KEVIN V. RYAN (CSBN 118321)
United States Attorney

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RICHARD W. WIEKING
CLERK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

SAN FRANCISCO DIVISION

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UNITED STATES OF AMERICA, Plaintiff, v. JEROME SCHNEIDER, ERIC WITMEYER, Defendants.	)))))))))	CR No. 02 0403 VIOLATIONS: 18 U.S.C. § 371 - Conspiracy to Defraud the United States; 18 U.S.C. § 1343 - Wire Fraud; 18 U.S.C. § 1341 - Mail Fraud SAN FRANCISCO VENUE

INDICTMENT

The Grand Jury charges:

COUNT ONE: (18 U.S.C. § 371)

[CONSPIRACY TO DEFRAUD THE UNITED STATES]

INTRODUCTION

1. The Internal Revenue Service (IRS) is an agency of the United States within the Department of the Treasury of the United States.

2.(a) The Internal Revenue Code (Title 26, United States Code) (IRC) refers to the statutes and laws of the United States concerning, among other things, tax liability.

(b). Income tax refers to the tax due the United States for personal or business income under the IRC.

(c) The term U.S. taxpayer refers to all persons subject to tax in the United States. U.S. citizens and resident aliens are liable for federal income taxes on income received from sources within or without the United States.

3. The defendant Jerome Schneider is a U.S. citizen who resided in Vancouver, British Columbia, Canada and Mill Valley, California and who did business in Vancouver, British Columbia, Canada, San Francisco, California, and Manhattan Beach, California, under the names Premier Corporate Services, LTD; Premier Financial Advisors, LLC; Premier Management Services LTD; Wilshire Publishing; and other entities; in or about and between January 1994 and continuing to a date unknown.

4. Beginning in or about October 1994 and continuing until a date unknown the offices of Premier Corporate Services, LTD and Premier Management Services LTD, were located at offices in Vancouver, British Columbia, Canada.

5. On or about September 16, 2000 the defendant Jerome Schneider leased office space in San Francisco, California at 100 Spear Street, Suite 1850 in the name of Premier Financial Advisors, LLC and occupied that space until approximately May 31, 2001.

6. The defendant Eric Witmeyer was an attorney licensed to practice law in the State of California, who resides and maintains offices in Los Angeles, California.

7. The Internal Revenue Service Criminal Investigation (CI) investigates criminal violations of the IRC and other criminal statutes. In the course of its investigation of Jerome Schneider and Eric Witmeyer, CI utilized undercover operatives who were Special Agents with CI. The undercover operatives posed as U.S. taxpayers interested in acquiring an offshore international bank or corporation from defendant Schneider and having it "decontrolled" by defendant Witmeyer. The undercover operatives had face to face meetings and telephone conversations with the defendants and paid funds to the defendants to purchase an offshore international bank and have it decontrolled.

8. "Decontrol" is a process used by defendants to conceal the U.S. taxpayer investor's ownership in an offshore international bank or corporation.

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9. During the course of this investigation, the undercover operatives utilized personal names, the names of business and corporate entities, and bank accounts, which unbeknownst to the defendants, were actually undercover names, accounts, and business entities, which the undercover operatives utilized to help conceal the fact they were CI Special Agents working in an undercover capacity.

CONSPIRACY

10 Beginning in or about January 1994 and continuing to December 31, 2001 in the Northern District of California, and elsewhere, the defendants

JEROME SCHNEIDER and

ERIC WITMEYER,

did knowingly conspire and agree with each other and others known and unknown to the grand jury, directly and indirectly:

a) by use of the means of wire communication in interstate commerce and by use of the mails, in the offer for sale of the stock of Nauru trading corporations licensed as international banks and other offshore corporations and the decontrol of those entities, to use and employ a device or scheme to defraud in violation of 18 U.S.C. §§ 1343 and 1341; and

b) to defraud the United States by impeding, impairing, obstructing and defeating the lawful Government function of the IRS in the ascertainment, computation, assessment, and collection of income tax.

