

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

UNITED STATES OF AMERICA	:	CRIMINAL NO. _____
v.	:	DATE FILED: December 8, 2009
CRAIG L. BITTERMAN,	:	VIOLATIONS:
a/k/a “Gary Swift,”		18 U.S.C. § 371 (conspiracy to defraud
a/k/a “Tip Long,”	:	the United States - 1 count)
a/k/a “B.L. Martin,”		18 U.S.C. § 1503(a) (obstruction of justice
a/k/a “John Stoltzfus,”	:	- 1 count)
CHESTER A. BITTERMAN, JR.,		
a/k/a “E.D. Dole,”	:	
a/k/a “A.L. Hess,”		
a/k/a “A.L. Reddinger,”	:	
C. GRANT BITTERMAN,		
a/k/a “Greg Grubb,”	:	
a/k/a “D. Sensenig,”		
a/k/a “Robert Martin,”	:	
CURTIS L. BITTERMAN,		
a/k/a “Ole Boggs,”	:	
a/k/a “J. Smith,”		
a/k/a “Dan Miller”	:	

INDICTMENT

COUNT ONE

THE GRAND JURY CHARGES THAT:

At all times material to this indictment:

THE PARTICIPANTS

1. In or about January 1993, defendant CHESTER A. BITTERMAN, JR. and his sons, defendants CRAIG L. BITTERMAN, C. GRANT BITTERMAN, and CURTIS L. BITTERMAN, (collectively referred to as “the defendants”) formed a business partnership called the Bitterman Scale Company (“BSC”). The partnership was formed to own and operate BSC, an industrial scale company established as a sole proprietorship by defendant CHESTER

A. BITTERMAN, JR. in 1961.

2. On or about December 29, 1997, the defendants, after attending a Commonwealth Trust Company (“CTC”) seminar, sold their shares in the Bitterman Scale Company partnership to a trust purchased from CTC. The resulting trust – which nominally held their business partnership – was also called the Bitterman Scale Company (“BSC trust”).

3. From about December 29, 1997 to about May 27, 2003, defendant CHESTER A. BITTERMAN, JR. served as the general manager of the BSC trust.

4. On or about May 27, 2003, defendant CHESTER A. BITTERMAN, JR. resigned as general manager of the BSC trust. Defendant CRAIG L. BITTERMAN then began serving as the general manager of the BSC trust.

5. On or about May 2, 2005, defendants CRAIG L. BITTERMAN, C. GRANT BITTERMAN, and CURTIS L. BITTERMAN converted the BSC trust entity to a limited liability corporation.

THE COMMONWEALTH SCHEME

6. CTC was a company formed in 1988 with the primary purpose of assisting its customers in the evasion of taxes. Through conferences and seminars, CTC promoted, sold, and serviced various schemes to defraud the Internal Revenue Service (“IRS”). Under the guise of “privacy and asset protection,” CTC sold and serviced abusive trust products to assist its customers in hiding income and assets from the IRS. CTC sold three types of abusive trust products: a Pure Trust Organization (“PTO”), a Private Company Trust (“PCT”), and an Internationally-Based Corporation (“IBC”).

7. As part of the services it sold to customers, CTC paid people to sign trust

documents as trustees. On paper, these trustees appeared to have access to and control of the customers' assets. In reality, the customers retained total access and total control. The trustees did not conduct any business with respect to any of the trusts, did not hold any meetings with respect to the trusts, did not take any action with respect to the trusts, had no contact with the customers, and had no control over the assets in the trusts. Indeed, CTC's trusts were merely alter egos of the customers that used them.

8. CTC taught its customers to use trust documents to transfer their assets into PTOs so customers would no longer appear to have any equity interest in the assets. CTC also instructed its customers to encumber their assets with sham liens or mortgages held in the names of other PTOs. In addition, CTC taught its customers to run their businesses out of PCTs, and to deduct net profits in the form of bogus leases, management fees, and fiduciary fees to other trusts, so that it would appear that the businesses had no taxable income.

