



U.S. Department of Justice

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For Immediate Release:

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EVENT: Sentenced

Defendant: Kenneth Heath

**SHELBY TOWNSHIP TAX PROTESTER
SENTENCED ON TAX EVASION CHARGES**

A 69-year-old Shelby Township man was sentenced to 21 months in prison by a federal judge today after being found guilty in September of four counts of tax evasion and one count of attempting to pass a fictitious financial instrument, United States Attorney Stephen J. Murphy announced today.

Murphy was joined in the announcement by IRS Special Agent in Charge Maurice Aouate.

Receiving the sentence from United States District Judge George Caram Steeh was Kenneth Heath, 69, of Shelby Township. Heath was a self-proclaimed follower of nationally-known convicted tax protester Irwin Schiff. Heath was convicted of avoiding the payment of more than \$37,000 after failing to file tax returns or pay any taxes in 1999, 2000, 2001 and 2002.

United States Attorney Murphy said, “The right to protest cannot cross the line into unlawful conduct. Although our system depends on the voluntary compliance of citizens, no one is exempt from paying taxes or following federal tax laws.”

Maurice Aouate, Special Agent in Charge, IRS Criminal Investigation Division, said, “The courts have consistently held that there are no legal grounds for failure to file tax returns or failure to pay your tax liability. Mr. Heath was put on notice of this when the book he relied upon was written from a prison cell by an author who had similar anti-tax behaviors.”

During the trial, Heath testified that after reading a book by Schiff, who was sent to prison in 2006 after his fourth tax evasion conviction, called “The Federal Mafia” he became convinced that he did not have a legal obligation to pay federal income taxes. At sentencing, Heath said he refused to accept the court’s jurisdiction over him or admit that he had committed a crime.

In imposing the sentence, Judge Steeh stated: “Mr. Heath is not alone in his tax protesting behaviors and there is obviously . . . a need to promote respect for the law and to deter others from engaging in this conduct.” Judge Steeh rejected Heath’s “claimed good faith belief” that he did not have to pay taxes, noting that Heath “found ideas to support his behavior that are convenient for the circumstances he is in.”

In addition to his prison sentence, Heath was ordered to cooperate with the IRS in determining and repaying the taxes he owes, serve a three-year term of supervised release, and pay a special assessment of \$500.

In September, a jury deliberated for less than three hours before returning the verdict, concluding a three-day trial before Judge Steeh.

In addition to his conviction on four counts of felony tax evasion, Heath was also convicted of the fictitious instruments charge after he admitted sending a realistic-looking “Registered Bill of Exchange” to the IRS for \$88,000 in hopes the agency would wipe out his tax debt. An expert witness for the government testified at trial that there is no such thing as a “Registered Bill of Exchange.”

Murphy commended the two-year long investigation of special agents from the IRS Criminal Investigation Division.

The case was prosecuted by Assistant U.S. Attorneys Sarah Resnick Cohen and James Mitzelfeld.