MANNER AND MEANS BY WHICH THE CONSPIRACY WAS CARRIED OUT

11. Beginning in or about January 1994, and continuing until a date unknown, the defendants devised a scheme by which they marketed and sold to U.S. taxpayer investors the stock of Nauru trading corporations licensed in Nauru as international banks and other offshore corporations (hereinafter referred to as a offshore entity) and attempted to structure the transactions to conceal the U.S. taxpayer's ownership in the offshore entity through a so-called "decontrol" process.

12. Nauru is an island nation located in the Pacific north of the Solomon Islands and just south of the equator with a population of approximately 10,000 people.

13. It was part of the conspiracy to lull prospective purchasers into believing that the ownership of a offshore entity and it's "decontrol" would allow U.S. taxpayers to evade the payment of income tax on income earned or gain realized by the offshore entity or income tax on current income of the U.S. taxpayer transferred to an account in the name of the offshore entity in a financial institution located outside the United States.

14. Defendant Schneider marketed and sold offshore entities to U.S. taxpayers for approximately $15,000 to $60,000. Defendant Witmeyer "decontrolled" the offshore entity for a fee of approximately $15,000.

15. The purpose of the "decontrol" process was to attempt to conceal a U.S. taxpayers's ownership and control in and over the offshore entities.

16. Defendant Jerome Schneider promoted the sale of his offshore entities in publications entitled "How To Own Your Own Private International Bank"; "Jerome Schneider's Complete Guide to Offshore Money Havens"; and "Hiding Your Money," which he advertised for sale through airline in-flight magazines such as Sky Mall on Southwest, US Air, and Delta Air Lines and American Way on American Airlines, and in ads in newspapers such as the Wall Street Journal. These publications were distributed by Wilshire Publishing located in Manhattan Beach, California, which was owned by defendant Schneider.

17. The defendant Jerome Schneider marketed the sale of his offshore entities at events called Offshore Wealth Summits. Such events were conducted in Vancouver, British Columbia, Canada on March 18-20, 1996; Cancun, Mexico on November 20-22, 1996; at the Waterfront Centre Hotel in Vancouver, British Columbia, Canada on April 2 - 4, 1998; at the Ritz Carlton Hotel, Cancun, Mexico on December 9 - 11, 1998; at the Waterfront Center Hotel, Vancouver, British Columbia, Canada on June 24 - 26, 1999; and at the Ritz - Carlton, Kapalua, Maui, Hawaii on December 9 - 11, 1999.

18. The defendant Jerome Schneider was the conference leader at the Offshore Wealth Summits and presented speakers at the Offshore Wealth Summits who would discuss subjects such as "How to Start up a Bahamas or Cayman Islands Bank For High Net Worth Individual" or "Owning Your Own Bank For The Ultimate In Profit, Privacy and Tax

Protections." The defendant Witmeyer was present for at least some if not all of these conferences.

19. Speakers were presented at the Offshore Wealth Summits such as Congressmen, politicians, public figures, and others who did not speak about the purchase of offshore entities but who were presented by defendant Schneider as speakers to impress the attendees at the Offshore Wealth Summits as to the legitimacy of use of offshore entities by U.S. taxpayers to evade the payment of income tax on income or gain earned or realized by the offshore entity or income of the U.S. taxpayer transferred to an account in the name of the offshore entity.

20. Defendant Jerome Schneider provided private consultations during the Offshore Wealth Summits for a fee of $200 per half-hour to attendees for them to ask questions that defendant Jerome Schneider believed would not be properly addressed in a large public forum.

21. No business was conducted by any Nauru banks purchased by U.S. taxpayer investors on Nauru. Nor was any bank account established in their name in any financial institution on Nauru. The defendants would cause accounts in the name of the Nauru bank to be established in financial institutions located outside the United States.

22. Defendant Schneider referred U.S. taxpayer investors who bought an offshore entity to defendant attorney Witmeyer for the purpose of "decontrolling" the offshore entity.

23. The defendants advised the U.S. taxpayers that they could receive back the funds they had transferred to the offshore entity through tax-free loans.

24. The defendants prepared paperwork for both the purchase of the offshore entity by the U.S. taxpayer investors and the "decontrol" of that entity.

