



U.S. Department of Justice

Carlie Christensen

**United States Attorney
District of Utah**

**FOR IMMEDIATE RELEASE
April 8, 2011**

**CONTACT: MELODIE RYDALCH
U. S. Attorney's Office
801-325-3206
801-243-6475 (cell)**

**NEWS RELEASE
*ST. GEORGE MAN PLEADS GUILTY
TO OBSTRUCTING TAX LAWS***

SALT LAKE CITY – Kenneth J. Neilson, age 63, of St. George, pleaded guilty to one count of interference with the administration of tax laws Thursday afternoon, admitting that he corruptly tried to obstruct or impede federal revenue laws from about March 1996 to June 2005.

U.S. District Judge Ted Stewart set sentencing for Sept. 6, 2011, in St. George. Neilson faces up to three years in prison and a fine of \$250,000 for the conviction.

As a part of a plea agreement with federal prosecutors, Neilson admitted that he used third parties to transfer property to trusts; reported financial information to the IRS that was different from information he reported to lenders from whom he was seeking loans; mailed frivolous letters and documents to the IRS; presented "bills of exchange" as payment of his tax debts; claimed to be a sovereign citizen of the State of Utah and not subject to laws of the United States; and sent harassing documents to the IRS seeking personal information of all IRS employees.

Neilson was charged with tax evasion and interference with the administration of internal revenue laws in a two-count indictment returned by a federal grand jury in May 2009. The indictment charged the defendant with attempting to frustrate the IRS's efforts to collect taxes from him by transferring property to and hiding income in various trusts and other entities he controlled through the use of nominees.

###