

1 JOHN FRIEDEMANN, P.C. (#3607)
 2 5103 E. Thomas Road
 3 Phoenix, Arizona 85018
 4 (602) 840-0314
 5 e-mail: john@friedeman.com
 6 Attorney for Exeter Trinity Properties

7 **IN THE UNITED STATES DISTRICT COURT**
 8 **DISTRICT OF ARIZONA**

7 UNITED STATES OF AMERICA, 8 Plaintiffs, 9 vs. 10 JOSEPH J. LIPARI, EILEEN H. LIPARI 11 and EXETER TRINITY PROPERTIES, 12 L.L.C., Defendants.	No. 3:10-CV-08142 JWS STATEMENT OF FACTS IN SUPPORT OF CROSS-MOTION FOR SUMMARY JUDGMENT BY DEFENDANT EXETER TRINITY PROPERTIES, LLC Honorable John W. Sedwick
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13 The Defendant Exeter Trinity Properties, LLC [Exeter], submits the following
 14 material facts in support of its Cross-Motion for Summary Judgment and in Opposition to the
 15 Plaintiff's Motion for Summary Judgment.

16 1. The Liparis created the Ponderosa Trust on May 14, 1992. (See Exhibit 1
 17 attached hereto.)

18 2. The trust agreement (Exhibit 1) contained no clauses for modification or
 19 revocation and the Liparis believed it was irrevocable. (See the deposition of Eileen Lipari at
 20 **82:13**, "I thought it was irrevocable." See also **73:20 - 74:8**. Mrs. Lipari's deposition, text
 21 only, is Exhibit 2 attached hereto.) (Note: in his own deposition at **9:5-8**, Joseph Lipari
 22 ratified his wife's testimony in her deposition. Dr. Lipari's deposition is attached hereto as
 23 Exhibit 3. Dr. Lipari's Affidavit, dated 12/28/11, is attached as Exhibit 10.)

24 3. The Liparis transferred the Cottonwood property to the Ponderosa Trust on
 25 May 14, 1992. (See Exhibit 4 attached hereto.) That transfer did not render them insolvent,
 26 cause them to be unable to pay their current or future debts, nor had they been sued. See
 Exhibit 10, in which Dr. Lipari denies all the badges of fraud in A.R.S. § 10-1004.)

JOHN FRIEDEMANN, P.C.
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1 4. Each of the Liparis gave a different reason for putting the property in trust:
2 Dr. Lipari said a trust would protect it from his daughter (see his depo at **4:23-5:4** and **16:8-**
3 **12**); Mrs. Lipari wanted to use the trust as a vehicle to give the property to charity after their
4 deaths (she her depo at **51:22-54:14**; **67:15-19** and **87:6-13**). Dr. Lipari also alluded to the
5 protection from creditors that can be provided by a trust. (See his depo at **9:17-19**.) (See also
6 Exhibit 10, p. 1, ¶ 3; p. 2, 2nd par. from the bottom and p. 3, ¶ 1)

7 5. At the direction of Mr. Chisum, the Cottonwood property was transferred
8 from the Ponderosa Trust to Exeter Trinity Properties, LLC, on September 1, 1999. The deed
9 from Ponderosa Trust to Exeter is attached as Exhibit 5. (See also depo of Eileen Lipari,
10 **68:25 - 71:3**) Exeter intends to pay the net proceeds from the future sale of the property to
11 charity. (See Elmer Vild depo, at **42:5 - 43:7**, which is an Exhibit to Plaintiff's Statement of
12 Facts .)

13 6. Pursuant to the Ponderosa trust agreement (see Exhibit 1), the trustee could
14 permit the Liparis to occupy the property, but they would have to pay for the “[m]aintenance
15 and protection of the premises while in possession authorized by the Trustee.” (Exhibit 1,
16 Sec. H on p. 3.) The Ponderosa trustee, and later Exeter Trinity Properties, LLC, did permit
17 the Liparis to live in the Cottonwood property so long as they maintained and protected the
18 property. (See Eileen Lipari depo at **57:22-23** and **87:13 - 88:1**) The Liparis considered this
19 a rental agreement. (See Exhibit 10, p. 2, 1st full par.) The Liparis ran Joseph's chiropractic
20 practice and Eileen's business called Hunter King, LLC, out of the Cottonwood property.
21 (See Eileen Lipari depo at **10:16-18**; **12:19 - 13:10** and **26:11-20**)

22 7. The Liparis believed that they lost all interest in the Cottonwood property
23 after it was put in trust, and they still believe they have no interest in it. (See Joseph Lipari
24 depo at **9:9-19** ["And when you sign these things over, they're not yours anymore.
25 And when we did that, that's the intention that we had when we did it, was to sign everything
26 over."]; **10:21-22** ["I assumed that when we put it into trust, that it wasn't ours anymore."];

1 **12:6-10; 13:7-15** ["But I---I-- to be honest with you, I don't know that I own the house."] and
2 **16:5-12**. See Eileen Lipari depo at **52:22 - 53:8** ["Q. . . did you have any qualms about
3 giving away \$90,000 of equity? A. I didn't think about it. I thought we were giving it to
4 charity."]; **67:15 - 67:19** ["Q. So to this day you still believe that house, the Cottonwood
5 residence, is yours? A. Well, I believe it belongs to charity, but I don't care anymore. It's not mine,
6 not anymore."]; **73:20 - 74:1; 87:6 - 87:13** and **89:25 - 90:14** ["Q. Did he say, when you had
7 that discussion [about the IRS lien], did he [Mr. O'Neil] say hey, you don't own this property, this
8 property belongs to somebody else? A. Yes. Q. Who did he say it belonged to? A. Exeter Trinity
9 Properties. We are not beneficiaries, we have no beneficiary rights. And we had no control over it,
10 they could have done what they wanted with it."] (See also Exhibit 10, p. 3, ¶¶ 2-3)

11 8. The Liparis confirmed their belief they had no interest in, or control over, the
12 Cottonwood property when the Trustee of Exeter Trinity Properties, LLC, served them with
13 documents to "evict" them and the Liparis moved out voluntarily on about November 9, 2007.
14 (See Eileen Lipari depo at **98:16 - 98:19; 100:8-11; 100:24 - 101:9** and **104:6-15**. See also
15 the Notice to Vacate documents attached hereto as Exhibit 6.)

16 9. If the house is sold, neither of the Liparis expects the proceeds to be used for
17 their benefit, nor to be applied to their taxes. (See Joseph Lipari depo at **13:7-21** and Eileen
18 Lipari depo at **90:23 - 91:1** and **91:12-25**)

19 10. The Liparis timely filed their 1993 income tax returns. This is derived from
20 the chart on page 13 of the Plaintiff's Statement of Facts in which late filing penalties are
21 noted for all listed returns, except 1993. The Liparis also contested their 1993 taxes in Tax
22 Court. *Lipari v. Commissioner*, 2000WL 1227130 (Tax Ct. 2000). It was not until the 1994
23 return, due on April 15, 1995, that the Liparis failed to timely file a tax return. (See the chart
24 on page 15 of the Plaintiff's Statement of Facts.)

25 11. The Liparis' primary financial advisor was Mr. Chisum, and each testified
26 that they did "everything" he told them to do. All of their financial matters were either

1 handled by Mr. Chisum or were done at his direction, including check writing and preparation
2 of tax returns. (See Joseph Lipari depo at **8:6 - 8:14**; **12:6 - 12:10** and **15:3-15** and Eileen
3 Lipari depo at **13:11-12**; **24:24 - 25:7**; **55:2 - 56:2**; **93:11 - 94:13**; **109:2-18** and **39:1 -**
4 **40:22**) Matters affecting the Cottonwood property were controlled by Donna Chisum, as
5 trustee of the Ponderosa Trust. (Exhibit 10 at p .2, 1st full par.) (Note: Mrs. Lipari made a
6 correction in her depo regarding use of Mr. Chisum's signature stamp at **97:21 - 98:8**) (Note:
7 after Mr. Chisum went to prison the Liparis lost faith in him and Mrs. Lipari decided to file
8 the past due tax returns, see her depo at **86:6-9**. See also **66:12-14**, wherein she states, in
9 retrospect, that Mr. Chisum had intended to take her house from her.)

10 12. At the direction of Mr. Chisum the Liparis paid their income into entities he
11 created for them and the Liparis' expenses were paid from the accounts held by those entities.
12 (See Eileen Lipari depo at **8:24 - 9:17**; **17:1 - 18:9**; **27:22 - 28:7**; **29:7-11**; **35:18 - 36:6**;
13 **37:7-23**; **38:13-19**; **93:15 - 94:4**; **121:11 - 123:7** and **125:3-12**) Because their expenses
14 were paid from their income, they believed they could deduct those expenses on their
15 individual returns. (See Eileen Lipari depo at **18:10-12**) However, none of the income from
16 Dr. Lipari's practice or from Hunter King, LLC, ever went into an Exeter account. (See
17 Eileen Lipari depo at **44:10-13**)

18 13. The Liparis' individual income tax returns are not available for 1993.
19 However, the returns for years 1994 - 2007 were attached as exhibits to the deposition of
20 Eileen Lipari. (See Exhibit 2) (Note: the copy of the deposition provided to defendants did
21 not include returns for 2005 - 2007, so unsigned copies of returns for 2005 - 2007 previously
22 disclosed by the government are included as Exhibit 7.) The returns for 1994 - 2004 show
23 they were filed from June - August, 2007. The returns for 2005 - 2007 were apparently filed
24 in June 2007. (See Eileen Lipari depo at **110:18 - 114:11**) Each return included a Schedule C
25 in which Joseph Lipari was identified as a chiropractor doing business as DD Trust in 1994,
26 and thereafter doing business as Morningstar Int'l, PLLC. From 1995 and thereafter a second

1 Schedule C, or Schedule C-EZ, was included which identified Eileen Lipari as a consultant,
2 sometimes doing business as Hunter King, LLC.

