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10 District of Arizona
11 *Of Counsel*
12 *Attorneys for the United States of America*

12 IN THE UNITED STATES DISTRICT COURT
13 DISTRICT OF ARIZONA

14 UNITED STATES OF AMERICA,
15 Plaintiffs,

16 v.

17 JAMES LESLIE READING, CLARE L.
18 READING, FOX GROUP TRUST,
19 MIDFIRST BANK, CHASE, FINANCIAL
20 LEGAL SERVICES, STATE OF ARIZONA
21 Defendants.

Civ. No. 11-0698-PHX-FJM

DECLARATION OF CHARLES DUFFY

22 I, Charles M. Duffy, declare as follows:

- 23 1. I am a trial attorney with the Tax Division of the United States Department of Justice
- 24 and I have primary responsibility for representing the United States in the above-referenced case.
- 25 2. The documents attached hereto as Exhibits A and B are true and correct partial copies
- 26 of documents that were printed from the Court’s electronic filing system in case numbers 06–0061
- 27 and 06-0059.

1 3. The documents attached hereto as Exhibits E and F are true and correct partial copies
2 of documents that were printed from the electronic filing system of the United States District Court
3 for the District of Columbia in case number 06–1873.

4 4. The documents attached hereto as Exhibits C, G, H, I, J, K and L are true and correct
5 partial copies of documents from the administrative files of the Internal Revenue Service (“IRS”) or
6 other documents that the IRS sent to the United States Department of Justice Tax Division regarding
7 the instant case.

8 5. The documents attached hereto as Exhibit O is a true and correct copy of the IRS’s
9 Form 4340, Certificates of Assessments, Payments and Other Specified Matters that the IRS sent to
10 the Tax Division and that relate to the 1995 tax year of James L. Reading.

11 6. The documents attached hereto as Exhibits M and N are true and correct copies of e-
12 mails that were sent between counsel in this matter.

13 7. The documents attached hereto as Exhibit D are true and correct copies of documents
14 produced by third party Pilot Catastrophe Services, Inc. in this case.

15 I HEREBY DECLARE under penalty of perjury that the foregoing is true and correct to the
16 best of my knowledge.

17 DATED this 10th day of April, 2012.

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/s/ Charles M. Duffy
CHARLES M. DUFFY
Trial Attorney, Tax Division
U.S. Department of Justice
Attorneys for the United States of America

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 10th day of April, 2012, I served the foregoing through the Court’s electronic filing system:

ROBERT P. VENTRELLA
Assistant Attorney General
1275 West Washington Street
Phoenix, Arizona 85007-2926

PAUL M. LEVINE, ESQUIRE
LAKSHMI JAGANNATH, ESQUIRE
McCarthy, Holthus, Levine Law Firm
8502 E. Via de Ventura, Suite 200
Scottsdale, Arizona 85258

TOMMY K. CRYER
Attorney at Law
7330 Fern Avenue
Shreveport, Louisiana 71105

/s/ Charles M. Duffy
Charles M. Duffy
Trial Attorney, Tax Division
U.S. Department of Justice



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JUN 12 2006
CLERK U.S. DISTRICT COURT
DISTRICT OF ARIZONA
BY [signature] S DEPUTY

UNITED STATES DISTRICT COURT
DISTRICT OF ARIZONA

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6 UNITED STATES, a Federal corporation,)
7 *aka*, UNITED STATES OF AMERICA, a *mul*)
8 *tiel* corporation)
9 Petitioner,)
10 vs.)
11 James L. Reading and Clare Reading, sentient)
12 beings,)
13 Respondents.)

MC 06-0061 PHX NVW
VERIFIED RESPONSE TO PETITION TO
ENFORCE SUMMONS AND MOVE TO
DENY AND DISMISS WITH PREJUDICE;
MANDATORY JUDICIAL NOTICE OF
RESPONDENTS INVOKING THEIR
FOURTH AND FIFTH AMENDMENT
PROTECTED RIGHTS

Hearing Date: June 23, 2006
Time : 2:30 p.m.
Courtroom : 504

14 COMES NOW James L. Reading *et ux*, Clare Reading, sentient beings (hereinafter
15 referred to as "Respondents") timely responding to the petition to enforce internal revenue
16 summons and moving this Court to deny said petition and to dismiss this action with prejudice.

17 Upon review of the existing records *in toto*, contrary to Petitioner's erroneous claim that
18 Respondents have failed to comply with the administrative summonses issued, evidence on the
19 record supported by United States Supreme Court precedent speaks favorably to the actions of
20 Respondents. The Court determined in *Schulz v. Internal Revenue Service*, 395 F.3d 463 (2nd
21 Cir. 2005): "... we held that, before punishment for disobedience of an IRS summons may be
22 levied, the agency must seek enforcement through a federal court in an adversarial proceeding
23 through which the taxpayer can test the validity of the summons. *See United States v. Euge*, 444
24 U.S. 707, 719 (1980) . . . "The summoned party is entitled to challenge the issuance of the
25 summons in an adversary proceeding in federal court prior to enforcement, and may assert

1 Motion to Quash, no other books, records or other papers are in the Respondents'
2 possession as such has not been effectively maintained since approximately 1987 or soon
3 thereafter. For these and other reasons the Petition herein must be denied and this action
4 dismissed with prejudice.

5 **VIII.**

6 **Department of the Treasury Is The Real Party In Interest**
7 **NOT The United States of America Or Internal Revenue**

8 50. The entity petitioning this Court on behalf of the [Internal Revenue] Service is identified
9 as the UNITED STATES OF AMERICA, the alleged real party in interest in this instant
10 case, which at best is a *nul tiel* corporation or legal fiction. It is a well settled fact that the
11 United States Supreme Court established issues effecting the Constitutional rights of the
12 Respondents prohibit the use of fictions unrelated to reality to act as the real party in
13 interest in so stating:

14 *“Although legal fictions are sometimes invented in order to realize judicial*
15 *concepts of justice, the courts are without power to define the constitutional*
16 *guaranty of due process of law in terms of a fiction unrelated to reality, without*
17 *exercising the power to remake constitutional provisions which the Constitution*
18 *has not given them.”* Curry v. McCannless, 307 US 357, 59 S.Ct. 900, 123 ALR 162

19 51. A like issue arose in 1944, in the case of Hooven & Allison Co. v. Evatt, Tax
20 Commissioner of Ohio, 324 U.S. 652, wherein the United States Supreme Court stated as
21 follows at page 671-672:

22 “The term "United States" may be used in any one of several senses. [1] It may be
23 merely the name of a sovereign occupying the position analogous to that of other
24 sovereigns in the family of nations. [2] It may designate the territory over which
25 the sovereignty of the United States extends, [3] or it may be the collective name of
the states which are united by and under the Constitution.”

52. To the degree that Petitioner would be prudent to identify its true colors and not seek
protection from this Court to allow [it] to intentionally mischaracterize the true nature of
its existence (in the minds of the people) propounded by an Act of Congress, the proper

1 characterization of the UNITED STATES OF AMERICA is the UNITED STATES – a
2 federal corporation as defined at 28 U.S.C. § 3002(15)(A).

3 53. Respondents are with evidence factually sufficient to conclude that the Internal Revenue
4 Service is the **Internal Affairs** division for the Department of the Treasury, and not an
5 agency of the United States Federal Corporation as defined at 28 U.S.C. § 3002(15)(A).
6

7 "Governments descend to the level of a mere private corporation and take on the
8 characteristics of a mere private citizen where private corporate commercial paper
9 [federal reserve notes] and securities [checks] is concerned..." -- Clearfield Trust
10 Company v. United States, 318 U.S. 363-371, 1942. "***The United States government***
11 ***is a foreign corporation with respect to a state.***" 152 In re Merriam, 36 N.E. 505,
12 141 N.Y. 479, affirmed 16 S.Ct. 1073, 163 U.S. 625, 41 L.Ed 28720 CJS, Section
13 1785; also see Penhallow v. Doane's Administrator's; Clearfield Trust Company v.
14 United States, 318 U.S. 363-371, 1942. Said corporation employees are prohibited
15 from certain acts and limited to certain enumerated powers by said contract (the
16 Constitution for the United States), which is alleged herein.

17 54. Title 26 of the United States Code at 26 U.S.C. § 6103(b)(9) reads in pertinent part:
18

19 "***The term "Federal agency" means an agency within the meaning of section***
20 ***551(1) of title 5, United States Code,***" which fully establishes that the Internal
21 Revenue Service is NOT an agency of the United States Federal Government and is
22 therefore excluded from the list of agencies defined at 5 U.S.C. § 551(1). So, in
23 what capacity and under whose jurisdiction do officials, officers, agents and
24 employees of the IRS proceed?
25

55. Additional evidence that the Internal Revenue Service is NOT an agency of the United
States we look to the United States Government Manual (USGM) 2005-2006 Edition
printed by the Officer of the Federal Register. Here in the table of contents we do not find
the Internal Revenue Service listed in any category, not even listed under the section
identified as "**Independent Establishments and Government Corporations**" that would
support the contention that [it] was ever established. (When an agency creates an internal
entity, the jurisdiction of that entity is limited to the confines of that agency, no different
than private corporation.)