9. Moreover, CTC encouraged its customers to move the money from these bogus deductions to offshore bank accounts, typically in tax haven countries, where money could be held in the name of IBCs. Like CTC's other abusive trust products, these IBCs were merely shell companies controlled by customers. The bank accounts and IBCs in tax haven countries enabled CTC customers to further shield their identities and manage assets outside the reach of the United States government and, in particular, the IRS. CTC taught its customers to repatriate the offshore money back into the United States through the use of ATM cards, wire transfers or bogus loans.

10. CTC encouraged the use of aliases to hide customers' identities from the IRS. CTC offered mail forwarding services and encouraged the use of post office boxes to

further hide customers' identities from the IRS. CTC also encouraged customers to avoid a paper trail in their personal finances whenever possible by using cash or money orders and investing in precious metals.

THE CONSPIRACY

11. From at least January 1996 to in or about December 2005, in the Eastern District of Pennsylvania and elsewhere, the defendants

CRAIG L. BITTERMAN,
a/k/a "Gary Swift,"
a/k/a "Tip Long,"
a/k/a "B.L. Martin,"
a/k/a "John Stoltzfus,"
C. GRANT BITTERMAN,
a/k/a "Greg Grubb,"
a/k/a "D. Sensenig,"
a/k/a "Robert Martin,"
CHESTER A. BITTERMAN, JR.,
a/k/a "E.D. Dole,"
a/k/a "A.L. Hess,"
a/k/a "A.L. Reddinger,"
and
CURTIS L. BITTERMAN,
a/k/a "Ole Boggs,"
a/k/a "J. Smith,"
a/k/a "Dan Miller,"

conspired and agreed, together and with others known and unknown to the grand jury, to commit an offense against the United States, that is, to defraud the United States by impeding, impairing, obstructing, and defeating the lawful functions of the Internal Revenue Service of the Department of the Treasury in the ascertainment, computation, assessment, and collection of approximately \$400,000 in taxes.

MANNER AND MEANS

12. It was part of the conspiracy that the defendants – in conformance with the

aspects of the scheme outlined by CTC in its conferences and seminars– each agreed to sell their respective shares of the BSC family partnership to the BSC trust, which they purchased from the Commonwealth Trust Company (“CTC”).

It further was part of the conspiracy that:

13. The defendants CRAIG L. BITTERMAN, C. GRANT BITTERMAN, CHESTER A. BITTERMAN, JR., and CURTIS L. BITTERMAN, and others known and unknown to the grand jury, engaged in a series of fraudulent paper transactions that had no economic substance or business purpose and resulted in the concealment from the IRS of the defendants’ business and personal assets and income for the purpose of attempting to illegally reduce or eliminate their income tax liability.

Fraudulent Business Transactions

14. In connection with these fraudulent paper transactions, the defendants transferred their business assets (including real property, equipment, and account receivables) to the below-listed trusts purchased from CTC in series of paper transactions designed to conceal the control they continued to exercise over their business assets.

- a. “Tidewater Leasing,” which nominally held business vehicles;
- b. “Friendship Leasing Services,” which nominally held business equipment;
- c. “The Chesterfield Group,” which nominally held business real estate;
- d. “Alanmore Foundation,” which nominally held the health insurance reimbursement plan for the business;

- e. “Eastview Equities,” which nominally held the payroll for business employees; and
- f. “Business Offices,” which nominally owned cellular telephones for the business and also served as a cover for an offsite location where the defendants processed and generated sham invoices and receipts for these bogus payments; and
- g. “Institute for Equity Management,” which nominally distributed weekly pay to the defendants in the form of cash so as to hide the true amount of income they derived from their business.

15. The defendants arranged bogus cash payments from the BSC trust to these other trusts and fraudulently represented that the payments were for leases, management fees, and fiduciary fees. The defendants then submitted tax returns for the BSC trust that took fraudulent deductions for these bogus payments to create the appearance of minimal or no taxable income for their business.

16. To thwart collection efforts by the IRS, the defendants funneled funds through bank accounts in the names of CTC trusts, including “WJM Resources” and “Conestoga Co-Op.” The defendants used these trusts to make it appear as if they had no affiliation with the bank accounts. In reality, the defendants had total control over the bank accounts. The defendants also used a post office box that was opened in the name of “WJM Resources” to hide correspondence from the IRS.

17. After the IRS levied the bank account and receivables of the Bitterman Scale Company, the defendants instructed their business customers to pay another CTC trust

named “Old South Services” to further thwart collection efforts by the IRS.

