

**UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF KENTUCKY  
NORTHERN DIVISION  
COVINGTON**

**COVINGTON CRIMINAL NO. 11-70-DCR**

**UNITED STATES OF AMERICA**

**PLAINTIFF**

**V. SENTENCING MEMORANDUM OF THE UNITED STATES**

**RONALD E. WEINLAND**

**DEFENDANT**

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COMES now the United States of America, by and through counsel, and moves this Court to sentence Ronald E. Weinland, the Defendant herein, to 60 months imprisonment for the reasons set forth below.

A sentencing court is required to “consider the Guidelines ‘sentencing range established for . . . the applicable category of offense committed by the applicable category of defendant,’ the pertinent Sentencing Commission policy statements, the need to avoid unwarranted sentencing disparities, and the need to provide restitution to victims.” *United States v. Booker*, 543 U.S. 220, 260-64 (2005) (internal citations omitted). A defendant’s Guidelines range provides a sentencing court a benchmark or point of reference when considering the proper sentence to impose. *Gall v. United States*, 552 U.S. 38, 49 (2007); *see also United States v. Simmons*, 587 F.3d 348, 392 (6th Cir. 2009)(stating Guidelines are the starting point in determining a sentence).

In addition to the Guidelines, a sentencing court must consider the factors set forth in 18 U.S.C. § 3553(a).

The Sixth Circuit has instructed sentencing courts to engage in a three-step sentencing process. *See United States v. Bolds*, 511 F.3d 568, 579-80 (6th Cir. 2007). First, a sentencing court must determine the applicable Guidelines range, which should be the “starting point” of its sentencing analysis. *Id.* at 579 (internal quotations omitted). Second, a sentencing court must give both parties the opportunity to argue for whatever sentence they deem appropriate, and then the Court must consider all of the § 3553(a) factors to determine whether they support the sentence requested by each party. *Id.* at 579-80. Finally, a sentencing court must adequately explain the sentence it renders. *Id.* at 580. In following this three-step process, the District Court is required to consider the properly calculated Guidelines and the factors set forth in 18 U.S.C. § 3533(a) to fashion as sentence not greater than necessary to accomplish the ends of 18 U.S.C. § 3553(a)(2).

A. Guidelines calculations.

It is by now well-settled the Guidelines are advisory in nature. The Guidelines are important to determining a defendant’s sentence. *United States v. Booker*, 543 U.S. 220, 252 (2005); *see also United States v. Davidson*, 409 F.3d 304, 310 (6th Cir. 2005)(sentencing procedure set out in Booker requires proper calculation of the Guidelines). The Presentence Investigation Report (PSR), as revised on October 19, 2012, in response to the objections of the parties, sets out the applicable Guidelines calculations.

The PSR Guidelines calculation sets the base offense level at 18 pursuant to U.S.S.G. §§ 2T1.1 and 2T4.1(G) because the tax loss is approximately \$245,000 for the tax years at issue. Pursuant to U.S.S.G. § 2T1.1(b)(2), the base offense is enhanced two levels for sophisticated means.<sup>1</sup> Also, there is a two level increase in the offense level under U.S.S.G. § 3B1.1(c) for Weinland's leadership role with respect to his spouse. Finally, there is a two level increase in the offense level for obstruction of justice under U.S.S.G. § 3C1.1, based on Weinland's materially false trial testimony. The resulting offense level is 24. Based on his criminal history category of I and an offense level of 24, Weinland's corresponding Guidelines indicate a term of imprisonment ranging from 51 to 63 months, a fine of \$10,000 to \$100,000, up to three years supervised release, restitution, and the costs of prosecution.

B. Factors under 18 U.S.C. § 3553(a).

In determining Weinland's sentence, the Court must consider the factors set forth in 18 U.S.C. § 3553(a). The government addresses some, but not all of those factors below.

1. The nature and circumstances of the offense.

The nature and circumstances of the offense of conviction require Weinland serve a significant term of imprisonment. Weinland exploited his position as minister of the Church of God, Preparing for the Kingdom of God (PKG), gaining legal,

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<sup>1</sup> In its objections to the original PSR, the United States argued Weinland's offense level should be enhanced 2 levels for abuse of position of trust pursuant to U.S.S.G. § 3B1.1(c), increasing the base offense to 26 with the corresponding range for imprisonment and fines. However, upon review of the revised PSR, the United States's position is that this enhancement should apply in the event the Court determines that the enhancement under U.S.S.G. § 2T1.1(b)(2) for sophisticated means does not apply. In either event, the applicable Guidelines ranges would be unchanged.

organizational, and theological control over the church and its money. He then used the instrumentalities of PKG to fund an affluent life-style and evade the payment of income taxes.