3 14. The Liparis also filed Form 8829 with their returns for 1994 -2007 in which
4 they claimed business deductions for expenses they indirectly paid to operate their businesses
5 on the Cottonwood property. (See notes to ¶ 11 in the U.S. Statement of Facts) The income
6 from Dr. Lipari's practice went initially to the DD Trust and later to Morningstar Int'l, PLLC.
7 (See Eileen Lipari depo at **93:15 - 94:13**; **17:17 - 18:9** and **122:21 - 123:7**) The expenses for
8 the Cottonwood property were paid from those entities. (See Eileen Lipari depo at **121:21 -**
9 **122:12** and **125:3 - 125:13**) (See also ¶ 12, *supra*)

10 15. The Liparis depreciated the Cottonwood property on Form 8829 for 1999 -
11 2002. For years 1994 - 1998 and 2003 - 2007 they did not claim depreciation. For 1993 there
12 is no evidence that they claimed depreciation. (See tax returns, Exhibit 7)

13 16. Attached hereto as Exhibit 8 is the document by which Mr. O'Neil was
14 appointed as authorized agent Exeter.

15 17. Eileen Lipari was not a member or owner of Hunter King, LLC, the entity
16 created by Mr. Chisum to manage her business activities. (See the Affidavit of Mike Macek,
17 attached hereto as Exhibit 9)

18 Dated: December 30, 2011.

19 RESPECTFULLY SUBMITTED,

20 /s/ John Friedeman

21 John Friedeman
22 5103 E. Thomas Road
23 Phoenix, AZ 85018
24 Attorney for Exeter Trinity Properties, LLC
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this December 30, 2011, I electronically filed the foregoing with the Clerk of Court and served the following attorney of record using the CM/ECF system:

Charles M. Duffy
P.O. Box 683
Ben Franklin Station
Washington, D.C. 20044-0683

I further certify that on the same day I mailed by U.S. Postal Service the foregoing to the following party who is not represented by counsel.

Joseph Lipari
156 Johnson Hill Drive
Waynesville, NC 28786
Defendant, pro per

/s/ John Friedeman

John Friedeman

JOHN FRIEDEMANN, P.C.
5103 East Thomas Road
Phoenix, Arizona 85018-7914
(602) 840-0314

LAND TRUST AGREEMENT

This Land Trust Agreement made this 14th day of May 1992, and known as THE PONDEROSA TRUST by and between DONNA CHISUM as Trustee hereinafter referred to as the "Trustee" and THE D D TRUST hereinafter referred to as the "Beneficiary."

A. **TRUST PROPERTY.** The Beneficiary shall convey or cause to be conveyed to the Trustee certain real property or properties specifically described in Schedule A, which is attached herein and incorporated herein by reference. All such real property and/or any other real property conveyed to and accepted by the Trustee shall hereinafter be referred to as the "Trust Property." The Trustee shall hold title to the Trust Property for the uses and purposes and upon the terms and conditions hereinafter set forth.

B. **TRUST IDENTIFICATION.** The Trust created by this instrument shall be known for all purposes as the THE PONDEROSA TRUST.

C. **TRUST PURPOSE.** The objects and purposes of this Trust are to hold title to the Trust Property and to protect and conserve the Trust Property until its sale, liquidation or other disposition.

1. LIMITATIONS ON TRUSTEES:

a. The Trustees shall not manage or operate the Trust Property nor undertake any other activity not strictly necessary to the attainment of the foregoing objects and purposes.

b. The Trustees shall not transact business of any kind with respect to the Trust Property within the meaning of any law governing Common Law Declarations of Trust.

2. LIMITATIONS ON AGREEMENT:

a. This Agreement shall not be deemed to be, create, or evidence the existence of a corporation de facto or de Jure or a Massachusetts Trust, or any other type of business trust, or an association in the nature of a corporation, or a general or limited partnership, or a joint venture, by or between the Trustees and the Beneficiaries.

b. This Agreement shall not be placed on record in the County in which the Trust Property is situated, or elsewhere, but if it is so recorded, that recording shall not be considered as notice of the rights of any person derogatory to the title, rights, or powers of the Trustees.

D. DEFINITIONS.

1. **TRUSTEES:** The terms "Trustee" and "Trustees" as used herein shall include all persons, natural and/or artificial, who serve as Trustees pursuant to the provisions of this Agreement at any time.

2. **BENEFICIARIES:** The terms "Beneficiary" and "Beneficiaries" as used herein shall refer to the beneficial owner or owners of the Trust Property, and shall include all successors in interest to any Beneficiary or Beneficiaries, whether by assignment of beneficial interests or by operation of law.

3. **NUMBER AND GENDER:** Whenever the context and facts permit, masculine, feminine and neuter pronouns, and the terms "Beneficiary", "Beneficiaries", "Trustee" and "Trustees", "Personal Representative", and "Personal Representatives", shall include all genders, and the singular shall include the plural and the plural shall include the singular.

4. **PARAGRAPH CAPTIONS:** The captions of various paragraphs of this instrument are for convenience of reference only and in no way define, limit, expand or describe the scope, intent or provisions of this instrument.

5. **APPLICATION OF DEFINITIONS:** The application by the Trustees of the definitions set forth above shall be conclusive upon all persons if made in good faith.

E. ADDRESSES OF TRUSTEES. The address of each Trustee hereunder follows:

DONNA CHISUM

c/o 3310 W. Bell Rd. #1008
Phoenix, Arizona 85023

F. ADDRESSES AND BENEFICIAL INTERESTS OF BENEFICIARIES.
The name and address of each Beneficiary is set forth below, and the beneficial interest of each beneficiary in the Trust Property is set forth opposite the Beneficiary's name.

THE D D TRUST

P O BOX 2023
Cottonwood, Arizona 86326

G. BENEFICIAL INTERESTS ARE PERSONALTY. The beneficial interest of each Beneficiary is personal property only, and no Beneficiary shall have any legal or equitable right, title or interest as realty, in or to any of the Trust Property, or the right to require partition of any of the Trust Property. The Beneficiaries shall have only the rights, as personalty, hereinafter set forth, and the death of a Beneficiary shall not terminate this Trust nor in any manner affect the rights or powers of the Trustees.

H. RIGHTS AND DUTIES OF BENEFICIARIES. The Beneficiaries, or their agent or agents designated in a written instrument delivered to the Trustees and acknowledged by the Trustees, shall have the following rights and duties:

(A) Maintenance and protection of the premises while in possession authorized by the Trustee

I. DUTIES OF TRUSTEES. The Trustees assume and agree to perform the following active and affirmative duties:

(A) Accepts sole ownership of Trust Property (See Schedule A) to protect, conserve or to encumber or to otherwise manage or dispose of as in the best interest of the Beneficiaries.

(B) Oversees the sale, rental or lease of Trust Property.

(C) If the Property is sold, Trustee to use due care to transfer ownership on receipt of complete and proper payment in the best interest of Beneficiaries.

(D) "TRUSTEE POWERS." The Trustee(s) shall have the power and authority to execute all the customary and specified duties of the Trustee(s) of this Document.

The powers shall include all the general provisions allocated to Trustees and not be limited to Buy, Sell, Trade, Assign or Gift any or all properties of the Trust.

The Trustee(s) shall have with this the power to execute all needed documents to carry out this and all functions.

J. PROTECTION OF THIRD PARTIES DEALING WITH TRUSTEES.

1. No party dealing with the Trustees in relation to the Trust Property in any manner whatsoever, and (without limiting the foregoing) no party to whom the Trust Property or any part of it or any interest in it shall be conveyed, contracted or sold, leased or mortgaged by the Trustee, shall be obliged:

a. To see to the application of any purchase money, rent or money borrowed or otherwise advanced on the Trust Property.

b. To see that the terms of this Trust Agreement have been complied with.

c. To inquire into the authority, necessity or expediency of any act of the Trustee.

d. Or be privileged to inquire into any of the terms of this Trust Agreement.

2. Every deed, mortgage, lease or other instrument executed by the Trustees in relation to the Trust Property shall be conclusive evidence in favor of every person claiming any right, title or interest under this Trust that:

a. At the time of its delivery the Trust created under this Agreement was in full force and effect.

b. Such instrument was executed in accordance with the terms and conditions of this Agreement and all its amendments, if any, and is binding upon all Beneficiaries under it.

c. The Trustees were duly authorized and empowered to execute and deliver each such instrument.

d. If a conveyance has been made to a successor or successors in trust, the successor or successors have been appointed properly and are vested fully with all the title, estate, rights, powers, duties and obligations or the predecessor in Trust.

K. **REIMBURSEMENT AND INDEMNIFICATION OF TRUSTEES.** If the Trustees shall pay or incur any liability to pay any money on account of this Trust, or incur any liability to pay any money on account of being made a party to any litigation as a result of holding title to the Trust Property or otherwise in connection with this Trust, whether because of breach of contract, injury to person or property, fines or penalties under any law, or otherwise the Beneficiaries, jointly and severally, agree that on demand they will pay to the Trustees, with interest at the rate of 0% percent (0) per annum, all such payments made or liabilities incurred by the Trustees, together with their expenses, including reasonable attorneys' fees, and that they will indemnify and hold the Trustees harmless of and from any and all payments made or liabilities incurred by them for any reason whatsoever as a result of this Agreement; and all amounts so paid by the Trustees, as well as their compensation under this Agreement, shall constitute a lien on the Trust Property. The Trustees shall not be required to convey or otherwise deal with the Trust Property as long as any money is due to the Trustees under this Agreement; nor shall the Trustees be required to advance or pay out any money on account of this Trust or to prosecute or defend any legal proceedings involving this Trust or any property or interest under this Agreement unless it shall be furnished with sufficient funds or be indemnified to its satisfaction.

