

IN THE UNITED STATES DISTRICT COURT FOR THE
WESTERN DISTRICT OF NORTH CAROLINA

UNITED STATES OF AMERICA)
)
Plaintiff,)
)
v.) Civil No.
)
ANDREW DEDOMINICIS, D/B/A)
IMPACT MINISTRIES INTERNATIONAL)
)
Defendant.)

COMPLAINT FOR PERMANENT INJUNCTION
AND OTHER RELIEF

The United States of America, plaintiff, for its Complaint states as follows.

Nature of Action

1. The United States brings this complaint to enjoin Andrew DeDominicis, formerly known as Andrew D. Brown, individually and doing business as Impact Ministries International or through any other entity, and any other persons in active concert or participation with him, from directly or indirectly:

- (a) Organizing, promoting, marketing, or selling any tax shelter, plan or arrangement, including the “corporation sole” scheme, that advises or assists individuals to attempt to violate the internal revenue laws or unlawfully evade the assessment or collection of their federal tax liabilities;
- (b) Making false or fraudulent statements about the allowability of any deduction or credit, the excludability of any income, or the securing of any tax benefit by the reason of participating in any plans or arrangements;
- (c) Instructing, advising, aiding and abetting, or assisting others to violate the tax laws, including to evade the payment of taxes;
- (d) Engaging in conduct subject to penalty under 26 U.S.C. § 6700, *i.e.*, by making or furnishing, in connection with the organization or sale of a shelter, plan, or arrangement, a statement DeDominicis knows or has reason to know to be false or fraudulent as to any material matter under the federal tax laws;

- (e) Engaging in any conduct that interferes with the administration and enforcement of the internal revenue laws; and
- (f) Engaging in any activity subject to penalty under the Internal Revenue Code.

2. An injunction is warranted based on DeDominicis's continuing conduct as a promoter of a corporation sole tax-fraud scheme. If not enjoined, DeDominicis's continuing actions will result in the IRS having to devote scarce resources to locating and investigating individuals, who, by participating in DeDominicis's scheme, have improperly stopped filing accurate federal income tax returns and paying their federal income taxes. DeDominicis's actions, if not stopped, may also result in penalties and other civil and criminal sanctions being imposed on those individuals.

Jurisdiction and Venue

3. Jurisdiction is conferred on this Court by 28 U.S.C. §§ 1340 and 1345, and §§ 7402(a) and 7408 of the Internal Revenue Code of 1986 (26 U.S.C.) ("Code").

4. Venue is proper in this Court pursuant to 28 U.S.C. § 1391.

Authorization

5. This action has been requested by a delegate of the Secretary of Treasury and commenced at the direction of a delegate of the Attorney General of the United States, pursuant to Code §§ 7402 and 7408.

Defendant

6. Defendant, Andrew D. DeDominicis, formerly known as Andrew D. Brown, lives in Dallas, North Carolina, and operates Impact Ministries International (hereinafter referred to as "IMI"), in Shelby, North Carolina. IMI is organized under Nevada law as a corporation sole.

7. DeDominicis has an insurance adjuster's license in North Carolina, South Carolina and Texas. In 2004 and 2005, he worked as a subcontractor for State Farm Insurance. In the past, DeDominicis has also reported income on his Schedule C for construction labor.

Defendant's Activities

8. DeDominicis promotes and sells an arrangement known as the "corporation sole."

9. Corporations sole are authorized under the laws of some states to enable religious leaders to hold property and conduct business for the benefit of the religious entity (as opposed to the benefit of the office holder, or entity creator, himself). Rev. Rul. 2004-27, 2004-1 C.B. 625, 626. Title to property that vests in the office holder as a corporation sole passes to the successors to the office by operation of law (not to the office holder's heirs as DeDominicis suggests).

10. The purpose of a corporation sole is to ensure continuity of property ownership for assets dedicated to the benefit of a *legitimate* religious organization.

11. The corporation sole has been identified in the IRS's annual consumer alert of tax scams to avoid. (See <http://www.irs.gov/newsroom/article/0,,id=136337,00.html>.)¹.

