

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF TENNESSEE
AT KNOXVILLE**

UNITED STATES OF AMERICA,)
)
) **Plaintiff,**)
) **v.**)
))
) **BRETT EDWARD DIRR, and**)
) **RENEE DIRR**)
))
))
) **Defendants.**)

No. 3:08-CR-_____
JUDGE _____

Violations:
18 U.S.C. § 371
26 U.S.C. §§ 7201 & 7203
[Conspiracy to Defraud the U.S.]
[Attempt to Evade Tax]
[Failure to File]

INDICTMENT

The Grand Jury charges:

COUNT ONE

THE CONSPIRACY

1. From in or about 2000, the exact date being unknown to the Grand Jury, and continuing thereafter up to and including the date of this indictment, in the Eastern District of Tennessee and elsewhere,

BRETT EDWARD DIRR,

RENEE DIRR,

defendants herein, did unlawfully, voluntary, intentionally and knowingly conspire, combine, confederate, and agree together and with each other and with other individuals, both known and unknown to the Grand Jury, to defraud the United States for the purpose of impeding, impairing, obstructing, and defeating the lawful Government functions of the Internal Revenue Service of the

Treasury Department in the ascertainment, computation, assessment, and collection of the revenue:
to wit, federal income taxes of Brett Dirr.

PARTIES, PERSONS AND ENTITIES

At all times relevant to this indictment,

2. The defendants, **BRETT EDWARD DIRR** and **RENEE DIRR**, husband and wife, were residents of Blount County, Tennessee.

3. The Lotus Group was a nominee entity created by the defendants to conceal assets from the Internal Revenue Service.

4. The Internal Revenue Service is an agency within the United States Department of the Treasury responsible for administering and enforcing the tax laws of the United States, and collecting taxes owed to the Treasury of the United States by its citizens and other entities.

MANNER AND MEANS BY WHICH THE CONSPIRACY WAS CARRIED OUT

The manner and means by which the conspiracy was sought to be accomplished included, among others, the following:

5. The **DIRRS** failed to file federal income tax returns reporting income that he had earned.

6. The **DIRRS** concealed assets by assigning them to a nominee entity.

7. The **DIRRS** utilized a nominee entity to create the appearance that they had relinquished ownership and control over assets.

8. The **DIRRS** and others, known and unknown to the Grand Jury, took steps to further the conspiracy by purchasing a Reliance Defense Package for the purpose of establishing a defense to possible tax prosecution.

OVERT ACTS

In furtherance of the conspiracy, and to effect the objects thereof, the following overt acts, among others, were committed in the Eastern District of Tennessee, and elsewhere:

9. On or about May 25, 2000, defendant, **BRETT EDWARD DIRR**, signed and provided a Withholding Exemption Certificate in lieu of Form W-4 to his employer Denso Manufacturing Tennessee, Inc. certifying that he was exempt from withholding for the year 2000.

10. On or about February 1, 2001, defendant, **BRETT EDWARD DIRR**, signed and provided a false Form W-4 to his employer Denso Manufacturing Tennessee, Inc. claiming that he was exempt from withholding for the year 2001.

11. On or about February 5, 2002, defendant, **BRETT EDWARD DIRR**, signed and provided a false Form W-4 to his employer Denso Manufacturing Tennessee, Inc. claiming that he was exempt from withholding for the year 2002.

12. On or about January 24, 2003, defendant, **BRETT EDWARD DIRR**, signed and provided a Certificate of Exemption from Withholding in lieu of Form W-4 to his employer Denso Manufacturing Tennessee, Inc. certifying that he was exempt from withholding for the year 2003.

13. On or about March 7, 2003, defendant, **BRETT EDWARD DIRR**, filed an affidavit with his employer Denso Manufacturing Tennessee, Inc. swearing that he has no income that is taxable, he has never been liable for income tax, he never received a copy of an assessment of tax, he received no notice of tax liability, and that his employer has no legal basis for withholding income taxes.

14. On or about March 19, 2003, defendant, **BRETT EDWARD DIRR**, signed and provided a false Form W-4 to his employer American Technical Associates, Inc. claiming that he was exempt from withholding for the year 2003.

15. On or about May 25, 2004, defendant, **BRETT EDWARD DIRR**, signed and provided a false Form W-4 to his employer Aerotek claiming that he was exempt from withholding for the year 2004.

16. On or about July 20, 2004, defendant, **BRETT EDWARD DIRR**, signed and provided a false Form W-4 to his employer Navus Automation, Inc. claiming that he was exempt from withholding for the year 2004.

17. On or about August 5, 2005, defendant, **BRETT EDWARD DIRR**, signed and provided a false Form W-4 to his employer UEC Electronic claiming that he was exempt from withholding for the year 2005.

