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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA,
Plaintiff,
v.
DAVID CHAMPION,
Defendant.

No. CV 11-1175 PA (SSx)
JUDGMENT AND PERMANENT
INJUNCTION

In accordance with this Court’s January 24, 2012 Order granting the Motion for Summary Judgment filed by plaintiff United States of America (the “United States”) against defendant David Champion (“Champion”), the Court has concluded that Champion’s theories concerning the Government’s taxing authority are wrong. Views such as those advanced by Champion have been rejected as frivolous by all courts that have analyzed similar arguments. See generally United States v. Gerads, 999 F.2d 1255 (8th Cir. 1993) (rejecting concept that filing of income tax return is purely voluntary); United States v. Karlin, 785 F.2d 90, 91 (3d Cir. 1986) (rejecting concept that individuals are not “persons” as defined in the Internal Revenue Code); United States v. Studley, 783 F.2d 934, 937 (9th Cir. 1986) (rejecting concepts that wages do not constitute “income” subject to federal income taxation, and noting in dicta that “this argument has been consistently and thoroughly rejected by every branch of the government for decades”). It is therefore hereby

1 ORDERED, ADJUDGED, AND DECREED that upon receiving actual notice of this
2 Judgment and Permanent Injunction:

3 1. Pursuant to 26 U.S.C. §§ 7402 and 7408, Champion is permanently enjoined
4 from acting in any advisory, consulting, or participatory capacity in any way for any
5 individuals or entities, whether for pay or not, with respect to the individual or entity's
6 federal tax obligations, including but not limited to (a) assisting individuals in becoming
7 "nontaxpayers," (b) assisting individuals in evading their income tax obligations through
8 their "nontaxpayer" status, (c) instructing individuals that they can become, or are,
9 "nontaxpayers," (d) assisting individuals in avoiding reporting their Social Security
10 Numbers, Taxpayer Identification Numbers, or any other identification information that
11 might be disclosed to the IRS by a third party, (e) creating or forming trusts of any kind for
12 individuals, and/or (f) assisting individuals in creating or forming trusts of any kind.

13 2. Pursuant to 26 U.S.C. §§ 7402 and 7408, and except as otherwise set forth
14 below, Champion is enjoined from acting in any advisory or participatory capacity in any
15 way for any trusts created by or for any of his customers, himself, or any other parties in the
16 past ten years and in which he has assisted in the creation or management in any way during
17 that time, including acting as trustee;

18 3. Pursuant to 26 U.S.C. §§ 7402 and 7408, Champion and his representatives,
19 agents, servants, employees, and anyone in active concert or participation with him who
20 received actual notice of this Judgment and Permanent Injunction, is enjoined from directly
21 or indirectly:

22 (A) Organizing or selling tax shelters, plans, or any other
23 arrangements that advise or assist taxpayers to attempt to evade
24 the assessment or collection of such taxpayers' correct federal
25 tax, including but not limited to selling or providing for free to
26 customers any services or assistance whatsoever involving (a)
27 informing taxpayers that they are "nontaxpayers" not subject to
28 federal income taxation, (b) assisting customers in any way in

- 1 evading their tax obligations by maximizing their purported
2 “nontaxpayer” status, or (c) the creation, establishment, or
3 maintenance of trusts of any kind;
- 4 (B) Engaging in any other activity subject to penalty under 26
5 U.S.C. § 6700, i.e. organizing or selling a plan or arrangement
6 and making a statement regarding the excludability of income or
7 securing of any other tax benefit, by participating in the plan that
8 they know or have reason to know is false or fraudulent as to any
9 material matter, including but not limited to the following false
10 statements: (a) that there are individuals properly referred to as
11 “nontaxpayers” who are outside the scope of federal income
12 taxation, (b) that individuals should maximize their
13 “nontaxpayer” status by refusing to provide (or refusing to allow
14 others to provide) taxpayer identification information (including
15 Social Security Numbers or Taxpayer Identification Numbers) to
16 the IRS, (c) that the creator of a common law or “pure” trust can
17 transfer his personal or business assets or proceeds into the trust
18 and continue to exercise day-to-day control over the asset or
19 proceeds in question without incurring any federal income tax
20 liability from that activity, (d) that a pure trust need not file a
21 Form 1041 income tax return and therefore is not subject to
22 federal income taxation, and/or (e) that individuals need not
23 comply with IRS summonses;
- 24 (C) Engaging in any activity subject to penalty under 26 U.S.C. §
25 6701, i.e. aiding or assisting in, procuring, or advising with
26 respect to the preparation or presentation of a federal tax return,
27 refund claim, or other document, knowing or having a reason to
28 believe that it will be used in connection with any material

1 matter arising under the internal revenue laws, and knowing that
2 if so used it would result in an understatement of another
3 person's tax liability; and

4 (D) Directly or indirectly organizing, promoting, marketing, or
5 selling any plan or arrangement that advises or encourages
6 taxpayers to attempt to violate internal revenue laws or
7 unlawfully evade the assessment or collection of their federal tax
8 liabilities, including promoting, selling, or advocating (a) the
9 existence of a class of "nontaxpayers, and/or (b) the use and/or
10 creation of common law or "pure" trusts as a means of
11 eliminating if not greatly reducing their income tax liabilities;