Weinland had complete legal authority over PKG. He established PKG in the Toledo, Ohio area. Before relocating to Northern Kentucky, Weinland created the current corporate structure of PKG in response to a challenge to his authority in an earlier iteration of the church. Under PKG's corporate structure, Weinland was the only officer. There was no board of trustee or directors. He was required to produce no financial reports, and he provided none. Only Weinland had the authority to spend PKG funds, hire and fire employees, set salaries, and contract services.

Weinland set up PKG's as a religious non-profit organization, in part, to shield his activities. As a religious non-profit, PKG had no reporting obligation to the government – not even the minimal reporting the government requires of non-religious non-profit organizations, which includes naming the officers, their salaries, major sources of income, and major expenses. PKG reported nothing to the government, except W-2s and 1099s. In essence, Weinland and his salary were virtually invisible to the Internal Revenue Service (IRS), except for the false W-2s Weinland created and filed.

Weinland's legal authority allowed him to control PKG funds. He controlled the bank accounts and the methods by which PKG paid its bills. He used PKG funds to paid his utilities, mortgage, home addition, cars, insurance, clothing, vacations, and similar expenses of his adult children. He alone decided where he would travel, the mode of travel, the length of the travel and who accompany him at PKG's expense. With no

board of directors and no elders with any real authority, Weinland answered to no one in PKG for his extravagant spending. His control of the organization at the legal and operational level was complete.

Weinland exploited the religious beliefs of PKG's members to further his tax avoidance scheme. The members of PKG believed Weinland is one of the two prophets foretold in the Book of Revelation who herald end-time, and that Weinland speaks on behalf of God. As Weinland testified at trial, PKG's spiritual hierarchy is as follows: God is the head of the church, Jesus Christ is after God, and Weinland is third after Jesus Christ. According to Weinland and others who testified at trial, Weinland is the head of PKG and no other member of PKG had authority over him. Weinland used this "head of the church" status to insulate himself from accountability with the members of PKG. He was accountable only to God, Jesus Christ and himself. Under this construct, no member of PKG could question the Prophet, or his family.

Members of PKG tithe regularly as part of their belief system. Weinland preached tithing was the member's obligation. The tithes were paid to PKG, deposited in PKG accounts, and then used, in part, to pay Weinland family expenses directly and on credit cards, at Weinland's direction. The members' tithes were PKG's, and ultimately Weinland's, only source of income. Interestingly, Weinland preached to PKG members they should "pay unto Caesar what is his," meaning they should pay their fair share of taxes – something Weinland chose not to do.

Weinland knew there was little chance he would be questioned about PKG tithes. Weinland preached the tithing obligation was complete when the money was given to the

church. PKG members believed that once they tithed, their obligation to God was satisfied. PKG members testified they had no interest in how the tithed funds were used. What PKG or Weinland did with the tithe was not the member's problem or concern. This belief reinforced Weinland's complete control over PKG funds, and ensured PKG's members would not hold him accountable for how he used those funds.

The evidence at trial overwhelmingly demonstrated Weinland used his legal, organizational and spiritual control over PKG to implement and advance his tax evasion scheme. Operating with no scrutiny, Weinland utilized multiple bank accounts for PKG and for himself. He commingled funds among the PKG accounts and his personal accounts. He used funds from PKG accounts to directly pay many of his expenses or to pay off credit cards that carried personal expenses. He hired only family members to handle the finances – first himself, then his wife, and later his daughter, Audra. He transferred funds to accounts in Switzerland. He issued his own W-2s, grossly understating his taxable income, and filed false returns (or no return in one year) with the IRS. All of these activities served to obscure his true income of approximately \$4.4 million that flowed through PKG into his hands in the tax years 2004 through 2007.

Weinland claims he was prosecuted for his religious beliefs. His assertion is baseless. It was Weinland, at trial, who invoked his religious beliefs as justification for his actions. His false claim of religious bias is, however, consistent with his practice of hiding his misconduct under the cloak of religion. Several PKG members testified at trial. Their testimony demonstrated that they genuinely held their religious views, and believed in Weinland. The United States never questioned the validity of their views.

The United States called most of the testifying church members on direct for the purpose of establishing PKG's organizational structure, function, and the events routine to its members. It was these individuals who testified about Weinland's status in the church and his authority in all things related to the legal, operational and community aspects of PKG. Weinland exploited PKG members' devotion to him as the Prophet; he abused PKG members' trust placed in him as their minister; he used the tenets of their faith to encourage tithing so he could continue to spend extravagantly; and he exploited his stewardship of the financial instrumentalities of PKG to conceal his taxable income, all to further his scheme to avoid paying income taxes. Weinland's scheme, lasting many years, perverted his role as a religious leader serving his church to a minister who used his church for financial gain and to escape his tax liabilities.

