendants prepared and caused to be submitted to the IRS fraudulent Forms 1099 showing themselves or clients as recipients of "Original issue discount" income, and also reporting fraudulent amounts of "Federal income tax withheld." Defendants knew at the time that the purported payers shown on the Forms 1099-OID had not issued any such form to the purported recipients shown.

49. Defendants submitted and caused to be submitted to the IRS, for themselves and clients, Forms 1040 or 1040A, U.S. Individual Income Tax Returns, reporting “Taxable interest” in amounts corresponding to the cumulative total of the fraudulent amounts of “Original issue discount” income shown on the Forms 1099-OID.

50. Defendants submitted and caused to be submitted to the Internal Revenue Service, in support of the Forms 1040 or 1040A showing fraudulent amounts of “taxable interest” and fraudulent amounts of “federal income tax withheld,” Schedules B-Interest and Ordinary Dividends, listing creditors as “payers” of interest, well knowing at the time that the taxpayers named in the Forms 1040 or 1040A had not received interest income, or income of any kind, from the purported payers. The purported payers listed in the Schedules-B were generally the same as the purported payers shown on the Forms 1099-OID.

51. The Forms 1040 or 1040A, which defendants submitted and caused to be submitted to the Internal Revenue Service, claimed refunds based on false amounts of federal income tax withheld and false amounts of overpayments.

52. Defendants submitted and caused to be submitted to the Internal Revenue Service, Forms 1040X, Amended U.S. Individual Income Tax Return, for prior years, utilizing similar fraudulent Forms 1099-OID or 1099A to support fraudulent increases in taxable income and fraudulent increases in federal tax withheld, to claim fraudulent overpayments and to claim fraudulent refunds.

53. Defendants moved and transferred money obtained from the fraudulent refunds, including by structuring withdrawals under \$10,000, and using d/b/as, in an effort to prevent the IRS from seizing the funds.

### COUNT ONE

54. The allegations in paragraphs 1 through 53 are hereby incorporated by reference as if fully set forth herein.

55. During the period from on or about July 1, 2008, to September 21, 2011, in the Western District of Missouri, and elsewhere, defendants **GERALD A. POYNTER, II, EARL LEE DAVIS, NKOSI GRAY, BILLY RAY HALL, KIMBERLY JOHNSON, KRISTI L. JONES, JEFFREY A. OLSON, KAREN A. OLSON, SHIRLEY J. OYER, JOHN V. PERDIDO, JENNIFER S. WILSON, MARK J. MURRAY, ROBERT E. MORRIS, AND DARRYL E. LARKINS**, and others known and unknown to the Grand Jury, did knowingly agree, combine, and conspire together, with each other, and with others, to defraud the Internal Revenue Service, an agency of the United States, Department of the Treasury, by obtaining and attempting to obtain the payment and allowance of false, fictitious and fraudulent claims for refunds of withheld income tax.

All in violation of Title 18, United States Code, Section 286.

### COUNTS TWO THROUGH SEVENTY-TWO

56. On or about the dates listed below for the respective counts, in the Western District of Missouri, defendants **GERALD A. POYNTER, II, BILLY RAY HALL, SHIRLEY J. OYER, JEFFREY A. OLSON, KAREN A. OLSON, DARRYL E. LARKINS, KIMBERLY JOHNSON, JENNIFER S. WILSON, ROBERT E. MORRIS, JOHN V. PERDIDO, KRISTI L. JONES, MARK J. MURRAY** and **NKOSI GRAY**, as named below in the specific counts, made and presented, and caused to be made and presented, and aided and abetted the same, to the Internal Revenue Service, an agency of the United States Department of the Treasury, claims against the United States for payment of tax refunds, which they knew to be false, fictitious and

fraudulent, by preparing and causing to be prepared, and filing and causing to be filed, purported individual income tax returns on Forms 1040, 1040A and 1040X, for the individuals named below in the specific counts, wherein claims for income tax refunds for the amounts listed below in the specific counts were made, which claims defendants then and there knew to be false, fictitious and fraudulent.