1 56. As referenced in the USGM effectively disclosing the various internal departments created
2 to police its federal employees, the Internal Revenue Service (IRS) is listed under the
3 Department of the Treasury at the bottom of the offices created to enforce Treasury
4 Department *internal affairs*. The question then becomes, does the Department of the
5 Treasury 's internal affairs division, Internal Revenue Service officials, officers, agents
6 and employees have jurisdiction over the Respondents and their private affairs as a non-
7 federal employee? We must answer in the negative.

8
9 57. To further punctuate the limited jurisdiction of employees of the Internal Revenue Service,
10 we look to the Department of the Treasury – Internal Revenue Service Document, 11678
11 (Rev. 8-2002) “**National Agreement, Internal Revenue Service and National Treasury**
12 **Employees Union**” wherein like private corporations, its employees are members of a
13 Union organization. The “National Treasury Employees Union” Manual consists of 208
14 pages, excluding the Preamble as referenced in the Table of Contents. This fact is
15 significant when we consider that all IRS employees are presumed to be employed by the
16 United States Federal Government as this is not the case: they are merely “Funded” by the
17 Department of the Treasury from monies voluntarily gifted, donated, seized, and often
18 extorted by its agents from the presumed “Taxpayer.”

19
20 58. The Internal Revenue Service, successor of the Bureau of Internal Revenue, was not
21 created by an Act of Congress as required by Article I § 8, Clause 18 of the Constitution
22 of the United States, so it cannot legitimately enforce the internal revenue laws of the
23 United States in the 50 States of the Union. (See Statement of IRS organization at 39 Fed.
24 Reg. 11572, 1974-1 Cum. Bul. 440, 37 Fed. Reg. 20960, and the Internal Revenue Manual
25 1100 through the 1997 edition; Article I § 8, Clause 18 vests Congress with complete
responsibility for facilitating power of Government of the United States via legislation:

1 “[The Congress shall have Power] To make all Laws which shall be necessary and proper
2 for carrying into Execution the foregoing Powers, and all other Powers vested by the
3 Constitution in the Government of the United States, or in any Department or Officer
4 thereof.”

5 59. As referenced in the USGM at page 341 under the heading Department of the Treasury,
6 the section that discloses information regarding the Internal Revenue Service states in
7 pertinent part: "The Office of the Commissioner of Internal Revenue was established by
8 act of July 1, 1862 (26 U.S.C. § 7802)," it does NOT state that the IRS was established by
9 act of July 1, 1862.
10

11 60. The 1862 Act created the office of Commissioner of Internal Revenue and did not create
12 the IRS or its predecessor the Bureau of Internal Revenue. In reality, the 1862 legislation
13 created the offices of “assessor” and “collector”, in addition to the office of Commissioner
14 of Internal Revenue.

15 61. Assessors and collectors were appointed for each revenue district somewhat as U.S.
16 Attorneys are appointed today. Those appointed to these offices continued to collect
17 *internal revenue* within States of the Union until the Internal Revenue Code of 1954 was
18 implemented. The two offices were administratively abolished via Reorganization Plan
19 No. 26 of 1950. “*[i]n our anxiety to effectuate the congressional purpose of protecting*
20 *the public, we must take care not to extend the scope of the statute beyond the point*
21 *where Congress indicated it would stop.”* 62 Cases of *Jam v. United States*, 340 U.S. 593,
22 600 (1951).
23

24 62. The name of the Bureau of Internal Revenue was changed to Internal Revenue Service via
25 Treasury Order #150-27. The Internal Revenue Service operates in an ancillary or other
secondary capacity under contract, memorandum of agreement or some comparable

1 device to provide services under original authority delegated to the Treasury Financial
2 Management Service or some other bureau of the Department of the Treasury; the
3 contracted or otherwise authorized services extend only to government employees and
4 employers, as defined at 26 U.S.C. § 3401(c) and (d). The authorization is essentially in
5 that governmental nature, it does not extend to private-sector enterprise in States of the
6 Union.

7
8 63. There is no Act of Congress that gives the Department of the Treasury's Internal Affairs
9 Collections Division – the IRS - the authority to probe, investigate, demand, coerce, and
10 force a non-federal officials, officers, agents or employees to disclose his or her private
11 domestic financial records, statements or otherwise, as the Petitioner is attempting to
12 misapply the statutes and use legal fictions giving the illusion of having personam
13 jurisdiction over Respondents.

14 *“It is a well established principal of law that the federal legislation applies only*
15 *with the territorial jurisdiction of the United States unless a contrary intent*
appears.” Foley Brothers v. Filardo 336, U.S. 281 (1948)

16 64. No evidence exists that: (1) the UNITED STATES OF AMERICA is the real party in
17 interest; (2) the Internal Revenue Service was created by an Act of Congress as prescribed
18 by the Federal Constitution; (3) Respondents are Federal employees subject to the
19 personam jurisdiction of the Department of the Treasury; and (4) Respondents are Federal
20 employees subject to the personam jurisdiction of the Internal Revenue Service.
21 Respondents herein challenges the Petitioner establish real party in interest, and both
22 subject matter and personam jurisdiction before this Court, or in the alternative, this Court
23 deny the Petition and dismiss this action with prejudice as the only just and proper
24 remedy.
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IX.
Summary Of Conclusions And Remedy Sought

This Court will find the facts herein are sufficient to dismiss with prejudice Petitioner's Petition to Enforce Internal Revenue Service Summons as the just and proper remedy for the following reasons:

- (a) Respondents complied with the administrative Summonses and properly invoked their Fifth Amendment Rights not to be a witness against themselves as protected under the Constitution for the United States of America;
- (b) Respondents have included evidence factually sufficient to conclude that any records, papers, or other documents produced under compulsory performance would violate Respondents Fourth Amendment Rights to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures as protected under the Constitution for the United States of America;
- (c) Respondents have included evidence factually sufficient to conclude that any records, papers, or other documents produced under compulsory performance might incriminate Respondents in future criminal proceedings;
- (d) Respondents have included evidence factually sufficient to conclude Respondents have had relationships with individuals and organizations identified by the Criminal Investigation Division of the Internal Revenue Service *domestic terrorist*;
- (e) Respondents have included evidence factually sufficient to conclude the Petitioner issued the Summonses in bad faith for failure to support it with an Affidavit or Declaration;
- (f) Respondents have included evidence factually sufficient to conclude the Petitioner issued the Summonses in bad faith for failure to disclose if Respondents might be referred to the Department of [J]ustice for future criminal proceedings;
- (g) Respondents have included evidence factually sufficient to conclude the Petitioner issued the Summonses in bad faith and without jurisdiction for failure to obtain the signature of the approving officer;
- (h) Respondents have included evidence factually sufficient to conclude the Petitioner issued the Summonses in bad faith because the Summonses were not issued for a legitimate purpose;
- (i) Respondents have included evidence factually sufficient to conclude the Petitioner issued the Summonses are seeking materials already in the government's possession;

1
2 (j) Respondents have included evidence factually sufficient to conclude the Petitioner
3 issued the Summonses in bad faith and without jurisdiction for failure to satisfy all
4 administrative steps required by the United States Code;

5 (k) Respondents have included evidence factually sufficient to conclude the Petitioner
6 identified as the UNITED STATES OF AMERICA is NOT the real party in interest and
7 is therefore without jurisdiction over the subject matter to proceed before this Court;

8 (l) Respondents have included evidence factually sufficient to conclude the Department of
9 the Treasury, an agency of the UNITED STATES Federal Corporation is the real party
10 in interest if proceeding before this Court;

11 (m) Respondents have included evidence factually sufficient to conclude the Internal
12 Revenue Service is the [Internal Affairs] division within the Department of the Treasury,
13 has jurisdiction over Federal employees and not private American [C]itizens (Citizens
14 capable of passing the Flesh and Blood Sentient Beings test) within these 50 United
15 States of America;

16 **WHEREFORE**, Respondents, James L. Reading and Clare Reading prays for relief as
17 follows:

18 Respondent moves this Court in the interest of justice and judicial economy to Deny
19 Petitioner's Petition to Enforce Internal Revenue Service Summons and to Dismiss this action
20 with prejudice as the only just and proper remedy.

21 Respectfully submitted.

22 ///

23 ///

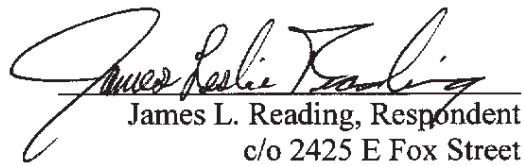
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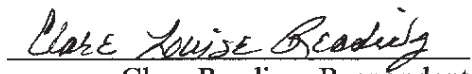
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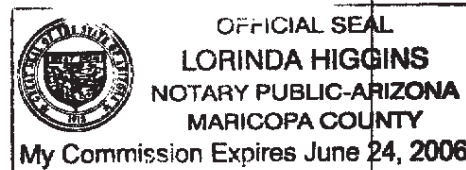
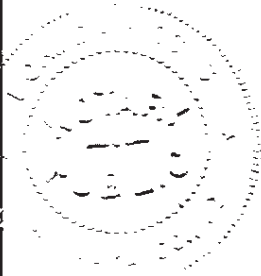
VERIFICATION

I, James L. Reading and Clare Reading, declare under penalty of perjury under the laws of the United States of America and of the state of Arizona, that the foregoing is true and correct not meant to mislead.

