



News Release

OFFICE OF ATTORNEY GENERAL ALAN WILSON
STATE OF SOUTH CAROLINA

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Contact: Adam Piper
803-734-3778
apiper@scag.gov

LIBERTY MAN GETS 11 MONTHS ON TAX CHARGES *AG's Office and DOR Warn Public of Tax Protest Scams*

Columbia, S.C. - South Carolina Attorney General Alan Wilson announced today that, on February 23, 2011, Leldon Thomas Oates, of Liberty, SC, was convicted of five counts of Willful Attempt to Evade or Defeat a Tax, and one count of Failure to Pay a Tax, File a Return, or Maintain Records and sentenced to 11 months in prison, after a two day criminal trial in the Pickens County Court of General Sessions.

During the trial, Oates had argued that he was not required to file or pay income taxes for tax years 2002, 2004, 2005, 2006, 2007, and 2008. Oats claimed that his "extensive tax research" had convinced him that, under IRS regulations, his wages were not income, and that he was not a "person" within the meaning of the Internal Revenue Code. After only thirty minutes of deliberation, however, the jury found Oates guilty on all charges.

Circuit Court Judge G. Edward Welmaker, presiding over the General Sessions Court of Pickens County, sentenced Oates to 11 months in prison. In addition, upon completion of that sentence, the Judge sentenced Oates on the remaining charges to consecutive sentences totaling 10 years, but suspended that sentence upon the completion of 5 years' probation, 300 hours of community service, and the payment of \$11,003 in delinquent State income taxes. With the completion of criminal prosecution, auditors from the SCDOR and IRS will apply further civil penalties and interest charges where appropriate.

Spokesmen for the South Carolina Attorney General's office and the Department of Revenue warned tax payers not to believe the numerous tax avoidance schemes that are easily found on the internet. "Many of these "tax protestor" groups promise their followers the alleged "secret" to avoiding taxes," he stated, "but their arguments have been repeatedly rejected in State and Federal Courts throughout the country." These groups often charge fees for their advice and assure individuals that they will not be prosecuted if their method is followed. The spokesmen emphatically stated, "The "tax protestor" movement is just a scam. In the end, the delinquent taxpayer is left to stand alone to face criminal prosecution, prison time, and large tax fines and penalties." The spokesman urged taxpayers to speak with licensed attorneys or certified public accountants before following any advice given over the internet.

The maximum sentence for Willful Attempt to Evade or Defeat a Tax, S.C. Code Section 12-54-44 (B) (1)), is five years and/or a \$10,000 fine, together with the cost of prosecution. The maximum sentence for Failure to Pay a Tax, File a Return, or Maintain Records (S.C. Code Section 12-54-44 (B) (3)), is one year and/or a \$10,000 fine, together with the cost of prosecution.

Wilson urged anyone with information concerning fraudulent tax schemes to contact the South Carolina Department of Revenue.