L. **TRUSTEES NOT INDIVIDUALLY LIABLE.** The Trustees shall not be required, in dealing with the Trust Property or in otherwise acting under this Agreement:

1. To enter into any individual contract or other individual obligation whatsoever.

2. To make themselves individually liable to pay or incur the payment of any damages, attorneys' fees, fines, penalties, forfeitures, costs, charges or other sums of money whatsoever. The Trustees shall have no individual liability or obligation whatsoever arising from their ownership, as Trustees, of the legal title to the Trust Property, or with respect to any act done or contract entered into or indebtedness incurred by them in dealing with the Trust Property and any trust funds in the actual possession of the Trustees shall be applicable to the payment and discharge of that liability or obligation.

M. **RESIGNATION OF TRUSTEES.** Any Trustee may resign at any time by sending a notice of his intention to do so by certified mail, return receipt requested, to each of the Beneficiaries under this Agreement at his or her address last known to the Trustee.

The resignation shall become effective ten (10) days after the mailing of those notices. In the event of the death or resignation of a Trustee, a successor or successors may be appointed by the person or persons with the Power of Direction under this Agreement, and the Trustees shall convey the Trust Property to that successor or successors in trust. If no successor in trust is so named within ten (10) days after the mailing of the notices, the Trustees may convey the Trust Property to the Beneficiaries in accordance with their respective interests, or the Trustees, at their option, may file an action for appropriate relief in any court of competent jurisdiction. The Trustees, notwithstanding the resignation, shall continue to have a lien on the Trust Property for their costs, expenses and attorneys' fees and for their reasonable compensation.

N. **GOVERNING LAW.** This Agreement shall be construed in accordance with the Laws of the State of Arizona.

O. **CERTIFIED COPIES SATISFACTORY EVIDENCE.** Copies of this Agreement or any amendment to it, certified by the Trustees to be true and correct, shall be satisfactory evidence of such Agreement for all purposes.

P. **BINDING EFFECT.** The terms and conditions of this Agreement shall inure to the benefit of any be binding upon the Trustees and upon the Personal Representatives, heirs, assigns and all other successors in interest of the Beneficiaries.

Q. **DURATION OF TRUST.** The Duration of this Trust is **TWENTY** years (20) unless earlier liquidated and closed. The contract of the Trust can be renewed at any earlier date for a like or shorter term.

IN WITNESS WHEREOF, the Executive Trustee and the Acceptors hereof, for themselves, their heirs and assigns, have hereto set their Names and seals in token of the conveyance, delivery, and acceptance of property, assets, and other things of value, and the obligations and duties as herein assumed as Trustee(s) of said TRUST, and assent to all stipulations herein as imposed and expressed.

Dated this 14th day of May, 1992.

"without prejudice"
Donna Chisum

EXECUTIVE TRUSTEE, ADMINISTRATOR

"without prejudice"
Lisa Lundstrom

WITNESS

"without prejudice"
[Signature]

WITNESS

BENEFICIARY

BENEFICIARY

Deuteronomy 19:15 "One witness shall not rise up against a man for any iniquity, or for any sin, in any sin that he sinneth; at the mouth of two witnesses shall the matter be established."

II Corinthians 13:1 "...In the mouth of two or three witnesses shall every word be established."

Matthew 18:16 "...that in the mouth of two or three witnesses every word may be established."

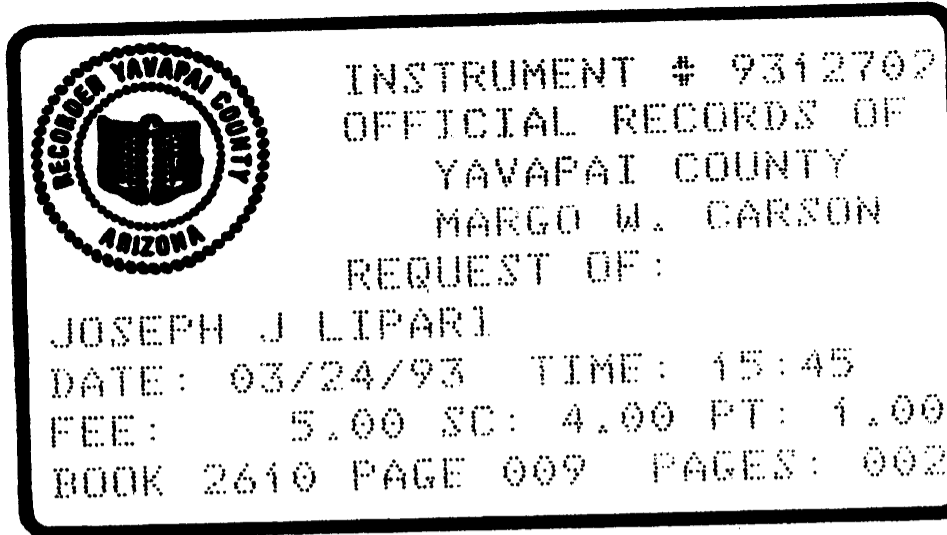
SCHEDULE A

The west one-half of the West one-half of lot 9, VERDE PALISADES, plat 2, according to the plat of record on file in the office of the County Recorder of Yavapai County, Arizona, in Book 7 of Maps, page 31.

Except oil, minerals, ores and metals of every kind, as reserved in deed recorded in Book 187, page 331, records of Yavapai County, Arizona.

When recorded mail to **INDEXED & MICROFILMED**
At the request of:

THE PONDEROSA TRUST
c/o P O BOX 2023
Cottonwood, Arizona 86326



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MAY	11
PCL	\$5
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	\$/U

WARRANTY DEED

KNOW ALL MEN BY THERE PRESENTS:

That I (We), JOSEPH J. LIPARI and EILEEN H. LIPARI the undersigned party(ies), by the operation of exchange in a value for value exchange as consideration do hereby convey to THE PONDEROSA TRUST with DONNA CHISUM as TRUSTEE, all right, title and interest to and in that certain parcel of Real Property situated in YAVAPAI County, State of Arizona and Described as follows:

The West one-half of the West on-half of Lot 9, VERDE PALISADES, plat 2, according to the plat of record on file in the Office of the County Recorder of Yavapai . County, Arizona, in Book 7 of Maps, page 31.

Except oil, minerals, ores and metals of every kind, as reserved in Deed recorded in Book 187, page 331, Records of Yavapai County, Arizona.

Subject to provisions of Homestead.

Subject to any current liens recorded with County Recorders Office.

Exempt A.R.S. 42-1614 B8

And I (We) do warrant the title against all persons whosoever subject only to those encumbrances of liens of Record, or as above set forth, if any.

Dated this 14th day of May, 1992.

Joseph J. Lipari
JOSEPH J. LIPARI

Eileen H. Lipari
EILEEN H. LIPARI

BOOK 2610 PAGE 9

ACKNOWLEDGEMENT

STATE OF ARIZONA)
) **ss**
COUNTY OF YAVAPAI)

IN WITNESS THEREOF... I/We, the below named and undersigned, Natural Born Individuals of the age of 21 years or more, all inhabitants of Arizona do hereby affix the

WITNESS OF OUR HANDS

Deuteronomy 19:15 "One witness shall not rise up against a man for any iniquity, or for sin, in any sin that he sinneth; at the mouth of two witnesses shall the matter be established."

II Corinthians 13:1 "...In the mouth of two or three witnesses shall every word be established."

Matthew 18:16 "...That in the mouth of two or three witnesses every word may be established."

STATE OF ARIZONA }
COUNTY OF YAVAPAI } **ss.**

This instrument was acknowledged before me this 24th day of March, 1993, by Joseph J & Eileen H. Lipari to witness whereof I herewith set my hand and official seal

[Signature], NOTARY PUBLIC
Attachment to Page 8 (Warranty Deed)

My Commission Expires July 31, 1996

SEAL

BOOK **2610** PAGE **10**

When recorded mail to:
At the request of:

THE PONDEROSA TRUST
c/o P O BOX 2023
Cottonwood, Arizona 86326

Please stamp in provided
space, County Recorder:

AFFIDAVIT OF TRUST DISCLOSURE

STATE OF ARIZONA

COUNTY OF YAVAPAI

)
) ss.
)

EFFECTIVE DATE OF TRUST

5-14-92

**COUNTY AND STATE WHERE
PROPERTY IS LOCATED**

YAVAPAI, ARIZONA

**TRUST NAME (EXACT NAME
AS SET FORTH IN TRUST)**

THE PONDEROSA TRUST

**TRUSTEE (NAME, ADDRESS AND
ZIP CODE)**

DONNA CHISUM
c/o 3310 W. Bell Rd. #1008
Phoenix, Arizona 85023

**TYPE OF TRUST (INDICATE
TYPE OR NATURE OF TRUST)**

- IRREVOCABLE PURE TRUST
- IRREVOCABLE HOLDING
- IRREVOCABLE VEHICLE
- IRREVOCABLE LAND TRUST

**LOCATION OF TRUST. THE TRUST
DOCUMENT OR ABSTRACT CAN BE
LOCATED:**

[X] IN THE FILES OF
DONNA CHISUM

SUBJECT REAL PROPERTY (LEGAL DESCRIPTION)

The West one-half of the West one-half of Lot 9, VERDE PALISADES, plat 2, according to the plat of record on file in the Office of the County Recorder of Yavapai County, Arizona in Book 7 of Maps, page 31.

