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JAMES BONINI, Clerk
CINCINNATI, OHIO

IN THE UNITED STATES DISTRICT COURT FOR THE
SOUTHERN DISTRICT OF OHIO
WESTERN DIVISION

UNITED STATES OF AMERICA, Plaintiff, v. DANA C. EWELL, individually and d/b/a as !SOLUTIONS! Group Defendant.	)	Civil No. 1:04 CV 305 J. DLOTT

COMPLAINT FOR PERMANENT INJUNCTION

This is a civil action brought by the United States to permanently enjoin Defendant Dana Ewell from promoting fraudulent tax schemes and impeding and obstructing administration and enforcement of the internal revenue laws.

Jurisdiction

1. This action has been requested by the Chief Counsel of the Internal Revenue Service, a delegate of the Secretary of the Treasury, and commenced at the direction of a delegate of the Attorney General, pursuant to Internal Revenue Code (I.R.C.) (26 U.S.C.) §§ 7402(a) and 7408.

2. Jurisdiction is conferred on this Court by 28 U.S.C. §§ 1340 and 1345 and I.R.C. §§ 7402(a) and 7408.

3. Ewell resides within this judicial district at 7176 Royalgreen Drive, Cincinnati, Ohio 45244.

Facts Common to All Counts

4. Dana C. Ewell conducts business through !SOLUTIONS! Group, an unincorporated entity. According to Ewell's website, !SOLUTIONS! Data Services Co., !SOLUTIONS!

National Corporation, !SOLUTIONS! Enterprises Inc., and !SOLUTIONS! Publishing Company are all under the !SOLUTIONS! Group umbrella.

5. Ewell, doing business as !SOLUTIONS! Group and its related entities, promotes and sells abusive tax schemes using the telephone and the Internet through the websites www.federaltax.net, www.solgroup.com, www.no1040s.com, www.besttaxshelter.com, and www.puretrust.com.

6. Ewell sells two abusive tax schemes, the Liberty Pure Trust and The Liberty Product Series. According to Ewell's websites, these are the "TWO specific things you can do, right now, to totally ELIMINATE any potential federal tax liability."

7. Ewell instructs customers who purchase the Liberty Pure Trusts to put their business and personal assets into these trusts. Once the property is in the trust's name, customers are told to stop complying with all regulatory agencies and to stop paying taxes. The individual customer is appointed the trust's "general manager," however, and thus the trusts are shams used only to conceal the customer's control over his income and assets.

8. The Liberty Pure Trust is illegal and violates the Internal Revenue Code.

9. The Liberty Product Series includes, among other things, the "Liberty Action Pack" and the "Liberty Redemption Pack." According to Ewell's websites, "once you have completed both of these programs, you will be FREE from the IRS's illegal federal taxes."

10. The Liberty Action Pack purports to show customers how to drop out of the federal tax system. The Liberty Redemption Pack purports to teach customers, among other things, how "to file the PROPER form - if [they] must file (and it is NOT the Form 1040.)"

11. On information and belief, Ewell also sells and promotes abusive tax schemes

through the Organic Sovereign Freeman Compendium, the Liberty Master Pack, and the Onshore, Offshore, International Investment Opportunity.

12. In promoting his fraudulent tax schemes, Ewell makes numerous false, misleading, or fraudulent statements about material matters under the internal revenue laws, including:

a. the pure trust is exempt from paying taxes;

b. people born and residing in one of the 50 states are not U.S. Citizens and do not have any taxable income;

c. no law says you have to file a tax return;

d. participation in social security is totally voluntary;

e. the IRS has no authority to any of your records; and

e. wages are not taxable.

13. Contrary to Ewell's characterizations, his arguments are frivolous and have been rejected repeatedly by the courts.

14. The Liberty Action Pack and the Liberty Redemption Pack cost $525 each. The Liberty Pure Trust costs $995 for the first trust and $595 for each additional trust.

15. Individuals from at least 42 states, the District of Columbia, and Guam have purchased products from Ewell's websites.

16. From November 1999 through February 2004, approximately 325 purchases were made through Ewell's websites totaling approximately $164,020.

17. On information and belief, Ewell received substantial additional funds from selling his abusive tax products.

18. Ewell also permits his customers to register as "dealers" and distribute Liberty

products. On information and belief, some of Ewell's customers have taken advantage of this and become subpromoters of Ewell's abusive tax schemes.

19. Ewell's products incite, encourage, and assist people to stop paying their taxes and illegally evade their federal tax obligations.

20. The IRS has determined that some of Ewell's customers stopped filing income tax returns and stopped paying taxes after purchasing Ewell's products.

Count I:
Injunction under I.R.C. § 7408 for Violation of I.R.C. § 6700

21. The United States incorporates by reference the allegations in paragraphs 1 through 20.

22. I.R.C. § 7408 authorizes a court to enjoin persons who have engaged in any conduct subject to penalty under I.R.C. § 6700 if the court finds that injunctive relief is appropriate to prevent the recurrence of such conduct.

23. I.R.C. § 6700 penalizes any person who organizes or sells a plan or arrangement and, in connection with the organization or sale, makes a statement regarding any tax benefit which the person knows or has reason to know is false or fraudulent as to any material matter.

24. Ewell organizes and sells abusive tax schemes that he falsely claims will enable customers to avoid the assessment and collection of federal taxes.

25. In organizing and selling his abusive tax schemes, Ewell makes false or fraudulent statements regarding the excludibility of income and other tax benefits.

26. Ewell knows or has reason to know that his abusive tax schemes and the materials promoting them contain false or fraudulent statements within the meaning of I.R.C. § 6700.

