

BRETT L. TOLMAN, United States Attorney (#8821)
JEANNETTE F. SWENT, Assistant United States Attorney (#6043)
185 South State Street, #300
Salt Lake City, Utah 84111

MICHAEL J. ROESSNER
Trial Attorney, Tax Division
U.S. Department of Justice
Post Office Box 7238
Washington, DC 20044
Telephone: (202) 305-3227
Facsimile: (202) 514-6770

Attorneys for the United States

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF UTAH

UNITED STATES OF AMERICA,)
)
 Plaintiff,) Case No. 2:09 CV 00895 TC
)
 v.)
)
) COMPLAINT
)
 KENT T. BICKMORE, individually and)
 dba as Asset Protection Plus, Inc.,)
)
 Defendant.)

Plaintiff, the United States of America, for its Complaint against defendant Kent T. Bickmore, individually and doing business as Asset Protection Plus, Inc., states as follows:

Jurisdiction and Venue

1. Jurisdiction is conferred on this Court by 28 U.S.C. §§ 1340 and 1345 and 26 (I.R.C.) U.S.C. §§ 7401, 7402 and 7408.

2. This suit is brought under I.R.C. § 7402, and 7408 to enjoin Bickmore from:
 - a. 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 tax benefits of participating in a plan that he knows or has reason to know is false or fraudulent as to any matter;
 - b. assisting in the creation and administration of corporations or other state-law entities;
 - c. assisting in the filing of fraudulent liens;
 - d. assisting in the creation of bank accounts nominally maintained in the name of corporations or other state-law entities used to conceal the true account owners and/or shelter assets from the IRS or creditors; and
 - e. engaging in conduct that substantially interferes with the proper administration of enforcement of internal revenue laws.

3. 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 of the United States, pursuant to the provisions of I.R.C. §§7402 and 7408.

4. Venue is proper in this district under 28 USC § 1391 (b)-(c).

Background

A. Kent T. Bickmore

5. Bickmore, who resides in St. George, Utah, promoted a tax-fraud scheme to help customers evade the assessment and collection of federal tax liabilities.

6. Bickmore promoted the use of Nevada and Wyoming corporations to improperly avoid the assessment and collection of taxes.

7. Bickmore wrote a book entitled *The Poor Millionaire* that describes methods of hiding assets from creditors, government agencies, receivers, and courts.

8. Bickmore conducts business as Asset Protection Plus (“APP”) with an office in St. George, Utah. Bickmore and APP have transacted business in this district.

9. Asset Protection Plus advertised through the Internet and contracts with individuals and companies to create Nevada and Wyoming corporations.

Bickmore's Schemes

10. Bickmore's scheme is grounded in his assertion that Nevada and Wyoming law does not require disclosure of the true owners of a corporation.

11. Under his scheme, Bickmore formed Nevada or Wyoming corporations for customers that used one of Bickmore's employees as the only corporate officer or director.

12. The shares of the corporation were not issued to named persons, but rather to the bearer of the stock certificate. Bickmore falsely informed customers that the true owner of the corporation could then truthfully deny ownership of the corporation, unless the owner happened to be holding the bearer stock certificates at the time a question about ownership was put to him.

13. In this way, Bickmore informed his customers, one can own and control a Nevada or Wyoming corporation (and its assets) without that ownership and control ever having to be acknowledged or ever being discovered.

14. Bickmore promoted two schemes relying on the theory that true owners of Nevada and Wyoming Corporations can be totally hidden: 1) filing fraudulent liens, referred to as "friendly liens"; and 2) hidden bank accounts.

A. Fraudulent Liens

15. APP advises customers on how to create so-called "friendly liens." APP assisted customers in creating "friendly liens" by providing the customer with a note secured by a trust deed, which is then held by the customer's corporation. The deed would be recorded in the county where the customer's property is located so as to appear to encumber that property.

16. The conveyance of a "friendly lien" is simply a fraudulent conveyance of an interest in property to a nominee for no consideration. The object of the "friendly lien" is to defraud creditors.

17. Such fraudulent liens enabled APP's customers to falsely protect equity in their real estate by discouraging *bona fide* creditors, including the IRS, from executing on the real estate based on the false impression that the customer has little or no equity in the property.

18. Bickmore describes the scheme in his book:

Paying off the mortgage on your personal residence is an oxymoron in this sense. You will experience a peacefulness when your home is free from debt, however, you are now exposed more than ever to out-of-control lawsuits. Your home is one of the first assets the plaintiff will lien...The Poor Millionaire strategy is to setup a Nevada or Wyoming Corporation that will file a "friendly lien" on about 90% to 95% of the equity in your personal residence.

19. Bickmore generally keeps a release or subordination agreement, which Bickmore can then record if the customer ever needs to clear title to convey the property or use the property as collateral for a loan.