Except II oil, minerals, ores and metals of every kind, as reserved in Deed recorded in Book 187, page 331, Records of Yavapai County, Arizona.

**BENEFICIARIES (LIST ALL BENEFICIARIES AND STATE THEIR PRESENT
ADDRESSES AND ZIP CODES.):**

THE D D TRUST

c/o P O BOX 2023
Cottonwood, Arizona 86326

Signed and Dated

April 14, 1992

By Donna Chisum "Without Prejudice"

IN THE UNITED STATES DISTRICT COURT
DISTRICT OF ARIZONA
Civ. No. 10-CV-08142-JWS

_____)	
UNITED STATES OF AMERICA,)	
)	
Plaintiff,)	
)	
v.)	DEPOSITION OF
)	
JOSEPH J. LIPARI, EILEEN H.)	JOSEPH J. LIPARI
LIPARI and EXETER TRINITY)	
PROPERTIES, L.L.C.,)	
)	
Defendants.)	
_____)	

On Thursday, July 7, 2011, commencing at 2:36 p.m., the deposition of Joseph J. Lipari was taken on behalf of the Plaintiff at the United States Courthouse, 100 Otis Street, Asheville, North Carolina, and was attended by Counsel as follows:

APPEARANCES:

CHARLES M. DUFFY, ESQ.
U.S. Department of Justice
Tax Division
P.O. Box 683
Ben Franklin Station
Washington, D.C. 20044
on behalf of the Plaintiff

JOSEPH J. LIPARI, Pro se
156 Johnson Hill
Waynesville, North Carolina 28786
on behalf of the Defendant

Attending: Eileen H. Lipari

REPORTED BY: MAI-BETH KETCH, CVR
ASHEVILLE REPORTING SERVICE

<p>1 (Document li1240) 2 Index 3 Signature (Reserved) 3 4 Direct Examination By Mr. Duffy 3 5 Certificate of Notary Public 21 6 EXHIBITS: 7 Plaintiff's Exhibit No. 41 Marked 8 Deponent's Bankruptcy Court Testimony . . . 3 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25</p>	<p>2</p>	<p>1 PURSUANT TO NOTICE and/or Agreement to Take 2 Depositions, the within Deposition was taken by me, 3 Mai-Beth Ketch, CVR, a Notary Public as required in 4 Rules 26 and 30 of the North Carolina Rules of Civil 5 Procedure. 6 SIGNATURE: 7 The Deponent did agree that both the reading 8 over and signing of the transcript are hereby 9 reserved. 10 Joseph J. Lipari, being duly sworn to tell the 11 truth, the whole truth, and nothing but the truth of 12 his own knowledge concerning the within matter, 13 testified as follows: 14 (PLAINTIFF'S EXHIBIT NO. 41 MARKED) 15 DIRECT EXAMINATION BY MR. DUFFY: 16 Q This Exhibit 41, it looks like testimony you 17 gave to the bankruptcy court. I'm not sure 18 what the date was. Do you have any idea what 19 the date was? 20 A Sometime in the past. 21 Q Anyway, you read through it during our break. 22 Is it accurate, the testimony in Exhibit 41? 23 A Yeah. 24 Q You have no problems with it? 25 A No, I don't have any.</p>	<p>3</p>
<p>1 Q What's your education background? 2 A I'm a chiropractor. I've got about two years 3 of precollege and then four years of 4 chiropractic. And then I just study on my 5 own. 6 Q You were in the military beforehand? 7 A Yeah. 8 Q For how many years? 9 A Four years, that's all I could take without 10 becoming an alcoholic. 11 Q You've heard us talk today about Mr. Chisum, 12 Jimmy Chisum, and his wife; also Mr. O'Neil, 13 Phillip O'Neil, and then John Wilde. Did you 14 have interaction with these people? 15 A Oh, yeah. 16 Q What was your interaction, say, with Jimmy 17 Chisum? 18 A Jimmy he -- my wife thought she wanted to 19 protect me because I have a lot of -- we went 20 into trust because frankly, I'm a dimwit. I'm 21 not able to take care of myself properly, and 22 I have a daughter that is a vile person to put 23 it mildly. And my wife was trying to protect 24 me from her in case something happened to her, 25 because she planned on dying years ago because</p>	<p>4</p>	<p>1 of all the health problems that she has. And 2 she was trying to set this thing up so that I 3 would be protected from my daughter, and it 4 backfired on us. 5 Q What was your interaction with Mr. Chisum? 6 Did you sit down with him and talk about it? 7 A No, Eileen -- well, they came to me one day 8 and --- 9 Q Who's "they"? 10 A Jimmy came to the house and Eileen was in the 11 room, and I was in the room, and she was 12 interested in doing a trust. And I said, 13 "Well, if you think it's a good idea, then I 14 trust you and we'll do it." And that's how we 15 got into it. 16 Q Did you know that Mr. Chisum was involved in 17 tax avoidance schemes? 18 A Who the hell would know this stuff in advance, 19 no. No, I didn't know that. 20 Q Did you ever learn that? 21 A I learned it later, but then I --- 22 Q When did you learn it? 23 A Well, it was when -- I never knew he was a 24 criminal until after he went to prison, 25 because he'd never been convicted of a crime</p>	<p>5</p>

6

1 that I'd heard of. So I just assumed that
 2 what he was doing was on the up and up,
 3 because I don't know the guy's a criminal
 4 until they get convicted. I mean how can I
 5 figure this out in advance? I don't know how
 6 to do that. He sounded -- he would say things
 7 that sounded okay, but he'd never really
 8 follow through. It was like, you know, he was
 9 like all the time giving political speeches.
 10 Q Did you go to his classes along with Eileen?
 11 A Yes, because I never could make sense out of
 12 it, and I always thought it was me. I just
 13 didn't think I was smart enough. But now that
 14 I look back at it, I realize that I was smart
 15 enough, but I thought I was stupid so I just
 16 assumed that they knew more than me, and that
 17 it was me. That I couldn't understand the
 18 stuff.
 19 Q The tax returns that we went over today were
 20 all pretty much filed long after they were
 21 due. Did you have involvement with the tax
 22 returns or ---
 23 A I don't do anything that has numbers involved
 24 in it other than my address. That's about all
 25 I know. I'm lucky I remember my phone number.

8

1 federal tax issues?
 2 A Well, we had these tax issues, but they never
 3 made sense to me because they would come up
 4 with these ridiculous numbers that made me
 5 feel like the government was corrupt, okay?
 6 Q But you understood you hadn't filed a return
 7 for many years?
 8 A No, I -- I assumed that the people that were
 9 doing these things were filing what they said
 10 they were going to do.
 11 Q So you understood ---
 12 A We were paying this guy thousands of dollars
 13 every year to do a job for us that we didn't
 14 think we could do.
 15 Q Did you check on him to say hey, can you send
 16 us a copy of the return that you filed with
 17 IRS?
 18 A He would send a thing and he got -- when we
 19 first met him he wasn't -- I don't think he
 20 was like a tax protester at the time when we
 21 met him, or at least he was very shallow in
 22 it. Then as the years went on he just got
 23 crazy. It's like he went over the edge. When
 24 we first talked to him he seemed reasonable,
 25 you know. He had issues with things, but they

7

1 So, you know -- and here I was saying I'm a
 2 cared-for person because I really am cared
 3 for. I don't have any skills, you know. When
 4 I first got out of the military, I was so
 5 damaged from all the stuff that had happened
 6 to me that I was going to be Robinson Crusoe
 7 and go find an island to go live on. And I
 8 only went to chiropractic school because I
 9 didn't want to die in the first year. And I
 10 thought if I had enough knowledge, I could
 11 survive. That's the condition I was in when I
 12 left the military. Then ---
 13 Q Who did the bookkeeping for the chiropractic
 14 business?
 15 A My wife did it all. I had no idea how much
 16 money I made or didn't make, ever. I had no
 17 idea.
 18 Q These names that we've been talking about;
 19 Morningstar, DD Trust, monies going in and out
 20 of these accounts, were you aware of that?
 21 A I was aware that there was things happening,
 22 but I had no -- you know, I was not connected
 23 to it personally, other than the fact I'm
 24 married to her.
 25 Q When did you understand that there were

9

1 sort of made some sense on some level. But
 2 then he -- at the end he became like a jihad.
 3 I mean he wanted to take the government down.
 4 That was his mission.
 5 Q You heard your wife's deposition. You've been
 6 sitting here all day. Do you agree with
 7 everything she said?
 8 A Yeah, everything she said is real.
 9 Q The house, the Cottonwood residence, do you
 10 still consider that your house?
 11 A I -- when we first got into this trust, Jimmy
 12 said look, when you go into trust you have to
 13 trust me. And when you sign these things
 14 over, they're not yours anymore. And when we
 15 did that, that's the intention that we had
 16 when we did it, was to sign everything over.
 17 And this was supposed to protect us in the
 18 sense of if we got sued, we couldn't get sued
 19 personally because we don't own anything. And
 20 you know, that actually made some kind of
 21 sense on some level. And we didn't own our
 22 cars, we didn't own anything. And I thought
 23 that was going to put me in a safe position.
 24 Did it?
 25 Q But you treated the house as if it was your

