

# U.S. Department of Justice

*United States Attorney  
District of Idaho*

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<i>Mailing Address:</i>	<i>Street Address:</i>	<i>Comm: 208/334-1211</i>
<i>P. O. Box 32</i>	<i>First Interstate Center</i>	<i>Main Fax: 208/334-9375</i>
<i>Boise, ID 83707</i>	<i>877 W. Main, Ste 201</i>	<i>Cv Div Fax: 208/334-1414</i>
	<i>Boise, ID 83702</i>	<i>Cr Div Fax: 208/334-1413</i>
		<i>DTF Div Fax: 208/334-9018</i>

## NEWS RELEASE

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**CONTACT: THOMAS E. MOSS**  
**United States Attorney**  
**TERRY L. DERDEN**  
**First Assistant U. S. Attorney**  
**MARC HAWS**  
**Executive Assistant U.S. Attorney**  
**WENDY J. OLSON**  
**Assistant U.S. Attorney**  
**Boise, Idaho**  
**(208) 334-1211**  
**TOM BRADLEY**  
**Special Assistant U.S. Attorney**

### **HINKSON FOUND GUILTY ON TAX CHARGES**

#### **Water Oz Founder Also Admits Product Violations**

Grangeville businessman David Roland Hinkson was convicted this afternoon in federal court in Boise on 26 counts of failing to file income tax returns, failing to collect federal taxes, and structuring transactions to avoid reporting requirements, U.S. Attorney Tom Moss announced.

Moss said the six-man, six-woman jury took about 10 hours to reach their verdicts.

Just prior to the start of the trial, which lasted 8 days, Hinkson pled guilty to one count of distributing a misbranded drug and one count of distributing an adulterated medical device.

During trial, Hinkson admitted being the owner of Water Oz, a bottling company that distributes water treated with lithium, molybdenum, tin and selenium, which the company claims can treat a variety of conditions including alcoholism, manic depression, AIDS and cancer. In his plea, Hinkson admitted not labeling his lithium water a drug, as required by law, as well as operating a facility not licensed to manufacture drugs.

Water Oz also sold ozone generators and body suits which the company claimed had health benefits. In his plea, Hinkson admitted that the generators were not labeled as medical devices, and that he had not applied for approval to market them as such.

Testimony at trial indicated that Hinkson did not file tax returns and routinely paid his employees in silver dollars or other cash, without withholding federal taxes. Other testimony indicated that the company regularly obtained its payroll cash in multiple withdrawals, keeping each withdrawal under the \$10,000 limit that triggers federal reporting requirements.

Hinkson faces a maximum penalty of 5 years on each of the 13 charges of failing to collect taxes, a maximum of 5 years on each of the 10 structuring charges, and one to three years on each of the 3 counts of failing to file income tax returns. He also faces a maximum of one year on each of the product-violation charges. Sentencing is set to begin on July 29.

Moss praised the investigation by the IRS - Criminal Investigation Division and the U.S. Food and Drug Administration.

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