



Department of Justice

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Middle District of Florida

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SARASOTA MAN CONVICTED OF FRAUDULENT SCHEME TO OBSTRUCT IRS

Tampa, Florida - U.S. Attorney A. Brian Albritton, along with Linda J. Osuna, Special Agent in Charge, Internal Revenue Service, Criminal Investigation, announces today that a federal jury has found Carel A. Prater, A/K/A Chad Prater (age 71, of Sarasota) guilty of corrupt interference with the Internal Revenue Laws, aiding and assisting the filing of a false tax return, failure to file a tax return, criminal contempt, structuring transactions to avoid reporting requirements, and making false declarations before a grand jury. Prater faces a maximum penalty of 33 years in federal prison and a fine of \$1.95 million. The court ordered Prater detained pending sentencing. A sentencing date has not yet been set.

According to court documents and evidence presented at trial, Prater engaged in a fraudulent scheme to interfere with the internal revenue laws by selling services that he claimed would legally remove his customers from the federal tax system. Prater advocated the position that income earned in the United States is generally not taxable, and, in exchange for fees, Prater prepared false tax returns and bogus documents that were submitted to the IRS and recorded in the public records on behalf of his customers. Prater also advised his customers to conceal assets and income from the IRS. Between 2000 and 2003, Prater's gross receipts exceeded \$2 million.

In December 2002, a federal district court in Tampa enjoined Prater from promoting his anti-tax views and business. The evidence at trial showed that Prater had violated the injunction and subsequent orders from the court by continuing to provide false tax advice to customers and concealing revenue derived from his business. The evidence at trial also demonstrated that Prater had made false declarations to a grand jury investigating the matter when he voluntarily testified on October 1, 2008.

This case was investigated by the Internal Revenue Service, Criminal Investigation, Tampa Division, and Federal Bureau of Investigation, Miami. The case was prosecuted by Assistant United States Attorney Robert T. Monk and Department of Justice Trial Attorney Michelle M. Petersen.