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9
10 **IN THE UNITED STATES DISTRICT COURT FOR THE**
11 **NORTHERN DISTRICT OF CALIFORNIA**
12 **SAN FRANCISCO DIVISION**

13 **UNITED STATES OF AMERICA,**

14 **Plaintiff,**

15 v.

16 **JEROME SCHNEIDER,**

17 **Defendant.**

)
) **No. CR-02-0403-SI**
)

) **PLEA AGREEMENT**
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18 I, Jerome Schneider, and the United States Attorney's Office for the Northern District of
19 California (hereafter "the government") enter into this written plea agreement (the "Agreement")
20 pursuant to Rules 11(c)(1)(A) of the Federal Rules of Criminal Procedure:

21 The Defendant's Promises

22 1. I agree to plead guilty, pursuant to Rule 11(c)(1)(A) of the Federal Rules of Criminal
23 Procedure, to Count One of the Indictment charging me with conspiracy to defraud the United States,
24 in violation of 18 U.S.C. § 371. I agree that Count One to which I am pleading guilty alleges as
25 follows:

26 a. That beginning sometime after June 1998, I conspired with Eric Witmeyer
27 (hereafter "Witmeyer") to defraud the United States by attempting to defeat and obstruct the lawful
28 functions of the Internal Revenue Service in the ascertainment, computation, assessment and collection

1 of income taxes owed by U.S. taxpayers. The substance of the conspiracy was that I would sell to U.S.
2 taxpayer investors offshore entities such as those licensed by the Island of Nauru, as international
3 banks and other offshore corporations, so that such U.S. taxpayers could use the offshore entities to
4 avoid federal income taxes owed on funds the U.S. taxpayers would cause to be transferred to bank or
5 brokerage accounts held in the name of the offshore entities in a financial institution located outside the
6 United States. Witmeyer would, at my direction and request, serve as counsel to the U.S. taxpayers
7 and prepare so-called decontrol documents to conceal their ownership and control over any funds or
8 assets transferred by or at the direction of the U.S. taxpayers to bank or brokerage accounts held in the
9 name of the offshore entities.

10 b. That I became a member of the conspiracy with Witmeyer knowing of at least
11 one of its objects and intending to help accomplish it; and

12 c. That I and/or Witmeyer performed at least one overt act as listed in paragraphs
13 32 through 60 of the Indictment for the purpose of carrying out the conspiracy.

14 2. I agree that the elements of the offense charged in Count One (18 U.S.C. § 371) to
15 which I am pleading guilty are as follows:

16 1. The existence of an agreement by two or more persons to defraud
17 the United States;

18 2. The defendant's knowing and voluntary participation in the
19 conspiracy; and

20 3. The commission of an overt act in furtherance of the conspiracy.

21 3. I agree that the maximum penalties for a violation for 18 U.S.C. § 371 are:

22 a. Maximum prison sentence 5 years

23 b. Maximum fine \$250,000

24 c. Maximum supervised release term 3 years

25 d. Mandatory special assessment \$100.00

26 4. I acknowledge and admit that I am guilty of the offense charged in Count One to which I
27 agree to plead guilty. I acknowledge and admit that I and Witmeyer conspired to defraud the United
28 States by attempting to defeat and obstruct the lawful functions of the Internal Revenue Service in its

1 ascertainment, computation, assessment and collection of income taxes owed by U.S. taxpayers. I
2 agree that the following facts are true:

3 a. I marketed and sold to U.S. taxpayer investors offshore entities such as those
4 licensed by the Island of Nauru as international banks and other offshore corporations. I did business
5 in Vancouver, B.C., Canada, under the names Premier Corporate Service, LTD; Premier Financial
6 Advisors, LLC; Premier Management Service LTD and Wilshire Publishing.
7

8 b. I represented to U.S. taxpayers that by means of their ownership of the offshore
9 entities, and so-called decontrol documents to be prepared by counsel such as Witmeyer, the U.S.
10 taxpayers could conceal from the Internal Revenue Service, their ownership and control of funds or
11 assets they caused to be deposited into bank or brokerage accounts held in the name of the offshore
12 banks in financial institutions located outside the United States.
13