27. If he is not enjoined, Ewell is likely to continue to organize and sell his abusive tax schemes.

Count II:
Injunction under I.R.C. § 7402(a) for Unlawful Interference with Enforcement of the Internal Revenue Laws and Appropriateness of Injunctive Relief

28. The United States incorporates by reference the allegations in paragraphs 1 through 27.

29. I.R.C. § 7402(a) authorizes a court to issue orders of injunction as may be necessary or appropriate for the enforcement of the internal revenue laws.

30. I.R.C. § 7402(a) expressly provides that the injunction remedy is "in addition to and not exclusive of" other remedies for enforcing the internal revenue laws.

31. Ewell, through the actions described above, has engaged in conduct that interferes substantially with the enforcement of the internal revenue laws.

32. Ewell's conduct results in irreparable harm to the United States.

33. Ewell is causing and will continue to cause substantial revenue losses to the United States Treasury, much of which may be unrecoverable.

34. If Ewell is not enjoined, he is likely to continue to engage in conduct that interferes with the enforcement of the internal revenue laws.

35. While the United States will suffer irreparable injury if Ewell is not enjoined, Ewell will not be harmed by being compelled to obey the law.

36. The public interest would be advanced by enjoining Ewell because an injunction will stop his illegal conduct and the harm that conduct is causing to the United States Treasury.

WHEREFORE, the United States of America, respectfully prays for the following:

A. That the Court find that Ewell has engaged in conduct subject to penalty under I.R.C. § 6700, and that injunctive relief under I.R.C. § 7408 is appropriate to prevent a recurrence of that conduct;

B. That the Court find that Ewell is interfering with the enforcement of the internal revenue laws and that injunctive relief is appropriate to prevent the recurrence of that conduct pursuant to I.R.C. § 7402(a) and the Court's inherent equity powers;

C. That this Court, pursuant to I.R.C. § 7408, enter a permanent injunction prohibiting Ewell, individually and doing business under the various names listed in this complaint or under any other name or using any other entity, and his representatives, agents, servants, employees, attorneys, and those persons in active concert or participation with him, from directly or indirectly:

1. Engaging in activity subject to penalty under I.R.C. § 6700, including organizing or selling a plan or arrangement and making a statement regarding the excludibility of income that he knows or has reason to know is false or fraudulent as to any material matter;

2. Promoting, marketing, organizing, selling, or receiving payment for any plan or arrangement regarding the excludibility of income that they know or have reason to know is false or fraudulent as to any material matter; and

3. Engaging in any other activity subject to penalty under I.R.C. § 6700;

D. That this Court, pursuant to I.R.C. § 7402(a), enter a permanent injunction prohibiting Ewell, individually and doing business under the various names listed in this complaint or under any other name or using any other entity, and his representatives, agents, servants, employees, attorneys, and those persons in active concert or participation with him, from directly or

indirectly:

1. Selling or organizing any business arrangement, including pure trusts, that encourages noncompliance with the income tax laws, misrepresents the tax savings realized by using the arrangement, or conceals the receipt of income;

2. Falsely advising anyone that they are not required to file federal tax returns or pay federal taxes; and

3. Engaging in other similar conduct that substantially interferes with the administration and enforcement of the internal revenue laws;

E. That this Court, pursuant to I.R.C. § 7402(a), require Ewell to contact by mail all individuals who have purchased his abusive tax shelters, plans, arrangements, programs, manuals, or videotapes, inform those individuals of the Court's findings concerning the falsity of Ewell's prior representations, and attach a copy of the permanent injunction against Ewell and his organizations, and to certify to the Court within eleven days of the permanent injunction that he has complied with this provision;

F. That this Court, pursuant to I.R.C. § 7402(a), enter an injunction requiring Ewell to produce to the United States any records in his possession or to which he has access identifying by name, Social Security number, and address the persons who have purchased Ewell's abusive tax shelters, plans, arrangements, or programs, and to certify to the Court within eleven days of the permanent injunction that he has complied with this provision;

G. That this Court, pursuant to I.R.C. § 7402(a), enter an injunction requiring Ewell to produce to the United States any records in his possession or to which he has access identifying by name, Social Security number, and address any subpromoters of, or any persons who have registered to become "dealers" of, Ewell's abusive tax shelters, plans, arrangements, or programs, and to certify to the Court within eleven days of the permanent injunction that he has

complied with this provision;

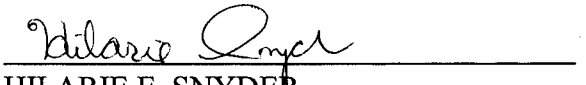
H. That this Court, pursuant to I.R.C. §§ 7402(a), enter an injunction requiring Ewell and his representatives, agents, servants, employees, attorneys, and those persons in active concert or participation with him, to remove from his websites all abusive tax scheme promotional materials and materials designed to incite others imminently to violate the law; to display prominently on the first page of those websites a complete copy of the Court's permanent injunction; to certify to the Court within eleven days of the permanent injunction that he has complied with this provision; and to maintain his websites for one year with a complete copy of the Court's permanent injunction so displayed throughout that time;

I. That this Court permit the United States to conduct post-judgment discovery to ensure Ewell's compliance with the permanent injunction; and

J. That this Court grant the United States such other relief, including costs, as is just and equitable.

Respectfully submitted,

GREGORY G. LOCKHART
United States Attorney
GERALD F. KAMINSKI, (No: 0012532)
Assistant United States Attorney



HILARIE E. SNYDER
Trial Attorney, Tax Division
U.S. Department of Justice
Post Office Box 7238
Ben Franklin Station
Washington, D.C. 20044
Tel.: (202) 307-2708
Fax: (202) 514-6770