J. G. WAHLERT
1303 DUNLEER DR.
MUNDELEIN, IL 60060

January 2, 2015

Mr. Russell P. Cannizzo
Certified Public Accountant
415 E. Golf Road, Suite 119
Arlington Heights, IL 60005

Re: Ongoing Fraud in the Name of the LLPOA

Dear Mr. Cannizzo:

Recently, you have been dealing with persons involved with fraud. They may have deceived you. Certain documents show that a number of real estate agents and/or others benefiting from and supporting their fraud and other criminal actions have collected approximately $3,500,000 since 1981. They have avoided detection and taxation on the income by holding mock elections in the name of a corporate owner of easement property, by obtaining money by criminal means for their own purposes, and then falsely attributing the income to the corporation while pretending to believe that they are collecting on behalf of a "homeowners' association." While acting contrary to the corporation's charter and deed, they have pretended that they are "officers" and "directors" who can collect money by falsely representing the terms of those documents, by recording false documents, and by obstructing entrances to the easement property (a man-made lake) to coerce easement owners without lake-front properties to pay money to them.[1]

The participants have been successful in their scheme for a number of reasons. After real estate closings have been completed so that incoming buyers are no longer represented by attorneys, they have typically hand-delivered "welcome" letters with false representations to incoming buyers. They have pretending to be the incoming home buyers' benefactors. They have created fictions which some people want to believe. And, which is very important, they have used sincere but uninformed shills. As one example of their use of shills, they have used some collected funds to hire the teenage children of easement owners to physically obstruct other easement owners from accessing the man-made lake or pond, unless the those easement owners pay money. In a document mailed in December 2014, they indicated that they hired you for your CPA services. You were apparently hired as an uninformed shill to assist those who want to falsely represent to the IRS and their intended victims that the corporation is a "homeowners' association." That claimed status is contrary to (a) certain public documents which the participants have held their shared possession, (b) documents which they created, and (c) other facts of which they have been aware.

Because I assume that you have been misled and hired to act as an uninformed shill to mislead the IRS (as well as the participants' intended victims), I am both (1) providing you with copies of the documents that I provided to the IRS when I reported their tax fraud and (2) providing the IRS with a copy of this letter to supplement my earlier reporting of the tax fraud. With respect to my background, I am not unfamiliar with tax law although I have never seen a neighborhood hoax perpetrated by real estate agents and others like the instant one. I am a retired inactive member of the California Bar. Because I reviewed certain public documents in 2008 and afterwards, I have not been misled by the participants in this scheme since 2008. But many neighbors have.

If you have been misled into preparing a tax return in the name of a corporation whose identity that they have falsely taken with mock elections, you should know that, notwithstanding collecting millions, the participants

[1] They have received money by criminal means. Among other things, in addition to the law's prohibition against the use of false pretenses, 720 ILCS § 5/47-5(5) makes it a criminal offense to obstruct private ways and 720 ILCS § 5/12-6.5 makes it a felony to use any criminal means to compel membership in any association. The latter statute is not limited to drug-dealing street gangs or unions. The covenants which created easements running with the land do not require any of the easement owners to belong to the incorporated association. The corporation obtained ownership of the lake expressly subject to the related covenants and easement rights. Yet, the participants claim that all easement owners, for years beginning in 1983, are obligated to be members of incorporated association and pay money to them. They also threaten to illegally interfere with sales in violation of 720 ILCS § 5/47-5(14) by raising false disputes contrary to the terms of the corporation's deed and related CC&Rs. This is all documented. See, e.g., Folder K4, Tab F.

have never hired a CPA since 1981. They have been otherwise been bold enough to hire attorneys from time to time to give them cover. But certain actions of the attorneys has shown that each has ultimately discovered that the corporation whose name was taken by a corporate identity theft is not a "homeowners' association."

None of the attorneys since the fraud began in 1981 has ever filed a lien or pursued a lawsuit to collect the so-called "several hundred thousand dollars" in back dues from any alleged debtors who own easement rights. When I filed a declaratory relief action for, inter alia, a declaration that I am not a debtor of the corporation, the attorney representing the corporation sought only delays while (1) refusing to declare in open court whether the corporation is or is not a "homeowners' association," and (2) declining to file a counter-claim for the alleged debt. When I sought to end the delays, the attorney readily agreed to a nonsuit without ever claiming that I owed money to the corporation. No one has since sought to collect money from me.

This isn't about me. No efforts have been made to collect money from me from the time of the declaratory relief action. But the participants are still engaging in tax fraud after collecting money from my neighbors by false pretenses. No one should be able to get away with tax fraud, especially when there are readily available public documents and admissions by conduct to prove the fraud. No one should knowingly mislead a CPA to prepare a tax return to falsely claim that a corporate owner of easement property which expressly has no obligation to maintain a lake in any "size, depth, or condition," is a "homeowners' association."

The most recent law firm hired by the participants with money collected by fraud has knowledge that the corporation in whose name that they act is not a "homeowners' association." In addition to Reg. § 1.528-1 which shows that the corporation does not qualify as a homeowners' association, a senior member of the firm summarized the law regarding the creation of homeowners' associations and admitted that his law firm has such knowledge by writing on his firm's web site and in an IICLE book for Illinois Attorneys:

> "In order to create a ... homeowners' association, <u>there must be a unanimous subscription to an underlying document by the owners of the property</u> — a charter, bylaws, a trust agreement and/or proprietary lease (coop), or a recorded set of covenants and bylaws that run with the land. Anything less creates a "voluntary" association in which membership is not mandatory and rules are not enforceable against nonmembers." (emphasis added)
>
> — Attorney Jordan I. Shifrin of Kovitz, Shifrin, and Nesbit
> *Illinois Condominium Law*, 10.6 (IICLE book for Illinois Attorneys)

Obviously, an organization of real estate agents and others cannot create a homeowners' association by (a) holding mock elections in the name of a corporate owner of easement property with outside lot owners to defeat the corporation's property rights under its charter and its deed to the easement property and (b) by taking physical control of two access points to a lake and declaring that, for years after 1983, all easement owners are obligated to be members of the incorporated association for whom they purportedly collect money. No organization like this can nullify the 1984 holding in *Lakeland Property Owners Ass'n v. Larson*, 121 Ill.App.3d 805, 459 N.E.2d 1164, (Ill.App. 2 Dist. 1984) by purportedly adopting and recording a retroactive 1983 bylaw in conflict that that holding. To claim otherwise is as nonsensical as the various bizarre tax protestor arguments.

Income from criminal activities is required to be reported by the taxpayer or taxpayers who earn it even if the income is purportedly assigned to another or collected in the false name of a corporation. This is true even if a criminal or criminal organization uses one or more bank accounts falsely held in name of a corporation to wash the money so that the participants can cash checks and use the money in any way that they wish. The fact that the participants have used collected funds to engage in an unauthorized neighborhood empire-building activities (such as putting plant-killing and fish-killing chemicals into the lake contrary to the corporation's deed and covenants) does not negate that and it does not mean that they used fund to "maintain" the lake.

Sincerely,

J. G. Wahlert

Enclosures: Copies of the LLPOA's 1957 charter, the LLPOA's deed and CC&Rs, plus all other documents provided to the Tax Fraud Unit of the IRS on October 1, 2014

CC: Tax Fraud Unit, Internal Revenue Service