14 c. Witmeyer, at my direction and request, based upon form documents that I
15 supplied to him, agreed to act as counsel for the U.S. taxpayer and prepare the so-called decontrol
16 documents for the U.S. taxpayers who purchased an offshore entity from me.
17

18 d. I marketed and sold offshore entities to U.S. taxpayers for approximately
19 \$15,000 to \$60,000. Witmeyer “decontrolled” the offshore entity for a fee of approximately \$15,000.
20

21 e. I promoted the sale of these offshore entities in publications entitled “How To
22 Own Your Own Private International Bank”; “Jerome Schneider’s Complete Guide to Offshore Money
23 Havens”; and “Hiding Your Money,” which I advertised for sale through airline in-flight magazines
24 such as Sky Mall on Southwest, US Air, and Delta Air Lines and American Way on American Airlines,
25 and in ads in newspapers such as the Wall Street Journal. These publications were distributed by
26 Wilshire Publishing located in Manhattan Beach, California, which I owned.
27

28 f. I also marketed the sale of the offshore entities at events called Offshore Wealth
Summits. Such events were conducted in Vancouver, British Columbia, Canada on March 18-20,

1 1996; Cancun, Mexico on November 20-22, 1996; at the Waterfront Centre Hotel in Vancouver,
2 British Columbia, Canada on April 2 - 4, 1998; at the Ritz Carlton Hotel, Cancun, Mexico on
3 December 9 - 11, 1998; at the Waterfront Center Hotel, Vancouver, British Columbia, Canada on June
4 24 - 26, 1999; and at the Ritz - Carlton, Kapalua, Maui, Hawaii on December 9 - 11, 1999.

5
6 g. I was the conference leader at the Offshore Wealth Summits and presented
7 speakers at the Offshore Wealth Summits who would discuss subjects such as “How to Start up a
8 Bahamas or Cayman Islands Bank For High Net Worth Individual” or “Owning Your Own Bank For
9 The Ultimate In Profit, Privacy and Tax Protections.”

10
11 h. Speakers were presented at the Offshore Wealth Summits such as Congressmen,
12 politicians, public figures, and others who did not speak about the purchase of offshore entities but who
13 were presented by me as speakers to impress the attendees at the Offshore Wealth Summits as to the
14 legitimacy of use of offshore entities by U.S. taxpayers to evade the payment of income tax on income
15 or gain earned or realized by the offshore entity or income of the U.S. taxpayer transferred to an
16 account in the name of the offshore entity.

17
18 i. The decontrol process included transferring the U.S. taxpayer’s interest in the
19 offshore entity to a so-called Independent Foreign Owner (IFO) in exchange for a promissory note in an
20 amount large enough to make it appear as if there was bona fide and negotiated sale of the offshore
21 entity to the IFO. The amount of the promissory note was not the result of negotiations between U.S.
22 taxpayers and the IFO. Rather, it was an amount set by me in discussions with the U.S. taxpayers.

23
24 j. I selected the IFO for the U.S. taxpayers and despite the purported decontrol of
25 the offshore entity, I and the U.S. taxpayers understood that the U.S. taxpayers in fact owned and
26 controlled the offshore entity and any accounts opened up in the name of the offshore entity in any
27 financial institution located outside the United States.
28

1 k. In or about September 1999, I met with two individuals whom I understood were
2 considering purchasing an offshore entity. I counseled these individuals as to how they could and
3 should tailor their use of the offshore entities to evade the detection of the Internal Revenue Service,
4 and generally how they could conceal funds they might transfer to any offshore accounts held in the
5 names of the entities from the Internal Revenue Service. I understood at the time that these two
6 individuals intended to use the offshore entities they were considering purchasing, in order to conceal
7 their ownership and control of funds and assets from the Internal Revenue Service, and thereby to
8 evade the payment of income taxes.
9

10
11 l. I used financial institutions and entities located outside the United States to
12 conceal the activities of the offshore entities from the Internal Revenue Service.

