

Description of documents

April 4, 2011

Most of the attached documents were either sent to or received from the Massachusetts Judiciary. The background is that my company had a minor problem with the IRS, but because the agent was hostile, I hired a lawyer, George Nader, to resolve the issue. I entrusted him with \$20,000 to pay the back taxes, but he informed me that the IRS refused the money and was going to seize the business. He told me that I had to file for Chapter 11 bankruptcy. When the creditors started to file lawsuits against me, I investigated and discovered that the bankruptcy was a fraud.

My first step was to contact the IRS Office of the Treasury Inspector General for Tax Administration and I filed a complaint against the agent. The complaint number was 55-0507-0149-C. The inspector general completely exonerated the IRS agent and claimed that the payment was not refused and there was no plan or order to seize the business. He recommended that I file a complaint with the Massachusetts Board of Bar Overseers (BBO).

I downloaded the entire bankruptcy from the DOJ website and discovered numerous discrepancies. Since I was not on the distribution list, I was not aware of documents being filed on my behalf. The papers filed with the Court made it appear that my company was unable to pay its bills and had few marketable assets. My investigation yielded evidence and proof of embezzlement, perjury, suborning perjury, tax fraud, bank fraud, bankruptcy fraud, wire transfer fraud, and making false statements to a federal agent and court.

I went to the Boston office of the FBI. The agent refused to look at my documents. He was adamant that the FBI does not have jurisdiction to investigate these crimes. He referred me to the BBO as the only agency that can investigate federal crimes committed by lawyers.

I put the documents together and sent them to the BBO. Exhibit A is that complaint. Exhibit B is the response from the BBO and my response. The investigator did not immediately forward the response from the lawyer, so I could only respond to his vague comments. The BBO investigator claimed that the IRS was going to seize the business, which means that he must also have believed that the IRS refused my payment. The investigator did not provide any proof. He also decided that the opinion of Nader to file for bankruptcy was appropriate.

I responded the best way possible by pointing out that there were serious violations of ethics by Nader. I requested that the matter be brought before the entire board. My request was denied.

When I finally received the response by the lawyer to the BBO, I found numerous factual discrepancies. The most noticeable and incriminating misstatement by Nader regarded the timeline of his contact with the IRS.

When I hired Nader in February 2003, he told me that the law firm would contact the IRS immediately. On March 13, 2003 Nader told me that the IRS refused to accept my payment. Thus, I could only assume that he had been in contact with the IRS prior to that date.

In the letter from the IRS Taxpayer Advocate, it states, *"On March 7, 2003, Attorney George Nader, the ComPol's appointed representative, contacted the revenue officer and advised her that he would contact her by March 17, 2003 with a detail plan for ComPol."*

Since I had the funds to pay the IRS in full on March 4, 2003, there was no need to create a plan. All I had to do was send a check to the IRS and the matter would have been closed.

However, in Nader's response to the BBO, he said, *"I was never hired by Mr. Karkota to negotiate with the IRS and I do not believe I ever spoke to anyone at the IRS or had any negotiations with the IRS concerning either Frank Karkota or ComPol, Inc., prior to ComPol's Chapter 11 filing on March 21, 2003."*

Lawyers keep accurate records and the contradictions between Nader and the IRS shows deception. The documents that I presented to the BBO show that Nader was hired for the explicit purpose of negotiating with the IRS. Since Nader was not provided with financial information regarding ComPol, he was in no position to recommend any course of action except to follow my instructions and pay the IRS.

It should also be noted that the BBO did not reveal the conclusion of their investigation regarding the financial discrepancies in the bankruptcy. There is also no explanation why many of the creditors claim that they were never paid. Nader claimed that some of the debt was personal and therefore not part of the bankruptcy. Most (actually 97%) of the company debt was either in my name or cosigned by me, thus it should not have been a surprise to anybody, except me, that the creditors simply sued me when they were not satisfied with the settlement in the bankruptcy. It should also be noted that neither I nor ComPol was seriously in areas with any creditor except the IRS and the State of New Hampshire, which would have been resolved within a month.

When I contacted Nader regarding the demands on me from the creditors during and after the bankruptcy, he told me that he worked for the company and could not represent me if a company creditor filed a lawsuit against me personally. Shifting the debt from the company to me, personally, was irresponsible and unethical. It not only destroyed my company, but also my career, my health and my entire future.