25. In the decontrol process structured by the defendants, the U.S. taxpayer investor paid defendant Schneider approximately $15,000 to $60,000 for the offshore entity and then defendants sold the U.S. taxpayer investor's interest in the offshore entity to a so-called "Independent Foreign Owner" (IFO) in exchange for a promissory note in an amount large enough to make it appear as if there was a bona fide and negotiated sale of the offshore entity to the IFO. The amount of the promissory note was arbitrally set by the defendants. There were no negotiations between the U.S. taxpayer investor and the IFO as to the sale price of the offshore

entity. The promissory note was payable by the IFO only if and to the extent that the offshore entity paid dividends in excess of approximately $4,000, after payment of any applicable income taxes.

26. The defendants selected the IFO for the U.S. taxpayer investor, using an entity located outside United States, such as, St.Thomas Investments LTD, which is incorporated under the laws of the Bahamas. The IFO received an annual fee to act as the IFO and had no material role or control in or over the activities of the offshore entity.

27. The defendants generally created a trust called a shareholder purpose trust (SPT), whose trustee would receive 49% of the shares of the stock in the offshore entity from the IFO.

28. The defendants selected the trustee of the SPT, using an entity outside the United States, such as AMS Trustees Limited, a company incorporated and doing business under the laws of British Virgin Islands.

29. Under the decontrol process structured by defendants, the U.S. taxpayer would become a consultant to the offshore entity and create a business plan for the operation of the offshore entity, which the IFO and SPT were required to follow.

30. It was part of the conspiracy for the defendants to represent to prospective clients that despite the "decontrol" of the offshore entity, the U.S. taxpayer in fact controlled the offshore entity.

31. It was part of the conspiracy for the defendants to use financial institutions, individuals, and entities located outside the U.S., to conceal the activities of the offshore entities from the IRS.

OVERT ACTS

In furtherance of the conspiracy and to affect the objects thereof, the defendants, and others action on their behalf, committed the following overt acts in the Northern District of California and elsewhere:

32. On or about April 5, 1994 the defendant Witmeyer accepted from Vincent Linz two checks totalling $15,000 as a deposit towards the purchase of an offshore entity.

33. On or about April 1, 1995 defendant Schneider met with Carmine DelliQuadri in San Francisco and subsequently sold him an offshore entity.

34. On or about and between May 4, 1995 and September 1, 1995 defendant Witmeyer accepted three checks from Carmine Delliquadri totally $40,000 in payment for a Nauru bank.

35. On or about and between April 11, 1996 and July 11, 1996 defendant Schneider sold a Nauru bank and related entitics to Joseph Lawton for $40,000.

36. On or about February 27, 1998 defendant Witmeyer received $8,000 from Joseph Lawton to "decontrol" the entity referred to in paragraph 35 above.

37. On or about August 1996, defendant Schneider met with Jan Winetz at the Pan Pacific Hotel in San Francisco, California to discuss the purchase of an offshore entity.

38. On or about October 24, 1996 defendant Schneider received $67,500 from Jan Winetz for the purchase of a Nauru bank called Almaden International Bank of Commerce and related expenses.

39. On or about December 14, 2000 defendant Witmeyer received $15,000 from Jan Winetz to "decontrol" the Nauru bank referred to in paragraph 38 above.

40. On or about October 6, 1997 defendant Schneider sold a Nauru bank to Naum Grafman for $40,000.

41. On or about January 17, 1998 defendant Witmeyer accepted $15,000 from Naum Grafman to "decontrol" the Nauru bank referred to in paragraph 40 above.

42. On or about March 4 and 5, 1998, defendant Schneider sold a Nauru bank to Steve Cloyes for $43,000.

43. On or about April 8, 1998 defendant Eric Witmeyer accepted $15,000 from Steve Cloyes to "decontrol" the Nauru bank referred to in paragraph 42 above.

44. On April 2-4, 1998 defendant Schneider sponsored an Offshore Wealth Summit in Vancouver, British Columbia, Canada, which was attended by a CI undercover operative using the name Mark Austin.