12. In April 2002, DeDominicis formed IMI as a corporation sole with the Nevada Secretary of State. DeDominicis is listed as the sole officer and the official title of the corporation sole is the "Office of the Presiding Chaplin of Impact Ministries International." IMI

¹The IRS alert describes the scheme as follows: "Participants apply for incorporation under the pretext of being a 'bishop' or 'overseer' of a one-person, phony religious organization or society with the idea that this entitles the individual to exemption from federal income taxes as a nonprofit, religious organization. When used as intended, Corporation Sole statutes enable religious leaders to separate themselves legally from the control and ownership of church assets. But the rules have been twisted at seminars where taxpayers are charged fees of \$1,000 or more and incorrectly told that Corporation Sole laws provide a 'legal' way to escape paying federal income taxes, child support and other personal debts."

generates revenue by selling corporation sole packages. To evade paying income tax, DeDominicis conveniently classifies the money IMI receives for providing corporation sole packages, advice, and services as a “donation.” No federal tax returns have ever been filed by IMI. Despite DeDominicis’s claim that he is a minister, IMI clearly operates as a for-profit enterprise in the business of selling corporations sole, and not as a legitimate church or ministry.

13. DeDominicis actively promotes the sale and use of the corporation sole nationwide via his website, www.impactministries-int.net or www.impactministries-int.org, and by word of mouth.

14. Because of his website, DeDominicis is able to broadcast his scheme to a wide audience. Since 2002, and as of September 22, 2010, the IRS has identified 163 persons across 34 states who have formed a corporation sole with the assistance of DeDominicis.

15. DeDominicis’s IMI website provides a wealth of bogus information regarding the purported benefits of forming a corporation sole. The website has a section entitled “Why Should I have a Corporation Sole?” in which DeDominicis states, “I would like to address the reason why I think *every individual, every family* and every church should be utilizing this type of organizational structure.”

16. Corporations sole are not intended to be used by individuals or families with no underlying affiliation to a legitimate religious organization. The corporation sole exists for the protection of church assets. DeDominicis half-heartedly attempts a disclaimer by cautioning that the corporation sole should never be used *solely* for tax evasion purposes, but even this statement shows that the corporation sole can be used, at least in part, to evade taxes.

17. Despite the purported disclaimer, DeDominicis asserts that the corporation sole can be used by virtually anyone as a means of safeguarding assets; thus, tax evasion is exactly what DeDominicis advocates. According to DeDominicis's website, the corporation sole "provides for the Christian the means of creating, receiving and generating wealth all in a tax free environment enabling the presiding Christian officer or his successors to freely spend this wealth as he sees is beneficial to his office."

18. DeDominicis urges website visitors to complete the online registration form in order to begin the process of creating their own corporation sole. After customers complete the registration form, DeDominicis sends them a 22-page report (Report) via email. The website also contains a link where visitors may request a copy of the Report via email.

19. DeDominicis sells the corporation sole package (typically charging around \$2,500), although he claims to provide his services and assistance on a "donation" basis. One customer, who purchased a corporation sole from DeDominicis in 2009, said that even though the fee he was charged was classified as a "suggested donation," he understood that in order to have DeDominicis form the corporation sole, he would have to pay IMI the money.

20. The corporation sole package includes advice, forms, the Report, the Operational Ministry Guide, and the filing of paperwork. Interested customers are directed to contact DeDominicis ("the ministry office") for details and to set up a *private* consultation.

21. DeDominicis registers the corporations sole for customers in Nevada, which is generally deemed to be friendly for such ventures. According to DeDominicis, he uses Nevada "because there are so many religious Corporation Soles [sic] in Nevada it is very unlikely that

any negative changes will be made in this state.” IMI serves as the registered agent in Nevada for each corporation sole created by DeDominicis.

22. After registering the corporation sole, DeDominicis mails participants “The Corporation Sole Package” which includes the Articles of Incorporation, a corporate seal (complete with ministry name and custom logo), a certificate of good standing from the Nevada Secretary of State’s office, a copy of the SS #4 form filed on behalf of the presiding officer by DeDominicis with the IRS, the employer identification number (EIN) for the corporation sole (needed to open a bank account for the corporation sole), and a letter of appointment for the named successor of the corporation sole.

