



Florida & International Corporate & Financial Fraud Investigators

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HEADLINE: Raid reveals local links to tax havens

BYLINE: Don Bauder; Library researchers Beth Wood and Michelle Gilchrist assisted in this column.

BODY:

The Internal Revenue Service this week raided the offices of offshore tax haven operators who are well-known to San Diegans.

In what was billed as the largest IRS enforcement action ever taken, investigators fanned out across the country to seize documents.

One stop was in Manhattan Beach, where investigators seized records of Jerome Schneider, a longtime peddler of offshore banks, which often are described as "brass platers" because they are basically a plaque on a door purporting to be a bank -- essentially a vehicle for sending funds into a black hole for tax purposes.

In 1981, Schneider, by then a felon, sold an offshore brass plate "bank" to San Diego's J. David "Jerry" Dominelli, who later went to prison for heading a \$90 million Ponzi scheme.

Records reflected that Dominelli owned 299,999 shares in the Montserrat "bank," and his associate, Nancy Hoover (now Nancy Hunter), owned one share. Both spent time in prison over activities related to the J. David affair.

According to the IRS, Schneider gives seminars on how to get around IRS rules through offshore institutions. Of late, Schneider has been selecting exotic locales such as Nauru, says the IRS.

The investigators also pulled off a raid in Issaquah, Wash., at the residence of David Struckman, an official of an offshore entity variously known as the Institute of Global Prosperity, Global Prosperity Marketing Group, Gateway to Financial Freedom, ad nauseam.

The IRS seized records relating to offshore activities in havens such as Bermuda, Antigua and the Turks & Caicos Islands.

This operation was first exposed in this column in 1996. It was making wild claims -- 90 percent profit on each sale of the company's products, which included audio cassettes on the evils of the Federal Reserve and the glories of offshore tax strategies.

Since that first column, a number of states -- including Michigan, North and South Dakota, Missouri and Massachusetts -- hit the operation with cease-and-desist orders, alleging securities violations.

For some time, Stuart Noss of Leucadia has been pursuing Global Prosperity. "I want to form an alliance of sorts to put this operation out of business," says Noss.

"Global Prosperity is tax evasion made into a multilevel marketing scheme where you can get rich recruiting others to help people commit tax evasion," says Jay Adkisson, Orange County attorney.

In its literature, Global Prosperity says it provides its enrollees "details on domestic and offshore trusts. (Our) course teaches you how to use them to legally eliminate business, personal and capital gains (income) taxes for life."

The outfit holds \$6,000 seminars in places such as Cancun and Bermuda. Tapes giving instructions on offshore activity cost \$1,250. Workshops cost \$18,750. The final course costs \$37,500.

Noss and others who have followed Global Prosperity figure it may have grossed \$300 million in its existence.

In fall of last year, a Phoenix-based quarterly magazine, Tycoon, did a rave review, featured on its cover, of Global Prosperity.

But the publisher of Tycoon is now contrite. He found out about the actions by states, and yesterday, learned of the IRS' raid.

The publisher, Richard Purscell, says, "What it really amounted to was an advertising campaign, and with advertisers, there is not as much scrutiny with editorial. We took the bait and didn't do our homework prior to interviewing and doing the article."

Says Purscell, "It was a paid-for article, and we regret we did it."

Earlier, when he said the same thing, Purscell was buried in hate mail from Global's followers, many of whom appear to be part of the so-called Common Law movement, an essentially anti-government group.

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