



# Department of Justice

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## JUSTICE DEPARTMENT FILES SUIT TO HALT FLORIDA MAN'S PROMOTION OF SO-CALLED ASSET PROTECTION SCHEMES

**WASHINGTON, D.C.** - Today the Department of Justice filed suit in federal court in Tampa, Florida, to stop David Marvin Swanson of Sarasota, Florida, from allegedly promoting an illegal tax scam that involves the use of sham trusts and limited liability companies. The government simultaneously filed a motion asking the court to enjoin Swanson immediately from these activities. In addition, the government also seeks a complete list of Swanson's customers.

According to the papers filed with the court, Swanson, who also does business as Dynamic Monetary Strategies, allegedly promotes his system of sham trusts - called "unincorporated business trust organizations" or "UBTOs" - and limited liability companies on his website and in a manual he sells to customers. The manual and website refer to Swanson's schemes as a form of "asset protection," which the lawsuit claims is a mere ruse for the illegal tax avoidance which is the real focus of his activities. While he now works alone, the lawsuit alleges that he was formerly an associate of Florida-based Carel "Chad" Prater, who in 2002 was ordered by the Tampa federal court to stop his schemes. The lawsuit explains that Swanson's system-which he has sold to hundreds of taxpayers-is intended to help his customers illegally drop out of the tax system, making it difficult to detect their tax evasion. Information regarding the Prater lawsuit can be found at:  
<[http://www.usdoj.gov/tax/02\\_tax\\_652.htm](http://www.usdoj.gov/tax/02_tax_652.htm)>.

"The Justice Department is moving vigorously to shut down fraudulent tax promotions, including those based on sham trusts," said Eileen J. O'Connor, Assistant Attorney General for the Justice Department's Tax Division. "People who act on the promises of tax scam promoters risk significant civil penalties and the possibility of criminal prosecution."

This suit is the latest in a series of actions the Justice Department has taken to shut down tax-scam promotions. Information about similar lawsuits can be found at:

[http://www.usdoj.gov/tax/03\\_tax\\_730.htm](http://www.usdoj.gov/tax/03_tax_730.htm)

[http://www.usdoj.gov/tax/03\\_tax\\_588.htm](http://www.usdoj.gov/tax/03_tax_588.htm)

[http://www.usdoj.gov/tax/03\\_tax\\_525.htm](http://www.usdoj.gov/tax/03_tax_525.htm)

[http://www.usdoj.gov/tax/03\\_tax\\_525.htm](http://www.usdoj.gov/tax/03_tax_525.htm)

[http://www.usdoj.gov/tax/02\\_tax\\_573.htm](http://www.usdoj.gov/tax/02_tax_573.htm)

[http://www.usdoj.gov/tax/03\\_tax\\_525.htm](http://www.usdoj.gov/tax/03_tax_525.htm)

Tax scams cost the federal government billions of dollars every year. According to a General Accounting Office report (GAO-02-733) issued in 2002, stepped-up efforts by the Justice Department and Internal Revenue service to crack down on these scams have led to increasing numbers of convictions of tax-fraud promoters. The report can be found online at: <http://www.gao.gov/new.items/d02733.pdf>. More information about the Justice Department's Tax Division can be found at <http://www.usdoj.gov/tax>.

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