Executed this 10th day of June, 2006.


James L. Reading, Respondent
c/o 2425 E Fox Street
Mesa, Arizona [85213]


Clare Reading, Respondent
c/o 2425 E Fox Street
Mesa, Arizona [85213]



CERTIFICATE OF SERVICE

I, Clare Reading, hereby certify that I served the above Response to Order to Show Cause and Petition to Enforce Summons and Affidavit in Support with Exhibits by Certified Mail, postage full prepaid on the following parties:

PAUL CHARLTON, U.S. Attorney
MARK J. WENKER, AUSA
Two Renaissance Square
40 N Central Avenue, Suite 1200
Phoenix, AZ 85004-4408

Certified Mail No: 7004 2890 0001 9713 1857

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CLERK U S DISTRICT COURT DISTRICT OF ARIZONA	
BY _____	P DEPUTY



James Leslie Reading[©], Agent for
 Petitioners, JAMES L READING™ and
 CLARE L READING
 c/o 2425 East Fox Street
 Arizona state (Non-domestic/ZIP exempt) [near 85213]

IN THE UNITED STATES DISTRICT COURT
 FOR THE DISTRICT OF ARIZONA
 PHOENIX DIVISION

JAMES L READING and
 CLARE L READING

Petitioners,

vs.

UNITED STATES OF AMERICA

Respondents.

Misc. No.: mc 06-0059-Phx-Ros

MOTION TO QUASH IRS-FORM 2039
 ADMINISTRATIVE SUMMONS
 WITH BRIEF IN SUPPORT

Magistrate Judge: Silver

COMES NOW JAMES L READING and CLARE L READING, hereinafter
 “READING” or “PETITIONERS,” which are legal fictions as designated by prima facie
 orthographical style as used in the Internal Revenue administrative summonses at issue and
 subject to the instant petition to quash. Sentient being, Clare Louise Reading, in her true name,
 joins the herewith petition to quash Internal Revenue Service administrative summonses Form
 2039 (See **EXHIBITS 1 and 2**, attached hereto) as a necessary party, which is implied in the
 summonses by artifice or otherwise, and as the wife to natural man, James Leslie Reading. As
 necessary parties, their appearance at all times is in the nature of appearing specially *de bene*
esse, for limited purpose of quashing Internal Revenue Service administrative summonses used
 for improper purpose as issued by Revenue Officer, Anne Taylor, on 19 April, 2006, to Bank of

America and J P Morgan Chase Bank for the production of certain documents listed in attachment to summonses regarding James L. Reading and Clare L. Reading and certain entities allegedly controlled by James L. Reading and Clare L. Reading. Petition to this Court is for limited purpose and not for entrance into any foreign jurisdiction.

The aforesaid party fictions, JAMES L READING and CLARE L READING, are represented by and through Agent, James Leslie Reading ("Agent"), a sui juris natural man, in true name, for cestui que trusts by express permission to PETITION THIS COURT TO QUASH INTERNAL REVENUE SERVICE THIRD PARTY ADMINISTRATIVE SUMMONSES.

Petitioner submits the following BRIEF in support of the herewith PETITION, to wit:

BRIEF IN SUPPORT

1. This court has jurisdiction to entertain Petitioner's petition to quash administrative summonses pursuant to Internal Revenue Code Section 7609(h) as limited by special appearance of Petitioners.
2. Each summons is dated the 19th day of April, 2006, respectively.
3. The "books, records, papers and other data relating to the tax liability or the collection of the tax liability or for the purpose of inquiring into any offense connected with the administration or enforcement of the internal revenue laws concerning the person identified" in each summons is for the tax periods ending December 31, 1993, December 31, 1994, December 31, 1995, December 31, 1996 and December 31, 2000 respectively.
4. With regards of JAMES L READING and CLARE L READING, each are cestui que trusts which are passive foreign trusts. Neither a court within the United States is able to exercise primary supervision over the administration of the aforesaid trusts, nor is there a "United States

1.

Congress is thus, exercising this “exclusive legislation” power when it establishes the district courts in the several states in Chapter 5 of Title 28 U.S.C. and a “like Authority” when it creates a district court in Puerto Rico in §119 of that chapter and title.

Chapter 43 of title 28 sets out the jurisdiction and powers of United State magistrate judges at section 636. Their powers are limited therein to within the territorial jurisdiction prescribed by their appointment. See 28 U.S.C. §636 (a). Their contempt authority is also prescribed pursuant to that precise limitation at 28 U.S.C. §636 (e).

9. The Sudder Group LLC; Ninety Seventh 97th Street Trading Co., LLC; Crown and Thistle, LLC; Crown & Thistle International Corp; Castle Digs; Roundtable; Spartan and Uranus, are entities mentioned in the I.R.S. Form 2039 Summons Attachment, are foreign and not domestic to the United States and any State thereof, which were not knowingly or intentionally organized in the United States or one of its territories, possessions or commonwealths as defined above nor have the agents thereof knowingly and intentionally conducted business in or been effectively connected with the United States as defined or located as above. The aforesaid entities have been organized under the laws of one of the United States, which is a foreign jurisdiction to the Internal Revenue Service and the legislative authority of the United States. The several states of the American Union are sections of territory occupied in pari causa with the thirteen original states of the Union, i.e., one of the component commonwealths or states of the United States of America, which is not any State of the United States, the District of

Columbia, the Commonwealth of Puerto Rico, or any territory subject to the legislative authority of the United States. See 26 U.S.C.A. §3121(e)(1) and (e)(2). Neither James Leslie Reading, Clare Louise Reading, nor the entities known as Sudder Group LLC; Ninety Seventh 97th Street Trading Co., LLC; Crown and Thistle, LLC; Crown & Thistle International Corp; Castle Digs; Roundtable; Spartan and Uranus reside within a judicial district of an internal revenue district where returns are required to be filed. See *Yarborough v. U.S.*, 230 F 2d (Ca-4), 56-1 USTC 9295, cert. denied 351 U.S., 969, 76 S. Ct. 1034.

10. The Summons Attachments incorporated with the Form 2039 Summonses, dated 19 April, 2006, are directed to the production of certain documents associated with James L. Reading and Clare L. Reading, each a legal fiction and ens legis, identified orthographically by a name differing in some essential particular which is meant to deceive or mislead in contradistinction from the true identity of sentient beings which must be respectively identified by their Christian name and patronymic. See Fictitious name. Black's Law Dictionary, 6th Ed., p. 624.

The entities of Sudder Group LLC; Ninety Seventh 97th Street Trading Co., LLC; Crown and Thistle, LLC; Crown & Thistle International Corp; Castle Digs; Roundtable; Spartan and Uranus are not U.S. domestic entities organized under the laws of the United States, the District of Columbia, or the territories or possessions of the United States or the Commonwealth of Puerto Rico. Crown & Thistle International Corporation, for example, was not incorporated by Congress, i.e., in the District of Columbia, and is both legally and technically not a "U.S.

Corporation”.

What is a "Domestic" Corporation? By way of technical illustration, the Union Pacific Railroad Company was incorporated by Congress, i.e., in the District of Columbia. See *Brushaber v. Union Pacific Railroad Company* (1916), 240 U.S. 1, 36 S.Ct. 236, 60 L.Ed. 493. Based upon the decision in *Brushaber* supra, the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, promulgated the Court's decision as Treasury Decision 2313. One of the declarations of the court memorialized in T.D. 2313 was that the Union Pacific Railroad Company was a DOMESTIC CORPORATION with respect to the "United States". (i.e. its territorial jurisdiction).

In 1862, Union Pacific was chartered by an Act of Congress in order to build a railroad and telegraph line and other purposes; the act signed into law by Abraham Lincoln was created to link America's East and Midwest to the rapidly growing West Coast and to open trade with the Orient. In 1867, the Chicago and North Western connected Chicago with Omaha, thus helping to complete the first transcontinental railroad two years later. And, in 1869, the Central Pacific (later, part of the Southern Pacific) met with Union Pacific as the final link in this transcontinental line. The driving of the Golden Spike at Promontory, Utah Territory, heralded a new era of economic development for the United States.

It is a matter of public record that the Union Pacific Railroad Company was a domestic "United States" corporation, with its principal place of business in Manhattan, New York. It was created by an Act of the "United States" Senate and House of Representatives (under their

exempt purposes pursuant to IRC § 6420 (e)(2), § 6421 (g)(2), and § 6427 (j)(2), or enforcing excises on alcohol, tobacco and certain other excises under subtitle E, then Ann Taylor, Revenue Agent, has no authority to use a Form 2039 Summons.

Regulations for IRC 7602 are limited to 26 CFR 301.7602.1 and 27 CFR Parts 70, 170 and 296. The regulations themselves are indicative of the application of the Form 2039 Summons and are completely inapplicable in the private sector of non-regulated and non-privileged businesses not the subject of special fuel taxes or ATF excise authority.

25. The issuer of this summons has not complied with the requirements for enforcement established in *United States v. Powell*, 379 U.S. 48, 57-58(1964):

- a. The summons was not issued for a proper purpose identified and authorized by statutes supported by regulations relating to a particular tax;
- b. The material sought is not relevant to a proper purpose identified and authorized by statutes supported by regulations relating to a particular tax; it is a mere fishing expedition;
- c. The administrative steps are strictly construed by law and have not been followed by the issuer of the summons.

