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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF OREGON
(EUGENE DIVISION)

UNITED STATES OF AMERICA,)	Case No. CR 11- 60131-HU
)	
Plaintiff,)	INDICTMENT
v.)	
)	[18 U.S.C. § 371, Conspiracy to Defraud the U.S.]
RONALD D. JOLING, and)	
DOROTHEA J. JOLING,)	[26 U.S.C. § 7201, Evasion of Payment of Taxes]
)	
Defendants.)	[26 U.S.C. § 7206(1), Making and Subscribing A False Federal Income Tax Return]

THE GRAND JURY CHARGES:

GENERAL ALLEGATIONS

At all times relevant to this Indictment:

1. Ronald D. Joling and Dorothea J. Joling (hereinafter referred to collectively as “the Jolings”) were husband and wife.
2. The Jolings were residents of Coquille, Oregon.
3. Prosper International Ltd., also known as Prosper International League Limited, (“PILL”), an organization that sold tax advice and tax-related products, was permanently enjoined on April 3, 2006, from selling any tax products or providing any tax advice that advised or encouraged individuals to unlawfully evade the assessment or collection of their federal tax

liabilities.

4. Wayne A. Hicks, Sr., under his organization Americans for Lawful Financial Independence and Information (ALFII), provided an alternative banking system that allowed members to successfully shield their financial transactions from the government, specifically the Internal Revenue Service (“IRS”), and thereby avoid paying federal income taxes. This alternative banking system is commonly referred to as a warehouse bank. Individuals using Hicks’s warehouse bank referred to it as Interactive Currency Interface System (“ICIS” or “MYICIS”).

5. The IRS is an agency of the United States Department of Treasury responsible for administering and enforcing the tax laws of the United States and collecting taxes owed to the United States Treasury.

COUNT ONE

[18 U.S.C. § 371 - Conspiracy to Defraud the United States]

6. Paragraphs 1-5 of the General Allegations are incorporated herein.

OBJECT OF THE CONSPIRACY

7. Beginning in or about 1995 and continuing up to and including the date of this Indictment, within the District of Oregon, and elsewhere, defendants RONALD D. JOLING and DOROTHEA J. JOLING and others, known and unknown to the grand jury, unlawfully and knowingly combined, conspired, confederated, and agreed together to defraud the United States by deceitful and dishonest means by impeding, impairing, obstructing, and defeating the lawful government functions of the IRS, an agency of the United States, in the ascertainment, computation, assessment, and collection of revenue, that is, federal individual income taxes.

MANNER AND MEANS OF THE CONSPIRACY

8. Defendants RONALD D. JOLING and DOROTHEA J. JOLING, and others, known and unknown to the grand jury, carried out their conspiracy using the following manner and means, among others:

- a. Attempting to change citizenship with the Social Security Administration (“SSA”) for the purpose of evading federal income taxes;
- b. Setting up trusts for the purpose of evading federal individual income taxes;
- c. Using trusts to hold legal title to real and personal property and to hide assets from the IRS;
- d. Using nominees and other means, ICIS and PILL, to hide real and personal property, including money, from the IRS;
- e. Filing false federal income tax returns; and
- f. Sending frivolous and harassing correspondence to the IRS, falsely claiming, among other things, that they were not subject to the federal income tax laws.

OVERT ACTS IN FURTHERANCE OF THE CONSPIRACY

9. In furtherance of said conspiracy and to effect the objects thereof, defendants RONALD D. JOLING and DOROTHEA J. JOLING, and others known and unknown to the grand jury, committed the following overt acts, among others, in the District of Oregon and elsewhere:

- a. On or about June 26, 1997, defendant RONALD D. JOLING sent the SSA a letter attempting to revoke his U.S. Citizenship.
- b. On or about July 8, 1997, defendants RONALD D. JOLING and DOROTHEA J. JOLING formed five trusts: the F.H.S. Trust, the Myrtle Lane Properties Trust, the Myrtle Lane Motel Trust, the Rock Sound

Investment Trust, and the Joling Family Trust.

- c. On or about July 15, 1997, defendant RONALD D. JOLING signed and submitted an application for a Social Security Card, Form SS-5, attempting to revoke his U.S. Citizenship.
- d. On or about August 6, 1997, defendants RONALD D. JOLING and DOROTHEA J. JOLING transferred legal title to their personal residence, located at 56891 Fat Elk Road, Coquille, Oregon, to the Joling Family Trust.
- e. On or about August 6, 1997, defendants RONALD D. JOLING and DOROTHEA J. JOLING transferred legal title to a restaurant, located at 809 N Central Boulevard, Coquille, Oregon, to the Myrtle Lane Properties Trust.
- f. On or about August 6, 1997, defendants RONALD D. JOLING and DOROTHEA J. JOLING transferred legal title to two lots in Myrtle Point, Oregon, located at 414 Ash Street and Lot 8 Block 7, to the Joling Family trust.
- g. On or about August 12, 1997, defendants RONALD D. JOLING and DOROTHEA J. JOLING transferred legal title to a motel, located at 787 N Central Boulevard, Coquille, Oregon, to the Myrtle Lane Motel Trust.
- h. On or about August 14, 1997, defendant RONALD D. JOLING filed false federal income tax returns, Forms 1040NR, individual tax returns for nonresident aliens, for calendar years 1986-1996.
- i. On or about August 14, 1997, defendant DOROTHEA J. JOLING filed false federal income tax returns, Forms 1040NR, individual tax returns for nonresident aliens, for calendar years 1986-1996.