2. The history and characteristics of the Defendant.

The United States does not dispute that Weinland was a minister for most of his adult life. There is also no dispute that some members of PKG found spiritual leadership and satisfaction in Weinland's teachings, services and ministry. Additionally, Weinland has no prior criminal convictions. These facts mitigate in Weinland's favor. They are, however, outweighed by other facts.

Weinland used family members as part of his scheme. Laura Weinland lived the grand lifestyle with her husband. When PKG started, it was Laura who collected the tithes, handled the PKG accounts and the Weinlands' personal accounts, and paid Weinland's bills and expenses from the PKG accounts. Later, Laura Weinland transferred many of the book keeping duties of PKG to her daughter, who Weinland hired

for the church. Laura continued to travel throughout the United States and Europe with Weinland and she spent money on personal expenses. Yet she signed each tax return Weinland prepared and filed, knowing the income claimed thereon was grossly understated.

Audra Weinland was a beneficiary of Weinland's largess with PKG funds. As the book keeper, she was issued a W-2 for her modest salary. Her mortgage, utilities, insurance, and car payments were all made from PKG accounts. Likewise, Weinland used PKG funds to pay for his son's, Jeremy's, luxury car, education and wedding in Germany. Weinland used his family members to perpetrate his tax evasion scheme. Weinland rewarded his family members at the expense of their church. These facts aggravate Weinland's criminal conduct.

3. Promote respect for the law.

The facts of this case demonstrate Weinland has no respect for the law. Weinland was revered as the leader of his church and as the Prophet. Church members testified that it did not matter to them what Weinland spent or what he was paid. Weinland could have paid himself and his family members virtually any salary, and the members of PKG neither would have been concerned nor known. Yet, Weinland chose to commingle funds and expenses, file false W-2s, and file false returns (or no return), all in an attempt to evade paying taxes. To date, Weinland has neither admitted culpability nor accepted responsibility for his criminal conduct.

Income taxes are a duty required by federal law. The federal income tax system is based on voluntary taxpayer participation. For it to function, taxpayers must respect the

law and follow it. Weinland cannot be allowed to fail to pay \$245,000 in taxes on approximately \$4.4 million dollars under these circumstances merely because he is a religious leader. No one is above the law. A significant term of imprisonment in this case will promote respect for the law.

4. Specific and general deterrence.

A significant term of imprisonment will deter Weinland from such future conduct. Weinland claims there is no deterrent value in imprisonment because he will not commit this crime again. The facts indicate otherwise.

Weinland's scheme remains largely intact. He continues to hold the legal, organizational and spiritual reigns of PKG. PKG continues to receive tithes from congregations world-wide. Audra is still the book keeper, and Laura Weinland is now considered a Prophet. PKG continues to pay Weinland's expenses, such as car insurance, and Weinland is still an employee of the church. Moreover, the members of PKG do not seem to be requiring changes in the church's structure to prevent Weinland from recidivism. Rather, some members of PKG remain devoted to Weinland. Only a significant term of imprisonment will deter Weinland from repeating his tax evasion scheme.

Weinland's tax evasion scheme would not be novel if he were running a business. However, there are many persons running non-profit organizations which are shielded from reporting to the IRS. Many such organizations are closely-held and have lofty objectives and/or are religious in nature. Individuals who run such organizations stand in a place of authority, much like Weinland in this case. A sentence of 60 months

imprisonment will send a strong message to those persons that an organization's non-profit status or its religious function does not shield them from paying federal income taxes.

C. Conclusion.

The Court must fashion a sentence not greater than necessary to achieve the sentencing objectives set forth in 18 U.S.C. § 3553(a). A sentence of 60 months incarceration is a significant sentence in middle of the Guidelines range for imprisonment. Such a sentence accounts for the aggravated nature and circumstances of the offense, and the history and inherent characteristics of Weinland. Sixty months imprisonment will provide just punishment, promote respect for the law, and deter Weinland and others similarly situated from attempting to evade income taxes. Moreover, there is no meaningful alternative sentence available in this case. Nothing less than a sentence of 60 months of incarceration will accomplish the objectives of 18 U.S.C. § 3553(a)(2).

**WHEREFORE**, the United States respectfully submits the Defendant should be sentenced to 60 months incarceration and other such punishment as the Court deems appropriate.

Respectfully submitted,

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### **CERTIFICATE OF SERVICE**

I certify on November 8, 2012, the foregoing document was filed by ECF, which provides electronic service to counsel of record.

/s/ Robert K. McBride  
Assistant United States Attorney