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Contact: Jim Cross
PHONE: 316-269-6481
FAX: 316-269-6420

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OVERLAND PARK MAN PLEADS GUILTY TO TAX EVASION

KANSAS CITY, Kan., – John McCullum, Jr., 54, of Overland Park, Kan., has pleaded guilty to one count of tax evasion.

McCullum entered a plea during a hearing Tuesday before U.S. District Judge Carlos Murguia.

"In the early 1990s Mr. McCullum told family members that he did not believe he was subject to taxation by the government," said U.S. Attorney Eric Melgren. "From 1997 through 2002 he evaded paying a total of \$316,557 in taxes he owed. In addition, he owes a total of \$187,836.25 in taxes and penalties for taxes evaded in 1994, 1995 and 1996."

In his plea, McCullum admitted that in an effort to avoid paying taxes in 1994, 1995, and 1996 he purchased two "trusts" from Sovereignty Pure Trusts, a now-defunct company in California. He named them Universal Flooring Trust and Paramount Trust. When he purchased the "trusts" he received numbers styled in the format of a federally issued employer identification number. He failed to file income tax returns for 1997 through 2002 until the Internal Revenue Service informed him he was the subject of a criminal investigation.

In 1999 he used the "trusts" to establish bank accounts where he deposited all business receipts from a floor installation business and then paid all personal and business expenditures from those accounts. He gave false employer identification numbers to subcontractors.

On Feb. 12, 1999, McCullum's son purchased a home in Overland Park, Kan. Although paperwork indicated the son was the owner, McCullum lived at the residence and was the true owner. McCullum had his son purchase the house to prevent the IRS from placing a lien on the property to satisfy outstanding taxes. Previously, the IRS had placed a lien on McCullum's residence in Nixa, Mo.

In 2001, McCullum offered to show a subcontractor how to avoid paying federal income taxes by setting up non-taxable trusts. The subcontractor declined and suggested McCullum consult with a tax preparer. A tax preparer who met with McCullum declined to prepare any tax returns on his behalf.

McCullum hired another tax preparer and submitted tax returns for 1997 through 2002 that evaded taxes totaling \$316,557 during those years.

Sentencing is set for May 7. He faces a maximum penalty of 5 years in federal prison and a fine up to \$250,000. Melgren commended the Internal Revenue Service-Criminal Investigation, which investigated, and Assistant U.S. Attorney Scott Rask, who is prosecuting.

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