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U.S. National - AP

Tax Protester Gets Federal Prison Time

Fri May 23, 5:53 PM ET

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By *JOE MANDAK, Associated Press Writer*

PITTSBURGH - A self-styled tax protester who became an Internet celebrity for his views on the federal government was labeled a "leech" by a federal prosecutor, then sentenced to 2 1/2 years in prison on Friday.

"He's been sucking off society for 10 years," Assistant U.S. Attorney Brendan Conway said of Karl Frank Kleinpaste, 44, of Beaver County, west of Pittsburgh. Conway said Kleinpaste "sends his children to public schools, he drives on public roads" but has not contributed "one penny" to support those or other federally subsidized services since 1994.

Kleinpaste also was ordered to file any delinquent tax returns and pay any taxes, interest and penalties once he is released from prison and placed on five year's probation. Kleinpaste will remain free until he reports to prison in about a month.

Kleinpaste was convicted in November of eight tax charges and two counts of bank fraud. The bank fraud charges were filed because Kleinpaste submitted copies of federal tax returns for 1996 and 1997 to get a loan, even though he didn't file returns for those years.

Although prosecutors say Kleinpaste hasn't paid taxes since 1994, he was charged and convicted of not filing returns from 1995 to 1999, and for tax evasion from 1995 to 1997. Tax evasion is more serious than simply failing to pay taxes; prosecutors said Kleinpaste filed documents with his employers to keep them from withholding his taxes, then tried to hide his income in bank accounts controlled by his wife.

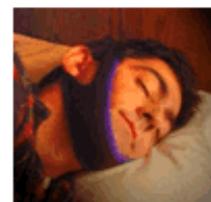
The government said Kleinpaste evaded paying \$139,000 in federal taxes on income of about \$490,000 for 1995-1997 alone, and that he owes the government at least \$190,000 in unpaid tax.

Kleinpaste and his attorney, public defender Jay Finkelstein, refused comment after the sentencing. Kleinpaste said nothing in his defense during the 80-minute sentencing hearing.

But Finkelstein argued that a long prison sentence wasn't suitable given Kleinpaste's background.

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A computer whiz who has worked for Carnegie Mellon University, Kleinpaste was once best known for developing an anonymous Internet server. The technology let people send sensitive e-mails and other messages without divulging their identity.

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"Despite the government's efforts to demonize him, he's an asset to the community," Finkelstein said.

"This gentleman is not an asset to the community, your honor. He's a leech" and will likely resume not paying his taxes once he is released, Conway said.

People who oppose the federal tax system typically use several arguments. Some argue the 16th Amendment, which empowers government to collect the tax, wasn't properly ratified. Some, like Kleinpaste, say those taxing powers are limited only to federal territories — Washington, D.C., Puerto Rico, or military bases — not directly controlled by any of the 50 states.

His ideas are spread and shared by like-minded individuals, often on the Internet he helped revolutionize. But U.S. District Judge Gary Lancaster wasn't buying those ideas.

"I don't know if you think you're a hero or a martyr to an oppressive government," Lancaster said. But not paying taxes "doesn't make you a martyr, it doesn't make you a hero. It makes you a criminal, so you're going to pay a criminal's price."

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