26. No lawful order may issue on a summons not authorized against the people and persons at large for the collection of information via administrative Form 2039 Summons that does not display a valid control number pursuant to 44 U.S.C. § 3512. Protection is provided by 44 U.S.C. § 3512 (a)(2)(b) which may be **“raised in the form of a complete defense, bar, or otherwise at any time during the agency administrative process or judicial action applicable thereto.”**

WHEREFORE Revenue Officer, Ann Taylor, acted in bad faith to issue a “bootleg” information collection request Form 2039 Summonses to Bank of America and J P Morgan Chase Bank on April 19, 2006, which should be quashed for the forgoing reasons. The Internal Revenue Service is estopped from any judicial action applicable thereto for enforcement as the

administrative summonses are defective and in contradistinction to adequate consideration of the statutory law of the place which “embodies a strong policy concerning the proper administration of judicial business” and Petitioners ask this Court, as a matter of law and in the interest of justice, traditional notions of fair play and judicial economy to quash the subject summonses.

RESPECTFULLY SUBMITTED this 18th day of May, 2006 A.D.

By: James Leslie Reading, Agent for and on behalf of JAMES L READING and CLARE L READING

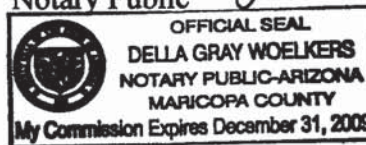
JURAT/ACKNOWLEDGMENT

State of Arizona)
) Affilare AFFILED OF RECORD
County of Maricopa)

On this 18 day of May, 2006 A.D., James Leslie Reading, sui juris, a Citizen of one of the United States, being duly sworn, as such deposes, and did personally appear before me, and is known by proper identification to be the Agent for JAMES L READING and CLARE L READING described in, and who executed, the foregoing instrument, and acknowledged that he executed the same under Affilare as his free act and deed for the purposes described therein.

By Affilare before me the undersigned Notary Public in said above State and County.

Della Gray Woelkers
Notary Public



Form **1040**

Department of the Treasury—Internal Revenue Service
U.S. Individual Income Tax Return 1995

(99) IRS Use Only—Do not write or staple in this space.

For the year Jan. 1–Dec. 31, 1995, or other tax year beginning 1995, ending 1995, ending 19 OMB No. 1545-0074

Label

(See instructions on page 11.)

Use the IRS label.

Otherwise, please print or type.

Presidential Election Campaign
(See page 11.)

L A B E L H E R E	Your first name and initial JAMES L.	Last name READING
	If a joint return, spouse's first name and initial CLARE L.	Last name READING
Home address (number and street). If you have a P.O. box, see page 11. 2425 E. FOX		Apt. no.
City, town or post office, state, and ZIP code. If you have a foreign address, see page 11. MESA ARIZONA		

Your social security number
[REDACTED]

Spouse's social security number
[REDACTED]

For Privacy Act and Paperwork Reduction Act Notice, see page 7.

Yes	No	Note: Checking "Yes" will not change your tax or reduce your refund.
	<input checked="" type="checkbox"/>	



Filing Status

(See page 11.)

Check only one box.

1	<input type="checkbox"/>	Single
2	<input checked="" type="checkbox"/>	Married filing joint return (even if only one had income)
3	<input type="checkbox"/>	Married filing separate return. Enter spouse's social security number on line 8b and on page 11.
4	<input type="checkbox"/>	Head of household (with qualifying person). (See page 12.) If the qualifying person is a child but not your dependent, enter this child's name here.
5	<input type="checkbox"/>	Qualifying widow(er) with dependent child (year spouse died ▶ 19). (See page 12.)

Exemptions

(See page 12.)

If more than six dependents, see page 13.

6a	<input checked="" type="checkbox"/>	Yourself. If your parent (or someone else) can claim you as a dependent on his or her tax return, do not check box 6a. But be sure to check the box on line 33b on page 2.	No. of boxes checked on 6a and 6b	2	
b	<input checked="" type="checkbox"/>	Spouse	No. of your children on 6c who:	0	
c	<input type="checkbox"/>	Dependents:	(2) Dependent's social security number, if born in 1995, see page 13.	(3) Dependent's relationship to you	(4) No. of months lived in your home in 1995
		(1) First name	Last name		
		DAVE			
d	<input type="checkbox"/>	If your child didn't live with you but is claimed as your dependent under a pre-1985 agreement, check here	Dependents on 6c not entered above	0	
e		Total number of exemptions claimed	Add numbers entered on lines above	2	

Income

Attach Copy B of your Forms W-2, W-2G, and 1099-R here.

If you did not get a W-2, see page 14.

Enclose, but do not attach, your payment and payment voucher. See page 33.

7	Wages, salaries, tips, etc. Attach Form(s) W-2	7	0
8a	Taxable interest income (see page 15). Attach Schedule B if over \$400	8a	
b	Tax-exempt interest (see page 15). DON'T include on line 8a	8b	
9	Dividend income. Attach Schedule B if over \$400	9	
10	Taxable refunds, credits, or offsets of state and local income taxes (see page 15)	10	
11	Alimony received	11	
12	Business income or (loss). Attach Schedule C or C-EZ	12	
13	Capital gain or (loss). If required, attach Schedule D (see page 16)	13	
14	Other gains or (losses). Attach Form 4797	14	
15a	Total IRA distributions	15a	
b	Taxable amount (see page 16)	15b	
16a	Total pensions and annuities	16a	
b	Taxable amount (see page 16)	16b	
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17	
18	Farm income or (loss). Attach Schedule F	18	
19	Unemployment compensation (see page 17)	19	
20a	Social security benefits	20a	
b	Taxable amount (see page 18)	20b	
21	Other income. List type and amount—see page 18	21	
22	Add the amounts in the far right column for lines 7 through 21. This is your total income	22	0

Adjustments to Income

23a	Your IRA deduction (see page 19)	23a	
b	Spouse's IRA deduction (see page 19)	23b	
24	Moving expenses. Attach Form 3903 or 3903-F	24	
25	One-half of self-employment tax	25	
26	Self-employed health insurance deduction (see page 21)	26	
27	Keogh & self-employed SEP plans. If SEP, check <input type="checkbox"/>	27	
28	Penalty on early withdrawal of savings	28	
29	Alimony paid. Recipient's SSN ▶	29	
30	Add lines 23a through 29. These are your total adjustments	30	

Adjusted Gross Income

31	Subtract line 30 from line 22. This is your adjusted gross income . If less than \$26,673 and a child lived with you (less than \$9,230 if a child didn't live with you), see "Earned Income Credit" on page 27	31	0
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Tax Computation

(See page 23.)

If you want the IRS to figure your tax, see page 35.

32	Amount from line 31 (adjusted gross income)	32	0
33a	Check if: <input type="checkbox"/> You were 65 or older, <input type="checkbox"/> Blind; <input type="checkbox"/> Spouse was 65 or older, <input type="checkbox"/> Blind. Add the number of boxes checked above and enter the total here	33a	
b	If your parent (or someone else) can claim you as a dependent, check here	33b	
c	If you are married filing separately and your spouse itemizes deductions or you are a dual-status alien, see page 23 and check here	33c	
34	Enter the larger of your: Itemized deductions from Schedule A, line 28, OR Standard deduction shown below for your filing status. But if you checked any box on line 33a or b, go to page 23 to find your standard deduction. If you checked box 33c, your standard deduction is zero. • Single—\$3,900 • Married filing jointly or Qualifying widow(er)—\$6,550 • Head of household—\$5,750 • Married filing separately—\$3,275	34	6560
35	Subtract line 34 from line 32	35	0
36	If line 32 is \$86,025 or less, multiply \$2,500 by the total number of exemptions claimed on line 6e. If line 32 is over \$86,025, see the worksheet on page 23 for the amount to enter	36	5000
37	Taxable income. Subtract line 36 from line 35. If line 36 is more than line 35, enter -0-	37	0
38	Tax. Check if from a <input type="checkbox"/> Tax Table, b <input type="checkbox"/> Tax Rate Schedules, c <input type="checkbox"/> Capital Gain Tax Worksheet, or d <input type="checkbox"/> Form 8615 (see page 24). Amount from Form(s) 8814	38	
39	Additional taxes. Check if from a <input type="checkbox"/> Form 4970 b <input type="checkbox"/> Form 4972	39	
40	Add lines 38 and 39	40	0

Credits

(See page 24.)

41	Credit for child and dependent care expenses. Attach Form 2441	41	
42	Credit for the elderly or the disabled. Attach Schedule R	42	
43	Foreign tax credit. Attach Form 1116	43	
44	Other credits (see page 25). Check if from a <input type="checkbox"/> Form 3800 b <input type="checkbox"/> Form 8396 c <input type="checkbox"/> Form 8801 d <input type="checkbox"/> Form (specify)	44	
45	Add lines 41 through 44	45	
46	Subtract line 45 from line 40. If line 45 is more than line 40, enter -0-	46	0

Other Taxes

(See page 25.)

