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Accused Tax Evader Says He Can't Pay His Attorneys

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By Carol D. Leonnig
 Washington Post Staff Writer
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Walter Anderson, the Washington-based telecommunications tycoon who is accused of being the biggest tax cheat in U.S. history, now says he is nearly broke.

Anderson, who allegedly hid more than \$450 million in income from the Internal Revenue Service, said he is unable to pay the fees charged by the blue-chip law firm that has been defending him against a 12-count criminal indictment for the past six months and wants the government to give him a court-appointed attorney.

Chadbourne & Parke, which has been representing Anderson, asked a federal judge yesterday to release it from the case, saying its fees remain unpaid despite Anderson's promises that he could "acquire some funds" in the near future.

"When the bills weren't being paid, we were having difficulty in the attorney-client relationship," said Keith M. Rosen, a lawyer with Chadbourne & Parke. "We're at a point now where we're unable to afford adequate representation as we move forward."

Anderson's case has drawn international attention because he is charged with failing to pay more than \$200 million in federal and District taxes over two decades -- the largest case the IRS has brought. Anderson, who grew up in Silver Spring and lived for some time in Northern Virginia, has insisted that he is innocent. He has said that the millions in telecommunications and other investments he helped make through the 1980s and 1990s actually belonged to a large charitable umbrella organization he set up to explore space, help the poor and do other works.

U.S. District Judge Paul L. Friedman declined to rule on whether to release Anderson's attorneys from the case, saying that he first needed a sworn declaration from Anderson showing some proof that he meets the court's standards for being indigent. He sternly warned that because Anderson's tax case is extremely complicated, a change in attorneys now could set Anderson's trial back from its current schedule of summer 2006 to early 2007. And that could mean a longer wait in jail for Anderson.

"That's what he faces . . . if he really wants to go down this road and say he cannot afford this," Friedman said.

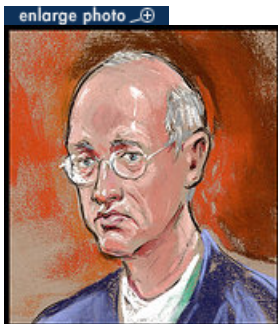
Anderson attended the hearing but did not address the judge. He has been jailed since his arrest Feb. 26. Friedman, who has deemed him a flight risk, is now considering Anderson's request to be placed under home arrest; that proposal calls for a private detention firm, paid by Anderson, to ensure that he does not leave his Georgetown condominium.

Friedman also warned that if he agreed to appoint an attorney, he would not summon a team from expensive Washington firms but would instead ask the federal public defender's office to recommend one of its lawyers or another from a public list of court-appointed criminal defense lawyers.

Both the judge and federal prosecutors expressed concern yesterday about the timing of Anderson's claim that he doesn't have enough cash to pay for his defense.

"A situation is being created where the last four to six months may have been wasted," Friedman said. "This is not a simple case. . . . Now we're going back to square one."

A federal prosecutor said she doubted the truthfulness of Anderson's claim and questioned how Anderson was able earlier this month to retain an attorney to represent him in civil bankruptcy proceedings involving an investment holding company he ran.



Walter Anderson is charged with concealing \$450 million in income. (By William J. Hennessy Jr. For The Washington Post)

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"It makes no sense to the government that Mr. Anderson has resources for his representation in a civil bankruptcy case," said Assistant U.S. Attorney Susan B. Menzer. "It seems Mr. Anderson has his priorities mixed up. He's not spending his money here, where he should be."

Menzer said the timing seemed suspicious because Anderson and his attorneys were facing several deadlines this month to turn over Anderson's corporate and legal records to the government for review. Rosen said he would be able to turn over the vast majority of the records the government seeks but needs an extra few weeks for the rest.

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