

IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MARYLAND

UNITED STATES OF AMERICA,	)	
	)	
Plaintiff,	)	
	)	
v.	)	Civil No. WMN 05 CV 1297
	)	
JOHN BAPTIST KOTMAIR, JR., et al.,	)	
	)	
Defendants.	)	

**DECLARATION OF JOSEPH NAGY**

This declaration and attached exhibits are submitted under 28 U.S.C. § 1746.

1. I am resident of the state of California and was a member of the Save-A-Patriot Fellowship (SAPF) from 2001 through 2004.

2. I paid \$925 to an SAPF representative to be a member fo the Save-A-Patriot Fellowship along with \$100 paid by my spouse.

3. During the period that I was a member SAPF provided me materials stating that federal income tax does not apply to U.S. citizens working in the United States.

4. SAPF also informed me that U.S. citizens are not subject to income and employment tax withholding requirements because U.S.-source income is not subject to taxation. This information was reported to me in SAPF’s promotional materials, handbook, and the *Reasonable Action* newsletter.

5. As a member, SAPF offered to provide several services to assist in reducing the amount of taxes I was required to pay. These services included filing court pleading, bankruptcy petitions, and writing letters to the IRS contesting my requirement to pay taxes or report

domestic income.

6. I did not file an income tax return for 2001 because I relied on SAPF's materials which stated that U.S. citizens are not subject to income and employment tax withholding requirements because U.S.-source income is not subject to taxation.

7. I also relied on the SAPF staffs' assurances that they could assist in representing me before the IRS, and John B. Kotmair, Jr., could represent me before the IRS and state taxing authorities in failing in failing to file and pay taxes, and in contesting those liabilities.

8. In 2004, the IRS mailed me a notice requesting my delinquent 1999-2002 income tax returns. In addition to not filing for these years I also did not file a 2003 income tax return.

9. As an SAPF member, I responded to the IRS through letters purchased from SAPF, fee of \$48 per letter, which were signed by John B. Kotmair, Jr.

10. In addition to this letter, SAPF sold me letters to send to the California Franchise Tax Board related to state income tax liabilities, which were not signed by John B. Kotmair, Jr. The SAPF staff instructed me to sign the letters sent to the California Franchise Tax Board.

11. The letters I purchased from SAPF, which were sent to the IRS, stated that John B. Kotmair, Jr., was "not currently under suspension or disbarment from the IRS."

12. The letter I purchased which stated because I "did not receive any foreign earned income during the period in question" there was no "requirement to file an income tax return."

13. The taxes I owed for 1999-2002 were since assessed by the IRS and I received other correspondence. I responded to all IRS inquiries through letters from SAPF, which were signed by John B. Kotmair, Jr.

14. After the IRS sent a notice for a due process hearing I contacted SAPF. The SAPF staff offered to provide me written responses to anticipated questions from the IRS Appeals Officer, although I never received this document.

15. The SAPF staff also offered to file court pleadings if the due process hearing did not resolve my income tax liabilities.

16. I would not have purchased SAPF's services if I knew the staff was not authorized to file pleading on my behalf in court.

17. I would not have purchased letters from SAPF contesting my federal income tax liabilities, signed by John B. Kotmair, Jr., had I known he was not authorized to represent me before the IRS.

18. I am now retired, living on Social Security, and have paid the thousands of dollars of income tax liabilities which have resulted from my failing to file a 1999-2003 income tax returns.

19. I am no longer a member of SAPF and have filed all income tax returns.

20. The United States has not offered me anything in exchange for providing this declaration.

I declare under penalty of perjury the foregoing is true and correct. Executed this 25 day of June, 2006.

  
JOSEPH NAGY