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Press Release

National Tax Advocate - Revenue Officers are "Judge, Jury, Executioner": Eviscerated Testimony in 2008-2009 Reports to Congress in Jones Tax Case

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Revenue Officer Susan Meador took the stand yesterday and today to recount events involving Lifeline Ambulance and James Jones. Except for one visit in May 2009, she never contacted Jones again. She did not explain why she visited Lifeline in May 2009 either. Jones called the IRS on December 1, 2008, to inquire if they were holding their Centers for Medicare and Medicaid Services (CMS) payments or blocking them for some reason. The payments had stopped in May 2008 without notice.

Meador recalled that Jones supposedly delivered a package to her from his CPA at the Roanoke IRS office, of which he was unaware until that moment. The business unit is in Richmond. She did not see Jones that day nor did she ever call him back. When his defense team asked her directly, "Ma'am, why did you not call him back?" she had no real response. Her last contact with the company or Jones was on May 27, 2009.

Meador seemed unaware that the National Tax Advocate Nina Olsen was reporting to Congress during the same period in 2008-2009, citing collections as the IRS's number one problem, due to lack of notice, due process, and total disregard for taxpayers. "They flipped the 1998 IRS Restructuring and Reform Act (RRA) on its head," she told Congress. Furthermore, she reported, "Field Officers were ignoring the Internal Revenue Manual (IRM)." Meador's testimony presented only half of the truth, and the government's case was undermined from 2008 onwards, the year of the Lifeline dispute.

Olsen reports that Revenue Officers deal a "Fatal Blow" when they "shoot first and ask questions later," filing a Notice of Federal Tax Lien (NFTL), as in Jones's case, which he was unaware of until last year. These are also known as "secret liens," but they have the same effect as "silencers," effectively damaging credit reports and bank dealings. This was precisely what

Lifeline faced after losing 80% of its cash six months earlier. It appears this was intentionally done to finish off Lifeline.

Olsen presented a witness from the 1998 RRA, a practicing tax attorney, who described Revenue Officers as "Judge, Jury, and Executioner," imposing an economic life sentence on taxpayers. Meador denied knowledge of the payment problems in 2008, none of which were discussed. Jones discovered the NFTLs at the courthouse in mid-2023, filed by Meador, long before she conducted an inquiry into the events of the past 21 years. This coincided with the bank recalling loans extended to Lifeline.

"She omitted eleven months of collection activity in May and fatally harmed the company long before investigating 'what else was left' to take," Olsen argued. "She blocked millions in unpaid government claims with a keystroke in mid-2008." In May 2009, she appeared coy with Lifeline staff about nationwide payment problems, which became well-known two weeks later when lawyers from across the country began calling to offer their services and spread awareness, a problem Congress was already informed about.

"It was all about cashing in," reports one lawyer, while another insisted, "It wasn't about taxes; it was about using your money to make money," citing 100% penalties. Jones was told there was no reason to settle anything at those rates. In fact, according to the government's next witness, "The least he could have done was send the withheld amount." Unfortunately, she was misinformed, as that had already been done, and more. This directly related to the company not being paid in the first place for the services the US was now demanding taxes on.

Jones was not involved in payroll processes then and wasn't even sure there was an issue in 2008 by 2009. A quick review revealed something was amiss, as Lifeline paid more in 2008 for ten months of operations than in 2007, though the withheld amounts were paid. The company's payments were close to but any amounts, nothing to warrant levies within 90 days. The company operates on a cash basis by year-end, reflecting its true financial state. It does not pay taxes on an accrual basis during the year, due to uncertainty in receiving payments from the insurance industry.

Lawyers calling in suggested Congress was complicit in the issue, a severe understatement. Meador seemed solely focused on cashing in. There was minimal discussion about taxes that

May Day; Lifeline was auditing matters unrelated and needed to conclude that first to understand why more was paid in 2008 than in 2007.

After thirty minutes, Meador left and requested a list of debts owed to Lifeline. This pertained to another audit, which promptly revealed \$330,000 owed by patients to the company. Jones confirmed these were valid claims, but Meador did not report them. This was a minor issue in Lifeline's accounts receivable (AR) given the CMS payment issues. Meador immediately shared their tax information and appointed a lawyer, who was well-informed about the situation, aware that Lifeline was auditing an embezzlement case involving their former CFO, Jones's ex-wife, unbeknownst to him.

"Lifeline had approximately \$900,000 in tax return intercepts to the IRS before all this began, all of which disappeared. Jones himself had a \$1.3 million Net Operating Loss Carry Forward he could have cashed in during 2009 when Congress repealed the look-back provision and turned it into a cash refund, like what they did during Covid – but this was also blocked.

The Internal Revenue Manual (IRM) and Congressional reports call for 10 cycles of notice and due process in this case, but here there was not even one cycle – simply no time! The Government Accountability Office (GAO) reports that 24 months is "the average window of past due payroll tax liabilities." So, what exactly happened with Lifeline still remains unanswered."

Congress eliminated the payroll tax during 2009, giving people cash refunds for those taxes already paid as assistance during the Great Recession, and eliminated it through a "Tax Holiday" for 2010 in the HIRE Act. So why are we in court after waiting more than 11 years to indict Jones?