18. On or about September 28, 2005, defendant, **BRETT EDWARD DIRR**, signed and provided a false Form W-4 to his employer Aerotek claiming that he was exempt from withholding for the year 2005.

19. On or about February 22, 2006, defendant, **BRETT EDWARD DIRR**, signed and provided a false Form W-4 to his employer Aerotek claiming that he was exempt from withholding for the year 2006.

20. On or about December 31, 2002, defendants, **BRETT EDWARD DIRR** and **RENEE DIRR**, husband and wife, transferred ownership of their residence located at 4199 Burnett Road, Walland, Tennessee to The Lotus Group for \$10.00 in consideration and for the purpose of concealing their ownership and control of their residence from the IRS.

21. On or about August 7, 2003, defendants, **BRETT EDWARD DIRR** and **RENEE DIRR**, husband and wife, transferred ownership of their automobile, a 1998 Chevrolet S-10, to The Lotus Group for no consideration and for the purpose of concealing ownership and control of their automobile from the IRS.

22. On or about August 7, 2003, defendants, **BRETT EDWARD DIRR** and **RENEE DIRR**, husband and wife, transferred ownership of their automobile, a 2000 Chevrolet Blazer, to The Lotus Group for no consideration and for the purpose of concealing their ownership and control of their automobile from the IRS.

23. In or about December 2002, defendants, **BRETT EDWARD DIRR** and **RENEE DIRR**, husband and wife, filed a Declaration of State Citizenship in Blount County, Tennessee stating that they were not citizens of the United States.

24. On or about December 22, 2002, defendants, **BRETT EDWARD DIRR** and **RENEE DIRR**, husband and wife, filed affidavits stating that they were “NATURAL-BORN, FREE adult Citizen[s]” of the “Indiana Republic” and “California Republic,” respectively, for the purposes of declaring that they were not subject to Federal Income Tax laws with various federal, state and local government officials and offices.

25. On or about September 12, 2002, defendants, **BRETT EDWARD DIRR** and **RENEE DIRR**, husband and wife, purchased the Reliance Defense Package for the purpose of impeding the IRS criminal investigation. Furthermore the defendants backdated receipt of this package to October 23, 2000 to help justify the their actions in furtherance of the conspiracy.

26. On or before April 15, 2002, defendant, **BRETT EDWARD DIRR**, failed to file a federal income tax return reporting gross income of \$72,860.27 that he earned during tax year 2001

resulting in a tax due and owing of \$10,903.

27. On or before April 15, 2003, defendant, **BRETT EDWARD DIRR**, failed to file a federal income tax return reporting gross income of \$73,986.26 that he earned during tax year 2002 resulting in a tax due and owing of \$10,835.

28. On or before April 15, 2004, defendant, **BRETT EDWARD DIRR**, failed to file a federal income tax return reporting gross income of \$127,423.40 that he earned during tax year 2003 resulting in a tax due and owing of \$31,013.50.

29. On or before April 15, 2005, defendant, **BRETT EDWARD DIRR**, failed to file a federal income tax return reporting gross income of \$35,301.03 that he earned during tax year 2004 resulting in a tax due and owing of \$3,507.

30. On or before April 17, 2006, defendant, **BRETT EDWARD DIRR**, failed to file a federal income tax return reporting gross income of \$65,366.40 that he earned during tax year 2005 resulting in a tax due and owing of \$7,845.

All in violation of Title 18, United States Code, Section 371.

COUNT TWO

1. Paragraphs 2 through 4 of Count One of this Indictment are re-alleged and incorporated fully herein by reference.

2. That during calendar year 2001, **BRETT EDWARD DIRR**, a resident of Walland, Tennessee, had and received taxable income in the sum of approximately \$62,360.00; that upon said taxable income there was owing to the United States of America an income tax of approximately \$10,903.00; that well-knowing and believing the forgoing facts, **BRETT EDWARD DIRR**, on or about

April 15, 2002, in the Eastern District of Tennessee and elsewhere, did willfully attempt to evade and defeat that said income tax due and owing by him to the United States of America for said calendar year by failing to make an income tax return on or before April 15, 2002, as required by law, to any proper officer of the Internal Revenue Service, by failing to pay to the Internal Revenue Service said income tax, and by filing false Forms W-4 with employers to exempt himself from the withholding of taxes and by concealing and attempting to conceal assets from all proper officers of the United States of America to create the appearance that he had relinquished ownership and control of the assets.

All in violation of Title 26, United States Code, Section 7201.