<b>Count</b>	<b>Date Submitted</b>	<b>Defendants</b>	<b>Name(s) on Tax Return</b>	<b>Type of Return</b>	<b>Refund Claimed</b>
2	10/03/08	Poynter, Gray	Nkosi Gray	1040 2007	\$283,888
3	11/05/08	Poynter, Murray, Hall	Mark J. Murray and D.E.M.	1040X 2005	\$287,676
4	11/05/08	Poynter, Murray, Hall	Mark J. Murray & D.E.M.	1040X 2006	\$199,968
5	10/13/08	Poynter, Perdido	John V. Perdido & M.F.P.	1040 2007	\$875,705
6	10/13/08	Poynter	E.P. & J.P.	1040 2007	\$401,600
7	07/30/08	Poynter	Gerald A. Poynter II & J.A.P.	1040X 2005	\$165,752.00
8	03/01/08	Poynter	Gerald A. Poynter II & J.A.P.	1040X 2006	\$21,423.92
9	03/01/08	Poynter	Gerald A. Poynter, II	1040 2007	\$1,186,036.06
10	08/01/08	Poynter	Gerald A. Poynter II	1040 2007	\$119,501
11	03/05/09	Poynter	R.B.T. & E.J.T.	1040X 2005	\$27,226
12	03/05/09	Poynter	R.B.T. & E.J.T.	1040X 2006	\$34,106
13	03/05/09	Poynter	R.B.T. & E.J.T.	1040X 2007	\$43,878
14	03/18/09	Poynter	R.B.T.	1040 2008	\$73,973

<b>Count</b>	<b>Date Submitted</b>	<b>Defendants</b>	<b>Name(s) on Tax Return</b>	<b>Type of Return</b>	<b>Refund Claimed</b>
15	11/04/08	Poynter	L.R.T.	1040 2006	\$104,418
16	04/03/09	Poynter	L.R.T.	1040 2008	\$100,122
17	10/14/08	Hall, Poynter	H.E.B. & N.S.B.	1040X 2005	\$238,272
18	10/10/08	Poynter, Hall	H.E.B. & N.S.B.	1040X 2006	\$78,384
19	10/21/08	Poynter, Hall	H.E.B. & N.S.B.	1040X 2007	\$115,504
20	04/13/09	Poynter, Hall	H.E.B. & N.S.B.	1040 2008	\$48,377
21	03/09/09	Poynter, Hall	J.F.C. & S.B.C.	1040X 2005	\$128,956
22	03/09/09	Poynter, Hall	J.F.C. & S.B.C.	1040X 2006	\$122,920
23	03/09/09	Poynter, Hall	J.F.C. & S.B.C.	1040X 2007	\$194,408
24	10/12/08	Poynter, Hall	A.L.D.	1040 2007	\$124,372
25	12/29/08	Poynter, Hall	J.W.H. & D.S.H.	1040X 2006	\$685,531
26	12/29/08	Poynter, Hall	J.W.H. & D.S.H.	1040X 2007	\$87,194
27	12/29/08	Poynter, Hall	D.S.M. & M.M.	1040X 2005	\$327,166
28	12/29/08	Poynter, Hall	D.S.M. & M.M.	1040X 2006	\$317,222
29	12/29/08	Poynter, Hall	D.S.M. & M.M.	1040X 2007	\$161,711
30	03/11/09	Poynter, Hall	D.E.M. & M.M.	1040 2008	\$282,875

<b>Count</b>	<b>Date Submitted</b>	<b>Defendants</b>	<b>Name(s) on Tax Return</b>	<b>Type of Return</b>	<b>Refund Claimed</b>
31	03/09/09	Poynter, Hall	W.P.	1040A 2007	\$20,257
32	04/15/09	Poynter, Hall	W.P.	1040A 2008	\$24,852
33	10/14/08	Poynter, Hall	J.B.R. & P.R.	1040X 2005	\$481,393
34	10/09/08	Poynter, Hall	J.B.R. & P.R.	1040 2007	\$1,044,158
35	10/08/08	Poynter, Hall	R.A.S.	1040 2007	\$83,255
36	04/15/09	Poynter, Oyer	W.J.W.	1040A 2008	\$28,622
37	04/15/09	Poynter, Oyer	C.L.B.	1040 2008	\$29,971
38	12/16/08	Poynter, Oyer	J.L.E.	1040 2005	\$162,150
39	10/27/08	Poynter, Oyer	J.L.E.	1040A 2006	\$70,521
40	10/21/08	Poynter, Oyer	J.L.E.	1040A 2007	\$41,254
41	10/13/08	Jeffrey Olson, Karen Olson	Jeffrey V. & Karen A. Olson	1040 2007	\$171,806
42	11/18/08	Karen Olson	J.D.S. & C.E.S.	1040X 2005	\$191,684.12
43	03/24/09	Karen Olson	J.D.S. & C.E.S.	1040 2008	\$227,563
44	03/26/09	Poynter, Larkins	T.L.	1040X 2006	\$124,355
45	03/26/09	Poynter, Larkins	T.L.	1040X 2007	\$37,303
46	03/25/09	Poynter, Larkins	T.M.L & J.K.L	1040 2008	\$885,413



