

MILLIONS REFUNDED. WHERE ARE THE CHARGES?

If the refunds were fraudulent as the CRA claims, why were charges not laid?

AN INVESTIGATIVE READER • OCTOBER 2026

A Note to the Reader

This educational commentary is based principally on the transcript of CBC's The Fifth Estate episode - **"Sovereign citizens exposed: Uncovering a multimillion-dollar tax scam"**. This article and series are not an independent investigation, a court finding, or legal advice. The booklet is not affiliated with or endorsed by CBC or the CRA.

Opening: the question many viewers ask

The Fifth Estate describes multimillion-dollar refunds as bogus or fraudulent while also stating, "To date, there have been no charges." That combination naturally prompts a question: if the wrongdoing is so clear, why has no prosecution been announced?

1 | A payment, an entitlement, and an offence are different

A refund can be issued administratively even though it was not legally owed. CRA may later reassess, seek repayment, freeze assets through legal processes, or investigate. None of these steps is identical to proving a criminal offence.

For a criminal tax-fraud allegation, investigators generally need evidence of the prohibited act and the required mental state under the applicable provision. A person may have entered false information deliberately, misunderstood a rule, relied on erroneous advice, or believed an unusual theory. Those scenarios are not automatically treated the same under criminal law. The specific charge, evidence, and governing law matter.

Likewise, an individual's genuine belief about their tax return does not automatically make an objectively false return lawful. Whether a belief matters depends on the offence and the legal treatment of mistake, knowledge, and intent.

2 | What the documentary says about the timeline

The documentary reports that Pearce received more than \$10 million before a bank alert in August 2023 prompted CRA action. It says CRA blocked a further amount, conducted

investigative steps, froze or sought to recover funds, and examined other returns. Pearce says his accounts were frozen and his wages garnished. The broadcast states that no charges had been laid as of its reporting.

It also says investigators obtained search warrants concerning other people accused of counselling false statements for refunds. A warrant is based on a legal threshold for an investigative search; it is not a finding that the underlying offence occurred. The content and sufficiency of the information used to obtain it may be contested in court.

This booklet does not include a complete court record for every individual featured in the documentary. The statement that no charges have been laid reflects the documentary's reporting at the time of publication and does not attempt to interpret any individual's legal status.

However, in Pearce's case, the refunds date back to 2023, and according to the documentary, no criminal charges had been laid against him at the time of reporting. Pearce further stated during his interview that he was "not in trouble with the CRA." Significantly, according to CBC, Pearce disclosed that he had contacted the CRA before receiving his first refund, discussing his proposed actions and beliefs with the agency. The documentary reports that a multimillion-dollar refund followed approximately ten days later. This raises an important question: If Pearce openly disclosed his intended actions to the CRA before the refund was issued and if considered fraudulent, why was the refund nevertheless approved?

3 | Years Later, No Charges - What Does That Tell Us?

For a few of the individuals featured in the documentary (Pearce, Wallace and Gay) the experience began with submissions made to the CRA, followed by the agency's own processing, approval, and issuance of substantial refunds.

Years later, the documentary reported that no charges had been laid. This raises a fundamental question: If these individuals disclosed their actions, submitted their paperwork through established CRA processes, and received refunds approved and issued by the agency itself, what evidence establishes that they knowingly committed fraud? Is there truth to Pearce & Wallace's experience in setting up a trust and pulling down funds from an account attached to each individual that many written off as "conspiracy theorists" have indicated? Sounds crazy, just as Pearce expressed it sounded to him before he decided to at some level explore it further with AJ Deswart, the man Pearce took instructions from for his refund process, as stated in the documentary. CBC further reported that Wallace named AJ Deswart as having assisted in some way with her tax filing and/or refund.

Doesn't the absence of criminal charges, by itself, establish innocence? Or confirm that the refunds were legally valid? And why does the CRA's subsequent characterization of those refunds as fraudulent not establish criminal wrongdoing?

The public deserves to understand what is going on before accepting allegations of fraud against individuals who may have believed they were acting lawfully - given there are no charges to back up alleged fraudulent refunds that Pearce and Wallace received.

4 | A Critical Question: Who Did What?

The documentary presents Jonathan Pearce personally identifying AJ DeSwart as the individual whose instructions he followed concerning his tax filing. It also reports information from Theresa Wallace's court records concerning DeSwart's involvement. These are different sources of evidence and should be distinguished. Neither account, as presented in the documentary, establishes that Sovereign By Design, Angela, or Bernard instructed anyone to make a false tax filing. Yet, according to the documentary, no charges had been laid at the time of reporting. If Pearce and Wallace expressly identified Deswart - not Sovereign By Design, Angela, or Bernard - as to who guided him, what evidence justifies shifting suspicion toward Sovereign By Design? Who, if anyone, has actually provided evidence that Sovereign By Design counselled another person to submit a false tax return? And if such evidence exists, why was it not presented to the public in this documentary?