<p style="text-align: right;">10</p> <p>1 house. In other words, you took ---</p> <p>2 A I took care of it ---</p> <p>3 Q Let me finish. You treated the house like it</p> <p>4 was your house. You took the deductions for</p> <p>5 the real estate taxes, insurance, maintenance</p> <p>6 and upkeep, utilities, off of your individual</p> <p>7 income tax return.</p> <p>8 A Why would I not? See, I don't understand. I</p> <p>9 don't understand the question. Why would ---</p> <p>10 Q So you're saying even if the ---</p> <p>11 A Why would I pay higher taxes and not -- why</p> <p>12 would I not take any deductions?</p> <p>13 Q So you didn't consider those deductions the</p> <p>14 trust deductions, you considered those</p> <p>15 deductions your own personal deductions;</p> <p>16 correct?</p> <p>17 A I don't know if I can answer that question</p> <p>18 because I don't know how to answer it.</p> <p>19 Q You said you transferred the property to a</p> <p>20 trust, but yet you ---</p> <p>21 A I assumed that when we put it into trust that</p> <p>22 it wasn't ours anymore.</p> <p>23 Q That it was okay to take -- it didn't matter</p> <p>24 that the property was in a trust, you thought</p> <p>25 it was okay to still take the deductions on</p>	<p style="text-align: right;">11</p> <p>1 your personal tax return?</p> <p>2 A Boy, I don't know. I'm not sure what she was</p> <p>3 thinking at the time because I don't think</p> <p>4 like that. I mean I don't know how to -- I</p> <p>5 don't know how to answer the question because</p> <p>6 I never did the tax returns and I don't know</p> <p>7 what the thinking process was when we did</p> <p>8 them. But I think that -- when we found out</p> <p>9 what we were doing was a criminal activity</p> <p>10 under Jimmy, you know, and we filled these tax</p> <p>11 returns out, we were trying to do it in a way</p> <p>12 that would give us the least damage.</p> <p>13 Q Well, you did -- everything on those tax</p> <p>14 returns that we looked through today, and we</p> <p>15 can go through every single one of them ---</p> <p>16 A No, we don't have to go through that again</p> <p>17 because I was here.</p> <p>18 Q --- every single thing on those tax returns</p> <p>19 that we discussed today is accurate?</p> <p>20 A I think it is, yes.</p> <p>21 Q So all those deductions that you took</p> <p>22 regarding the Cottonwood residence ---</p> <p>23 A Yeah, yeah.</p> <p>24 Q --- you felt like those were your deductions?</p> <p>25 A Yeah, and I'm cool with that. And if -- you</p>
<p style="text-align: right;">12</p> <p>1 know, if legally for some reason we didn't</p> <p>2 actually give up the property like we thought</p> <p>3 we did, because I thought we did; but maybe we</p> <p>4 didn't legally do it and it didn't really</p> <p>5 happen. Do you understand that?</p> <p>6 Q You thought you legally gave up the property</p> <p>7 but you still thought it was okay to take the</p> <p>8 deductions on your individual income tax</p> <p>9 return?</p> <p>10 A Yeah, because that was what we were taught.</p> <p>11 Q Who taught you that, Mr. Chisum?</p> <p>12 A Yeah, he was teaching -- he was trying to --</p> <p>13 he was supposed to be our guide and ---</p> <p>14 Q Whatever Mr. Chisum did ---</p> <p>15 A --- that was the guidance ---</p> <p>16 Q --- whatever he told you, you guys did?</p> <p>17 A Yes, and to the letter. I mean to the</p> <p>18 ultimate -- to -- like God was in the deal</p> <p>19 with us.</p> <p>20 Q How about Mr. Wilde, whatever he told you --</p> <p>21 did you have any interaction with Mr. Wilde?</p> <p>22 A Mr. Wilde, when I listened to him talk --</p> <p>23 after he'd talk, I'd go over to Jimmy and say,</p> <p>24 why are you hanging around this guy? He's not</p> <p>25 -- I'd catch him in all kinds of discrepancies</p>	<p style="text-align: right;">13</p> <p>1 and he would never answer the question. And</p> <p>2 they would still hang out together.</p> <p>3 Q Did you know Phillip O'Neil?</p> <p>4 A I've met him a few times, but that's about it.</p> <p>5 I mean we don't have like a friendship or</p> <p>6 anything.</p> <p>7 Q Well, if the house ever gets sold, where do</p> <p>8 you think the money's going to go?</p> <p>9 A I have no idea, that's your decision. I don't</p> <p>10 make -- this is a legal's ---</p> <p>11 Q That proceeds, should they go to your ---</p> <p>12 A Well, it would be nice if they did because</p> <p>13 then it would cut my taxes down that I owe.</p> <p>14 But I -- I -- to be honest with you, I don't</p> <p>15 know that I own the house.</p> <p>16 Q You don't know?</p> <p>17 A I don't know, this is a legal decision you</p> <p>18 guys have to make.</p> <p>19 Q The United States is only a party in the case.</p> <p>20 A I mean I can't say, you know -- I don't know</p> <p>21 how to answer that question.</p> <p>22 Q When they came to the house for the eviction,</p> <p>23 tell me the circumstances of what happened?</p> <p>24 A The circumstances. I don't remember being</p> <p>25 there when it happened. I think Eileen was</p>

14

1 there when it happened. I wasn't there, and I
 2 just know about it as a secondhand thing.
 3 Q So from the time you bought it in 1989, until
 4 2007, did you do all the upkeep on the house?
 5 A Yes.
 6 Q What did that entail?
 7 A It entailed paying taxes, any insurance
 8 things, any -- you know, killing weeds.
 9 Anything breaks you fix it. That was -- you
 10 know, what normal people do even when they
 11 have a rental property, they do the same
 12 thing. We kept trying to make sense out of
 13 how you guys could make us in a situation
 14 where because some bill got paid, we paid a
 15 phone bill, and somehow -- none of this stuff
 16 actually makes sense to me, I tell you. The
 17 physical plane is scary to me. I would rather
 18 be dead than live here. I mean ---
 19 Q So you pretty much ---
 20 A I don't get it. None of this stuff makes
 21 sense to me.
 22 Q Were you in the background?
 23 A I was always in the background. I don't do
 24 any math. You know, I'm a grunt, which means,
 25 you know, I take orders. I'm a military

16

1 just assumed I was in a good situation. I
 2 mean if I was in prison I'm getting three
 3 meals a day, and the only predators I have is
 4 the guy nearby me who I can make friends with.
 5 Q You wouldn't have had to make any house
 6 payments if you didn't transfer the property
 7 to a trust since it was all paid off; right?
 8 A I -- I don't really care. I mean I just
 9 assumed I was protecting myself from my
 10 daughter, who is a vicious person, okay?
 11 That's the reason I got into -- that I was
 12 willing to go into a trust. My daughter is a
 13 vile person. I had to put her in a drug rehab
 14 facility, and it really cost us a fortune to
 15 do it. When she's in there she made a
 16 confession that I was -- I tied her in the
 17 basement naked and whipped her with sticks.
 18 And you know what? I probably would have been
 19 convicted of that if I'd had a basement in my
 20 house, but thank God I didn't have a basement.
 21 So when all those guys came out to investigate
 22 me -- so that's the kind of crap I had to put
 23 up with, with my daughter. And she's still
 24 that way today.
 25 Q How about Mr. Major, did you ---

15

1 trained guy. I take orders. If they say do
 2 something insane, I don't even question it.
 3 Q Who were you taking orders from?
 4 A Whoever gives them. Jimmy would say do this,
 5 that's what we'd end up doing. So we just
 6 followed orders. That was basically all I
 7 ever did.
 8 Q If he gave the orders today would you do it?
 9 A No, because he's a convicted -- you know, he's
 10 a convicted criminal now. You know, he's been
 11 proven to be a criminal. Before that he
 12 wasn't a proven criminal. So I just assumed
 13 his advice was good. You know, after a guy
 14 gets convicted for something, then you know
 15 he's a criminal.
 16 Q You heard us talk about the fact that you and
 17 your wife paid off the \$70,000 mortgage on the
 18 Cottonwood residence.
 19 A Yeah.
 20 Q You had a \$35,000 down payment she got from
 21 her mother. When did it strike you that hey,
 22 this is odd that we don't own this property
 23 but we paid off all the debts on it?
 24 A It never bothered me since I didn't have to
 25 make all these house payments and stuff. I

17

1 A So I was trying to protect -- my wife was
 2 trying to protect me from a vile person, an
 3 enemy. And you know, there's different
 4 categories of enemies and you know, you look
 5 at the one that's the most vicious enemy and
 6 that's the one you worry about the most. You
 7 know, Jimmy was an enemy now that I look at
 8 it, but my daughter was a higher priority
 9 enemy to me.
 10 Q Mr. Major, did you have any contact with him?
 11 A I met him one time. He came to our house and
 12 I think we had dinner with him. He just
 13 seemed to be an overweight guy. He didn't
 14 strike me as being really smart, but he ran
 15 some kind of offshore trust thing, and Jimmy
 16 believed in him and that's all I knew. That
 17 was all I knew.
 18 Q So all these characters; Mr. Wilde and
 19 Mr. Major and Mr. Chisum, they were all in
 20 your wife's universe more than yours?
 21 A Well, I mean, that one dinner, that was it.
 22 That's the only time we met that guy, that I
 23 know of. Mayer?
 24 INTERJECTION BY MRS. LIPARI:
 25 Not Mayer, Major.