47	Self-employment tax. Attach Schedule SE	47	
48	Alternative minimum tax. Attach Form 6251	48	
49	Recapture taxes. Check if from a <input type="checkbox"/> Form 4255 b <input type="checkbox"/> Form 8611 c <input type="checkbox"/> Form 8828	49	
50	Social security and Medicare tax on tip income not reported to employer. Attach Form 4137	50	
51	Tax on qualified retirement plans, including IRAs. If required, attach Form 5329	51	
52	Advance earned income credit payments from Form W-2	52	
53	Household employment taxes. Attach Schedule H	53	
54	Add lines 46 through 53. This is your total tax	54	0

Payments

Attach Forms W-2, W-2G, and 1099-R on the front.

55	Federal income tax withheld. If any is from Form(s) 1099, check <input type="checkbox"/>	55	
56	1995 estimated tax payments and amount applied from 1994 return	56	
57	Earned income credit. Attach Schedule EIC if you have a qualifying child. Nontaxable earned income: amount and type	57	
58	Amount paid with Form 4868 (extension request)	58	
59	Excess social security and RRTA tax withheld (see page 32)	59	
60	Other payments. Check if from a <input type="checkbox"/> Form 2439 b <input type="checkbox"/> Form 4136	60	
61	Add lines 55 through 60. These are your total payments	61	0

Refund or Amount You Owe

62	If line 61 is more than line 54, subtract line 54 from line 61. This is the amount you OVERPAID .	62	
63	Amount of line 62 you want REFUNDED TO YOU	63	
64	Amount of line 62 you want APPLIED TO YOUR 1996 ESTIMATED TAX	64	
65	If line 54 is more than line 61, subtract line 61 from line 54. This is the AMOUNT YOU OWE . For details on how to pay and use Form 1040-V , Payment Voucher, see page 33	65	0
66	Estimated tax penalty (see page 33). Also include on line 65	66	

Sign Here

Keep a copy of this return for your records.

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature <i>James Leslie Reading</i>	Date 12/24/08	Your occupation N/A
Spouse's signature. If a joint return, BOTH must sign. <i>MORE HOUSE Reading</i>	Date 12/24/08	Spouse's occupation -

Paid Preparer's Use Only

Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Preparer's social security no.
Firm's name (or yours if self-employed) and address	EIN	ZIP code	

9595

VOID

CORRECTED

PAYER'S name, street address, city, state, ZIP code, and telephone no. Pilot Catastrophe Services, Inc. 708 Oak Cir DR W Mobile, AL 36609		1 Rents \$	OMB No. 1545-0115 1995 Form 1099-MISC		Miscellaneous Income	
PAYER'S federal identification number [REDACTED]		2 Royalties \$	3 Other income \$	4 Federal income tax withheld \$		
RECIPIENT'S identification number		5 Fishing boat proceeds \$	6 Medical and health care payments \$	Copy A For Internal Revenue Service Center File with Form 1098. For Privacy Act and Paperwork Reduction Act Notice, see the 2008 General Instructions for Forms 1099, 1098, 5498, and W-2G.		
RECIPIENT'S name James L. Reading		7 Nonemployee compensation \$ - 0 -	8 Substitute payments in lieu of dividends or interest \$			
Street address (including apt. no.) 2425 E. Fox St.		9 Payer made direct sales of \$5,000 or more of consumer products to a buyer (recipient) for resale <input type="checkbox"/>	10 Crop insurance proceeds \$			
City, state, and ZIP code Mesa, AZ 85213-5320		11	12			
Account number (see instructions)		2nd TIN not <input type="checkbox"/>	13 Excess golden parachute payments \$	14 Gross proceeds paid to an attorney \$		
15a Section 409A deferrals \$	15b Section 409A income \$	16 State tax withheld \$	17 State/Payer's state no.	18 State income \$		

Form 1099-MISC

Cat. No. 14425J

Department of the Treasury - Internal Revenue Service

This corrected Form 1099-MISC is submitted to rebut a document known to have been submitted by the party identified above as 'PAYER' which erroneously alleges a payment to the party identified above and on the attached Form 1040X as 'RECIPEINT' of "gains, profit or income" made in the course of a "trade or business".

Under penalty of perjury, I declare that I have examined this statement and to the best of my knowledge and belief, it is true, correct and complete.

James Leslie Reading
James Leslie Reading

12/24/2008
Date

**Government
Exhibit**
DuffyExD

CERTIFICATE OF CUSTODIAN OF BUSINESS RECORDS

TO WHOM IT MAY CONCERN:

1. I am over 18 years of age and a resident of Alabama and competent to make this Certificate.
2. In response to a subpoena dated March 20, 2012 and issued by Trial Attorney Charles M. Duffy on behalf of the United States of America in case captioned, *United States v. James Leslie Reading et al.*, Civ. No. 11-698-PHX-FJM, I have transmitted to Mr. Duffy true and accurate copies of documents requested in the subpoena, to the extent that the documents have been located in records maintained by Pilot Catastrophe Services, Inc. and or related companies.
3. I certify that the attached records are records of regularly conducted activity or are business records of Pilot Catastrophe Services, Inc. and or related companies.
4. I am a custodian of records of Pilot Catastrophe Services, Inc. and related companies and or can otherwise attest to the process of maintaining the records of Pilot Catastrophe Services, Inc. and related companies and the records being produced have been properly and accurately maintained and stored.
5. The records attached to this certificate are true and correct copies of documents found in the files of Pilot Catastrophe Services, Inc. and or related companies.
6. Each entry in the attached records constitutes a report reflects regularly kept and stored information maintained by Pilot Catastrophe Services, Inc. and or related companies as part of the process of, among other things, reporting information to the IRS.

I executed this Certificate at Mobile, Alabama on 3-21-12 (Date)

I declare and certify under penalty of perjury that the statements made by me in this Certificate are true and correct.



Michael Baty

VOID CORRECTED		FORM NO. 1545-0115		
PAYER'S name, street address, city, state, and ZIP code PILOT CATASTROPHE SERVICES 708 DAN CIRCLE DR. W. MOBILE, AL 36687		1 Rents \$	1995 Miscellaneous Income Form 1099-MISC	
		2 Royalties \$		
		3 Other income \$		
PAYER'S Federal identification number [REDACTED]	RECIPIENT'S identification number [REDACTED]	4 Federal income tax withheld \$	5 Fishing boat proceeds \$	State Copy or Extra File Copy
RECIPIENT'S name, street address (including apt. no.), city, state, and ZIP code READING, JAMES 2425 E FOX MOBILE AL 36687		6 Medical and health care payments \$	7 Nonemployee compensation \$ 117,446.15	
		8 Substitute payments in lieu of dividends or interest \$	9 Payer made direct sales of \$5,000 or more of consumer products to a buyer (recipient) for resale <input type="checkbox"/>	
		10 Crop insurance proceeds \$	11 State income tax withheld \$	
Account number (optional)		12 State/Payer's state number 25501		

Form 1099-MISC

Department of the Treasury - Internal Revenue Service

 **COPY**

FILED

NOV - 1 2006

NANCY MAYER WHITTINGTON, CLERK
U.S. DISTRICT COURT

CASE NUMBER 1:06CV01873

JUDGE: Ricardo M. Urbina

DECK TYPE: Pro se General Civil

DATE STAMP: 11/1/2006

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA**



Clare L. Reading and James L. Reading,
2425 E. FOX STAGE 7
MESA, ARIZONA 85213
Plaintiffs,

vs.

UNITED STATES *aka*, UNITED STATES
OF AMERICA, a Federal Corporation, ANN
TAYLOR, PAUL CHASE, CINDY MASON
and BOB CAREY

Defendants.

Case No.

VERIFIED COMPLAINT

QUIET TITLE ACTION STEMMING FROM
VIOLATIONS OF THE FIRST, FOURTH,
FIFTH, SIXTH, NINTH, THIRTEENTH
FOURTEENTH AND SIXTEENTH
AMENDMENTS TO THE CONSTITUTION

COMES NOW Clare L. Reading and James L. Reading Plaintiffs, proceeding on their own behalf and with the assistance of Law, bringing this action alleging violations of federal rights due State Citizens (sentient beings) by federal officer(s) acting under color of federal law. Liken to President George W. Bush, the Defendants deprived Plaintiffs of rights, privileges and immunities secured under the Constitution for the United States of America, including but not limited to Amendments One, Four, Five, Six, Nine, Thirteen, Fourteen and Sixteen thereof. The following issues give rise to the Plaintiffs' complaint as proper before this Court in seeking such relief as commanded upon the exhaustion of the administrative remedies, and are not extraordinary. Plaintiffs are seeking actual and compensatory damages for the injuries to person and personal Labor Property caused by the Defendants for their reckless and willful acts.

1

Clare L. Reading and James L. Reading, are unschooled in law and; therefore, are waived from being held to the standards of a bar attorney as stated in *Haines*: “*however inartfully plead, [pro se] must be held to a less stringent standard than formal pleadings drafted by bar-admitted attorneys and can only be dismissed for failure to state a claim if it appears beyond a doubt that the pro se litigants can prove no set of facts in support of [his] claims which would entitle him to relief.*” *Haines v. Kerner*, 404 U.S. 519-521. Plaintiffs request this Court to take judicial notice of *Haines*, as such doctrines are applicable in this instant case. Plaintiffs further indulge this Court to exercise impartiality at all stages of these proceedings, applying sound legal principles and conditions precedent.

