



# Department of Justice

FOR IMMEDIATE RELEASE  
MONDAY, NOVEMBER 27, 2006  
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## **FACT SHEET:**

### **11TH DEFENDANT PLEADS GUILTY IN TAX PROMOTION FRAUD SCHEME**

Over the past several years, Justice Department prosecutors in concert with IRS agents have aggressively worked to identify and prosecute tax cheats and promoters of tax fraud schemes. Increased efforts to stop fraud have resulted in numerous federal injunctions to stop the sale of bogus tax advice; court orders for the IRS to obtain records of offshore credit cards used by the people who transfer assets overseas to evade their tax obligations; and lengthy prison sentences for individuals who engage in fraudulent behavior.

Today the Justice Department announced that Lanny R. White of Orem, Utah pleaded guilty to a felony charge of conspiracy to defraud the Internal Revenue Service (IRS) and to commit mail and wire fraud, in connection with the promotion of a tax and investment fraud scheme. White is the 11th defendant who promoted a trust scheme that defrauded the IRS of more than \$7 in tax revenue.

Other convictions in this case include:

In March 2004, Orem, Utah attorney Todd Cannon pleaded guilty to a felony charge of conspiracy to commit mail and wire fraud and to defraud the IRS. Cannon admitted that his actions cost the federal treasury almost \$3 million in lost tax revenue. Cannon also admitted that he allowed his fellow conspirators to fraudulently use and invest over \$1 million of client funds for purposes other than those promised to the clients. As a condition of his guilty plea, Cannon agreed to surrender his law license.

In March 2004, Dr. Lance Hatch, a Walla Walla, Washington chiropractor, pleaded guilty to a felony charge of conspiracy to defraud the IRS. Hatch admitted that his actions cost the federal treasury more than \$3 million in lost tax revenue.

In April 2004, Valencia, California attorneys Martin Arnoldini and Jerrold Boschma each pleaded guilty to a felony charge of conspiracy to commit mail and wire fraud and to defraud the IRS. Arnoldini and Boschma admitted their actions caused a loss of federal tax revenue totaling approximately \$3.6 million and also admitted to participating in fraudulent investment schemes, which led to clients losing approximately \$1.3 million. As a condition of their guilty pleas, Arnoldini, who held an advanced degree in tax law, and Boschma agreed to surrender their law licenses.

In April 2004, David J. Orr of Salt Lake City, Utah pleaded guilty to a felony charge of conspiracy to commit mail and wire fraud and to defraud the IRS. Orr admitted that his

actions cost the federal treasury between \$5 million and \$10 million in lost tax revenue. Orr also admitted that he obtained between \$5 million and \$7 million from clients by misrepresenting his investment experience and the safety and expected return on the investments he marketed. Orr further admitted causing client assets to be commingled and misappropriated.

In April 2004, Sandy, Utah attorney Michael Behunin pleaded guilty to a felony charge of conspiracy to commit mail and wire fraud and to defraud the IRS. Behunin admitted that his actions cost the federal treasury between \$950,000 and \$1.5 million in lost tax revenue. Behunin also admitted to participating in a fraudulent railroad bond investment scheme, causing clients to lose between \$350,000 and \$450,000. As a condition of his guilty plea, Behunin agreed to surrender his law license.

In February 2005, R. Scot Stokes of Henderson, Nevada pleaded guilty to a felony charge of conspiracy to commit mail and wire fraud and to defraud the IRS. Stokes admitted that his actions cost the federal treasury between \$7 million and \$10 million. Stokes also admitted participating in fraudulent investment schemes that caused customers to lose between \$2.5 million and \$5 million.

In March 2005, former IRS Revenue Agent Marissa Hyde of Overland, Kansas, who pleaded guilty in August 2004 to a felony charge of interfering with the administration of the internal revenue laws, was sentenced to 3 months in federal prison, 3 months home confinement, and was fined \$5,000. Hyde admitted using her previous employment as an IRS revenue agent to give the trust scheme an appearance of legitimacy.

In April 2005, Edward T. Woodger of Sandy, Utah pleaded guilty to a felony charge of conspiracy to commit mail and wire fraud and to defraud the IRS. Woodger admitted that his actions cost the federal treasury more than \$7 million. Woodger also admitted participating as the “offshore money man” in fraudulent investment schemes, that caused customers to lose between \$2.5 million and \$5 million.

In February 2006, Max C. Lloyd, a Midvale, Utah CPA licensed in California was sentenced to 21 months in federal prison for aiding and assisting in the preparation of a false federal income tax return. Lloyd previously pleaded guilty to the felony charge in October 2005.

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