23. DeDominicis also provides participants with a copy of his “Operational Ministry Guide & Commonly Asked Questions” (Guide). DeDominicis urges participants to keep the Guide “private,” suggesting he knows his advice and scheme are bogus. The Guide provides much more insight into DeDominicis’s corporation sole tax scheme than his public website. The Guide states:

- That the corporation sole can accept tax deductible charitable donations and qualifies as a 50% organization. [I.R.C. 170(1)(A)(i) states that “any charitable contribution to a church or a convention or association of churches...shall be allowed to the extent that the aggregate of such contributions does not exceed 50 percent of the taxpayer’s contribution base for the taxable year”]. The Guide instructs participants to provide contributors with a formal letter of acceptance so that they may claim a tax deduction.
- Instructions on how to convey assets, both personal and real property, as well as investment property to the corporation sole. The Guide says the corporation sole can then cover the expenses related to these possessions;
- That an officer of the corporation sole can buy, sell, trade, or donate any property, real or personal, belonging to the corporation;

- That participants may establish credit for the corporation sole by paying mortgage or car payments from its bank account;
- That the payment of remuneration for services can be provided in the form of an “honorarium or gift” [This is presumed to imply that a business conducting itself through the corporation sole can receive non-taxable income for services it provides so long as the payments are deemed “honorariums” or “gifts”];
- Instructions on how to terminate the designation of an already approved 501(c)(3) organization and continue it as a corporation sole;
- That assets in a corporation sole cannot be attached for anything the presiding officer does as an individual and vice versa;
- That taking a vow of poverty is an important decision in the operation of the corporation sole; and
- That once the certificates of incorporation are received the corporation sole can open a bank account. The Guide instructs participants NOT to provide the bank with the Articles of Incorporation unless specifically requested. The Guide also instructs participants to use specific terminology when setting up the corporation sole bank account and urges participants to tell the bank “I need to open a non-interest bearing, business checking account for a non profit corporation.” DeDominicis instructs customers to, “Say it exactly like this and you won’t have any problems.”

24. Throughout the IMI website, the 22-page Report, and the Guide, DeDominicis purports to be very knowledgeable about corporations sole, and more specifically, about the tax exempt benefits which he claims flow from electing corporation sole status. His promotional materials contain extensive discussions about provisions of the tax code and the tax benefits associated with a corporation sole. DeDominicis also discourages customers from consulting an attorney or a tax professional, telling customers that “they” (the professionals) are not likely to understand the corporation sole. DeDominicis undoubtedly knows that a licensed professional would quickly recognize his corporation sole scheme as a scam.

25. In reality, DeDominicis promotes the corporation sole not as a legitimate structure to ensure continuing ownership of property for the benefit of a legitimate religious organization, but as a means to evade the reporting and payment of federal income taxes, as well as a way to conceal assets, and thereby evade estate and inheritance taxes and IRS collection efforts.

26. DeDominicis tells participants that upon forming a corporation sole, “There is no one to tell you how to conduct your affairs. No board, No taxing authorities, not even [the] IRS.”

27. DeDominicis contends that when correctly created, a corporation sole is not merely tax-exempt under § 501(c)(3), but is instead “immune” from taxation under IRC § 508(c)(1)(A). While it is true that churches are exempt from filing requirements under the 508(c)(1)(A) exception,² simply forming a corporation sole does not automatically transform the underlying entity into a church, thereby making it tax-exempt.

28. DeDominicis falsely informs participants that a corporation sole will be treated as a “church” with no tax-return filing requirement. The corporation sole must still qualify as a church before claiming the exception under § 508(c)(1)(A) and the accompanying tax benefits under § 501(c)(3).³ The conferral of that benefit is not automatic by simply incorporating as a

²In order to be considered for “tax-exempt” status under I.R.C. § 501(c)(3), I.R.C. § 508(a) requires an organization to notify the IRS that they are applying for this recognition. This is done by filing IRS Form 1023. I.R.C. § 508(c)(1)(A) does provide a mandatory exception to the notification requirement for churches. These organizations are exempt from filing requirements if they meet the definition of a religious organization.