13 5. I understand and agree that my sentence should be calculated pursuant to the applicable
14 Sentencing Guidelines as follows, subject to my right to file a motion for downward departure pursuant
15 to U.S.S.G. § 5K2.0, on the grounds that the defendant has suffered from serious health problems
16 during the time of the indictment, plea negotiations and, if it is the case, during the period of
17 cooperation in this matter. If his health problems have become less serious or have been resolved by
18 the time of sentencing the Court may consider his health problems as a factor in any motion for
19 downward departure under U.S.S.G. § 5K1.1; I also reserve the right to file motions pursuant to
20 U.S.S.G. § 5K2.10 on the grounds that the victims' conduct substantially provoked offense conduct
21 and pursuant to U.S.S.G. § 5K2.20 on the grounds of aberrant behavior.
22
23

24	1. Base Offense Level	16
25	§ 2T1.9 and 2T1.1	
26	(Tax loss of \$200,000 - 325,000)	
27	2. Offense level increased	+ 2
28	§ 2T1.9(b)(2)	

1 sentencing for that purpose. If I pay \$100,000 restitution as set forth above, the government agrees that
2 I have fully satisfied my restitution obligation. If I fail to pay \$100,000 as provided before the date of
3 sentencing, then the United States may argue at sentencing that restitution in an amount greater than
4 \$100,000 should be imposed by the Court. I agree that I will make a good faith effort to pay any fine, I
5 am ordered to pay. Before or after sentencing, I will, upon request of the Court, the government, or the
6 U.S. Probation Office, provide accurate and complete financial information, submit sworn statements
7 and give depositions under oath concerning my assets and my ability to pay, and release funds and
8 property under my control in order to pay any fine, imposed by the Court. I agree to pay the special
9 assessment at the time of sentencing.

10
11
12 11. For the period of supervised release, I agree not to engage in the sale to U.S. taxpayers
13 of offshore banks, trusts, corporations, or other entities, unless the purpose of the use of the bank, trust
14 or corporation is tax neutral for U.S. tax purposes, and I report said sale to the Probation Department
15 within 30 days of the sale. Said report to include the name, address, city, state and taxpayer ID of the
16 purchaser.

17
18 12. I agree to cooperate with the government before and after I am sentenced. My
19 cooperation will include, but will not be limited to, the following:

- 20 a. I will respond truthfully and completely to any and all questions put to me,
21 whether in interviews, before a grand jury or at any trial or other proceeding;
- 22 b. I will provide all documents and other material asked for by the government;
- 23 c. I will testify truthfully at any grand jury, court or other proceeding as
24 requested by the government;
- 25 d. I will request continuances of my sentencing date, as necessary, until my
26 cooperation is completed;
- 27 e. I will tell the government about any contacts I may have with any
28 co-defendants or subjects of investigation, or their attorneys or individuals
employed by their attorneys;

1 f. I will tell the government about my contacts and relationships with all
2 clients, customers, and persons who did business with me or the corporations
3 I controlled such as Premier Corporate Services, LTD.; Premier Financial
4 Advisors LLC; Premier Management Services LTD; and Wilshire
Publishing, which were involved in the sale of offshore to banks, trusts,
corporations, and other offshore entities.

5 g. I will not reveal my cooperation, or any information related to it, to anyone
6 without prior consent of the government;

7 13. Pursuant to section 6103(c) of the Internal Revenue Code (26 U.S.C.), I authorize
8 officers and employees of the Internal Revenue Service to disclose for any purpose any of the
9 “returns[s]” and “return information” as those terms are defined in section 6103(b) of the Internal
10 Revenue Code, obtained by the IRS during the investigation of this matter which resulted in my
11 indictment on December 19, 2002.

12
13 14. I agree that the government’s decision whether to file a motion pursuant to U.S.S.G. §
14 5K1.1, as described in the government promises section below, is based on its sole and exclusive
15 decision of whether I have provided substantial assistance and that decision will be binding on me. I
16 understand that the government’s decision whether to file such a motion, or the extent of the departure
17 recommended by any motion, will not depend on whether convictions are obtained in any case. I also
18 understand that the Court will not be bound by any recommendation made by the government.

19
20 15. I agree not to commit or attempt to commit any crimes before sentence is imposed or
21 before I surrender to serve my sentence; violate the terms of my pretrial release (if any); intentionally
22 provide false information or testimony to the Court, the Probation Office, Pretrial Services, or the
23 government; or fail to comply with any of the other promises I have made in this Agreement. I agree
24 that, if I fail to comply with any promises I have made in this Agreement, then the government will be
25 released from all of its promises, but I will not be released from my guilty plea.