18. To prevent the IRS from obtaining records linking defendants to fraudulent transactions, defendant CRAIG L. BITTERMAN regularly supervised the shredding of records and defendant C. GRANT BITTERMAN regularly burned the shredded records to keep those records from the IRS. After BSC was served with a federal grand jury subpoena requiring the production of trust records, defendant CRAIG L. BITTERMAN shipped trust records to CTC’s “Trustee Services” in Texas and New Mexico to keep those records from the grand jury.

Fraudulent Transactions Involving Personal Assets

19. The defendants also conducted a series of fraudulent paper transactions in order conceal their personal assets and income from the IRS. The defendants transferred their personal assets (including vehicles and real estate) to the below-listed trusts purchased from CTC in a series of paper transactions designed to make it appear as though the defendants had little or no personal assets:

a. “Bellwether Fiduciary Fund,” which nominally held vehicles for defendant CHESTER A. BITTERMAN, JR.;

b. “Caldew Equity Foundation,” which the defendants used to place bogus liens on personal assets (or on trusts that held their assets);

c. “TPL Services,” which nominally held vehicles for defendant CURTIS L. BITTERMAN and D.B.;

d. “Lark Leasing Systems,” which nominally held vehicles for defendant C. GRANT BITTERMAN and J.B.;

e. “RL Resources,” which nominally held vehicles for defendant CRAIG L. BITTERMAN and D.B.;

f. “Switchback Marketing,” which nominally held real estate for defendant CURTIS L. BITTERMAN and D.B.;

g. “Kingfish Enterprises,” which nominally held real estate for defendant C. GRANT BITTERMAN and J.B.; and

h. “Perennial Systems,” which nominally held real estate for defendant CRAIG L. BITTERMAN and D.B.

20. The defendants also placed their own bogus liens or mortgages on their personal assets (or on trusts that held their assets) so it would appear to the IRS that the defendants had no assets that could be levied or seized.

21. The defendants used “Dartbridge Foundation Group,” and other trusts, aliases, and associated bank accounts to make their tuition payments for their children appear as if they were scholarships from third parties.

22. The defendants arranged for sham transfers of real estate to their children so as to avoid any liens by the IRS.

23. The defendants used offshore bank accounts in the British Virgin Islands to hide their money from the IRS. The defendants then repatriated their money – via wire transfers – back into the United States from offshore accounts in the names of “Eden International Services” and “Stonehedge Foundation Ltd.,” which were trusts that they purchased from CTC.

OVERT ACTS

In furtherance of the conspiracy, defendants CRAIG L. BITTERMAN, C. GRANT BITTERMAN, CHESTER A. BITTERMAN, JR., and CURTIS L. BITTERMAN, and others known and unknown to the grand jury, committed the following overt acts in the Eastern District of Pennsylvania and elsewhere:

1. In or about 1996, defendant CRAIG L. BITTERMAN and D.B. transferred their ownership in real estate to “Perennial Systems” in exchange for approximately \$20.

2. On or about January 31, 1996, defendant CHESTER A. BITTERMAN, JR. and M.B. transferred their ownership in real estate to “The Chesterfield Group” for no consideration.

3. On or about May 6, 1996, A.R. opened a post office box in Lancaster, Pennsylvania under the name of “WJM Resources.”

4. On or about October 10, 1996, defendant C. GRANT BITTERMAN and J.B. transferred their ownership in real estate to “Kingfish Enterprises” in exchange for approximately \$10.

5. On or about October 10, 1996, defendant CURTIS L. BITTERMAN and D.B. transferred their ownership in real estate to “Switchback Marketing” in exchange for a sum of approximately \$20.

6. On or about December 29, 1997, defendants CRAIG L. BITTERMAN, C. GRANT BITTERMAN, CHESTER A. BITTERMAN, JR., and CURTIS L. BITTERMAN sold their shares in their business partnership to a trust they purchased from CTC.

7. On or about August 25, 1998, defendant CRAIG L. BITTERMAN wrote a

check – under the alias “Tip Long” – on behalf of “Conestoga Co-Op” to Locust Grove Mennonite School for \$1,475.

