

LaRouche associates seek delay in IRS case

Attorneys for Publications and General Management, Inc. (PGM), a management firm associated with various publishing and political organizations of the LaRouche movement, have filed a request for delay in U.S. Tax Court based upon "unique and exceptional circumstances" in the multimillion-dollar trial now scheduled for Oct. 12.

As *EIR* reported on Aug. 13, the Internal Revenue Service (IRS) is currently functioning as the out-front government agency against the LaRouche movement, on behalf of the corrupt "Get LaRouche" task force that ran the judicial railroad which imprisoned Lyndon LaRouche and several of his associates. The task force has illegally sought to shut down any entity associated with LaRouche, and its members are said to be outraged that the LaRouche movement has survived their attacks.

The IRS is now making the outrageous claim that PGM owes \$4.5 million in corporate income taxes for 1985-88, on the basis of a so-called audit in which PGM was given no opportunity to substantiate its returns, and an administrative process riddled with highly unusual tactics. The exceptional circumstances in the PGM tax case arise from the fact that the financial documents which PGM needs in order to substantiate its 1985-86 tax filings had been seized by the federal government and Commonwealth of Virginia in October 1986, and only returned to PGM from a government warehouse on Aug. 3 of this year.

The request for delay was filed by attorneys David Kuney and Michael Shor, the two Washington lawyers who had won a ruling from Judge Martin V.B. Bostetter in 1989 that the April 1987 involuntary bankruptcy perpetrated by the government against three LaRouche-associated firms was a "fraud on the court" and conducted in "bad faith."

The IRS tax lawyer on the case has officially called this the "largest substantiation case" he had ever seen, referring to the fact that it is the burden of PGM to prove that its tax filings were correct. Yet the government held on to the documents for nearly seven years for use in its criminal prosecution of LaRouche and his associates, and only now has dumped approximately 200 boxes containing over 20,000 documents on PGM.

Furthermore, it appears from an initial inventory and inspection that not all the boxes seized from PGM's offices in 1986 were returned, and many financial records appear to be missing. All of the returned boxes had been opened by the government and many no longer bore the custody and control numbers which had been assigned at the time of the 1986 raid.



File cabinets at PGM, Inc. after the Oct. 6, 1986 raid by government agencies in which all of the company's financial documents were carted off. The documents, needed to substantiate PGM's tax returns, remained in government custody until Aug. 3, 1993.

PGM maintains that the vast amount of manhours and money necessary to recreate its financial records from eight years ago cannot be completed for an Oct. 12 trial date, and that this case is not ripe for trial. The company argues that the current case is further evidence of the government's bad faith, in that the IRS has rejected and frustrated continuous good faith efforts by PGM to provide all the information and documentation necessary to prove that there was no tax infraction.

IRS opposes PGM motion

The IRS filed an opposition to PGM's motion for a continuance. In the motion, IRS lawyer Robert J. Misy kept up the tradition of government lawyers in LaRouche-associated cases and gave a false account of the sequence of events leading up to the current tax case. Misy claimed that PGM has had access to all the documents throughout this case. He backed up his claims with an affidavit from notorious perjurer and liar John Russell, the prosecutor of LaRouche associates in the Commonwealth of Virginia, who claims that PGM had access to the documents at all times. Attached to the motion is a copy of a court order signed by Judge Carleton Penn, which sets up the extremely burdensome restrictions under which PGM had access to the documents.