26
27 16. If I am prosecuted after failing to comply with any promises I made in this Agreement,
28 then (a) I agree that any statements I made to any law enforcement or other government agency or in

1 Court, whether or not made pursuant to the cooperation provisions of this Agreement, may be used in
2 any way; (b) I waive any and all claims under the United States Constitution, Rule 11(f) of the Federal
3 Rules of Criminal Procedure, Rule 410 of the Federal Rules of Evidence, or any other federal statute or
4 rule, to suppress or restrict the use of my statements, or any leads derived from those statements; and
5
6 (c) I waive any defense to any prosecution that it is barred by a statute of limitations, if the limitations
7 period has run between the date of this Agreement and the date I am indicted.

8 17. I agree that this Agreement contains all of the promises and agreements between the
9 government and me, and I will not claim otherwise in the future.

10 The Government's Promises

11
12 18. The undersigned Assistant U.S. Attorney warrants and affirms that he is duly authorized
13 to act for all federal agencies concerning the promises made to defendant herein.

14 19. The government agrees to move to dismiss any open charges pending against the
15 defendant in the captioned indictment at the time of sentencing.

16 20. The government agrees not to file or seek any additional charges, criminal or civil,
17 against the defendant that could be filed as a result of the investigation that led to the pending
18 indictment.

19
20 21. The government agrees not to use any statements made by the defendant pursuant to this
21 Agreement against him, unless the defendant fails to comply with any promises in this agreement.

22 22. If, in its sole and exclusive judgment, the government decides that the defendant has
23 cooperated fully and truthfully, provided substantial assistance to law enforcement authorities within
24 the meaning of U.S.S.G. § 5K1.1, and otherwise complied fully with this Agreement, it will file with
25 the Court a motion under § 5K1.1 and/or 18 U.S.C. § 3553 that explains the nature and extent of the
26 defendant's cooperation and recommends a downward departure.
27
28

The Defendant's Affirmations

1 23. I confirm that I have had adequate time to discuss this case, the evidence, and this
2 Agreement with my attorney, and that he has provided me with all the legal advice that I requested.

3 24. I confirm that while I considered signing this Agreement and, at the time I signed it, I
4 was not under the influence of any alcohol, drug, or medicine.

5 25. I confirm that my decision to enter a guilty plea is made knowing the charges that have
6 been brought against me, any possible defenses, and the benefits and possible detriments of proceeding
7 to trial. I also confirm that my decision to plead guilty is made voluntarily, and no one coerced or
8 threatened me to enter into this agreement.
9

10 Dated: _____

JEROME SCHNEIDER
Defendant

11
12
13 _____
KEVIN V. RYAN
United States Attorney

14
15 Dated: _____

JAY R. WEILL
Assistant United States Attorney
Chief, Tax Division

16
17
18
19
20 I have fully explained to my client all the rights that a criminal defendant has and all the terms
21 of this Agreement. In my opinion, my client understands all the terms of this Agreement and all the
22 rights he is giving up by pleading guilty, and, based on the information now known to me, his decision
23 to plead guilty is knowing and voluntary.

24 Dated: _____

Attorney for Defendant

CERTIFICATE OF SERVICE

I, **KATHY P. TAT** declare:

That I am a citizen of the United States of America and employed in San Francisco County, California; that my business address is Office of United States Attorney, 450 Golden Gate Avenue, Box 36055, San Francisco, California 94102; that I am over the age of eighteen years, and am not a party to the above-entitled action.

I am employed by the United States Attorney for the Northern District of California and discretion to be competent to serve papers. The undersigned further certifies that I caused a copy of the following:

PLEA AGREEMENT

to be served this date upon the party(ies) in this action by placing a true copy thereof in a sealed envelope, and served as follows:

FIRST CLASS MAIL by placing such envelope(s) with postage thereon fully prepaid in the designated area for outgoing U.S. mail in accordance with this office's practice.

PERSONAL SERVICE (BY MESSENGER)

FACSIMILE (FAX) No.: _____

to the parties addressed as follows:

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Executed on **February 11, 2004** at San Francisco, California.

KATHY P. TAT