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Bittermans Convicted of Tax Evasion

Chester Bitterman Jr. and three of his sons, Craig Bitterman, C. Grant Bitterman and Curtis Bitterman of Lancaster County, were found guilty of tax evasion by a federal jury. In addition, Craig Bitterman was also convicted of obstruction of justice. Thus ends a three-week long trial where the jury agreed with the prosecution that the men created an elaborate 'shell game' to dodge paying federal taxes.

Chester is the father and the rest are brothers of Chester "Chet" Bitterman III, a missionary to Colombia who was kidnapped and killed by Colombian guerillas in 1981 while on a mission trip with Wycliffe Bible Translators.

The men are partners in Bitterman Scale Co., Willow Street. For a number of years, they transferred their personal and business assets to trusts operated by Commonwealth Trust Company (CTC) in a bid to avoid paying taxes on them. For the last 20 years, CTC has been selling trusts to members of the public in the US and Canada claiming that these trusts could be used to hide assets and lower taxes. CTC itself has been subjected to criminal investigations since 2003. In 2003, one of its agents, Terry Stewart of Tennessee was found guilty of operating a \$56 million pyramid scheme and sentenced to 175 years in prison. In addition, nine principals of CTC have been convicted of various wrongdoings in the Eastern District of

Pennsylvania.

The IRS began investigating the Bittermans in 1998 and criminal investigators began in 2004.

The prosecution played recorded interviews and phone calls, presented invoices, cancelled checks, tax records, wire transfers to offshore accounts, bank transactions and business records to the court to prove the guilt of the Bittermans. The prosecutors charged that the Bittermans used aliases, offshore bank accounts and bogus transactions to hide their incomes and assets from the IRS.

Despite cautions from prosecution witnesses not to continue in these practices, the Bittermans allegedly did not heed the warnings. Craig Bitterman was convicted of the additional charge of obstructing justice because he shipped off documents related to Bitterman Scale Co. including the family's various trusts to New Mexico and Texas after receiving subpoenas to appear before a grand jury in 2005.

On the other hand, according to defense lawyers, the Bittermans were duped by CTC. The defense admitted that the Bittermans continued to follow CTC's instructions but they did so not realizing that the practices were against the law. All the materials that CTC presented to their clients looked legitimate.

Craig Bitterman faces up to 15 years in prison, 3 years of unsupervised release and a \$500,000 fine whereas the other three defendants each face up to 5 years in jail, 3 years of unsupervised release and a \$250,000 fine.