18

1 BY MR. DUFFY:
 2 No, ma'am ---
 3 BY THE DEPONENT:
 4 Major, I thought you said Mayer.
 5 DIRECT EXAMINATION RESUMED BY MR. DUFFY:
 6 Q No, Major.
 7 A Major, Terry?
 8 Q Yes.
 9 A Terry, I've known him for a few years. I mean
 10 I thought you were talking about somebody
 11 else.
 12 Q No, Mr. Major.
 13 A I thought you said Mayer. That's my fault, I
 14 didn't hear it right. I've got a hearing
 15 problem from they made me do a hundred-foot
 16 dive when I had a sinus infection.
 17 Q What about Mr. Major, how well did you know
 18 him?
 19 A Well, I'd sit and I'd talk with him. He's a
 20 good computer guy. Whenever I have a problem
 21 with my computer I call him up and he gives me
 22 a good solution to it. You know, I've worked
 23 on his wife a couple of times, because she had
 24 a really serious accident where she had some
 25 serious brain damage happen to her. And I was

19

1 trying to reduce the stress level on him
 2 because he has to do everything, because she
 3 can't do anything.
 4 Q When is the last time you talked to
 5 Mr. O'Neil?
 6 A O'Neil? Man, maybe a year or so ago I talked
 7 to him briefly.
 8 Q Do you want the opportunity to read your
 9 deposition and make changes?
 10 A What deposition?
 11 Q This deposition.
 12 A What do you mean?
 13 Q You can have the opportunity if you want to
 14 read the transcript and make changes, but I
 15 would see what the changes are.
 16 A I don't have any -- I don't know what you
 17 mean. Why would I ---
 18 Q The court reporter ---
 19 A Why would I change things?
 20 Q Why? Perhaps there was something taken down
 21 mistakenly or -- it just gives you the
 22 opportunity ---
 23 A I mean this last piece where I thought I was
 24 talking about a different person, I would
 25 change that because ---

20

1 Q I think you ---
 2 A --- I didn't understand it.
 3 Q I think you cleared that up.
 4 A Okay.
 5 Q But each deponent has the opportunity to look
 6 at the transcript and make changes to it if
 7 you want. Do you want that opportunity or
 8 not?
 9 A Okay, I'll take it. It sounds reasonable.
 10 BY MR. DUFFY:
 11 I think that's it.
 12 (PROCEEDINGS IN THE ABOVE-ENTITLED MATTER WERE
 13 CONCLUDED AT 2:55 P.M.)
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21

20 pages are an accurate transcript of the

deposition of Joseph J. Lipari, taken by me and transcribed under my supervision.

I further certify that I am not financially interested in the outcome of this action, a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of such attorney or counsel.

This is the 19th day of July, 2011.

MAI-BETH KETCH, CVR
Notary Public No.: 19981410006

Asheville Reporting Service
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828-254-9230

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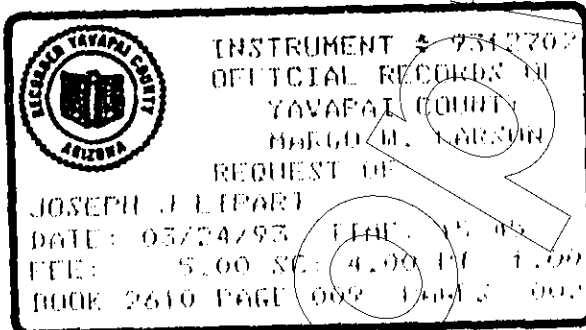
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When recorded mail to:
At the request of:

THE PONDEROSA TRUST
c/o P O BOX 2023
Cottonwood, Arizona 86326



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91
9/10

WARRANTY DEED

KNOW ALL MEN BY THERE PRESENTS:

That I (We), JOSEPH J. LIPARI and EILEEN H. LIPARI the undersigned party(ies), by the operation of exchange in a value for value exchange as consideration do hereby convey to THE PONDEROSA TRUST with DONNA CHISUM as TRUSTEE, all right, title and interest to and in that certain parcel of Real Property situated in YAVAPAI County, State of Arizona and Described as follows:

The West one-half of the West one-half of Lot 9, VERDE PALISADES, plat 2, according to the plat of record on file in the Office of the County Recorder of Yavapai County, Arizona, in Book 7 of Maps, page 31.

Except oil, minerals, ores and metals of every kind, as reserved in Deed recorded in Book 187, page 331, Records of Yavapai County, Arizona.

Subject to provisions of Homestead.

Subject to any current liens recorded with County Recorders Office.

Exempt A.R.S. 42-1614 B8

And I (We) do warrant the title against all persons whosoever subject only to those encumbrances of liens of Record, or as above set forth, if any.

Dated this 14th day of May, 1992.

Joseph J. Lipari
JOSEPH J. LIPARI

Eileen H. Lipari
EILEEN H. LIPARI

BOOK 2610 PAGE 9

ACKNOWLEDGEMENT

STATE OF ARIZONA }
COUNTY OF YAVAPAI } ss

IN WITNESS THEREOF... I/We, the below named and undersigned, Natural Born Individuals of the age of 21 years or more, all inhabitants of Arizona do hereby affix the

WITNESS OF OUR HANDS

Deuteronomy 19:15 "One witness shall not rise up against a man for any iniquity, or for sin, in any sin that he sinneth; at the mouth of two witnesses shall the matter be established."

II Corinthians 13:1 "...In the mouth of two or three witnesses shall every word be established."

Matthew 18:16 "...That in the mouth of two or three witnesses every word may be established."

STATE OF ARIZONA }
COUNTY OF YAVAPAI } ss

This instrument was acknowledged before me this 24th day of March, 1993, by Joseph J. Eileen H. Lipari
in witness whereof I herewith set my hand and official seal

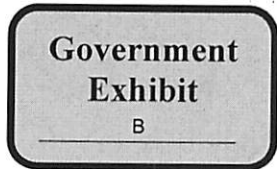
[Signature], NOTARY PUBLIC
Attachment to Page 8 (Warranty Deed)

My Commission Expires July 31, 1996

SEAL

BOOK 2610 PAGE 10

When recorded mail to:)
At the request of:)
Bethany Crown Properties, LLC)
% 5804 W Vista Ave #347)
Glendale, Arizona 85301)



3183177 BK 3692 PG 320
Yavapai County
Patsy Jenney-Colon, Recorder
09/01/1999 12:03P PAGE 1 OF 2
BETHANY CROWN PROPERTIES LLC
RECORDING FEE 5.00
SURCHARGE 4.00
POSTAGE 1.00

Please stamp in provided
space, County Recorder

WARRANTY DEED

KNOW ALL MEN BY THESE PRESENTS:

That I (We), Donna Chisum as Trustee for PONDEROSA TRUST, the undersigned party(ies), by the operation of exchange, in a value for value exchange, as consideration do hereby convey to EXETER TRINITY PROPERTIES, LLC, all right, title and interest to and in that certain parcel of Real Property situated in YAVAPAI, County, State of ARIZONA, and Described as follows:

The West one-half of the West one-half of Lot 9, VERDE PALISADES, plat 2, according to the plat of record on file in the Office of the County Recorder of Yavapai County, Arizona, in Book 7 of Maps, page 31.

EXCEPT all oil, minerals, ores and metals of every kind, as reserved in Deed recorded in Book 187, page 331, Records of Yavapai County, Arizona.

EXEMPT A.R.S. 42-1614 B8

And I.(We) do warrant the title against all persons whosoever subject only to those encumbrances of liens of Record, or as above set forth, if any.

Dated this 22nd day of July, 1999.

Donna Chisum T/E
Donna Chisum, Trustee for Ponderosa Trust

ACKNOWLEDGMENT

STATE OF ARIZONA)
)
COUNTY OF Yavapai)

IN WITNESS WHEREOF...I/We, the below named and undersigned, Natural Born Individuals of the age of 21 years or more, all inhabitants of _____ do hereby affix the

WITNESS OF OUR HANDS

"One witness shall not rise up against a man for any iniquity, of for sin, in any sin that he sinneth; at the mouth of two witnesses shall the matter be established."
Deuteronomy 19:15

"...In the mouth of two or three witnesses shall every word be established."
II Corinthians 13:1

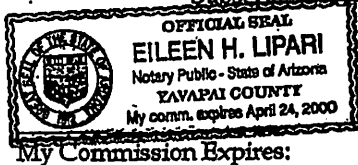
"...That in the mouth of two or three witnesses every word may be established."
Matthew 18:16

OR -

STATE OF ARIZONA)
)ss.
County of Yavapai)

Before me, a Notary Public, authorized to take acknowledgments in the State and County set forth above, personally appeared Donna Chisum, Trustee for Ponderosa Trust, known to me to be the person(s) who executed the foregoing instrument.

Subscribed and sworn to before me this 22nd day of July, 1999.



[Handwritten Signature]

Notary Public



NOTICE TO VACATE

THIS IS A NOTICE OF MATERIAL IRREPARABLE BREACH OF RENTAL AGREEMENT AND NOTICE OF IMMEDIATE TERMINATION OF RENTAL AGREEMENT.

August 11, 2007

Joseph & Eileen Lipari
1001 S. 6th Street
Cottonwood, AZ 86326

Dear Mr. and Mrs. Lipari:

According to the terms of your original contract and rental agreement you were to insure that the entities responsible for taxes, insurance, utilities, etc. were to receive enough funds from whatever sources to pay the property's expenses. You were to supervise repairs and maintenance and keep the premises in good repair. I, personally, have had to loan the LLC money for maintenance and repairs which are now a lien against the LLC's assets. You were to pay your management and trustee fees, which of late, remain unpaid and are now a lien against the property.

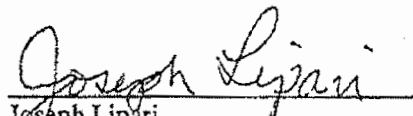
I find you in violation of the original rental agreement. I have given you adequate notice and warnings of your need to keep the terms and covenants of the original agreement or I would have no choice but issue a notice to vacate to protect the rights of the life tenant, other beneficiary and/or successor beneficiaries.