I. Jurisdiction And Venue

This Court has jurisdiction pursuant to Title 28 U.S.C. § 2410 – Quiet Title; Title 28 U.S.C. § 1331 – Federal Question; Title 28 U.S.C. § 1332 – Diversity of citizenship; 28 U.S.C. § 1340 – Internal Revenue; 28 U.S.C. § 1346 – United States Defendants; 28 U.S.C. § 1367 – Supplemental Jurisdiction; 28 U.S.C. § 3002(15)(A) – United States Federal Corporation; Title 5 U.S.C. § 702; All Writs Act at 28 U.S.C. §§ 1651 and 1658; Federal Rules of Civil Procedure §§ 57 and 65; and the broad equitable powers of this Court.

Plaintiffs’ action and petition for relief is based upon declaring their Constitutionally-guaranteed Rights in light of conduct of officers and/or employees of the United States, acting under color of federal law; therefore, Plaintiffs respectfully request this Court – a creature of statute – to sit as an Article III Court, pursuant to the United States Constitution, to hear these issues. Other jurisdictional claims arise under the United States Constitution at Article I § 7, Amendments I, IV, V, VI, IX, XIV, and XVI, and of the laws of the United States and presents federal questions within this Court’s jurisdiction under Article III of the United States Constitution.

Venue is proper in the District of Columbia, the Seat of Government, pursuant to 4 U.S.C. §§ 71, 72 and 73; the United States is a federal corporation created by an Act of Congress pursuant to 28 U.S.C § 3002(15)(A) and a *citizen* as defined at 28 U.S.C § 1332(c)(1) and (d) maintaining its corporate offices located in the district. A duly authorized officer of the United States will answer on behalf of the acts committed by the corporation, its officials, officers, agents from said district. “*The United States government is a foreign corporation with respect to a state.*” *In the Matter of Merriam*, 36 N.E. 505, 141 N.Y. 479, affirmed 16 S.Ct. 1073, 163 U.S. 625, 41 L.Ed 28720 CJS, Section 1785; also see *Penhallow v. Doane’s Administrator’s*; *Clearfield Trust Company v. United States*, 318 U.S. 363-371, 1942. Said corporations are prohibited from certain acts and limited to certain enumerated powers by said contract (the Constitution for the United States), which are alleged herein.

II. Joinder of Parties

The Defendants, the UNITED STATES aka, UNITED STATES OF AMERICA, ANN TAYLOR, PAUL CHASE, CINDY MASON and BOB CAREY, having individually and collectively participated in causing damage and harm to Plaintiffs Clare L. Reading and James L. Readings’ person and personal Labor Property hereby enjoin all Defendants, pursuant to Fed.R.Civ.P. – Rule 18, *in pari materia* with 28 U.S.C. § 1367 – engaging this Court’s supplemental jurisdiction.

“ . . . if the joined claims do arise from the same case or controversy, the court may exercise supplemental jurisdiction over the claims.” See Leham v. Revolution Portfolio LLC, 166 F.3d 389, 394, (1st Cir. 1999). “ . . . Rule 18 permits joinder of any and all claims subject only to objections to jurisdiction and venue . . . ” Sinclair v. Soniform, Inc., 935 F.2d 599 (3d Cir. 1991)

Therefore, in the interest of justice and under the Due-Process Clause of the Fifth Amendment and the Equal Protection of the law under the Fourteenth Amendment to the Constitution for the

United States of America, Plaintiffs effectively move to enjoin all parties named herein as proper before the Court.

III.
Plaintiffs' Capacity And The Invocation Of
Jurisdiction Pursuant To The Common Law

Plaintiffs, Clare L. Reading and James L. Reading are presently domiciled in the geographical location identified as 2425 East Fox Street, Mesa Arizona situated in these 50 United States of (North) America. Plaintiffs are, at all times mentioned herein, proceeding in the capacity and standing as a Living, Breathing, Conscious, Thinking, Flesh and Blood Sentient Human Beings. Not appearing as subclass statutory persons, citizens, collective entities or otherwise; but, of a superior class and authority not enjoyed by the United States, a corporation void of conscience – given life and existence by its corporate officials, officers, agents and employees (*see Brasswell v. United States*, 487, U.S. 99 (1988) quoting *United States v. White*, 322 U.S. 694 (1944)).

The Fifth, Sixth, Seventh and Fourteenth Amendments to the Constitution secure Due Process to the American people in the course of the Common Law, which necessarily includes the **right to trial by jury**. *See Wayman v. Southard*, 23 U.S. 1; 6 L. Ed. 253; 10 Wheat 1(1825). The United States Supreme Court established: "*The Constitution is to be interpreted according to the Common Law Rules.*" *Schick v. United States*, 195 U.S. 65; 24 S. Ct. 826; 49 L. Ed.99. The Supreme Court stated further: "*It [U.S. Constitution] must be interpreted in the light of Common Law, the principles and history of which are familiarity known to the framers of the Constitution. The language of the Constitution could not be understood without reference to the Common Law.*" *United States v. Wong Kim Ark*, 169 US 649; 18 S.Ct. 456. Therefore, this Court is hereby provided notice that, as a precaution, Plaintiffs are invoking the **saving to suitors clause** at 28 U.S.C. § 1333(1), in order to secure and proceed in the course of the Common Law in the

event that there are controversy within special maritime and territorial jurisdiction of the United States.

Under rules of Common-Law procedure, acquiescence to stipulations of fact and law set forth in attending facts, claim and/or complaint affidavits, along with conclusions of law included or incorporated by reference in conditional acceptance, protest and/or rebuttal – documents will have the effect of a Common Law Retrait and Stipulation by Tacit Procuration – whether for purposes of administrative or judicial Due Process remedies.

IV.
Defendants

- (a) At all times relevant hereto the corporate citizen Defendant UNITED STATES aka UNITED STATES OF AMERICA's main office is located at 500 N. Capitol St. NW, Washington, DC 20221 which is within the jurisdiction of the Court.
- (b) Defendant ANN TAYLOR's main office is located at 500 N. Capitol St. NW, Washington, DC 20221 and her pilot office is located at 300 W. Congress St., MS 5126, Tucson, Arizona 85701.
- (c) Defendant PAUL CHASE's main office is located at 500 N. Capitol St. NW, Washington, DC 20221 and his pilot office is located at 40 W. Baseline Road, Suite 211, Tempe, Arizona 85283.
- (d) Defendant CINDY MASON's main office is located at 500 N. Capitol St. NW, Washington, DC 20221 and her pilot office is located at 40 W. Baseline Road, Suite 211, Tempe, Arizona 85283.
- (e) Defendant BOB CAREY's main office is located at 500 N. Capitol St. NW, Washington, DC 20221 and his pilot office is located at 40 W. Baseline Road Suite 211, Tempe, Arizona 85283.

V.

**Conditions Precedent Establishes The Defendants
Effectively Waived Immunity By Their Reckless Acts**

1. Plaintiffs reallege all allegations stated above, and further allege:
2. The Plaintiffs having effectively exhausted their administrative remedy in several sections of Title 26 of the United States Code, including but not limited to: 26 U.S.C. § 6335 – Administrative Appeals of the statutory Form 668-B - Levy and Form 2433 Notice of Seizure resulting in a written denial giving Plaintiffs jurisdiction to reclaim their personal property in a district court of the United States pursuant to an action to quiet the title of such property.
3. The UNITED STATES Defendants have further waived immunity under the Anti-Injunction Act codified at 26 U.S.C. § 7421. The Anti-Injunction Act precludes this Court from exercising jurisdiction over actions that seek to enjoin the assessment and collection of federal income taxes: **which is not the intent or subject matter of this suit.** According to *Hoillingshead v United States*, 85-2 USTC 9772 (5th Cir 1985) 26 U.S.C. § 7421 is a waiver of immunity by the Government for a Citizen who claims that their personal Labor Property has been subject to wrongful Levy. ***“The government consents to be sued when the IRS violates a congressionally mandated procedure during the administrative assessment and collection process.”***

Section 7421 of the Internal Revenue Code provides, in relevant part as follows:

(a) Tax – Except as provided in sections 6015 (e), 6212 (a) and (c), 6213 (a), 6225 (b), 6246 (b), 6330 (e)(1), 6331 (i), 6672 (c), 6694 (c), and 7426 (a) and (b)(1), 7429 (b), and 7436, no suit for the purpose of restraining the assessment or collection of any tax shall be maintained in any court by any person, whether or not such person is the person against whom such tax was assessed.

4. Plaintiffs are not seeking to restrain the lawful assessment or collection of any internal revenue tax, but dispute the unlawful seizure of personal Labor Property as a result of the

intentional violations of procedural and substantive Due Process and the documented reckless and willful disregard for the internal revenue laws.