³Although there is no requirement to do so, many churches seek formal recognition of tax-exempt status to assure the church leaders, members and contributors that the church is recognized as exempt and qualifies for the tax related benefits. Absent this recognition, the burden is on the taxpayer who contributes to a church to show that the entity qualifies as a § 501(c)(3) organization. DeDominicis falsely tells participants that their corporation sole may receive charitable contributions that are automatically tax deductible for donors. This is not true unless the taxpayer can prove that the organization has a bona fide religious or charitable

corporation sole, as DeDominicis falsely suggests in his Guide. Few, if any, of the corporations sole formed by DeDominicis constitute a church under IRS standards.

29. A key component to DeDominicis's corporation sole tax scheme is his fraudulent definition of what constitutes a "church." He claims that a "church" is whatever type of religious establishment one deems it to be and that it can be used for all kinds of ministerial, educational and charitable activities, or *any ecclesiastical purpose*. On his website, DeDominicis states that a church is "simply a religious establishment consisting of two or more individuals which may or may not have buildings, ceremonies, a creed, robes, and/or vestments." Under DeDominicis's self-serving definition, virtually any person, business, or entity, could form a corporation sole and qualify as a tax-exempt "church," so long as the principal officer claims the "organization" serves some ecclesiastical purpose, or just simply believes in God.

30. Building on that theme, DeDominicis blends half-truths with false statements on his website and in the Guide. Both contain numerous false or misleading statements regarding the corporation sole and concomitant tax benefits, including the following:

- They are automatically treated as churches and are thus looked upon by the IRS as "qualified organizations."
- IRC Section 508(c)(1)(A) provides tax "immunity" to corporations sole and can be freely elected, thus avoiding federal tax filings and record-keeping requirements.
- Entities that elect tax "immunity" under IRC Section 508(c)(1) are not required to qualify as religious organizations under IRC Section 501(c)(3).
- Contributions to a corporation sole are tax deductible to donors.
- Problems of probate court and inheritance taxes are solved by establishing a corporation sole, allowing wealth to stay within the family.

purpose.

- Taking a vow of poverty allows for the provision of personal assets like automobiles and television sets to corporation sole members.

31. At the crux of this bogus scheme, DeDominicis emphasizes that like himself participants will still be able to control and use whatever assets they transfer to the corporation sole for their own personal benefit, including the payment of personal expenses. In the Report, DeDominicis says, the “Corporation Sole can be responsible to provide for all your needs (i.e. shelter, food, transportation, clothing, medical, etc.). This occurs first by conveying all that you own and all future earnings to [the] Corporation Sole. You make a record vow of poverty. This lets the world know that you are now a pauper and own nothing.”

32. DeDominicis tells prospective customers that “when one is under a vow of poverty, the physical objects in their possession are not their own, although it may be their job to look after and use those objects. Taking a vow of Poverty to the Corporation Sole means owning nothing, but controlling all, as a steward of God’s property.”

33. DeDominicis urges participants to convey their assets to the corporation sole and to take a vow of poverty, which he says allows them to shield their assets and income from creditors like the IRS. He says, “Giving up your right to own something and conveying that ownership directly to a corporation sole can save you and your successive loved ones literally tens of thousands of dollars [presumably in tax savings] over the course of 2-3 generations.”

34. DeDominicis assures customers that, despite taking a vow of poverty, they may still retain control and enjoyment of assets and other property distributed to the corporation sole, as he does.

35. Following the corporation sole tax scheme playbook, DeDominicis falsely tells customers that if they form a corporation sole, and become the “presiding officer,” they can effectively order themselves to “undertake duties in one’s field of training or experience” and the income they receive (i.e. wages/salary) is not taxable.

36. In his Report, DeDominicis contends that under I.R.C. § 3401 (A)(9) “the term ‘wages’ for tax withholding purposes does not include remuneration paid for services performed by a duly ordained, commissioned or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order.”