- j. On or about March 2, 2004, defendants RONALD D. JOLING and DOROTHEA J. JOLING transferred legal title to a property located at 37399 Highway 228 in Brownsville, Oregon, to PILL #10439.
- k. On or about March 9, 2004, defendant DOROTHEA J. JOLING paid PILL approximately \$10,000.
- l. On or about March 23, 2006, DOROTHEA J. JOLING filed a fraudulent bankruptcy petition in the U.S. Bankruptcy Court for the District of Oregon.
- m. On or about April 14, 2006, defendant DOROTHEA J. JOLING deposited approximately \$85,000 in account 2338 at ICIS.
- n. On or about July 6, 2006, defendant DOROTHEA J. JOLING deposited approximately \$31,500 in account 2338 at ICIS.
- o. On or about October 12, 2006, defendants RONALD D. JOLING and DOROTHEA J. JOLING opened a bank account in the name of Antioch Ministries.
- p. On or about October 31, 2006, defendants RONALD D. JOLING and DOROTHEA J. JOLING transferred legal title to their property located at 37399 Highway 228 in Brownsville, Oregon, to Antioch Ministries.
- q. On or about November 7, 2006, defendants RONALD D. JOLING and DOROTHEA J. JOLING transferred legal title to their properties held in their five other trusts to Antioch Ministries.
- r. On or about April 15, 2009, defendant RONALD D. JOLING filed a false U.S. Federal Individual Income Tax Return, Form 1040A, for calendar year 2005.

- s. On or about May 28, 2009, defendant RONALD D. JOLING filed a false U.S. Federal Individual Income Tax Return, Form 1040A, for calendar 2006.
- t. From on or about August 1997 through on or about February 2010, defendants RONALD D. JOLING and DOROTHEA J. JOLING sent harassing and frivolous correspondence to various IRS employees and officials, including the U.S. Secretary of the Treasury and the IRS Commissioner.

All in violation of 18 U.S.C. § 371.

COUNT TWO

[26 U.S.C. § 7201 - Evasion of Payment of Taxes]

- 10. Paragraphs 1-5 of the General Allegations are incorporated herein.
- 11. Beginning in or about 1994 and continuing to and including the date of this Indictment, in the District of Oregon, defendants RONALD D. JOLING and DOROTHEA J. JOLING did willfully attempt to evade and defeat the payment of a part of the federal income tax due and owing by each of them and by each other to the United States of America for calendar years 1994, 1995, 1996, 1997, 1998, and 2002 in the amount of at least \$327,000 by committing the following acts, among others:
 - a. Concealing and attempting to conceal the ownership of their personal residence and other properties by placing them in the name of nominee entities, including trusts;
 - b. Concealing and attempting to conceal money and financial transactions by opening and using bank accounts in the name of nominees, including trusts;

- c. Concealing and attempting to conceal money and financial transactions by using ICIS, a warehouse bank;
- d. Sending the IRS bogus bonds, bills of exchange, and money orders, attempting to mislead the IRS into accepting such items as payment for defendants RONALD D. JOLING and DOROTHEA J. JOLING federal income tax due and owing;
- e. Filing false U.S. Nonresident Alien Income Tax Returns on behalf of defendants RONALD D. JOLING and DOROTHEA J. JOLING for calendar years 1986-1996, which, among other things, falsely represented their income.
- f. Filing false U.S. Individual Income Tax Returns on behalf of defendant RONALD D. JOLING for calendar years 2005 and 2006, which, among other things, falsely represented his income, taxes paid, and refund owed;
- g. Filing a fraudulent bankruptcy petition; and
- h. Otherwise concealing and attempting to conceal from all proper officers of the United States of America their true and correct income and assets.

All in violation of 26 U.S.C. § 7201.

COUNT THREE

[26 U.S.C. § 7206(1) - FILING A FALSE FEDERAL TAX RETURN]

12. Paragraphs 1-5 of the General Allegations are incorporated herein.

13. On or about April 15, 2009, in the District of Oregon, defendant RONALD D. JOLING did willfully make and subscribe a U.S. Individual Income Tax Return, Form 1040A for calendar year 2005, which was verified by a written declaration that it was made under the penalties of perjury and which he did not believe to be true and correct as to every material

matter. That U.S. Individual Income Tax Return, Form 1040A, for calendar year 2005, which was prepared and signed in the District of Oregon and was filed with the IRS, stated that his taxable interest, total income, and adjusted gross income, Lines 8a, 15, and 21, was \$77,494, that his federal income tax withheld, Line 39, was \$77,474, and that his overpayment of tax and refund, Lines 44 and 45a, was \$63,211, whereas, as he then and there knew and believed that said items were false.

All in violation of 26 U.S.C. § 7206(1).

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COUNT FOUR

[26 U.S.C. § 7206(1) - FILING A FALSE FEDERAL TAX RETURN]

14. Paragraphs 1-5 of the General Allegations are incorporated herein.

15. On or about May 28, 2009, in the District of Oregon, defendant RONALD D. JOLING did willfully make and subscribe a U.S. Individual Income Tax Return, Form 1040A, for calendar year 2006, which was verified by a written declaration that it was made under the penalties of perjury and which he did not believe to be true and correct as to every material matter. That U.S. Individual Income Tax Return, Form 1040A, for calendar year 2006, which was prepared and signed in the District of Oregon and was filed with the IRS, stated that his taxable interest, total income, and adjusted gross income, Lines 8a, 15, and 21, was \$54,063, that his federal income tax withheld, Line 38, was \$54,048, and that his overpayment of tax and refund, Lines 44 and 45a, was \$46,114, whereas, as he then and there knew and believed that said items were false.

All in violation of 26 U.S.C. § 7206(1).

DATED this 19 day of October 2011

A TRUE BILL.

s/ GRAND JURY FOREPERSON

FOREPERSON

Presented by:

S. AMANDA MARSHALL
United States Attorney



SCOTT E. BRADFORD
Assistant United States Attorney