5. Verified evidence of the records provides that Defendant UNITED STATES and named employees have failed to comply with the administrative prerequisites that would grant relief under the Anti-Injunction Act. Immunity under the Anti-Injunction Act exists to the extent the UNITED STATES Defendants are in compliance with the Constitutional Mandate and statutes as set forth by Acts of Congress and applicable Treasury Regulations.
6. Evidence provides that the UNITED STATES Defendants and said employees have and continue to illegally seize Plaintiffs' personal Labor Property without restoring the value of Plaintiffs' Labor, without establishing liability, without imposing a tax, without a determination, without a deficiency, without an assessment, and without a warrant in violation of multiple provisions of the federal, Constitutional, procedural and substantive Due Process.
7. Further, the UNITED STATES Defendant and employees named herein consent to being sued when any one of its officials, officers, or agents proceed in violation of congressionally-mandated, statutory procedures during an administrative, civil or criminal judicial proceeding as in this case.

VI.

Factual History And Summary Of Events

8. Plaintiffs reallege all allegations stated above in this complaint, and further allege:
9. That on September 22, 2006 at approximately 3:30 p.m., Named Unknown Agents identified as ANN TAYLOR, PAUL CHASE, CINDY MASON and BOB CAREY appeared on documents and/or physically at 2425 East Fox St., Mesa Arizona and caused to be seized personal property in the possession and control of Plaintiffs identified as a 2005 Nissan Titan

Pick-up with shell top, VIN: 1N6AA06B75N511819, secured under a carport located on Plaintiffs' property.

10. That Plaintiffs observed Named Unknown Agent PAUL CHASE proceed onto the private property with a tow truck, bearing Arizona License plate CE08456, accompanied by two unknown males from Valley Towing, wherein they illegally seized and hitched Plaintiffs' personal property in their control while other Named Unknown Agents stood and watched.
11. That on or about October 3, 2006 or soon thereafter, and within 10 days of the illegal seizure, Plaintiffs caused to be filed IRS Form 9423 – Collections Appeals Request, including an Affidavit and Exhibits in support providing evidence sufficient to conclude that the Notice of Seizure and Levy were procedurally invalid – effectively exhausting their administrative remedies.
12. That on or about October 12, 2006, Plaintiffs participated in a predetermined phone conference with Collections Appeals Officer PAUL BAKER who refused to allow Plaintiffs to record the hearing which resulted in the officer's pronouncement that he would address the issues raised in Plaintiffs' appeals affidavit.
13. That on or about October 13, 2006, Plaintiffs received a Summary Administrative Determination from Appeals Officer PAUL BAKER, dated October 16, 2006, addressing each issue raised by Plaintiffs in their administrative appeal for the return of such property – interpreting and determining without surprise that the Compliance function was justified in illegally stealing and seizing personal property in Plaintiffs' possession and control.
14. That Plaintiffs are appalled at IRS Appeals Officer BAKER patronizing Plaintiffs' and [taxpayers] generally, making the ridiculous claim that the IRS Appeals Office is an “independent” function within the Internal Revenue Service when it clearly rubberstamps

99% of the violations and usurpation of law committed by fellow employees assigned in different departments. That's like saying Adolph Hitler functioned independent of his army goon squad during the extermination of Jewish nationals or the human heart (for those government employees that have one) is a separate and distinct function of the body human body.

15. That the property once controlled by and in possession of Plaintiffs is presently in possession of the UNITED STATES Defendant and the employees named herein; scheduled for a Public Auction Sale on Thursday November 9, 2006 at: Internal Revenue Service 210 E. Earll Drive, Phoenix, Arizona; for which they will derive a pecuniary benefit resulting in their unjust enrichment from the theft thereof.
16. That the instruments used to seize the personal property in Plaintiffs' control have been issued in violation of procedural and substantive Due Process of law, as evidence herein establishes that the Form 668-B - Levy and Form 2433 Notice of Seizure are procedurally invalid and fully violates Plaintiffs' rights guaranteed by the Fourth, Fifth, Thirteenth and Fourteenth Amendments to the Constitution for the United States of America.

**VII.
COUNT I.**

Quiet Title Of Personal Property Pursuant To 28 U.S.C. 2410

17. Plaintiffs reallege all allegations stated above, and further allege:
18. On or about September 22, 2006 or soon thereafter, Defendants ANN TAYLOR, PAUL CHASE, CINDY MASON and BOB CAREY conspired with intent to deprive Plaintiffs of their Constitutionally-protected Rights, did in bad faith and willful oppression under color of law intentionally and recklessly with willful disregard for the internal revenue laws did cause a statutory non-judicial Form 668-B Levy and Form 2433-Notice of Seizure to issue in the

amount \$173,607.14 for the tax years 1993, 1994 and 1995, resulting in the illegal seizure of personal property in possession and control Plaintiffs, having a Fair Market Value of approximately \$21,000.00.

19. This action arises under the Federal Tax Lien Act of 1966 [80 Stat. 1125] and Title 28 U.S.C. § 2410 and jurisdiction is conferred upon this court to determine quiet title in state law and federal Supplemental Jurisdiction pursuant to 28 U.S.C. § 1367.

20. The named Defendants are in possession and control of personal property illegally seized from Plaintiffs' pending sale more particularly described as follows:

2005 White Nissan Titan Pick-up truck; SE King Cab Short Bed; V8 5.6 Liter engine; Automatic transmission with optional 4x4 off road package and pickup shell/Cap; VIN: 1N6AA06B75N511819

21. The personal property described above is in actual possession of the Defendants.

22. The Defendant, the UNITED STATES is a statutory citizen and a federal corporation created by an Act of Congress.

23. The Defendants, ANN TAYLOR, PAUL CHASE, CINDY MASON and BOB CAREY, named on the statutory Form-668 B and Form 2433 Notice of Seizure are presumed to be employees of the UNITED STATES Defendant.

24. Plaintiffs are with evidence sufficient to establish and conclude that the Defendants do not have a procedurally valid statutory Notice of Federal Tax Lien for tax years 1993, 1994 and 1995, giving rise to a valid statutory Form 668-B - Levy and Form 2433 Notice of Seizure issued for purpose of *taking* personal property controlled by and previously possessed by Plaintiffs.

25. Plaintiffs are with evidence sufficient to establish and conclude that the Defendants failed to comply with the procedural requirements of 26 U.S.C. § 6212 and 6213, and never caused a

Notice of Deficiency to issue for tax years 1993, 1994 and 1995 giving Plaintiffs an opportunity to petition Tax Court prior to issuing the Notice of Federal Tax Lien giving rise to the statutory Form 668-B Levy and Form 2433 Notice of Seizure.

26. The Plaintiffs are with evidence sufficient to establish and conclude that the Defendants failed to comply with the procedural requirements of 26 U.S.C. § 6203, and never made an Assessment of a tax liability for tax years 1993, 1994 and 1995 prior to causing the Notice of Seizure to issue.
27. The Plaintiffs contend that the Defendants intentionally violated the procedural requirements Substitute for Return (SFR) as applicable to 26 CFR § 301.6020-1(2)(b)(2) and IRM 5.1.11.9 – 26 U.S.C. § 6020(b) Authority, and failed to obtain a signature from the Secretary authorizing the issuance of the Substitute for Return for tax periods 1993, 1994 and 1995 as indicated on the Notice of Seizure. The Defendants, causing an SFR Form 1040 to issue, knew that the Authority of Section 6020(b) does not authorize the issuance of Form 1040.
28. The procedural violations enumerated herein are consistent with the violations as stated throughout these causes of action.
29. The Defendants claim some interest adverse to the Plaintiffs' interest in the personal property described above, but the Defendants' claim is without merit and the Defendants have no estate, title, claim, lien, superior claim or in Plaintiffs' personal property or any portion thereof.
30. Plaintiffs, having exhausted the administrative procedures, prior to petitioning this Court have no plain, speedy or adequate remedy at law.

VIII.
COUNT II.

Defendants Failed To Comply With 26 U.S.C. § 6212(a)

31. Plaintiffs reallege all allegations stated above, and further allege:
32. On or about September 22, 2006 or soon thereafter, Defendants ANN TAYLOR, PAUL CHASE, CINDY MASON and BOB CAREY conspired with intent to deprive Plaintiffs of their Constitutionally-protected Rights, did in bad faith and under color of law intentionally and recklessly did cause a procedurally invalid Form 668-B - Levy and a Form 2433 - Notice of Seizure to be issued in the amount \$173,607.14 for the tax years 1993, 1994 and 1995, resulting in the illegal seizure of personal property in possession and control of Plaintiffs, having a Fair Market Value of approximately \$21,000.00; with willful disregard for the internal revenue laws *failed to issue a Notice of Deficiency (90-day letter)* required by 26 U.S.C. § 6212(a) and implementing regulations.
33. This deprivation of the opportunity to litigate a tax liability before paying the tax can cause substantial hardship to a taxpayer. *Granquist v. Hackleman*, 264 F.2d 9, 14 (9th Cir. 1959). Such a deprivation is also "out of keeping with the thrust of the Code." *Laing*, 423 U.S. at 176, 96 S.Ct. at 482.
34. The UNITED STATES Defendant and named employees have effectively usurped this Act of Congress and intentionally blocked Plaintiffs' Constitutionally-protected access to Due Process and Equal Protection of the law wherein they failed to allow Plaintiffs ninety (90) days to petition the Tax Court and effectively dispute Defendants' outrageous, fictitious and unverifiable claim - void of establishing a basis of liability.