37. DeDominicis then adds, “The nature or extent of such services is IMMATERIAL so long as it is a service that the minister is directed or required to perform by ecclesiastical superiors.” According to DeDominicis, so long as the head of the “ministry” directs or requires themselves or someone else to do something, regardless of the “nature” of that activity, “donations” or “gifts” received for performing that activity are not taxable. Quoting from the Guide, DeDominicis falsely claims that, “If the religious order of which one is a member directs one to undertake duties in one's field of training or experience, as a self-employed person, then any income received is not taxable as income from a ‘trade or business.’” Under this theory, if a corporation sole overseer owns a “divinely-inspired” or “Christian-based” landscaping business, and he undertakes mowing his neighbor’s lawn as a part of carrying out his “ministry,” the overseer can accept money for his services as a “donation” or “gift” to the corporation sole, and by doing so, avoid paying reporting that money as income. Meanwhile, the overseer can evade paying federal income tax and use the corporation sole funds to pay personal expenses.

38. DeDominicis will likely contend that every corporation sole he forms has a religious or charitable purpose, or at least claim that was his understanding when he formed the entity. DeDominicis will also rely on his disclaimers which say that individuals who do not have a charitable or religious purpose should not form a corporation sole. Yet, DeDominicis's contradictory statements in his promotional materials, the 22-Page Report and the Operational Ministry Guide, show the true intent behind his scheme, which is to help customers evade taxes through use of the corporation sole.

39. DeDominicis first says that IMI "does not condone or recommend that you use your corporation sole to be engaged in any type of business that operates outside of the scope of your ministerial, educational, and charitable purposes." Yet in the very next paragraph, DeDominicis provides an example of how an individual could operate a business through a corporation sole. DeDominicis says the "CS" (corporation sole) could buy a business and "could continue (operating) with a slightly different name. For Example: Rapha Care Center, LLC is sold to Rapha Care Ministry." DeDominicis tells customers to "avoid standard commerce terms for the CS such as services, company, corporation, etc." He says, "The CS can run a business to provide a means to follow its mission. It can be a grocery, contractor, carpenter, department store, school, medical office...just about anything you can think of that is legal and lawful."

40. Despite DeDominicis's disclaimers, in essence he is promoting the shop worn corporation sole scheme. Following his plan, you call yourself a church if you believe in God, you form a corporation sole (through him of course for a "donation" he doesn't pay taxes on), you tell yourself to continue working in your field of experience, and you convey your personal

and/or business assets to the corporation sole. You then take a vow of poverty and pay your personal expenses with funds of the corporation sole. Through it all, you become tax-exempt.

41. In furthering this scheme, DeDominicis uses his influence as a so-called minister to exploit customers and convince others that the corporation sole is a legitimate way for a business or an individual to incorporate, and in doing so, avoid paying income taxes.

42. For instance, DeDominicis encouraged Patricia King, a nurse in Tennessee, to give him \$2,500 to form a corporation sole for her nursing practice. DeDominicis assured Ms. King that the corporation sole was an appropriate way to run her nursing practice.

43. DeDominicis likewise convinced James Kurzweg to form a corporation sole for his music business. Mr. Kurzweg was a musician looking to go into the business of making and selling worship music CDs. DeDominicis urged him to form a corporation sole so that he could accept money from people as “gifts” and so that purchasers could claim a charitable contribution deduction for their CD purchases. Mr. Kurzweg told the IRS that he did not file a tax return for the CD business because DeDominicis advised him that a corporation sole was exempt from federal taxes.

44. Jorge Parrott paid DeDominicis \$2,500 to set up a corporation sole. DeDominicis told Parrott that the corporation sole had been around for 400 years, which is true, but it does not appear that DeDominicis told Parrott that the corporation sole was an entity traditionally used by the Catholic church and other legitimate religious organizations to hold *church* assets, not personal assets. DeDominicis also falsely told Parrott that individuals could make tax-deductible charitable contributions to the corporation sole and that Parrott would no longer need to file tax returns for the corporation sole or himself.