<b>Count</b>	<b>Date Submitted</b>	<b>Defendants</b>	<b>Name(s) on Tax Return</b>	<b>Type of Return</b>	<b>Refund Claimed</b>
47	10/27/08	Poynter, Larkins	K.T. & E.M.T.	1040 2007	\$1,455,879
48	11/08/08	Poynter, Larkins	R.T. & A.E.T.	1040X 2005	\$888,818
49	11/08/08	Poynter, Larkins	R.T. & A.E.T.	1040X 2006	\$957,935
50	03/16/09	Poynter, Larkins	B.E.H.	1040 2006	\$295,978
51	03/16/09	Poynter, Larkins	B.E.H.	1040 2007	\$100,839
52	04/13/09	Poynter, Johnson	K. Johnson Enfinger & D.E.	1040A 2008	\$29,026
53	04/15/09	Poynter, Johnson	B.B.	1040 2008	\$123,744
54	04/29/09	Poynter, Johnson	M.L.F.	1040 2008	\$61,959
55	04/11/09	Poynter, Johnson	D.Y.K. & D.L.K.	1040 2008	\$132,184
56	04/07/09	Poynter, Johnson	D.Y.K. & L.E.K.	1040 2008	\$206,816
57	04/12/09	Poynter, Johnson	A.S.M. & A.J.M.	1040 2008	\$97,689
58	04/27/09	Poynter, Johnson	E.R.	1040A 2008	\$49,111
59	07/17/09	Poynter, Johnson	L.C.S.	1040 2008	\$27,045
60	04/13/09	Poynter, Johnson	A.D.S. & S.D.S.	1040 2008	\$86,301
61	04/15/09	Wilson	Jennifer S. Wilson	1040 2008	\$449,807
62	04/13/09	Wilson	J.L.W.	1040 2008	\$572,653

Count	Date Submitted	Defendants	Name(s) on Tax Return	Type of Return	Refund Claimed
63	04/14/09	Poynter, Wilson	D.D.S. & S.A.S.	1040 2008	\$502,458
64	04/15/09	Poynter, Wilson	M.L.C.	1040 2008	\$69,591
65	04/14/09	Poynter, Wilson	T.L.C.	1040 2008	\$174,826
66	04/20/09	Poynter, Morris	Robert E. Morris & L.R.M.	1040 2008	\$104,472
67	04/14/09	Poynter, Morris	A.M.C.	1040 2008	\$46,063
68	04/14/09	Poynter, Morris	C.A.L.	1040 2008	\$245,042
69	04/12/09	Poynter, Morris	M.J.V. & M.R.V.	1040 2008	\$80,146
70	10/17/08	Poynter, Perdido	John V. Perdido & M.F.P.	1040X 2005	\$194,750
71	10/17/08	Poynter, Perdido	John V. Perdido & M.F.P.	1040X 2006	\$153,975
72	04/11/09	Jones	Kristi L. Jones	1040 2008	\$5,160

All in violation of Title 18, United States Code, Sections 287 and 2.

A TRUE BILL.

/s/ Lawrence E. Johnson  
FOREPERSON OF THE GRAND JURY

/s/ Daniel M. Nelson  
Daniel M. Nelson #53885  
Assistant United States Attorney

/s/ Thomas M. Larson  
Thomas M. Larson #21957  
Assistant United States Attorney

Date: 9/21/11  
Kansas City, Missouri