

**UNITED STATES DISTRICT COURT FOR THE
DISTRICT OF SOUTH CAROLINA
GREENVILLE DIVISION**

UNITED STATES OF AMERICA,)	
)	
Plaintiff,)	
)	
v.)	Civil No. 6:06-cv-01862-HFF
)	
JOHN-HOWARD (“ALEX”))	
ALEXANDER, a/k/a HOWARD)	
IRA SMALL, individually and d/b/a)	
the AWARE GROUP, FREEDOM TRUST)	
GROUP, and INTERNATIONAL)	
BUSINESS SYSTEMS,)	
)	
)	
Defendant.)	

FINAL JUDGMENT OF PERMANENT INJUNCTION

Plaintiff, the United States of America, has filed a Complaint for Permanent Injunction against defendant John Howard Alexander (“Alexander”).

Alexander does not admit the allegations in the Complaint, except that he admits that the Court has jurisdiction over him and over the subject matter of this action.

Alexander waives the entry of findings of fact and conclusions of law under Federal Rule of Civil Procedure 52 and Internal Revenue Code (I.R.C.) (26 U.S.C.) §§ 7402(a) and 7408.

Alexander consents to entry of this Final Judgment of Permanent Injunction without admitting that grounds exist for imposition of an injunction.

Alexander enters into this Final Judgment of Permanent Injunction voluntarily and waives any right he may have to appeal from it.

Alexander consents to entry of this Final Judgment of Permanent Injunction without further notice and agrees that this Court shall retain jurisdiction over him for the purpose of implementing and enforcing this Final Judgment of Permanent Injunction.

The Court accordingly ORDERS, ADJUDGES, AND DECREES that:

1. The Court has jurisdiction over this action pursuant to 28 U.S.C. §§ 1340 and 1345 and I.R.C. §§ 7402(a) and 7408.
2. The Court finds that the tax-fraud schemes promoted by Alexander violate various provisions of the Internal Revenue Code.
3. The Court finds that Alexander consents to the entry of this injunction.
4. It is further ORDERED that Alexander, individually and doing business under any other name or using any other entity, and his representatives, agents, servants, employees, attorneys, and those persons in active concert or participation with him, is permanently enjoined and restrained from, directly or indirectly:

(a) Making representations, in connection with the organization or sale of any shelter, plan, or arrangement, that:

(1) the United States includes “only the District of Columbia and territories over which the federal Government has exclusive jurisdiction;”

(2) United States citizens are “non-resident aliens” with respect to the federal Government and not subject to taxation;

(3) residents of South Carolina (or any other state) are not required to file tax returns reporting income while working in the United States;

(4) residents of South Carolina (or any other state) are not required to pay tax on income while working in the United States;

(5) residents of South Carolina (or any other state) can revoke or rescind their Social Security number in order to legally discontinue paying income or employment taxes;

(6) residents of South Carolina (or any other state) can revoke an implied contract with the United States in order to legally stop filing income tax returns and paying income taxes by filing frivolous documents Government; and

(7) the 16th Amendment created no new power of taxation and did not amend or change the constitutional limits that forbid any direct taxation on individuals.

(b) Selling services designed to assist customers to evade reporting, filing, and paying taxes, including:

(1) The preparation and sale of correspondence to the IRS on behalf of any other person;

(2) Obstructing or advising or assisting anyone to obstruct IRS examinations, collections, or other IRS proceedings;

(3) Advising anyone that they are not required to file federal tax returns or pay federal taxes;

(4) Instructing, advising, or assisting anyone to stop withholding federal employment taxes from wages;

(5) Selling or distributing any newsletter, book, manual, videotape, audiotape, or other material containing false commercial speech regarding the internal revenue laws or speech likely to incite others imminently to violate the internal revenue laws;

(6) Selling “Reliance Defense” letters, which falsely advise that U.S.-source income is not taxable;

(7) Selling “Declarations of Citizenship” which falsely state that the individual is a U.S.-citizen not subject to federal taxation;

(8) Selling “Affidavits of Revocation” which falsely purport to revoke the individual’s Security number; and

(9) Selling “U.C.C.” filings which falsely state that an individual can revoke or rescind their obligation to: (1) file income returns, (2) pay income taxes, or (3) respond to IRS directives or requests for information.

(c) Organizing (or assisting in organizing) or participating, directly or indirectly, in the sale of any interest in any entity, plan, or arrangement, including but not limited to those discussed above, that incites or assists customers to attempt to violate the internal revenue laws or unlawfully evade the assessment or collection of their federal tax liabilities or unlawfully claim improper tax refunds;

(d) Engaging in activity subject to penalty under 26 U.S.C. § 6700, including making, in connection with the organization or sale of any plan or arrangement, any statement about the securing of any tax benefit that the defendant knows or has reason to know is false as to any material matter;

(e) Engaging in activity subject to penalty under 26 U.S.C. § 6701, including procuring, preparing and/or assisting in the preparation of documents related to a matter material to the internal revenue laws that defendant knows will result in the understatement of another person's tax liability;

(f) Engaging in any other activity subject to penalty under 26 U.S.C. § 6701;

(g) Engaging in conduct subject to penalty under any provision of the Internal Revenue Code, or engaging in any other conduct that interferes with the administration and enforcement of the internal revenue laws; and

(h) Misrepresenting the terms of this injunction.

5. It is further ORDERED pursuant to I.R.C. § 7402(a) that Alexander and his representatives, agents, servants, employees, attorneys, and those persons in active concert or participation with him shall remove from defendant's website, false commercial speech regarding the internal revenue laws, and speech likely to incite others imminently to violate of the internal revenue laws;

6. It is further ORDERED that Alexander fulfill the requirements of paragraph 5 within 20 days of the entry of this judgment.

7. It is further ORDERED that the United States is permitted to engage in post-judgment discovery to ensure compliance with this permanent injunction.

8. It is further ORDERED that this Court shall retain jurisdiction over this action for the purpose of implementing and enforcing this Final Judgment of Permanent Injunction.

SO ORDERED this 17th day of November, 2006.

s/Henry F. Floyd

HENRY F. FLOYD

United States District Judge

Consented to and Agreed:

s/ J. Bradley Bennett

J. BRADLEY BENNETT

Attorney for Defendant

REGINALD I. LLOYD

United States Attorney

s/John Howard Alexander

JOHN HOWARD ALEXANDER

Defendant

s/George J. Conits

GEORGE J. CONITS

Assistant United States Attorney

District Bar No. 234

District of South Carolina

P.O. Box 10067

Greenville, S.C. 29603

THOMAS M. NEWMAN

Trial Attorney, Tax Division

U.S. Department of Justice

Post Office Box 7238

Washington D.C. 20044