45. James Rollans paid DeDominicis \$2,450 to set up a corporation sole called Raising Hope Ministries. DeDominicis falsely told Rollans that Rollans could claim a deduction on his personal income tax return for contributions Rollans made to his corporation sole. An audit revealed that Rollans contributed \$50,000 to his corporation sole and deducted it on his 2006 personal tax return.

46. DeDominicis's marketing and organizing of the corporation sole has caused further harm to the government because many customers are using corporations sole promoted by DeDominicis to evade taxation. Those customers have used the corporation sole as a shell to operate for-profit businesses and to hide assets.

47. For example, Russell Obrey, who paid DeDominicis \$2,450 to set up his corporation sole called Crown Pacific International Ministries, said he purchased the corporation sole mainly for asset protection because the IRS had been coming after him for his involvement with a trust scheme during the 1990s. DeDominicis knew or should have known that Obrey's corporation sole would not serve a religious purpose. Obrey operated a painting business through his corporation sole. DeDominicis told Obrey that "everything done in the name of a corp. sole was NOT reportable and therefore NOT taxable." Obrey also transferred two properties in Merced, California, to the corporation sole. Obrey said that by transferring the property to the corporation sole, he and his wife were able to shield the assets from the IRS and the Franchise Tax Board (California tax collection agency). Obrey also told IRS investigators that DeDominicis falsely told him that he could take a charitable deduction for contributions Obrey made to his corporation sole.

48. David Hovey paid DeDominicis \$2,400 to set up his corporation sole called the Temple of Illumination a Sanctuary for Christ Ministry (Temple). Hovey claims he is a minister, but when he formed the corporation sole DeDominicis knew or should have known that Hovey was not currently practicing as a minister nor did his “church” have any members. Nevertheless, DeDominicis proceeded with creating the corporation sole, and DeDominicis falsely told Hovey that the corporation sole was tax-exempt and that Hovey was not required to file tax returns.

49. Hovey transferred significant assets to his corporation sole. Hovey owned a piece of property in Santa Barbara, California, which he inherited in July of 1997. Hovey transferred the Santa Barbara property to Temple on June 23, 2006. Four days later he sold the property for \$650,000 and deposited the proceeds into Temple’s bank account. He failed to report or pay income tax on a capital gain of over \$180,000. Hovey has also used funds from his corporation sole bank account to pay expenses related to a personal lawsuit, his personal residence, and the Kapaka Road property. Hovey also deducted a cash contribution of \$12,500 he made to Temple on his 2006 personal return.

50. DeDominicis’s scheme has naturally attracted tax defiers who have been non-filers for many years. DeDominicis’s scheme clearly appeals to individuals looking for a way to evade paying income taxes.

51. For instance, Gregg Wolfe, a non-filer since at least 2003, formed a corporation sole called Nakami Chi Group Ministries International (NCGMI) through DeDominicis in 2002. Through NCGMI, Wolfe marketed and sold unregistered securities in the form of investment contracts and company stock to investors in Arizona and 12 other states. Wolfe promised investors annual returns of 24 percent. Just as DeDominicis advises in his promotional literature,

Wolfe suggested that investors refer to their investments as “donations” to his corporation sole and even advised them to form their own corporations sole, falsely informing them that this would reduce their income tax liability on their investment returns.⁴

52. Douglas Littell paid DeDominicis \$2,450 to set up a corporation sole called Abraham’s Tent Ministry in 2003. Littell worked primarily as an independent contractor, selling doors and windows for The Construction Store (TCS), a company located in Florida. After forming his corporation sole, Littell told the President of TCS to begin issuing payments for his services to Abraham’s Tent Ministry. Checks totaling in excess of \$575,000 were paid by TCS to Littell’s corporation sole, Abraham’s Tent Ministry, between 2004 and 2006. In February of 2010, when asked by an IRS examiner why he had not filed tax returns, Littell stated that he did not have to file and abruptly terminated the call. It appears that Littell is operating his door and window subcontracting sales business through his corporation sole, failing for many years to report considerable taxable income he has received.

