



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

MEMORANDUM

To: Reporters and Editors
Re: Guilty pleas in offshore tax scheme
Da: Wednesday, March 5, 2003

Sen. Chuck Grassley, chairman of the Committee on Finance, in 2001 convened a hearing to examine the proliferation of Internet-advertised tax avoidance schemes. Today, two former administrators of one of the groups highlighted at Grassley's hearing – the Institute of Global Prosperity – pleaded guilty in federal court to using a foreign bank account to commit tax evasion. Grassley made the following comment on today's guilty plea.

“The Justice Department and the IRS are making a good effort to go after people who set up offshore accounts to commit tax evasion. I appreciate that, and I hope to see more of it. This is an issue I'll raise with the nominee to succeed Charles Rossotti as the IRS commissioner. When law-abiding people pay their taxes on April 15, others shouldn't get to scheme their way out of paying.”

The Justice Department news release on today's guilty pleas follows.

FOR IMMEDIATE RELEASE
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TWO PLEAD GUILTY IN FRAUDULENT OFFSHORE TAX SHELTER SCHEME

____ WASHINGTON, D.C. -- The Department of Justice announced that two former administrators of the Institute of Global Prosperity (IGP) admitted in federal court in Charleston, S.C., today that they used a foreign bank account to commit tax evasion. Shoshana B. Szuch, former Director of Operations of IGP, and her husband, Jeffrey S. Szuch, a former IGP conference planner, each entered a guilty plea before U.S. District Judge David C. Horton.

“Depositing your income in an offshore bank account doesn't make it non-taxable,” said

Assistant Attorney General Eileen J. O'Connor of the Justice Department's Tax Division. "The Justice Department is working with the Internal Revenue Service to identify and prosecute people who use offshore trusts and bank accounts to commit tax evasion."

According to the charging document filed in court, the Szuchs were administrators of the Institute of Global Prosperity (IGP), an organization that hosted offshore seminars for promoters of abusive trusts and anti-tax schemes. IGP was also known by other names, including Global Prosperity Marketing Group (GPMG) and Global Prosperity Group (GPG). Members of IGP marketed and sold various IGP products, including an "education course" named "Global 1" priced at \$1,250; a ticket to a three-day offshore seminar named "Global 2" priced at \$6,250; and a ticket to a five-day offshore seminar named "Global 3" priced at \$18,750. The Global 2 and Global 3 seminars brought together portions of the IGP membership to hear, among other things, presentations by individuals and organizations involved in the sale and operation of foreign trusts designed in part to conceal income from the IRS.

Shoshana Szuch marketed and sold IGP products from the fall of 1996 until the fall of 1997 and was the Director of Operations of IGP from the fall of 1997 through February 2001, according to documents filed in court. Her husband, Jeffrey Szuch, assisted her in selling IGP products and planning offshore conferences hosted by IGP.

On or about Sept. 4, 1997, Shoshana Szuch and Jeffrey Szuch purchased an International Business Corporation (IBC) and related offshore bank account in the name of Oro Blanco, Ltd. This bank account, located in Antigua, was used by the Szuchs to conceal the income paid to Shoshana Szuch by IGP and the income earned from the sale of IGP products. Shoshana and Jeffrey Szuch failed to file a 1997 tax return despite having approximately \$62,540 in taxable income from IGP-related activities, upon which they owed approximately \$21,051 in income tax. T h e p l e a agreement requires the Szuchs to cooperate fully with the government regarding their involvement and the involvement of others with IGP and to cooperate with the IRS in the ascertainment, computation and payment of their correct federal income tax liability for 1997 through 1999. The maximum statutory penalties for tax evasion are imprisonment for five years, release under court supervision for three years and a fine of \$250,000. No sentencing date has been set for the Szuchs.

A member of IGP, Margo E. Jordan, pled guilty to tax evasion regarding her 1997 income taxes in the District of Maine on Feb. 28, 2003.

This case was investigated by agents of the IRS Criminal Investigation. More information about tax fraud schemes to avoid can be found online at www.treas.gov/irs/ci/.

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