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OVERLAND PARK MAN SENTENCED TO 2 YEARS FOR TAX EVASION

KANSAS CITY, Kan., – **John McCullum, Jr.**, 54, of Overland Park, Kan., was sentenced Monday to 24 months in federal prison for tax evasion.

McCullum pleaded guilty in February 2007 to one count of tax evasion. He admitted that in an effort to avoid paying taxes in 1994, 1995, and 1996 he purchased two "trusts" from Sovereignty Pure Trusts, a now-defunct company in California. He named them Universal Flooring Trust and Paramount Trust. When he purchased the "trusts" he received numbers styled in the format of a federally issued employer identification number. He failed to file income tax returns for 1997 through 2002 until the Internal Revenue Service informed him he was the subject of a criminal investigation. "Taxpayers pay the price when others choose to evade their tax obligations," said James D. Vickery, Special Agent in Charge of IRS Criminal Investigation. "In this case, Mr. McCullum admitted that he concealed his income from the IRS."

In 1999 McCullum used the "trusts" to establish bank accounts where he deposited all business receipts from a floor installation business and then paid all personal and business expenditures from those accounts. He gave false employer identification numbers to subcontractors.

On Feb. 12, 1999, McCullum's son purchased a home in Overland Park, Kan. Although paperwork indicated the son was the owner, McCullum lived at the residence and was the true owner. McCullum had his son purchase the house to prevent the IRS from placing a lien on the property to satisfy outstanding taxes. Previously, the IRS had placed a lien on McCullum's residence in Nixa, Mo.

In 2001, McCullum offered to show a subcontractor how to avoid paying federal income taxes by setting up non-taxable trusts. The subcontractor declined and suggested McCullum consult with a tax preparer. A tax preparer who met with McCullum declined to prepare any tax returns on his behalf.

McCullum hired another tax preparer and submitted tax returns for 1997 through 2002 that evaded taxes totaling \$316,557 during those years.

U.S. Attorney Eric Melgren commended the Internal Revenue Service-Criminal Investigation, Assistant U.S. Attorney David Smith, and Assistant U.S. Attorney Scott Rask for their work on the case.

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