45. Undercover operative Mark Austin posing as a prospective client had numerous

phone calls with the defendant Schneider and his employees and one meeting with defendant Schneider in Vancouver, British Columbia, Canada between the period April 2, 1998 and March 11, 1999. In these telephone conversations and meeting, the defendant Schneider and his agents described the offshore entities they were selling; the decontrol process to be undertaken after the offshore entity was purchased; and how the offshore entity could be used to evade the payment of taxes on income or gain earned or realized by the offshore entity or income tax on the income of the U.S. taxpayer transferred to an account in the name of the offshore entity. Undercover operative Mark Austin was referred by defendant Schneider to defendant Witmeyer for the purpose of decontrolling any offshore entity he purchased from defendant Schneider.

46. On or about November 16, 1998 defendant Schneider sold Clint Goodrich a Nauru bank called Security Development Bank Inc. for $40,000.

47. On or about May 10, 1999 defendant Witmeyer accepted $15,000 from Clint Goodrich to "decontrol" the Nauru bank referred to paragraph 46 above.

48. On or about March 31, 1999 defendant Schneider sold to Andrew Gaeddert a Nauru bank for $30,000.

49. On or about May 19, 1999 defendant Witmeyer received $15,000 from Andrew Gaeddert to "decontrol" the Nauru bank referred to in paragraph 48 above.

50. In June 1999, CI undercover operatives using the names Michael Jordan and William Palmer, posing as prospective clients, had numerous phone calls with the defendants and their employees and one meeting with each defendant between the period June 3, 1999 and December 5, 2000. In these telephone conversations and meetings the defendants described the offshore entities they were selling; the decontrol process to be undertaken after the offshore entity was purchased; and how the offshore entity could be used to evade the payment of income taxes.

51. On or about September 3, 1999 defendant Schneider sold a Nauru bank called Southern Fidelity Development Bank Inc. for $60,000 to the CI undercover operatives. In addition, defendant Schneider accepted $17,900 in fees for the transaction which was sent by wire to an account maintained by Premier Management Services Ltd. at the Bank Montreal in

Vancouver, British Columbia, Canada.

52. On or about October 6, 1999, defendant Witmeyer accepted a total of $15,000 for the "decontrol" of the Nauru bank purchased in paragraph 51 above.

53. On or about October 1, 1999 defendant Schneider caused a bank account in the name of Southern Fidelity Development Bank to be opened up at the Bank of Montreal in Vancouver, British Columbia, Canada.

54. Between on or about November 1, 1999 and February 1, 2000, the defendants caused the CI undercover operatives to transmit $97,445 in funds to be deposited in the Southern Fidelity Development account at the Bank of Montreal. The CI undercover operatives had represented to the defendants that these funds were income earned by the undercover operatives during the year 1999 and 2000.

55. On about September 13, 1999 defendant Schneider sold a Nauru bank called World One Bank Corporation to Michael and Gayle Burstein for $30,000.

56. On or about October 8, 1999 defendant Witmeyer accepted $15,000 from the Bursteins to "decontrol" their Nauru bank referred to in paragraph 55 above.

57. On or about January 11, 2001 defendant Schneider accepted $20,625 in fees relating to World One Bank, Inc. from the Bursteins referred to in paragraph 55 above.

58. On or about August 22, 2000 defendant Schneider sold Michael Grossman a Nauru bank called Keystone Global Bank for $35,000.

59. On or about December 5, 2000 defendant Witmeyer received $20,000 to "decontrol" the Nauru bank referred to in paragraph 58 above.

60. On or about January 11, 2001 defendant Schneider received $16,860 in fees from Michael Grossman in relation to the purchase of the bank referred to in paragraph 58 above.

COUNTS TWO THROUGH FIFTEEN: (18 U.S.C. § 1343 -- Wire Fraud.)

61. Paragraphs 1 through 31 are hereby realleged and incorporated herein as if set forth in full in each of Counts Two through Fifteen.

62. On or about the dates below, in the Northern District of California and elsewhere, the defendants

JEROME SCHNEIDER and ERIC WITMEYER,

knowingly and intentionally devised and intended to devise a scheme and artifice to defraud and to obtain money by means of material false and fraudulent pretenses, representations, and promises, said scheme being more fully described in paragraphs 11 through 31 above.