12 4. Within thirty (30) days of receiving actual notice of this Judgment and
13 Permanent Injunction, Champion shall, in a conspicuous location, post on all of his websites
14 (including but not limited to "www.nontaxpayer.org," "www.davechampionshow.com", and
15 "www.originalintent.org") a copy of this Judgment and Permanent Injunction. Champion
16 shall certify to this Court in writing by filing a declaration under penalty of perjury that he
17 has done so within thirty (30) days of receiving actual notice of this Judgment and
18 Permanent Injunction. This requirement shall also apply to any future website that contains,
19 links to, or advertises information concerning Champion's views and services related to
20 taxation that Champion may obtain, initiate, or begin the operation of while this Judgment
21 and Permanent Injunction remains in effect. Champion shall not knowingly make any
22 statements, written or verbal, or cause or encourage others to make any statements, written
23 or verbal, that misrepresent any of the terms of this Judgment and Permanent Injunction,
24 whether such statements are made on the aforementioned websites or otherwise;

25 5. Pursuant to 26 U.S.C. § 7402, Champion is hereby required, within thirty (30)
26 days of receiving actual notice of this Judgment and Permanent Injunction, to provide the
27 United States with a list of the names and addresses (to the extent Champion can reasonably
28 ascertain such information) of all: (a) purchasers of Income Tax: Shattering the Myths since

1 its publication, and (b) customers who paid Champion to provide them any tax-related
2 services in the past five years;

3 6. Pursuant to 26 U.S.C. § 7402, Champion is hereby required, within thirty (30)
4 days of receiving actual notice of this Judgment and Permanent Injunction, to provide a copy
5 of this Judgment and Permanent Injunction by mail or e-mail to all employees, affiliates,
6 associates representatives, agents, and servants, and all persons who have purchased from
7 him any products, services, advice, or publications associated with the tax scheme described
8 in the underlying complaint (where Champion can reasonably ascertain the mailing or e-mail
9 addresses of such individuals). Champion shall certify to this Court in writing by filing a
10 declaration under penalty of perjury that he has done so within thirty (30) days of receiving
11 actual notice of this Judgment and Permanent Injunction;

12 7. Pursuant to 26 U.S.C. § 7402, Champion shall, within thirty (30) days of
13 receiving actual notice of this Judgment and Permanent Injunction: (a) remove from all
14 existing unsold copies of Income Tax: Shattering the Myths, and any copies of it to be
15 published in the future, the pages advertising his services (as reflected in Schedule A
16 appended to this Permanent Injunction), (b) mail or e-mail to all purchasers of Income Tax:
17 Shattering the Myths since its publication (where Champion can reasonably ascertain the
18 mailing or e-mail addresses of such purchasers) a copy of this Judgment and Permanent
19 Injunction and a separate notification that states:

20 TO ALL PURCHASERS OF INCOME TAX: SHATTERING
21 THE MYTHS:

22 **Under no circumstances** should you rely on the content of
23 Income Tax: Shattering the Myths in determining your federal
24 income tax liability. You should instead seek appropriate
25 professional assistance (*e.g.* from an attorney, certified public
26 accountant, or otherwise properly licensed and reputable tax
27 return preparer).
28

1 and (c) include a copy of the above notification and a copy of the Judgment and Permanent
2 Injunction with all copies of Income Tax: Shattering the Myths sold after the date of this
3 Judgment and Permanent Injunction; Champion shall certify to this Court in writing by filing
4 a declaration under penalty of perjury that he has done so within thirty (30) days of receiving
5 actual notice of this Judgment and Permanent Injunction;

6 8. This Court retains jurisdiction to enforce this Judgment and Permanent
7 Injunction, and that for the purposes of monitoring compliance with its terms, the United
8 States may conduct discovery using the formal procedures described in Fed. R. Civ. P. 30,
9 31, 33, 34, 36, and 45, or as otherwise provided in the Federal Rules of Civil Procedure, or
10 permitted by this Court;

11 9. The Court warns the parties, and all of those covered by the terms of the
12 Judgment and Permanent Injunction who receive actual notice of it, that any violation of the
13 terms of this Judgment and Permanent Injunction may result in the imposition of sanctions
14 against the violator, up to and including the initiation of contempt proceedings.

15 IT IS SO ORDERED.

16
17 DATED: January 24, 2012



Percy Anderson
UNITED STATES DISTRICT JUDGE

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SCHEDULE A

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This book is about the legal and moral issues involved in the income tax.

It is **not** a “how to” manual on leaving the income tax system behind. Many people would do well to seek experienced guidance, especially companies that intend to stop withholding from their workers.

Should you decide that experienced guidance is the wise course for you, please feel free to contact my office at (775) 751-0811.

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The Dave Champion Show and Other Resources

For information about the
Dave Champion Show -
such as how to listen - go to
www.davechampionshow.com.

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