

STATEMENT OF AARON BAZAR
BEFORE THE UNITED STATES SENATE
COMMITTEE ON FINANCE

APRIL 5, 2001

Good Morning, Senators. Thank you for inviting me to speak today. It is an honor to be here.

Last year I lost approximately \$8000 and four months of time in a pyramid scam propagated over the Internet. It all started when I received an unsolicited bulk email message for a business opportunity. The email said I could make thousands of dollars and learn how to legally eliminate taxes. Four months later, and not a penny richer, I discovered that this “business” had Cease and Desist orders in many states. I was already disenchanted with the group because I felt that what they were “teaching” was not quite right. In addition, nobody I knew was actually making any money except the person who initially brought us into the pyramid. So, I asked for a refund. When that did not work, I tried to get the authorities involved to put a stop to this fraud. Finally, after that did not work, I started my own website to warn the public. The site has received tens of thousands of visitors over the past year, and I am positive that the site has helped many people from getting scammed, a job that the IRS, FBI, and FTC, as well as the State Attorney Generals are all failing miserably at.

Our government’s lack of enforcement is precisely the reason why pyramid and tax evasion scams are flourishing on the Internet today. When I first joined the Institute of Global Prosperity, I had never even heard of the Freedom movement and I knew very little about tax protestors. I was just in it for the money. It seemed like such a good idea at the time. I mean, who would not want to work from home, make thousands of dollars a week, and learn how to legally stop paying taxes just like the “wealthy elite” of our country? One reason these groups are so successful is that they prey on those who already distrust the government. These people are all too willing to believe the misinformation on the Internet and in the teachings of these groups. However, if they are like me and have no anti-government inclinations, then the comen do their best to reeducate you. They’ll drill ideas into new recruits like: The government spies on us. We are tracked via our social security numbers. The 16th Amendment was never ratified so taxes are illegal. Paying taxes is voluntary because the IRS tells us so right in the tax code, so we can choose not to pay. Or, the Federal Reserve is run by the ultra-wealthy and they illegally create money. The majority of citizens in this country know the tax system is completely unfair and benefits the wealthy. When somebody tells you that you can just “leave the system” by using special get-out-of-tax free forms in lieu of a 1040, it sounds too good to be true. When you are then shown in your 1040 instructions exactly where it says filing taxes is voluntary, you start to wonder. And then, finally, when you see many other people who have stopped paying taxes completely using these documents, you are sold. Senators, I have never heard of the IRS stopping any of the thousands of people who are using these methods to evade paying taxes; and believe me, I have looked. If Americans are really obligated to pay federal income taxes, why does the IRS allow these people to continue selling these “products,” and why are they not prosecuting those who use them? The IRS encourages the tax-protestor

movement by their lack of enforcement. I have a better chance of being audited because I send in a 1040 and pay my taxes honestly. Those who don't file a 1040 seem to be getting away with it.

But, let me get back to the Internet. Most scams on the web today employ the use of unsolicited bulk email, otherwise known as "spam" to recruit people and sell their "products." In my opinion, spam is truly the root of all evil on the Internet. NO legitimate company uses spam to advertise; ONLY pyramid schemes, pornography sites, stock market scams, and other illegitimate businesses use spam. Spam costs consumers billions of dollars a year based on recent studies. There are already bills in Congress that are addressing the spam issue, and I sure hope it becomes illegal to send out unsolicited commercial email. It will save the country billions paid by consumers, and it will help prevent these pyramid and ponzi schemes from spreading as fast as they are. If you have any doubts about how far-reaching the problem is then I suggest you check your private email accounts. The chances are good that you will have email with lines like "make \$2000-\$5000 dollars per week from home", or "eliminate credit card debt", and "legally reduce your taxes." These are emails sent out by IGP. If you have not received email like these, then you will soon enough. It's only a matter of time. My website has many samples of the spam IGP sends out, if you are interested- <http://www.global-prosperity.com>

If somebody wants to steal from people, the Internet is the place to do it. The chances of getting caught, in my opinion, are virtually nil. IGP has been stealing from people for 5 years now without any repercussions. They ignore Cease and Desist orders because they know they can get away with it. After I was scammed, I dutifully reported Jeff Segal, the IGP agent who ripped me off. I reported him, as well as other IGP leadership, to my state Attorney General, the state Attorney General in New Mexico, the FBI, the FTC and anybody else who might listen. I also contacted the Massachusetts Attorney General's office because IGP's drop-box was located there and I also contacted the Attorney General offices in Washington State and Oregon. Nothing happened. When I spoke to the various Attorney General offices, they told me things like they had no money, it was the other state's problem, or it was the FBI's jurisdiction because IGP crosses state lines, or it was a securities issue. At least the Maryland Attorney General's office was honest with me. The officer there said that nothing was going to be done. Around the same time I was in contact with the authorities, the FBI and the Justice Department set up the Internet Fraud Complaint Center, IFCC. I was pretty excited because I thought that this would be the place to go and something might get done. After all, IGP has cost the public over \$300 million dollars. But, again, no action was taken. I thought the whole reason the IFCC was started was because the various state and federal law-enforcement agencies were not equipped to handle Internet fraud. But, the IFCC just seems to take complaints and forward them to the same people that would not do anything about the problem in the first place- the Attorney Generals and local authorities. I guess my point is that the Internet is a great place to be a criminal because you won't get caught. If you are a tax-protestor, there has never been a better forum to get your message out, and make money too.

Senators, the wheels of "E-justice" do not exist. There are scams everywhere on the Internet but nothing is being done to stop them. I was lucky. I am young and can afford to pay off the debt I have accrued. I have been able to bounce back from my loss of faith in humanity too. However, there are many people who get on the Internet everyday that are not so lucky. When they receive the spam email in their boxes, what will they do? There is something wrong with the system when the IRS does not enforce our tax laws, the states wash their hands of responsibility on grounds of jurisdiction, and the FBI, SEC, and FTC do not go after people that steal millions of dollars from the public. White-collar crime is big business on the Internet today and the problem is continuing to grow.

Thank you.