The documentary then infers a different testimonial and shifts its attention to Sovereign By Design's educational materials. Angela and Bernard are subsequently identified in a search warrant concerning allegations of counselling others to make false statements on tax returns to obtain refunds to which they were not entitled. Yet the documentary presents no specific evidence establishing that either Angela, Sovereign By Design or Bernard committed the alleged offence. If 20 filings were found and over \$300 million dispersed, would there not be some kind of evidence or proof that Sovereign by Design or Angela or Bernard had been named? A search warrant authorizes a search for evidence based on reasonable grounds; it is not itself proof that the alleged offence occurred. Neither of these parties have been charged with anything BUT their property (computers, devices, private trust records, private membership assembly records) seized. No charges yet as reported by the Fifth Estate. **What is going on?**

To substantiate a counselling allegation against Angela or Sovereign By Design, evidence of actual conduct and the alleged counselling is required. **Pearce expressly identified Deswart as the person whose guidance he followed - not Sovereign By Design, Angela, or Bernard.** Why, then, after identifying Deswart, does The Fifth Estate shift its focus to Sovereign By Design?

More importantly, why does the documentary move from allegations involving false tax returns to educational discussions about private trusts, creating an inference that one is somehow connected to the other? **Teaching about trusts is not the same as instructing someone to make a false tax entry.** These are materially different activities, and the documentary does not establish the evidentiary connection necessary to treat them as equivalent. Nor does the documentary follow up with any evidence to suggest Sovereign By Design, Angela or Bernard are in any way actually said to have done what is alleged as there ARE NO CHARGES!

Fraudulent liability must be established through admissible evidence under applicable law - not through association, implication, or assumptions created by the sequencing of a documentary.

5 | Questions to Put to the Institutions

What is under investigation? Payments in the millions were dispersed over 3 years ago and no charges laid. Were tax payments or withholdings claimed without corresponding remittances? Who prepared, reviewed, submitted, and ultimately approved the relevant entries?

Why did the CRA's payment system release substantial funds without first verifying the underlying records? Were calls made to the CRA before the refunds were issued documented, reviewed, or escalated? What recovery measures were undertaken, and with what results?

Most importantly, **how much of the reported \$300 million was actually claimed, approved, paid out, frozen, recovered, or remains outstanding?**

The documentary raises another significant question: If approximately 20 filings were involved, as reportedly identified by the CRA, why does the reporting focus primarily on two individuals as recipients of these extraordinary refunds? What happened with the remaining filings? Were they rejected, approved but never paid, paid to other individuals, or subsequently recovered? Where are the details on the other claims? Who is involved with showing those filers how to do what they are doing? Where are the charges if the CRA claims any of this to be fraudulent? If it is not fraudulent, how is it possible?

If some of those filings never resulted in payments, how were their amounts accounted for in the reported \$300 million? **Does that figure represent money actually disbursed and gone, or does it include refunds merely claimed, attempted, or prevented?**

The public is being presented with an extraordinary figure involving what the CRA characterizes as taxpayer money, yet the documentary leaves unanswered how that figure was calculated, where the funds went, and how much remains unrecovered.

If \$300 million in public funds was actually paid out, where is the accounting? If it was not, why is the public being left with the impression that the entire amount was lost?

These are not minor details. They go directly to the accuracy of the allegations, the accountability of the CRA, and the public's ability to distinguish documented financial losses from investigative claims.

The Canadian public deserves a transparent reconciliation of the numbers, not merely a sensational headline attached to an unexplained \$300 million figure with NO accountability.

6 | Presumption of innocence and public discussion

Under section 11(d) of the Canadian Charter of Rights and Freedoms, a person charged with an offence has the right to be presumed innocent until proven guilty according to law in a fair and public hearing by an independent and impartial tribunal. Although the Charter provision specifically concerns persons charged with offences, the underlying principle is equally important to responsible public discussion: allegations, investigations, and search warrants must

not be presented as findings of guilt. That principle is a reminder that a media narrative, a search, and reported allegations are not substitutes for adjudication.

For readers, the responsible position is neither automatic exoneration nor automatic condemnation. It is to demand reliable evidence, and fair process and reporting.

Closing: no charges is a question

The documentary's no-charges statement deserves attention, particularly beside its categorical language about fraud.

Source & Verification Guide

Primary material reviewed: CBC The Fifth Estate episode concerning CRA refund approvals, Jonathan Pearce, Teresa Wallace and individuals associated in the broadcast with trust and private membership-related education.

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