8. On or about November 24, 1998, defendant CURTIS L. BITTERMAN purchased a 1985 Toyota Cressida from R.B. and arranged to transfer the title to this vehicle from R.B. to “TPL Services.”

9. On or about April 24, 2000, defendant CRAIG L. BITTERMAN opened a bank account at Blue Ball National Bank for “Conestoga Co-Op” under the alias “Tip Long.”

10. On or about May 25, 2000, defendant CHESTER A. BITTERMAN, JR. sent a letter to the IRS postponing an interview with an IRS Revenue Agent until he received instructions from a nominal trustee of the BSC trust.

11. On or about June 22, 2000, defendant CHESTER A. BITTERMAN, JR. wrote a \$5,000 check – under the alias “A.L. Hess” – on behalf of “Conestoga Co-Op” to Splendor Boats as a deposit on a 26-foot power boat.

12. On or about October 11, 2000, defendant CHESTER A. BITTERMAN, JR. sent a letter to the IRS stating that he could not comply with a summons from the IRS requiring the production of BSC trust documents because he was not a custodian of records for the BSC trust.

13. On or about October 16, 2000, defendant CHESTER A. BITTERMAN, JR. completed his purchase of a 26-foot power boat from Splendor Boats for approximately \$27,000. At defendant CHESTER A. BITTERMAN, JR.’s request, Splendor Boats titled the boat in the name of “Bellwether Fiduciary Fund.”

14. On or about January 29, 2001, defendant CHESTER A. BITTERMAN,

JR. purchased a 2001 Toyota Tundra under the alias “Al Reddinger” and arranged to have the vehicle titled in the name of “Bellwether Fiduciary Fund.”

15. On or about May 22, 2001, defendant CRAIG L. BITTERMAN opened a bank account at Blue Ball National Bank for “Business Offices” under the alias “John Stoltzfus.”

16. On or about November 28, 2001, defendant CRAIG L. BITTERMAN wrote a check on behalf of “WJM Resources” for approximately \$77,780 to Gaithersburg Coin Exchange in Gaithersburg, Maryland to pay for platinum, gold, and silver coins.

17. On or about December 6, 2001, defendant CRAIG L. BITTERMAN wired approximately \$9,613 in funds from an offshore bank account in the name of “Eden International Services” to Gaithersburg Coin Exchange in Gaithersburg, Maryland to pay for gold and silver coins.

18. In or about February 2002, L.W. opened a bank account in the name of “WJM Resources.”

19. On or about May 9, 2003, defendant CRAIG L. BITTERMAN and D.B. placed a sham mortgage on their residence, purporting to borrow \$25,000 from “Perennial Systems.”

20. On or about September 15, 2003, R.S. cashed a check from Eastview Equities for \$12,000 on behalf of defendant CRAIG L. BITTERMAN.

21. On or about June 18, 2004, defendant CRAIG L. BITTERMAN faxed a letter to the IRS providing contact information for trustees who purportedly controlled the “Institute for Equity Management,” “Alanmore Foundation Group,” “Friendship Leasing Service,” “Tidewater Services” and “The Chesterfield Group.”

22. On or about October 9, 2004, defendant CHESTER A. BITTERMAN, JR. purchased a 2005 Toyota Camry and arranged to have the vehicle titled in the name of “Bellwether Fiduciary Fund.”

23. On or about April 2, 2005, after a federal grand jury subpoena was served on BSC requiring the production of trust records, defendant CRAIG L. BITTERMAN shipped trust records via United Parcel Service to CTC’s “Trustee Services” in The Woodlands, Texas so as to keep those trust records from the grand jury.

24. On or about May 1, 2005, R.W. cashed a check from “Eastview Equities” for \$15,000 on behalf of defendant CRAIG L. BITTERMAN.

25. On or about May 8, 2005, R.W. cashed a check from “Eastview Equities” for \$15,000 on behalf of defendant CRAIG L. BITTERMAN.

26. On or about May 14, 2005, R.W. cashed a check from “Eastview Equities” for \$15,000 on behalf of defendant CRAIG L. BITTERMAN.

27. On or about May 22, 2005, R.W. cashed a check from “Eastview Equities” for \$15,000 on behalf of defendant CRAIG L. BITTERMAN.

