



## NEWS RELEASE

### OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF ILLINOIS

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### **TWO BROTHERS SENTENCED TO PRISON FOR ROLES IN INTERNATIONAL TAX EVASION CONSPIRACY**

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A. Courtney Cox, United States Attorney for the Southern District of Illinois, announced today that on August 11, 2008, **DENNIS FRICHTL**, age 52, and his brother **DOUGLAS FRICHTL**, age 47, both of Newton, Illinois, were sentenced to prison for the offense of Conspiracy to Impair and Impede the Internal Revenue Service in the Ascertainment and Collection of Income Taxes. **DENNIS FRICHTL** was sentenced to twenty-six [26] months in prison and 3 years supervised release. **DOUGLAS FRICHTL** was sentenced to thirty-nine [39] months imprisonment and 3 years supervised release. On release from prison, each defendant will be required to cooperate with the Internal Revenue Service in the payment of all taxes owed and in filing all tax returns due. Information presented in court showed that **DENNIS FRICHTL** and **DOUGLAS FRICHTL** are now cooperating with the Internal Revenue Service to educate others to avoid fraudulent tax evasion schemes. Information was also presented in court that **DOUGLAS FRICHTL**, prior to sentencing, made a payment in excess of one million dollars towards his back taxes owed.

**DENNIS FRICHTL** and **DOUGLAS FRICHTL** had been indicted jointly and with others. **DENNIS FRICHTL** and **DOUGLAS FRICHTL** previously pled guilty to conspiring with others, including the AEGIS Company to endeavor, impede, impair, obstruct, and defeat the lawful functions of the Internal Revenue Service under a system known as the AEGIS system that utilized foreign and domestic trusts, common law business organizations, and International Business Organizations in an attempt to conceal their true taxable income. They also used foreign bank accounts and filed frivolous documents with the IRS in furtherance of the scheme. AEGIS worked in concert with a network of nationwide promoters, sub-promoters, attorneys, and accountants, who marketed, distributed and supported the AEGIS fraudulent trust systems. Assisted by contacts in Belize, the defendants transferred their business assets, homes, and other assets into these trusts or into bank accounts corresponding to these trusts. The defendants, acting in concert with AEGIS, filed tax returns which made it appear they had passed their business income through a series of trust or Asset Management Companies which ultimately paid little or no taxes. AEGIS instructed the defendants to use various legal documents known as the "Aegis Audit Arsenal" in an attempt to further perpetrate the AEGIS system and to thwart IRS inquiries into the Aegis trust scheme . The Defendants were advised to withhold information from IRS revenue agents, to respond to IRS inquiries or civil summonses for financial records with obstructive letters and questionnaires that AEGIS drafted and to resist IRS civil summonses by filing meritless motions to quash IRS summonses, in an attempt to further perpetrate the AEGIS system and to thwart IRS inquiries into the Aegis trust scheme.

The successful prosecution is the result of an investigation conducted by the Internal Revenue Service Criminal Investigation. The case was prosecuted by Norman Smith, Assistant United States Attorney for the Southern District of Illinois.

If you suspect or know of an individual or company that is not complying with the tax laws, you may report this activity by contacting the local Internal Revenue Service/Criminal Investigation Office or by mailing information to: Internal Revenue Service, Fresno, CA 93888

Please include the following information, if available:

Name and address of the person you are reporting

The taxpayer identification number (social security number for an individual or employer identification number for a business)

A brief description of the alleged violation, including how you became aware of or obtained the information

The years involved

The estimated dollar amount of any unreported income

Your name, address and daytime telephone number

*Although you are not required to identify yourself, it is helpful to do so. Your identity can be kept confidential. You may also be entitled to a reward.*