COUNT THREE

1. Paragraphs 2 through 4 of Count One of this Indictment are re-alleged and incorporated fully herein by reference.

2. That during calendar year 2002, **BRETT EDWARD DIRR**, a resident of Walland, Tennessee, had and received taxable income in the sum of approximately \$63,136.00; that upon said taxable income there was owing to the United States of America an income tax of approximately \$10,835.00; that well-knowing and believing the forgoing facts, **BRETT EDWARD DIRR**, on or about April 15, 2003, in the Eastern District of Tennessee, did willfully attempt to evade and defeat that said income tax due and owing by him to the United States of America for said calendar year by failing to make an income tax return on or before April 15, 2003, as required by law, to any proper officer of the Internal Revenue Service, by failing to pay to the Internal Revenue Service said income tax, and by filing false Forms W-4 with employers to exempt himself from the withholding

of taxes and by concealing and attempting to conceal assets from all proper officers of the United States of America to create the appearance that he had relinquished ownership and control of the assets.

All in violation of Title 26, United States Code, Section 7201.

COUNT FOUR

1. Paragraphs 2 through 4 of Count One of this Indictment are re-alleged and incorporated fully herein by reference.

2. That during calendar year 2003, **BRETT EDWARD DIRR**, a resident of Walland, Tennessee, had and received taxable income in the sum of approximately \$114,576.00; that upon said taxable income there was owing to the United States of America an income tax of approximately \$31,013.50; that well-knowing and believing the forgoing facts, **BRETT EDWARD DIRR**, on or about April 15, 2004, in the Eastern District of Tennessee, did willfully attempt to evade and defeat that said income tax due and owing by him to the United States of America for said calendar year by failing to make an income tax return on or before April 15, 2004, as required by law, to any proper officer of the Internal Revenue Service, by failing to pay to the Internal Revenue Service said income tax, and by filing false Forms W-4 with employers to exempt himself from the withholding of taxes and by concealing and attempting to conceal assets from all proper officers of the United States of America to create the appearance that he had relinquished ownership and control of the assets.

All in violation of Title 26, United States Code, Section 7201.

COUNT FIVE

1. Paragraphs 2 through 4 of Count One of this Indictment are re-alleged and incorporated fully herein by reference.

2. That during calendar year 2004, **BRETT EDWARD DIRR**, a resident of Walland, Tennessee, had and received taxable income in the sum of approximately \$22,042.00; that upon said taxable income there was owing to the United States of America an income tax of approximately \$3,507.00; that well-knowing and believing the forgoing facts, **BRETT EDWARD DIRR**, on or about April 15, 2005, in the Eastern District of Tennessee, did willfully attempt to evade and defeat that said income tax due and owing by him to the United States of America for said calendar year by failing to make an income tax return on or before April 15, 2005, as required by law, to any proper officer of the Internal Revenue Service, by failing to pay to the Internal Revenue Service said income tax, and by filing false Forms W-4 with employers to exempt himself from the withholding of taxes and by concealing and attempting to conceal assets from all proper officers of the United States of America to create the appearance that he had relinquished ownership and control of the assets.

All in violation of Title 26, United States Code, Section 7201.

COUNT SIX

1. Paragraphs 2 through 4 of Count One of this Indictment are re-alleged and incorporated fully herein by reference.

2. That during calendar year 2005, **BRETT EDWARD DIRR**, a resident of Walland, Tennessee, had and received taxable income in the sum of approximately \$51,761.00; that upon said taxable income there was owing to the United States of America an income tax of approximately \$7,845.00; that well-knowing and believing the forgoing facts, **BRETT EDWARD DIRR**, on or about April 17, 2006, in the Eastern District of Tennessee, did willfully attempt to evade and defeat that said income tax due and owing by him to the United States of America for said calendar year by failing to make an income tax return on or before April 17, 2006, as required by law, to any proper officer of the Internal Revenue Service, by failing to pay to the Internal Revenue Service said income tax, and by filing false Form W-4's with employers to exempt himself from the withholding of taxes and by concealing and attempting to conceal assets from all proper officers of the United States of America to create the appearance that he had relinquished ownership and control of the assets.

All in violation of Title 26, United States Code, Section 7201.

COUNT SEVEN

1. Paragraphs 2 through 4 of Count One of this Indictment are re-alleged and incorporated fully herein by reference.

2. That during the calendar year 2001, **BRETT EDWARD DIRR**, a resident of Walland, Tennessee, received gross income totaling \$72,860.27; that by reason of such gross income, he was

required by law, following the close of calendar year 2001 and on or before April 15, 2002, to make an income tax return to the person assigned to receive returns at the local office of the Internal Revenue Service at Knoxville, Tennessee, in the Eastern District of Tennessee, or to the Director, Internal Revenue Service Center, at Memphis, Tennessee, or to any other proper officer of the United States of America, stating specifically the items of his gross income and any deductions and credits to which he was entitled; that well-knowing and believing all the foregoing, he did willfully fail to make said income tax return to the said person assigned to receive returns at the local office of the Internal Revenue Service, to said Director of the Internal Revenue Service Center, or to any other proper officer of the United States of America.

