

# Federal Judge Dismisses Tax-Evasion Indictment Against Evangelist Morris Cerullo

*The San Diego Judge said federal prosecutors and Internal Revenue Service agents misled the grand jury.*



A California judge has dismissed the tax evasion indictment filed against evangelist Morris Cerullo in July 2005. In his Aug. 8 ruling, San Diego federal Judge Roger T. Benitez said federal prosecutors and Internal Revenue Service agents misled the grand jury on the primary legal issue in the case by not telling them that the donor's intent determines whether money given to ministers is taxable earned income or a nontaxable gift. "The grand jury asked repeatedly how to distinguish a gift from earnings," Benitez wrote in his decision. "It was incumbent on the prosecutor to correctly inform the grand jury as to the Supreme Court's approach to this penultimate question. Yet, the prosecutor and the revenue agent witnesses failed to tell the grand jury that the donor's intent is the most critical factor." Benitez said the case, which was scheduled to go to trial Aug. 21, could not proceed because the misleading information had compromised the grand jury. In July 2005, Cerullo was indicted for allegedly filing false tax returns between 1998 and 2000, and under-reporting his income by \$550,000 during that time. Benitez said prosecutors argued that all the money Cerullo received from preaching engagements was earned income. But the givers' intent was never determined because prosecutors never interviewed any donors.