20. Bickmore falsely advised his customers that these fraudulent liens are legal.

B. Hidden Bank Accounts

21. Under the hidden bank account program, Bickmore and APP opened bank accounts in the name of a Nevada or Wyoming corporation formed as a nominee for the customer. Typically Bickmore was the sole signatory on the account.

22. Bickmore also created offshore bank accounts for customers. The customer, through various devices, transfers money to the account.

23. Bickmore advises customers to use offshore accounts in Belize, saying that, because federal tax liens are not recognized in Belize, it offers "invisible corporate ownership."

Need for a Permanent injunction

24. Through the "friendly liens," offshore and domestic bank accounts, and hidden-ownership nominee corporations, Bickmore has helped APP's customers conceal income and assets from creditors, including the IRS.

25. In addition, Bickmore used APP's website at:
<http://www.assetprotectionplus.com> to promote his asset protection program.

Count I

(Injunction under I.R.C. § 7408 for violation of I.R.C. § 6700)

26. The United States incorporates by reference the allegations in paragraphs 1 through 25.

27. 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.

28. 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.

29. Bickmore sold a fraudulent tax scheme to help customers hide income and assets to frustrate IRS attempts to determine and collect their federal tax liabilities. While selling this fraudulent tax scheme, Bickmore falsely advised customers that the actions he assists them with are legal, and thus engaged in conduct subject to the I.R.C. § 6700 penalty.

30. If Bickmore is not enjoined, Bickmore is likely to continue to engage in conduct subject to penalty under I.R.C. § 6700 and continue aiding his customers in hiding their income and assets from the IRS.

Count II

(Unlawful interference with enforcement of the internal revenue laws)

31. The United States incorporates by reference the allegations of paragraphs 1 through 30.

32. Through the conduct described above, Bickmore has engaged in conduct that substantially interferes with the administration and enforcement of the internal revenue laws.

Unless enjoined by this Court, Bickmore is likely to continue to engage in such conduct.

Bickmore's conduct is causing irreparable injury to the United States, and the United States has no adequate remedy at law:

- a. Bickmore's conduct, unless enjoined, is likely to cause substantial loss of revenue to the United States Treasury. Unless Bickmore is enjoined, the IRS will have to expend substantial time and resources to determine the income, assets, and expenditures of APP's customers who have incurred substantial federal tax liabilities, and to collect those liabilities.
- b. The identification of and determination of the income, assets, and expenditures of APP's customers with substantial federal tax liabilities will place a serious burden on the IRS's resources. Even if all of APP's customers are identified and fraudulent liens uncovered, and their income, assets, and expenditures determined, the IRS may not be able to collect all taxes and penalties due.
- c. If Bickmore is not enjoined, he likely will continue to engage in conduct that substantially interferes with the enforcement of the internal revenue laws.

WHEREFORE, the United States prays for the following:

A. That the Court find that Kent T. Bickmore has engaged in conduct subject to a 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 Kent T. Bickmore has engaged in conduct that interferes with the enforcement of the internal revenue laws, and that injunctive relief is appropriate to prevent the recurrence of that conduct pursuant to the Court's inherent equity powers and I.R.C. § 7402;

C. That the Court, under I.R.C. §§ 7402 and 7408, enter a permanent injunction prohibiting Bickmore, individually and doing business as APP, or through any other name or entity, and his representatives, agents, servants, employees, attorneys, and anyone in active concert or participation with him, from directly or indirectly:

- a. 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 tax benefits of participating in the plan or arrangement that he knows or has reason to know is false or fraudulent as to any matter;
- b. assisting in the creation and administration of corporations or other state-law entities;

- c. assisting in the filing of fraudulent liens;
- d. assisting in the creation of bank accounts nominally maintained in the name of corporations or other state-law entities used to conceal the true account owners and/or conceal assets from the IRS or creditors; and
- e. engaging in any other conduct that substantially interferes with the proper administration of enforcement of internal revenue laws.

D. That the Court, pursuant to I.R.C. §§ 7402 and 7408, enter an injunction requiring Bickmore to contact by mail (and also by e-mail, if an address is known) all customers who have participated in Bickmore's schemes or any of APP's programs and to inform them of the Court's findings concerning the falsity of Bickmore's prior representations and enclose a copy of the permanent injunction against him;

E. That the Court, pursuant to I.R.C. §§ 7402 and 7408, enter an injunction requiring Bickmore to remove from his website all information that violates the Court's order;

F. That the Court order that the United States is permitted to engage in post-judgment discovery to ensure compliance with the permanent injunction;

G. That the Court retain jurisdiction over this action to enforce any permanent injunction entered against Bickmore; and

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

DATED this 7th day of October, 2009.

BRETT L. TOLMAN
United States Attorney

/s/ Jeannette F. Swent
JEANNETTE F. SWENT
Assistant United States Attorney

s/Michael J. Roessner
MICHAEL J. ROESSNER
Trial Attorney, Tax Division
U.S. Department of Justice
Post Office Box 7238
Washington, DC 20044