All in violation of Title 26, United States Code, Section 7203.

COUNT EIGHT

1. Paragraphs 2 through 4 of Count One of this Indictment are re-alleged and incorporated fully herein by reference.

2. That during the calendar year 2002, **BRETT EDWARD DIRR**, a resident of Walland, Tennessee, received gross income totaling \$73,986.26; that by reason of such gross income, he was required by law, following the close of calendar year 2002 and on or before April 15, 2003, to make an income tax return to the person assigned to receive returns at the local office of the Internal Revenue Service at Knoxville, Tennessee, in the Eastern District of Tennessee, or to the Director, Internal Revenue Service Center, at Memphis, Tennessee, or to any other proper officer of the United States of America, stating specifically the items of his gross income and any deductions and credits to which he was entitled; that well-knowing and believing all the foregoing, he did willfully

fail to make said income tax return to the said person assigned to receive returns at the local office of the Internal Revenue Service, to said Director of the Internal Revenue Service Center, or to any other proper officer of the United States of America.

All in violation of Title 26, United States Code, Section 7203.

COUNT NINE

1. Paragraphs 2 through 4 of Count One of this Indictment are re-alleged and incorporated fully herein by reference.

2. That during the calendar year 2003, **BRETT EDWARD DIRR**, a resident of Walland, Tennessee, received gross income totaling \$127,423.40; that by reason of such gross income, he was required by law, following the close of calendar year 2003 and on or before April 15, 2004, to make an income tax return to the person assigned to receive returns at the local office of the Internal Revenue Service at Knoxville, Tennessee, in the Eastern District of Tennessee, or to the Director, Internal Revenue Service Center, at Memphis, Tennessee, or to any other proper officer of the United States of America, stating specifically the items of his gross income and any deductions and credits to which he was entitled; that well-knowing and believing all the foregoing, he did willfully fail to make said income tax return to the said person assigned to receive returns at the local office of the Internal Revenue Service, to said Director of the Internal Revenue Service Center, or to any other proper officer of the United States of America.

All in violation of Title 26, United States Code, Section 7203.

COUNT TEN

1. Paragraphs 2 through 4 of Count One of this Indictment are re-alleged and incorporated fully herein by reference.

2. That during the calendar year 2004, **BRETT EDWARD DIRR**, a resident of Walland, Tennessee, received gross income totaling \$35,301.03; that by reason of such gross income, he was required by law, following the close of calendar year 2004 and on or before April 15, 2005, to make an income tax return to the person assigned to receive returns at the local office of the Internal Revenue Service at Knoxville, Tennessee, in the Eastern District of Tennessee, or to the Director, Internal Revenue Service Center, at Memphis, Tennessee, or to any other proper officer of the United States of America, stating specifically the items of his gross income and any deductions and credits to which he was entitled; that well-knowing and believing all the foregoing, he did willfully fail to make said income tax return to the said person assigned to receive returns at the local office of the Internal Revenue Service, to said Director of the Internal Revenue Service Center, or to any other proper officer of the United States of America.

All in violation of Title 26, United States Code, Section 7203.

COUNT ELEVEN

1. Paragraphs 2 through 4 of Count One of this Indictment are re-alleged and incorporated fully herein by reference.

2. That during the calendar year 2005, **BRETT EDWARD DIRR**, a resident of Walland, Tennessee, received gross income totaling \$65,366.40; that by reason of such gross income, he was required by law, following the close of calendar year 2005 and on or before April 17, 2006, to make

an income tax return to the person assigned to receive returns at the local office of the Internal Revenue Service at Knoxville, Tennessee, in the Eastern District of Tennessee, or to the Director, Internal Revenue Service Center, at Memphis, Tennessee, or to any other proper officer of the United States of America, stating specifically the items of his gross income and any deductions and credits to which he was entitled; that well-knowing and believing all the foregoing, he did willfully fail to make said income tax return to the said person assigned to receive returns at the local office of the Internal Revenue Service, to said Director of the Internal Revenue Service Center, or to any other proper officer of the United States of America.

All in violation of Title 26, United States Code, Section 7203.

A TRUE BILL:

s/Foreperson
FOREPERSON

JAMES R. DEDRICK
UNITED STATES ATTORNEY

s/Charles E. Atchley, Jr.
CHARLES E. ATCHLEY, JR.
Assistant United States Attorney