53. The owner of a Missouri moving company operates a for-profit business through a corporation sole formed by DeDominicis. DeDominicis was paid \$1,000 to form the corporation sole and the company markets “Christian-owned and operated packing, moving and custom crating” services. The owner charges \$75 per hour for moving services, in what is clearly a for-profit business, serving no ministerial, charitable, or religious purpose. Neither the owner nor the

⁴Several corporations sole did invest in NCGMI. In October 2006, the Arizona Corporation Commission (ACC) began proceedings against Wolfe and NCGMI for violations of the Arizona Securities Act. In December 2008, the Arizona Corporation Commission issued a cease and desist order prohibiting Wolfe and NCGMI from offering and selling unregistered securities. Wolfe was also ordered to pay over \$11,000,000 in restitution to investors and \$250,000 in administrative penalties.

company has filed federal income tax returns in recent years despite customers reporting non-employee compensation payments in 2007, 2008, and 2009.

54. DeDominicis knew or should have known that these were sham “ministries” when he formed them.

55. For many of the participants who set up their corporation sole purely as a means of evading taxes, and not for the benefit of a legitimate religious organization, they continue to live in the same residence and/or operate the same business as they did before forming their corporation sole. Under the scheme, participants are paid from their business earnings just as they were before creating the corporation sole. Participants receive the full benefit of, and have full control over, all corporation sole funds and assets. The only change in their regular business and lifestyle activities is the purported benefit of no taxation. Their corporations sole serve only to benefit the principal officer and his/her family, are devoid of economic substance, and are shams for federal tax purposes.

56. Many participants paid DeDominicis substantial money to form a corporation sole, which he told them was a good way to incorporate a church or a business. Based on DeDominicis’s false statements, participants believed they no longer had to file tax returns. These participants, and their “contributors” who claimed charitable deductions, may now face substantial penalties from the IRS as a result of DeDominicis’s false statements regarding the benefits of the corporation sole.

57. Forty-one participants in DeDominicis's scheme have had their federal income tax returns selected for IRS examination. The IRS has completed nine participant examinations. Tax adjustments related to the corporation sole issue totaled \$27,717 for those nine examinations. Eleven of those forty-one customers are non-filers.

58. DeDominicis profits from the scheme in that he deposits the money he receives for his corporation sole formation, advice, and services into IMI's bank account and uses the funds to pay his personal expenses.

59. Through IMI, DeDominicis has received in excess of \$290,000 from 2002 through mid-September 2010, all of which he has failed to report on his federal income tax returns already submitted for those years.

Count I
Injunction under Code § 7408 for violations of Code § 6700

60. The United States incorporates by reference the allegations contained in paragraphs 1 through 59.

61. Code § 7408 authorizes a court to enjoin persons who have engaged in conduct subject to penalty under Code § 6700 from engaging in further such conduct or any other conduct subject to penalty under the Code.

62. Code § 6700 imposes a penalty on any person who organizes or sells a plan or arrangement and in connection therewith makes a statement with respect to the allowability of any deduction or credit, the excludability of any income, or the securing of any tax benefit by participating in the plan or arrangement that the person knows or has reason to know is false or fraudulent as to any material matter.

63. DeDominicis organizes, promotes, and sells a tax-fraud scheme that improperly uses the corporation sole to shield assets from creditors, to earn income tax-free, and to avoid filing tax returns. In organizing, promoting and selling his scheme, DeDominicis makes statements regarding the tax benefits associated with the corporation sole that he knows or has reason to know are false or fraudulent as to material matters within the meaning of Code § 6700.

64. Unless enjoined by this Court, DeDominicis is likely to continue to organize, promote, and sell his corporation sole scheme and/or other tax-fraud programs.

Count II
Injunction under Code § 7402

65. The United States incorporates by reference the allegations contained in paragraphs 1 through 64.

66. Code § 7402 authorizes Courts to issue injunctions as may be necessary or appropriate for the enforcement of the internal revenue laws.

67. DeDominicis, through the actions described above, has engaged in conduct that interferes substantially with the administration and enforcement of the internal revenue laws.

