

**IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

**UNITED STATES OF AMERICA** : **CRIMINAL NUMBER:** \_\_\_\_\_  
**v.** : **DATE FILED:** \_\_\_\_\_  
**JAMES KERR SCHLOSSER** : **VIOLATIONS:**  
: **26 U.S.C. § 7212(a) (attempts to interfere**  
: **with administration of the internal**  
: **revenue laws – 1 count)**  
: **26 U.S.C. § 7203 (willful failure to file**  
: **tax returns – 2 counts).**

**INDICTMENT**

**THE GRAND JURY CHARGES THAT:**

At all times relevant to this indictment unless other indicated:

**BACKGROUND**

1. The Internal Revenue Service was an agency of the United States Department of Treasury charged with enforcing the tax laws of the United States.
2. The Internal Revenue Code required every individual, certain types of corporations, trusts and, in some cases estates who had received gross income subject to taxation in excess of the exemption amount established by Congress, to make and file a tax return with the Internal Revenue Service.
3. The types of gross income which necessitated the preparation and filing of a federal income tax return included: (a) compensation for services, fees, commissions, and fringe benefits; and (b) gross income derived from a business enterprise.

4. The Office of the Nevada Secretary of State was a Nevada public agency where documents that had created corporations, business trusts, partnerships, and other artificial entities, were filed.

5. A business trust was an unincorporated organization created by a declaration of trust. As an artificial entity, a business trust was used to circumvent certain restrictions imposed upon corporate acquisitions while, at the same time, providing the creators of the business trust with similar limited liability protection provided to the equity owners of a corporation.

6. A foreign business trust under Nevada law was an artificial entity formed pursuant to the laws of a foreign nation or jurisdiction and denominated as such, pursuant to the laws of the foreign nation or jurisdiction.

7. A corporation sole was an artificial entity consisting of a single incorporated office and occupied by a single natural person. A corporation sole could pass, without an interval in time, from one officer holder to the next successor-in-office giving the position legal continuity with the subsequent officer holders having identical powers and possessions to their predecessors.

8. Person "A" was an individual known to the grand jury who served as trustee for Surgical Resource Business Trust and Lightsource Medical Business Trust.

### **THE DEFENDANT**

9. Defendant JAMES KERR SCHLOSSER, a manufacturers' sales representative, sold medical equipment and surgical devices to health care providers and was compensated through commission payments based on the gross sales that defendant SCHLOSSER made for his clients.

10. From in or about 1987 until on or about December 31, 1992, defendant JAMES KERR SCHLOSSER filed federal income tax returns and paid taxes that were due and owing on the income that he had earned.

11. For tax years 1990 and 1992, defendant JAMES KERR SCHLOSSER was entitled to receive two tax refund checks. However, on or about June 6, 1994 and August 29, 1994, defendant SCHLOSSER's tax refund checks were sent to the New Jersey Office of Child Support Enforcement.

12. On or about April 25, 1994, defendant JAMES KERR SCHLOSSER filed a document with the Superior Court of Gloucester New Jersey in which he renounced his United States Citizenship, his social security, and declared himself to be a "Sovereign Human Being."

13. From at least 1995, defendant JAMES KERR SCHLOSSER has continued to earn gross income but has failed to file federal income tax returns with the Internal Revenue Service.

#### **ENTITIES CREATED BY DEFENDANT SCHLOSSER**

14. Defendant JAMES KERR SCHLOSSER created an artificial entity which he named the Office of the Overseer of the Berean Medical Mission and his Successor, A Corporation Sole (EIN #91-2120368), which he registered with the Nevada Secretary of State.

15. Defendant JAMES KERR SCHLOSSER created an artificial entity which he named the Office of the President of Surgical Resource Group and His Successor, A Corporation Sole (EIN# 91-2010118), which he registered with the Nevada Secretary of State.

16. Defendant JAMES KERR SCHLOSSER created an artificial entity which he named the Surgical Resource Business Trust (EIN#20-6157212), which he registered with the Nevada Secretary of State.

17. Defendant JAMES KERR SCHLOSSER created an artificial entity which he named the Lightsource Medical Business Trust (EIN# 20-615217), which he registered with the Nevada Secretary of State.

18. Defendant JAMES KERR SCHLOSSER created an artificial entity which he named the Office of Elder of the International Fellowship of Biblical Stewards and His Successor, A Corporation Sole (no EIN#), which he registered with the Nevada Secretary of State.

### **INVESTMENT COMPANIES AND CREDIT UNION**

19. Investment Company #1 was a financial services organization that provided investment advice and services to individual, corporate and institutional investors.

20. Investment Company #2 was a financial services organization that provided investment advice and services to individual, corporate and institution investors.

21. Credit Union #1 was a faith-based association credit union that provided banking services to its members.

### **COIN DEALERS**

22. Coin Dealer #1 sold gold coins to the Office of the President Surgical Resource Group and His Successor, A corporate Sole, for the benefit of defendant JAMES KERR SCHLOSSER.