Also, note that the State of New Hampshire was not notified of the bankruptcy. This leads me to believe that Nader did not expect the company to survive the bankruptcy.

Nader also stated to the BBO that I had personal debt which was not covered by the bankruptcy. My personal debt, at the time of filing, was about a hundred dollars and consisted of utility bills. As noted, virtually all of the company debt was either in my name or cosigned by me. I made sure that Nader was aware of this prior to filing. He assured me that everything would be resolved.

By the time that the last lawsuit against me was filed, I had learned court procedures and had completely understood the fraud perpetrated by Nader. The creditor that I selected in my complaint with the BBO against Nader was General Electric Capital Corporation. After the bankruptcy, GE hired Gary H. Kreppel PC to recover the company debt, but Kreppel dropped the matter when I presented Court documents that claimed that the debt had been discharged in the bankruptcy.

Next, General Electric sold the account to Troy Capital and they turned the matter over to Smith, Levenson, Cullen, & Alward for a lawsuit. Exhibit C is the initial interchange between us. Once the lawsuit started, I requested documents from the BBO showing their justification for exonerating Nader regarding the GE Capital account. See exhibit D. The BBO refused to provide any documents. I asked the judge to compel discovery, but the judge ignored my motion. Attached to exhibit D, exhibits A and B were given to the judge to show that the BBO had investigated this matter and decided that the debt had been properly paid and discharged.

See Exhibit E. Alward demanded summary judgment, so I presented the judge with evidence that Nader had embezzled the funds from GE and committed perjury to prevent the Bankruptcy Court from denying Nader payment his legal fees. I also provided proof that the BBO exonerated Nader, but did not show any proof to support their decision. Furthermore, Alward refused to respond to my request for discovery. Discovery could have explained the disparity between the Bankruptcy Court and General Electric.

Exhibit F is the judgment of the Court. Following the judgment, I contacted the Office of Thrift Supervision and requested an investigation. The report from GE is attached to this exhibit.

There was no business reason to file for bankruptcy. Although my company had serious financial problems, the problems did not warrant such drastic action. If every business that experienced financial problems, such as my company was facing, filed for bankruptcy, the courts would be clogged.

My business had products that were in great demand and we were even exporting to every corner of the world. We had contracts with the US Army and various branches of the Veterans Administration Medical Centers. We made equipment for a number of state and private agencies for blind people. We made equipment for AMBER alerts and other emergencies. Our products were considered to be top-quality and our reputation was very good. We had made valuable contacts throughout the broadcast industry and

beyond. Just prior to filing for bankruptcy, I was contacted by a company that wanted to represent my products in South America. No company has come forward to fill the void created when my company closed in 2003.

I was contacted periodically by brokers who wanted to represent the sale of my small company to a large company, but I had no interest in selling because I liked the work and wanted to continue for decades. The design job that I was performing at the time of filing for bankruptcy had a gross profit equal to one-third of the entire company debt. I was negotiating two more similar design jobs.

The company debt was about one-tenth of what I believe was the value of the company. My estimate was later confirmed when I was contacted shortly after the bankruptcy by a Spanish company that wanted to buy the company's technology. The buyer backed off when its lawyers saw all of the lawsuits filed against me.

As noted above, I was not seriously in arrears with my creditors. Nader notes that I was behind on payroll, but he did not tell the BBO that the IRS demanded that I turn the money intended for payroll over to them. It should be noted that I fell behind on my taxes during the last quarter of 2001. Then, I got hit with penalties. Once into 2002, I made regular payments most, but not all, months. I had made a large payment only weeks before meeting with this IRS agent who acted as though it was her money that was not being paid.

If I had wanted to close the business, I could have sold it and received a substantial amount upon which to retire. If nobody wanted to buy the business, I could have liquidated the assets in an orderly fashion and paid off the creditors. Filing for bankruptcy was the worst of all options. The business is now worthless and I am deeply in debt with no hope for the future.

The constant harassment by the creditors destroyed my health and ruined my career. I am now collecting Social Security instead of doing the work that I loved. The creditors have promised to persecute me for the rest of my life (which will probably be shortened by this legal mess). My next court appearance is in June of 2011.

Frank Karkota