28. On or about May 30, 2005, R.W. cashed a check from “Eastview Equities” for \$15,000 on behalf of defendant CRAIG L. BITTERMAN.

29. On or about June 4, 2005, after a grand jury subpoena was served on BSC requiring the production of trust records, defendant CRAIG L. BITTERMAN shipped trust records via United Parcel Service to CTC’s “Trustee Services” in The Woodlands, Texas and Albuquerque, New Mexico so as to keep those trust records from the grand jury.

30. On or about August 15, 2005, R.W. cashed a check from “Eastview

Equities” for \$11,000 in cash.

31. On or about August 30, 2005, defendant CRAIG L. BITTERMAN and C.A. arranged to transfer the title for a 1990 Honda Civic from “RL Resources” to D.B.

32. On or about September 29, 2005, defendants C. GRANT BITTERMAN, CRAIG L. BITTERMAN and C.A. arranged to transfer the title to a 1994 Volkswagen Jetta and a 1994 Chevrolet Suburban from “Lark Leasing Systems” to J.B.

33. On or about October 5, 2005, defendant CRAIG L. BITTERMAN wired funds from an offshore bank account in the name of “Stonehedge Foundation Ltd.” to Gaithersburg Coin Exchange in Gaithersburg, Maryland to pay for approximately \$189,736 worth of gold and silver coins.

34. In or about December 2005, defendant CRAIG L. BITTERMAN arranged sham transfers of real estate from “Perennial Systems,” to C.B. in exchange for a purported sum of approximately \$377,000.

35. On or about December 6, 2005, defendant C. GRANT BITTERMAN arranged a sham transfer of real estate from “Kingfish Enterprises” to D.B. in exchange for a purported sum of approximately \$125,000.

36. On or about December 12, 2005, defendant CURTIS L. BITTERMAN arranged sham transfers of real estate from “Switchback Marketing” to J.B. in exchange for a purported sum of approximately \$288,500.

All in violation of Title 18, United States Code, Section 371.

COUNT TWO

THE GRAND JURY FURTHER CHARGES THAT:

1. On or about March 7, 2005, the federal Grand Jury for the Eastern District of Pennsylvania issued a grand jury subpoena to “Craig Bitterman, General Manager, Bitterman Scale Company Trust.” The grand jury subpoena commanded the production – by April 12, 2005 – of all records relative to the “Bitterman Scale Company Trust” and specifically-identified trust entities since their inception. The grand jury subpoena also called for trust agreements, minutes of trustee meetings, operating manuals, identification of current and former trustees and beneficiaries, records of properties transferred to trusts, bank records and accounting records, trust tax returns, and correspondence.

2. On or about March 24, 2005, the grand jury subpoena was served at the BSC office on E.S., a BSC employee, who agreed to accept service on behalf of defendant CRAIG L. BITTERMAN.

3. On or about April 2, 2005, defendant CRAIG L. BITTERMAN shipped trust records via United Parcel Service to CTC’s “Trustee Services” location in The Woodlands, Texas so as to keep those trust records from the grand jury.

4. On or about June 4, 2005, defendant CRAIG L. BITTERMAN shipped trust records via United Parcel Service to CTC’s “Trustee Services” locations in The Woodlands, Texas and Albuquerque, New Mexico so as to keep those trust records from the grand jury.

5. From on or about March 24, 2005 to on or about June 4, 2005, in the Eastern District of Pennsylvania, defendant

**CRAIG L. BITTERMAN,
a/k/a “Gary Swift,”
a/k/a “Tip Long,”
a/k/a “B.L. Martin,”
a/k/a “John Stoltzfus”**

corruptly endeavored to influence, obstruct, and impede the due administration of justice, that is, the federal grand jury investigation of CRAIG L. BITTERMAN, CHESTER A. BITTERMAN, JR., C. GRANT BITTERMAN, and CURTIS L. BITTERMAN for conspiring to defraud the United States, by shipping trust records to CTC’s “Trustee Services” locations in The Woodlands, Texas and Albuquerque, New Mexico so as to keep those trust records from the grand jury.

In violation of Title 18, United States Code, Section 1503.

A TRUE BILL:

GRAND JURY FOREPERSON

**MICHAEL L. LEVY
UNITED STATES ATTORNEY**