68. DeDominicis's conduct results in irreparable harm to the United States and the United States has no adequate remedy at law. DeDominicis continues to operate his website and promote the scheme as a legitimate enterprise. The possibility of continued harm to the public and the government due to the marketing of this scheme is very real. DeDominicis's conduct is causing and will continue to cause substantial revenue losses to the United States Treasury, much of which may be unrecoverable.

69. Unless DeDominicis is enjoined, the IRS will have to devote substantial time and resources to identifying and locating his scheme participants, and then will have to construct and examine those persons' tax returns and liabilities. The IRS has begun conducting examinations of dozens of participants of this scheme. The continuous burden of pursuing individual participants may be an insurmountable obstacle if DeDominicis is not enjoined, given the IRS's limited resources.

70. If DeDominicis is not enjoined, he likely will continue to engage in conduct that obstructs and interferes with the enforcement of the internal revenue laws.

Relief Sought

WHEREFORE, the United States prays for the following relief:

A. That the Court find that DeDominicis has engaged in conduct subject to penalty under Code § 6700, and that injunctive relief is appropriate under Code § 7408 to prevent DeDominicis, and any business or entity through which he operates, and anyone acting in concert with him, from engaging in further such conduct;

B. That the Court find that DeDominicis has engaged in conduct that interferes with the enforcement of the internal revenue laws, and that injunctive relief against DeDominicis, and any business or entity through which he operates, and anyone acting in concert with him, is necessary to prevent the recurrence of that conduct pursuant to the Court's powers under Code § 7402(a);

C. That the Court, pursuant to Code §§ 7402 and 7408, enter a permanent injunction prohibiting DeDominicis, individually and doing business through Impact Ministries International or any other entity, and his representatives, agents, servants, employees, attorneys, and those persons in active concert or participation with him, from directly or indirectly:

- (1) Organizing, promoting, marketing, or selling the corporation sole scheme, or any other tax-fraud scheme, shelter, plan or arrangement, that advises or assists taxpayers to attempt to violate the internal revenue laws or unlawfully evade the assessment or collection of their federal tax liabilities;
- (2) Making false statements about the allowability of any deduction or credit, the excludability of any income, or the securing of any tax benefit by the reason of participating in any tax shelter, plan or arrangement;
- (3) Instructing, advising, assisting, or aiding and abetting others to violate the tax laws, including to evade the payment of taxes;
- (4) Engaging in conduct subject to penalty under Code § 6700, *i.e.*, by making or furnishing, in connection with the organization or sale of an abusive shelter, plan, or arrangement, a statement DeDominicis knows or has reason to know to be false or fraudulent as to any material matter under the federal tax laws; and
- (5) Engaging in any other conduct that interferes with the administration and enforcement of the internal revenue laws; and
- (6) Engaging in any activity subject to penalty under any other section of Code.

D. That this Court, pursuant to Code § 7402, enter an injunction requiring DeDominicis to contact by mail (or by e-mail, if an address is unknown) all persons and entities who have previously purchased his corporation sole scheme or any other tax shelters, plans, arrangements or programs, and inform those persons and entities of the Court's findings concerning the falsity of DeDominicis's prior representations and attach a copy of the permanent injunction against DeDominicis, and to file with the Court, within 20 days of the date the permanent injunction is entered, a certification signed under penalty of perjury stating that he has done so;

E. That this Court, pursuant to Code § 7402, enter an injunction requiring DeDominicis to produce to counsel for the United States a complete list of participants, including the names, addresses, e-mail addresses, telephone numbers, and social security or tax identification numbers, of all persons and entities who have purchased his corporation sole scheme or any other tax

plans, arrangements or programs, and to file with the Court, within 20 days of the date the permanent injunction is entered, a certification that he has done so;

F. That this Court order that the United States is permitted to engage in post-judgment discovery to ensure compliance with the permanent injunction;

G. That this Court retain jurisdiction over this action for purposes of implementing and enforcing the final judgment; and

H. For such other and further relief as this Court may deem proper and just.

Dated: January 14, 2011.

Respectfully submitted,

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