23. Coin Dealer #2 sold gold coins to individual known to the grand jury as Person "A" for the benefit of defendant JAMES KERR SCHLOSSER.

24. Coin Dealer #3 sold gold coins to defendant JAMES KERR SCHLOSSER who told Coin Dealer #3 that he [SCHLOSSER] did not have to pay taxes because he was a sovereign citizen.

25. Coin Dealer #4 sold and purchased gold coins from defendant JAMES KERR SCHLOSSER.

**SCHLOSSER'S CONCEALMENT OF INCOME**

26. Defendant JAMES KERR SCHLOSSER directed health care providers, who had purchased medical equipment and surgical supplies from him, to make their checks payable to one or more of the corporation soles and business trusts that he had created. The checks, which were initially sent to several business addresses in Nevada, were forwarded to defendant SCHLOSSER or to an individual known to the grand jury as Person "A" both of whom lived within the Eastern District of Pennsylvania. The checks were then deposited into accounts in the names of the entities that had been established at investment company #1 or investment company #2.

27. Defendant JAMES KERR SCHLOSSER deposited some of the money that he received from his health care provider clients into an account that he had established at Credit Union #1 and wrote checks on this account to pay, among other things, personal expenses.

28. When he opened the investment account at Investment Company #1, defendant JAMES KERR SCHLOSSER indicated on the Account Agreement/W-9 Form that the account should be a non-interest bearing account.

29. Defendant JAMES KERR SCHLOSSER's justification for not wanting to earn interest on the account that he established in the name of the Office of the Overseer of the Berean Medical Mission, and His Successor, a Corporate sole account, was that since Jesus would not take interest, he too did not want to earn interest.

30. By placing his commission payments in a non-interest bearing account, defendant JAMES KERR SCHLOSSER caused Investment Company #1 not to issue IRS Form 1099-INT

to him, or the Internal Revenue Service, thus preventing the Internal Revenue Service from learning about the existence of the account at a time when defendant JAMES KERR SCHLOSSER was not filing federal income tax returns.

31. On or about April 26, 2004, defendant JAMES KERR SCHLOSSER opened a second account in the name of Surgical Resource Business Trust at Investment Company #1 which listed an individual known to the grand jury as Person "A" as trustee. Defendant SCHLOSSER's instructions on the new account directed all financial statements associated with the Surgical Resource Business Trust Account be sent to home address of Person "A."

32. On or about September 20, 2004, defendant JAMES KERR SCHLOSSER opened an account at Investment Company #2 in the name of The Surgical Resource Business Trust and made deposits into this account. The checks written on the account, however, were endorsed by an individual known to the grand jury as Person "A."

33. From on or about April 15, 1995 through on or about December 31, 2014, at Bird-in-Hand, in the Eastern District of Pennsylvania, and elsewhere defendant

**JAMES KERR SCHLOSSER**

corruptly endeavored to obstruct and impede the due administration of the internal revenue laws in an attempt to prevent the Internal Revenue Service from identifying, assessing and collecting federal income taxes based on income that defendant SCHLOSSER had earned from the sale of surgical devices and medical equipment through the following acts:

- a. on or about April 25, 1994, defendant JAMES KERR SCHLOSSER filed a document in the Superior Court of Gloucester County New Jersey in which he renounced his United States Citizenship, his social security number and declared himself to be a "Sovereign Human Being;"

- b. on or about September 21, 1999, defendant JAMES KERR SCHLOSSER filed articles of incorporation with the Nevada Secretary of State for an organization bearing the name The Office of the Overseer of The Berean Medical Mission and His Successor, a Corporation Sole. Defendant SCHLOSSER attempted to conceal and assign income to this artificial entity that he had earned from the sale of medical supplies and surgical equipment;
- c. on or about November 29, 1999, defendant JAMES KERR SCHLOSSER filed articles of incorporation with the Nevada Secretary of State for an organization bearing the name The Office of The President of Surgical Resource Group and His Successors, a Corporate Sole. Defendant SCHLOSSER attempted to conceal and assign Income to this artificial entity that he had earned from the sale of medical supplies and surgical equipment;
- d. on or about May 17, 2001, defendant JAMES KERR SCHLOSSER opened an investment account with Investment Company #1 in the name of The Office of Overseer of the Berean Medical Missions and His Successors, A corporate Sole (Account Number XXXX-1566);
- e. on or about February 7, 2003, defendant JAMES KERR SCHLOSSER filed a trust formation document with the Nevada Secretary of State for an organization bearing the name of Surgical Resource Business Trust. Defendant SCHLOSSER attempted to conceal and assign income to this artificial entity that he had earned from the sale of medical supplies and surgical equipment;
- f. on or about February 7, 2003, defendant JAMES KERR SCHLOSSER filed a trust formation document with the Nevada Secretary of State for an organization bearing the name of Lightsource Medical Business Trust. Defendant SCHLOSSER attempted to conceal and assign income to this artificial entity that he had earned from the sale of medical supplies and surgical equipment;
- g. on or about November 5, 2003, defendant JAMES KERR SCHLOSSER filed articles of incorporation with the Nevada Secretary of State for an organization bearing the name The Office of the Elder of the International Fellowship of Biblical Stewards and His