Therefore, you are both ordered to vacate the premises at 1001 South Sixth Street in Cottonwood, Arizona on or before November 10, 2007. Failure to do so will give me no choice but to notify the authorities that you are trespassing and must be removed. On or about November 5, 2007, I will issue an official Notice to Pay or Vacate and/or whatever other official papers I determine is necessary to insure your departure from the premises. If you have not departed the premises by November 10, 2007, I will petition the court to have the two of you removed from the premises.

Please do not make me take that step. I have enclosed two originals of this NOTICE TO VACATE. Please sign one of them and mail it back to me within ten days with each of your signatures below the statement that indicates you have received this notice.

Phillip O'Neil
Trustee and Authorized Agent

I hereby solemnize by my signature below that I have received adequate notice to vacate the property at 1001 South Sixth Street, Cottonwood, Arizona on or before November 10, 2007.



Joseph Lipari



Eileen Lipari

BREACH OF CONTRACT

THIS IS A NOTICE OF BREACH OF CONTRACT AND NOTICE TO MOVE.

Joseph & Eileen Lipari
1001 S. 6th Street
Cottonwood, AZ 86326

Dear Mr. and Mrs. Lipari:

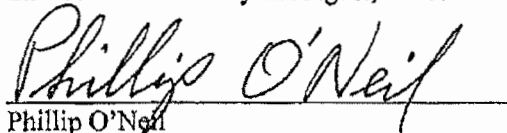
I find that you or the entity that was to pay all of the bills related to 1001 S. 6th Street property are in "Breach of Contract" of the original agreement made with the Ponderosa Trust and any agreed upon changes that have taken place since. According to the terms of the original agreement you or someone was responsible for funds reaching The D D Trust to pay all expenses of the property at 1001 S. 6th Street. You or someone or some entity have fallen behind in seeing that The D D Trust is properly funded. I have personally paid bills and invoices that The D D Trust was unable to pay.

It is true that upon your death or departure, the assets of the Exeter Trinity Properties, L.L.C. go to charity, but that part of the agreement is not dependant upon your occupancy of the property until you are deceased. Your occupancy is dependant upon funds being entered into The D D Trust by whatever means to pay the property's expenses. The Ponderosa Trust, and now the Exeter Trinity Properties, L.L.C., was and is free to sell the property at 1001 S. 6th Street at any time. If you bring my loan and all other bills current before November 5, 2007, you will be allowed to remain on the property.

As I have previously informed you, and you have agreed, that your original agreement to fund the The D D Trust and/or see that it is funded by someone or some entity in order to pay all the expenses of the property at 1001 S. 6th Street, may be nothing more than a sophisticated rental agreement. Therefore, since the terms of your original agreement with Donna and JC Chisum, ergo, the Ponderosa Trust, are basically in the form of a sophisticated rental agreement, I will issue two types of Notice to Vacate on November 5, 2007 if the bills remain unpaid.

It does not matter whether the court considers your "failure to pay" a violation of the rental laws or a breach of the contractual trust agreement. I will issue formal Notices to Pay or Vacate on the 5th of November, 2007. If you remain on the said property I will then petition the court under both theories (rental laws and breach of contractual trust agreement) to have you removed.

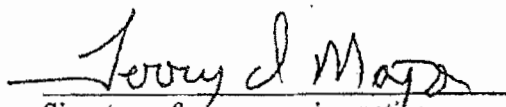
Executed this 11th day of August, 2007.



Phillip O'Neil
Trustee and Authorized Agent

Certificate of service

I hereby certify that I delivered a copy of the foregoing to Joseph and Eileen Lipari at 1001 South Sixth Street, Cottonwood, Arizona 86326 on the 11th day of August, 2007.


Signature of person serving notice
Terry I. Major



**NOTICE TO HAVE
SOMEONE PAY OR VACATE**
(Breach of Contract/Agreement)

TO OCCUPANTS: Joseph and Eileen Lipari

Past due bills in the amount of \$4,720.00, for the upkeep of the premises described as 1001 South Sixth Street, Cottonwood, Arizona 86326 remain unpaid.

This NOTICE TO PAY OR HAVE SOMEONE PAY is being sent to you along with the NOTICE TO PAY OR VACATE because you may have a written or verbal agreement to occupy the premises while all bills are paid by another entity or person.

According to the agreement relayed to Exeter Trinity Properties, L.L.C. there was an arrangement for you two to live on the property as long as all bills were paid by someone. If there is any such written agreement bring it to me, Phillip O'Neil (Trustee and Authorized Agent) for Exeter Trinity Properties, L.L.C., along with \$4,720 and you may remain on the property if future bills are paid. You may remain until the property is sold and the money therefrom sent to the charity.

If you have no written agreement you are still in violation of any verbal agreement and the \$4,720 must be paid within five (5) days. In any case, you are currently in breach of contract and/or agreement. Therefore, if the above amount is not paid within five (5) days, you will be served documents for a legal proceeding and a lawsuit will be brought in court.

Dated November 5, 2007

By Phillip O'Neil

Certificate of service

I hereby certify that I delivered a copy of the foregoing to Joseph and Eileen Lipari at 1001 South Sixth Street, Cottonwood, Arizona 86326 on the 5th day of November, 2007.

Terry I. Major
Signature of person serving notice
Terry I. Major

NOTICE TO PAY OR VACATE

TO TENANT (S): Joseph and Eileen Lipari

Past due rent in the amount of \$4,720.00, plus late charges in the amount of \$--0-- (not applicable) for the rental of the premises described as 1001 South Sixth Street, Cottonwood, Arizona 86326 is unpaid.

Pursuant to ARS § 33-1368B, Landlord intends to terminate the rental agreement and file a special detainer court action pursuant to ARS § 33-1377 if past due rent is not paid within five (5) days following service of this notice upon Tenant (s).

To avoid having a special detainer law suit filed against you which may result in additional cost to you, please pay the past due rent stated above within five (5) days, or vacate the premises described above and give possession to the landlord.

A COPY OF ARIZONA STATUTES RELATING TO THIS NOTICE AND FORCIBLE DETAINER ACTIONS IS ON THE BACK SIDE OF THIS NOTICE.

Dated November 5, 2007

By Phillip D'Neil, Trustee

Certificate of service

I hereby certify that I delivered a copy of the foregoing to Joseph and Eileen Lipari at 1001 South Sixth Street, Cottonwood, Arizona 86326 on the 5th day of November, 2007.

Terry I. Major
Signature of person serving notice
Terry I. Major

§33-1310 *General definitions*

12. "Rental agreement" means all agreements written, oral or implied by law, and valid rules and regulations adopted under §33-1342 embodying the terms and conditions concerning the use and occupancy of a dwelling unit and premises.

§33-1375 *Periodic tenancy; holdover remedies*

- A. The landlord or the tenant may terminate a week-to-week by a written notice given to the other at least ten days prior to the termination date specified in the notice.
- B. The landlord or the tenant may terminate a month-to-month tenancy by a written notice given to the other at least thirty days prior to the periodic rental date specified in the notice.
- C. If the tenant remains in possession without the landlord's consent after expiration of the term of the rental agreement or its termination, the landlord may bring an action for possession, and if the tenant's holdover is wilful and not in good faith with the landlord, in addition, may recover an amount equal to not more than two months' periodic rent or twice the actual damages sustained by the landlord, whichever is greater. If the landlord consents in writing to the tenant's continued occupancy, §33-1314, subsection D applies.

§12-1175 *Complaint and answer; service and return*

- A. When a party aggrieved files a complaint of forcible entry or forcible detainer, in writing and under oath, with the clerk of superior court or a justice of the peace, summons shall issue no later than the next judicial day.
- B. The complaint shall contain a description of the premises of which is possession is claimed in sufficient detail to identify them and shall also state the facts which entitle plaintiff to possession and authorize the action.
- C. The summons shall be served at least two days before the return date, and return made thereof on the day assigned for trial.

§12-1177 *Trial and issue; postponement of trial*

- A. On the trial of an action of forcible entry or forcible detainer, the only issue shall be the right of actual possession and the merits of title shall not be inquired into.

§12-1178 *Judgment; writ of restitution; limitation on issuance*

- A. If defendant is found guilty, the court shall give judgment for the plaintiff for restitution of the premises, for all charges stated in the rental agreement and for damages, attorney fees, court and other costs, and at the plaintiff's option, all rent found to be due and unpaid through the periodic rental period, as described in §33-1314, subsection C, as provided for in the rental agreement, and shall grant a writ of restitution. The person designated by the judge to prepare the judgment shall ensure that the Defendant's social security number is not contained on the judgment.
- B. If the defendant is found not guilty, judgment shall be given for the defendant against the plaintiff for damages, attorney fees and court and other costs, and if it appears that the plaintiff has acquired possession of the premises since commencement of the action, a writ of restitution shall issue in favor of the defendant.
- C. No writ of restitution shall issue until the expiration of five calendar days after the rendition of the judgment. The writ shall be enforced as promptly and expeditiously as possible. The issuance and enforcement of a writ shall not be suspended, delayed or otherwise affected by the filing of a motion to set aside or vacate the judgment or similar motion unless a judge finds good cause.
- D. A defendant who is lawfully served with a writ and who remains in or returns to the dwelling unit, (§33-1310), mobile home space (§33-1409), or recreational vehicle space (§33-2102), without the express permission of the owner of the property commits criminal trespass in the third degree pursuant to §33-1502.

ZION TRUST & EXETER TRINITY PROPERTIES, L.L.C.

Appointment of Successor Trustee and Authorized Agent

I, Donna Chisum, as Trustee of Zion Trust and authorized agent for Exeter Trinity Properties, L.L.C., an Arizona Limited Liability Company; and having determined that it is the proper time for withdrawing and severing my personal involvement with Zion Trust and Exeter Trinity Properties, L.L.C., do hereby, on this 25th day of January 2006, appoint Phillip O'Neil as my Successor Trustee of Zion Trust and authorized agent for Exeter Trinity Properties, L.L.C.