63. The defendant Schneider, for the purpose of executing the scheme and artifice to defraud and in attempting to do so, did knowingly cause to be transmitted by means of wire communication in interstate or foreign commence, writings for the purpose of executing such scheme or artifice, each such use of the wires being a separate violation of Title 18, United States Code Section 1343 as follows:

Count	Date of Wire	Item Wired	Client Name
2	12/30/98	Invoice	Joe & Maria Lawton
3	04/01/99	$30,000 in funds wired to Premier Management Services	Andrew Gaeddert
4	06/24/99	Cover Letter and Administrative Services Agreement	Dr. Jan Winetz
5	09/24/99	Retainer Agreement	Michael Burstein Boris Gruzman
6	10/19/99	Facsimile and Invoice	Dr. Jan Winetz
7	12/23/99	Facsimile	Joe Lawton
8	03/21/00	Retainer Agreement and Consultation Notes	Jason Patel
9	03/23/00	Retainer Agreement and Credit Card Authorization	Jason Patel
10	03/24/00	Credit Card Authorizations	Jason Patel
11	03/29/00	Credit Card Authorizations	Jason Patel
12	05/08/00	Facsimile and Invoice	Dr. Jan Winetz
13	12/04/00	Letter	Dr. Jan Winetz
14	08/24/01	Statement of Account	Joe Lawton
15	09/05/01	Facsimile and Statement of Account	Jason Patel

COUNTS SIXTEEN THROUGH TWENTY THREE: (18 U.S.C. § 1341 -- Mail Fraud.)

64. Paragraph 1 through 31 are hereby realleged and incorporated herein as if set forth in full in each of Counts Twelve through Eighteen.

65. On or about the dates indicated below, in the Northern District of California and elsewhere, the defendants

JEROME SCHNEIDER AND ERIC WITMEYER,

knowingly and intentionally devised and intended to devise a scheme and artifice to defraud and to obtain money by means of material false and fraudulent pretenses, representations, and promises such scheme by more fully described in paragraphs 11 through 31 above.

66. The defendant, Eric Witmeyer, for the purpose of executing the scheme and artifice to defraud and in attempting to do so, did knowingly deliver and cause to be delivered by United States mail or private or commercial interstate carrier, the correspondence and other matter described below, each such use of the mails being a separate violation of Title 18 United States Code Section 1341:

Count	Date	Item Mailed	Client Name
16	02/04/98	Letter and attorney Client - Fee Arrangement	Joseph Lawton
17	10/01/99	Attorney - Client Fee Arrangement	Gayle Burstein
18	10/08/99	Letter	Gayle Burstein
19	07/03/00	Letter and Attorney - Client Fee Arrangement	Jason Patel
20	07/10/00	Letter	Jason Patel
21	07/14/00	Letter	Jason Patel

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Count	Date	Item Mailed	Client Name
22	12/07/00	Letter	Dr. Jan Winetz
23	12/15/00	Letter	Dr. Jan Winetz

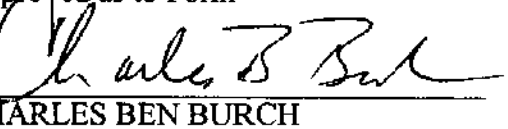
A TRUE BILL

Dated: _____

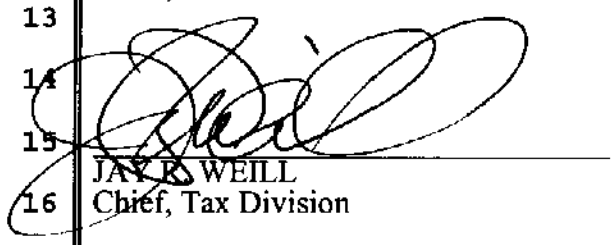
_____
FOREPERSON

KEVIN V. RYAN
United States Attorney

Approved as to Form



CHARLES BEN BURCH
Chief, Criminal Section



JAY R. WEILL
Chief, Tax Division