Successors, a Corporation Sole. Defendant SCHLOSSER attempted to conceal and assign income to this artificial entity that he had earned from the sale of medical supplies and surgical equipment;

- h. on or about April 26, 2004, defendant JAMES KERR SCHLOSSER opened an investment account with Investment Company #1 in the name of Surgical Resource Business Trust. The trust formation document listed a person known to the grand jury as Person "A;"
- i. on or about September 20, 2004, defendant JAMES KERR SCHLOSSER opened an investment account with Investment Company #2 in the name of Surgical Resource Business Trust. The trust document listed a person known to the grand jury as Person "A;"
- j. on or about July 6, 2006, defendant JAMES KERR SCHLOSSER opened an investment account with Investment Company #2 in the name of Lightsource Medical Trust. The trust formation document named an individual as trustee known to the grand jury as Person "A;"
- k. on or about February 9, 2010, after being informed by the United States Tax Court that his request for a summary judgment challenging the Internal Revenue Service's attempt to collect delinquent taxes -- a decision that was affirmed by United States Court of Appeals for the Third Circuit -- defendant SCHLOSSER continued his efforts to prevent the Internal Revenue Service from identifying the gross income he had earned;
- l. on or about November 2, 2012, defendant JAMES KERR sent a letter to the Internal Revenue Service, captioned as "Privacy Act Request For Notification and Access," in which defendant SCHLOSSER complained that the Internal Revenue Service's correspondence did not contain an Office of Management and Budget Control Number.



- m. on or about December 31, 2014, approximately 6 years after the United States Court of Appeals for the Third Circuit had affirmed the United States Tax Court's rejection of defendant JAMES KERR SCHLOSSER's Complaint for Summary Judgment, defendant SCHLOSSER sent the Internal Revenue Service a letter in which he complained about a notice that he had received regarding the nonpayment of the \$1,000 civil penalty that was assessed against him by the United States Tax Court.

All in violation of Title 26, United States Code, Section 7212(a).

**COUNT TWO**

**THE GRAND JURY FURTHER CHARGES THAT:**

1. Paragraphs 1-7, 9-18 and 26-37 of Count One are incorporated here.
2. From on or about January 1, 2012 to on or about December 31, 2012, in in

the Eastern District of Pennsylvania and elsewhere, defendant

**JAMES KERR SCHLOSSER**

a resident of Bird-in-Hand, Pennsylvania received gross income substantially in excess of the minimum filing requirement, as set forth below, and that by reason of such gross income he was required by law, following the close of each calendar year and on or before April 15 of the following year, to make an income tax return to the Director, Internal Revenue Service Center, at Philadelphia, Pennsylvania, or other proper officer of the United States, stating specifically the items of his gross income and any deductions and credits to which he was entitled; that knowing this, he willfully failed to make an income tax return to the Director of the Internal Revenue Service Center, or to any other proper office of the United States:

<b>FILING STATUS</b>	<b>FILER'S AGE</b>	<b>GROSS INCOME THRESHOLD</b>	<b>SELF-EMPLOYED</b>
Single	<b>Younger than 65</b>	<b>\$9,500</b>	<b>\$400</b>
Head of Household	<b>Younger than 65</b>	<b>\$12,500</b>	<b>\$400</b>
Married, filing jointly	<b>Younger than 65 (both spouses)</b>	<b>\$19,500</b>	<b>\$400</b>

All in violation of Title 26, United States Code, Section 7203.

**COUNT THREE**

**THE GRAND JURY FURTHER CHARGES THAT:**

1. Paragraphs 1-7, 9-18 and 26-37 of Count One are incorporated here.
2. From on or about January 1, 2013 to on or about December 31, 2013, in

the Eastern District of Pennsylvania and elsewhere, defendant

**JAMES KERR SCHLOSSER**

a resident of Bird-in-Hand, Pennsylvania received gross income substantially in excess of the minimum filing requirement, as set forth below, and that by reason of such gross income he was required by law, following the close of each calendar year and on or before April 15 of the following year, to make an income tax return to the Director, Internal Revenue Service Center, at Philadelphia, Pennsylvania, or other proper officer of the United States, stating specifically the items of his gross income and any deductions and credits to which he was entitled; that knowing this, he willfully failed to make an income tax return to the Director of the Internal Revenue Service Center, or to any other proper office of the United States:

<b>FILING STATUS</b>	<b>FILER'S AGE</b>	<b>GROSS INCOME THRESHOLD</b>	<b>SELF-EMPLOYED</b>
Single	Younger than 65	\$ 10,000	\$400
Head of Household	Younger than 65	\$11,500	\$400
Married, filing jointly	Younger than 65 (both spouses)	\$12,850	\$400

All in violation of Title 26, United States Code, Section 7203.

**A TRUE BILL:**

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**GRAND JURY FOREPERSON**

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**ZANE DAVID MEMEGER  
UNITED STATES ATTORNEY**