This appointment is to take place immediately; and upon acceptance of Mr. O'Neil, I hereby resign irrevocably from all involvement, duty and obligation to Zion Trust and Exeter Trinity Properties, L.L.C.

Executed this 25th day of January, 2006.

Donna Chisum
Donna Chisum

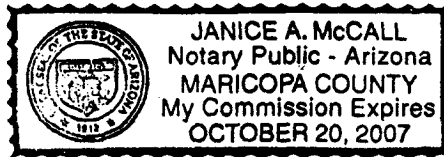
**ACCEPTANCE BY SUCCESSOR TRUSTEE AND AUTHORIZE LLC AGENT
Phillip O'Neil**

I, Phillip O'Neil, hereby sign and affirm that I am of full capacity to contract and conduct the affairs and express obligations of Zion Trust and Exeter Trinity Properties, L.L.C., and do hereby accept the appointment of Successor Trustee of Zion Trust and Authorized Agent for Exeter Trinity Properties, L.L.C. as of this 25th day of January, 2006.

I am, or soon will be, informed of the full affairs of Zion Trust and Exeter Trinity Properties, L.L.C., and willing to serve as the sole trustee of Zion Trust and Authorized Agent of Exeter Trinity Properties, L.L.C. as per Donna Chisum's resignation.

Executed this 25th day of January, 2006.

Phillip O'Neil
Phillip O'Neil



State of Arizona)
) ss
County of Maricopa)

Appeared before me this 25 day of January 2006, Donna Chisum and Phillip O'Neil who did subscribe to and acknowledge the foregoing instrument.

Janice A. McCall
NOTARY PUBLIC

Oct 20th 2007
My Commission Expires:

U.S. v. Lipari and Exeter Trinity Properties
No. 3:10-CV-08142 JWS

AFFIDAVIT OF MIKE MACEK

STATE OF ARIZONA)
) ss.
County of Maricopa)

I, Mike Macek, being first duly sworn upon my oath, depose and state:

1. I make this affidavit of my personal knowledge.
2. I have been a member of Hunter King, LLC, an Arizona limited liability company since its formation in 1993 and during that period I had/have authority to act on its behalf.
3. Hunter King, LLC, and Zion Trust were the only two members of Exeter Trinity Properties, LLC, in 1999 when Donna Chisum transferred the property located at 1001 S. 6th Street, Cottonwood, Arizona, to Exeter Trinity Properties, LLC.
4. Neither Joseph Lipari nor Eileen Lipari was ever a member of Hunter King, LLC, and neither ever had any ownership in Hunter King, LLC.

FURTHER AFFIANT SAYETH NOT.

DATED this December 29, 2011.

Mike Macek

SUBSCRIBED AND SWORN to before me this December 29, 2011, by Mike Macek.



NANCY O'LEARY
Notary Public--Arizona
Maricopa County
Expires on 05/13/2015

Nancy O'Leary
Notary Public

AFFIDAVIT OF JOSEPH LIPARI

I, Joseph J. Lipari, am one of the defendants in this case, Civ. No. 10-CV-08142-JWS. I am of age, competent to testify, and I have personal knowledge of the facts stated herein which are true, accurate and correct to the best of my knowledge, ability and belief at this time, under penalty of perjury.

When my wife Eileen and I put our home into the Ponderosa Trust in 1992, I was generating sufficient revenue to easily handle all of our expenses and we had numerous assets. My chiropractic business did very well for a number of years, but began to decline toward the end of the 1990s.

Eileen and I had our wills drawn up but the author of the wills informed us the property could be tied up in probate for years after our death. In 1992, Eileen and I decided to put our house into a trust for estate planning purposes. We had heard that a trust avoided probate which could be costly and time consuming. Additionally, I did not want my daughter, from a former marriage, to receive any part of the money from the sale of the property at 1001 S. 6th Street in Cottonwood, Arizona.

After examining the Arizona Revised Statutes related to fraudulent transfer (ARS 44-1004), I can state clearly the following regarding the transfer of our home into trust:

- a. The transfer was not done to hinder, delay or defraud any of our creditors, including the United States Government or the Internal Revenue Service.
- b. The transfer was not done without receiving a reasonably equivalent value in exchange for the transfer.
- c. We were not engaged or were not about to become engaged in any business or any transaction for which our remaining assets were unreasonably small in relation to the business or transaction.
- d. We did not intend to incur, or believe would incur, debts beyond our ability to pay as they became due.
- e. The transfer was not to an "insider". We were not related and had no other business association with JC or Donna Chisum. We had just met JC and Donna Chisum in 1992 and only knew them as knowledgeable people who could help us with estate planning and avoid probate.
- f. We did not retain possession or control of the property, but we were permitted to remain in residence and my business was run from the property. This was accomplished through a form of "rental agreement" whereby we maintained the property and continued to pay the overhead regarding the property. This agreement was confirmed from year to year verbally.
- g. The transfer was not concealed, but rather the transfer was a matter of public record.

- h. There were no outstanding obligations at the time of the transfer and we had not been sued or threatened with suit.
- i. The transfer did not consist of all of our assets. We were completely solvent.
- j. We had not absconded with any assets or funds; we had not removed or concealed assets. Before and after the transfer of our property into trust, all income was deposited in the bank and full records were kept.
- k. When the transfer occurred we had no substantial debts and no indication that we would have any such indebtedness.
- l. The consideration received by us was the peace of mind associated with the fact that we had entered into a contractual agreement to complete a portion of our estate planning goals. No obligations that we could not properly handle had been or were anticipated to occur in the future.
- m. We were not insolvent and did not become insolvent shortly after the transfer was made. My Chiropractic business was doing quite well into 2003.
- n. The transfer did not occur shortly before or shortly after a substantial debt was incurred.
- o. We did not transfer essential assets of the business to a "lienor" who transferred the assets to our insider or Nominee/Alter-Ego. A Nominee or Alter-Ego could never evict someone which the records clearly show happened to my wife and I.

I ran my chiropractic business from the house at 1001 S. 6th Street in Cottonwood, Arizona. I was informed by JC Chisum that because my business was operated out of the house we could pay all the expenses related to the house. Eileen and I considered this to be a rental agreement for use of the house until it was to go to charity after our death. We had no control when it came to decisions that were made concerning the house and grounds. Everything we did regarding the house had to be approved by Donna and JC Chisum and later in 2006 approved by Phillip O'Neil.

The transfer of our property to the Ponderosa Trust gave us peace of mind for many years until we began to learn more and more about JC Chisum's teachings. We did not suspect anything regarding JC Chisum's teachings until 1997 like my wife stated in her deposition (Deposition of Eileen Lipari, pages 13-15). We put our house into trust as an estate planning measure. Eileen and I transferred the house in good faith. It was our intent that the proceeds from the future sale of the house would go to charity.

Many of JC Chisum's clients had decided to go to Phillip O'Neil over the years and we decided to do the same when JC Chisum started to have trouble in court in 2006. I know that Phillip O'Neil also is known as and uses the name Elmer Philip Vild. Phillip O'Neil had been forming trusts for many years and none had any tax problems that Eileen or I had ever heard of. Both Donna Chisum and my wife Eileen were in favor of Phillip O'Neil taking over Exeter Trinity Properties LLC to see that our original wishes concerning the house would be fulfilled.

When Eileen and I put our property into the Ponderosa Trust, as my wife stated in her deposition, we received \$10 and certificates from the transfer. Eileen's exact quote is at page 52, lines 16 through 21. JC always promised us that he would do all that he could to see that the property went to the charity we had selected. In Eileen's deposition Mr. Duffy asked her that question and she stated that JC said the property would go to charity. At page 53, lines 9 through 11, you find the following: "Q: So Jimmy Chisum said he was going to give it to charity? A: Yes, he promised us he would." I confirm that JC Chisum used to tell us he would see the house would be sold and the proceeds would go to charity.

Neither Eileen nor I considered the house and property ours because we had given it to charity through the Ponderosa Trust. Mr. Duffy asked her about the house several times in her deposition. For instant, at page 67 lines 15 through 19 the following was said: "Q: So to this day you still believe that house, the Cottonwood residence is your...? A: Well, I believe it belongs to charity, but I don't care anymore. It's not mine, not anymore."

Mr. Duffy asked my wife in her deposition if Mr. Chisum ever talked about getting our house back and I agree with what she said at page 73 lines 23 through line 1 on page 74. Referring to JC Chisum my wife said "He told me that we couldn't get our house back, that it was in an irrevocable trust, and irrevocable meant your can't --once you put it in you can't get it out." JC and Donna Chisum informed us many times that once the property was transferred to an irrevocable trust we had no more property rights. The point of my wife and I having no property rights was in the original paperwork someplace and when Phillip O'Neil interviewed all the original parties to the Ponderosa Trust he added that point directly to the two trusts which control Exeter Trinity Properties LLC today.

Eileen and I decided to go to North Carolina since we could no longer afford to honor our agreement to pay all the expenses for the property. We knew that Phillip O'Neil would attempt to sell the property and give the money to the Guiding Eyes for the Blind.

FURTHER AFFIANT SAYETH NAUGHT.

Joseph J. Lipari

Joseph J. Lipari, Affiant

STATE OF NORTH CAROLINA)
) ss. JURAT
County of Haywood)

SUBSCRIBED AND SWORN to before me this 28 day of December, 2011, by Joseph J. Lipari.

{Seal}

Anita C Inman
Notary Public
Haywood County, NC
My Commission Expires March 2, 2015

Anita C Inman

Notary Public
My Commission Expires: 03-02-2015