IX.
COUNT III.

**Defendants Failed To Make An Assessment
Of A Statutory Federal Income Tax Liability**

35. Plaintiffs reallege all allegations stated above, and further allege:
36. On or about September 22, 2006 or soon thereafter, Defendants ANN TAYLOR, PAUL CHASE, CINDY MASON and BOB CAREY conspired with intent to deprive Plaintiffs of their Constitutionally-protected Rights, did in bad faith and under color of law intentionally and recklessly did cause a procedurally invalid Form 668-B - Levy and a Form 2433 - Notice of Seizure to be issued in the amount \$173,607.14 for the tax years 1993, 1994 and 1995, resulting in the illegal seizure of personal property in possession and control of Plaintiffs, having a Fair Market Value of approximately \$21,000.00; with willful disregard for the internal revenue laws *failed to make an assessment* of a statutory liability in the time and mode prescribed by the Secretary prior to the issuance of the Form 668-B - Levy and Form 2433 Notice of Seizure.
37. The elements of an assessment have been established by Congress at 26 U.S.C. § 6203, which states as follows.

“Method of assessment -The assessment shall be made by recording the liability of the taxpayer in the office of the Secretary in accordance with rules or regulations prescribed by the Secretary. **Upon request of the taxpayer, the Secretary shall furnish the taxpayer a copy of the record of the assessment.**” And Regulations state:

26 CFR § 301.6203-1 Method of assessment “***The assessment shall be made by an assessment officer signing the summary record of assessment.*** The summary record, through supporting records, shall provide identification of the taxpayer, character of liability assessed, the taxable period, if applicable, and the amount of the assessment . . . ***The date of the assessment is the date the summary record is signed by the assessment officer.***” (See Stallard v. United States, 806 F. Supp. 152 (W.D. Tex. 1992), aff’d 12. F.3d 499 (5th Cir. 1994)

38. The Defendants failed to comply with all seven elements of an assessment which include: (1), must be made by an assessment officer, (2) must be signed by the assessment officer, (3) must have supporting records, (4) shall identify the taxpayer (5) *character of liability assessed*, (6) the taxable period, (7) and the amount assessed.
39. On or about April 2006, Plaintiffs filed a Freedom of Information Act request for a copy of the 23C Summary Record of Assessment for 1986 to Present to include tax periods 1993, 1994 and 1995 and was served a computer generated Individual Master File Literal transcript that does not satisfy the requirements of 26 CFR § 301.6203-1.
40. Particularly, the IMF Literal transcript is not signed by an assessment officer, is not supported by any records belonging to or identifiable by Plaintiffs and does not identify the character of liability resulting in the alleged assessment – merely a computer generated government transcript contrived from sources unknown to Plaintiffs and Defendants.
41. Defendants well knew that a tax “liability” is the basis and prerequisite for which an assessment is determined as defined in Treasury Regulations at 26 CFR § 301.7602-2(c)((3)(C) Tax Liability. “*A Tax Liability means the liability for any tax imposed by Title 26 of the United States Code . . .*” and Defendants failed to *impose* or make Plaintiffs liable for any tax imposed under Title 26 of the United States Code that would give rise to a valid assessment.

X.

COUNT IV.

Notice of Federal Tax Lien Giving Rise To A Form 668-B - Levy and Form 2433 Notice of Seizure Have Been Issued In Violation Of 26 U.S.C §§ 6331(a) and 6303

42. Plaintiffs reallege all allegations stated above, and further allege:
43. On or about September 22, 2006 or soon thereafter, Defendants ANN TAYLOR, PAUL CHASE, CINDY MASON and BOB CAREY conspired with intent to deprive Plaintiffs of

their Constitutionally-protected Rights, did in bad faith and under color of law intentionally and recklessly did cause a procedurally invalid Form 668-B - Levy and a Form 2433 - Notice of Seizure to be issued in the amount \$173,607.14 for the tax years 1993, 1994 and 1995, resulting in the illegal seizure of personal property in possession and control of Plaintiffs, having a Fair Market Value of approximately \$21,000.00; with willful disregard for the internal revenue laws *failed to issue a Notice and Demand for tax* prior to the taking of such property.

44. The UNITED STATES Defendant and employees never cause Letter 17, 17A or any other Letter or Notice titled "Notice and Demand" to issue for tax years 1993, 1994 and 1995, as commanded by this statutory Act of Congress prior to or after causing the procedurally invalid non-judicial statutory Form 668-B - Levy and Form 2433 Notice of Seizure to issue.
45. Defendants collectively and individually, did know or should have known that prior to seizure of any personal Labor Property a notice and demand for tax after assessment must be made, and the Defendants have willfully failed to comply with this Act of Congress.

XI.

COUNT V.

Defendants Failed To Obtain Signatory Approval From The Area Director Authorizing The Issuance Of The Levy And Notice Of Seizure

46. Plaintiffs reallege all allegations stated above in this complaint, and further allege:
47. On or about September 22, 2006 or soon thereafter, Defendants ANN TAYLOR, PAUL CHASE, CINDY MASON and BOB CAREY conspired with intent to deprive Plaintiffs of their Constitutionally-protected Rights, did in bad faith and under color of law intentionally and recklessly did cause a procedurally invalid Form 668-B - Levy and a Form 2433 - Notice of Seizure to be issued in the amount \$173,607.14 for the tax years 1993, 1994 and 1995, resulting in the illegal seizure of personal property in possession and control of

Plaintiffs, having a Fair Market Value of approximately \$21,000.00; with willful disregard for the internal revenue laws *failing to obtain signatory approval from the Area Director* pursuant to 26 U.S.C. § 6335, prior illegally seizing Plaintiffs' personal property.

48. The Defendants are procedurally commanded at 26 U.S.C. § 6335 and Treasury Regulations at 26 U.S.C. § 301.6335-1(b) to obtain signature approval from the Area Director prior to seizing Plaintiffs' personal property; and failed to fully comply with this statutory provision giving rise to a violation of 26 U.S.C. § 7214(a)(3), attempting to defeat this provision of the internal revenue laws.

XII.

COUNT VI.

Defendants Failed To Obtain Signatory Approval From The Area Director Authorizing The Sale Of Their Personal Property

49. Plaintiffs reallege all allegations stated above, and further allege:
50. On or about September 22, 2006 or soon thereafter, Defendants ANN TAYLOR, PAUL CHASE, CINDY MASON and BOB CAREY conspired with intent to deprive Plaintiffs of their Constitutionally-protected Rights, did in bad faith and under color of law intentionally and recklessly did cause a procedurally invalid Form 668-B - Levy and a Form 2433 – Notice of Seizure to be issued in the amount \$173,607.14 for the tax years 1993, 1994 and 1995, resulting in the illegal seizure of personal property in possession and control of Plaintiffs, having a Fair Market Value of approximately \$21,000.00; with willful disregard for the internal revenue laws *failing to obtain signatory approval from the Area Director* pursuant to 26 U.S.C. § 6335, prior causing a Notice of Sale to be issued against Plaintiffs' personal property.
51. The Defendants are procedurally commanded at 26 U.S.C. § 6335 and Treasury Regulations at 26 U.S.C. § 301.6335-1(b)(1) to obtain signature approval from the Area

controlling interest in collections at Title 31 Money and Finance as all property both gifted and seized by employees of the Internal Revenue Service from [taxpayers] are presumed to end up in these coffers.

115. The federal question then becomes how can personal property in possession and control of Plaintiffs be subject to forfeiture and seizure when Congress “considers” such property as a gift as herein defined?” Hence the voluntary “kickback scheme” contrived as a return of income derived therefrom.

116. At no time have the Plaintiffs ever enjoyed the benefits of government employment in the same capacity as the named Defendants – who are indeed participants in the kickback scheme created for taxpayers enjoying the privilege, benefit and security of federal employment.

117. An insurmountable amount of “good faith” documentation resulted from the Plaintiffs communicating with the Defendants over a span of years, effectively diffusing the rebuttable presumption that existed prior thereto, but the Defendants would not relent employing terror tactics, ignoring the facts and law at every turn – the proximate cause and direct result of the economic damage, despotism and destruction of Plaintiffs’ real and personal property.

XXII.

Summary, Conclusion And Remedy Sought

118. Plaintiffs reallege all allegations stated above, and further allege:

119. At all times this summary is incorporated by reference as to each and every cause of action and/or count as stated herein.

120. The collusive acts of the UNITED STATES Defendant and named employees, ANN TAYLOR, PAUL CHASE, CINDY MASON and BOB CAREY, individually and collectively, have continuously ignored and refused to comply with the Constitution for the United States of America, Acts of Congress and the United States Supreme Court as relevant

to the internal revenue laws. The violations enumerated herein have severely damaged and injured Plaintiffs' personal and real property and their rights to possess and control the same - causing irreparable harm and injury to Plaintiffs' personal Labor Property resulting in actual, direct economic damages sustained by Plaintiffs which is the proximate cause as a result of their reckless, intentional and willful acts.

The above named Defendants have collectively acted in the capacity of financial mercenaries, employing terror tactics effectively violating Plaintiffs' Labor Property rights - to include, but are not limited to constitutional, substantive, statutory and procedural due process violations: acting with nonfeasance, misfeasance and malfeasance of the following:

- (a) failure to impose, identify or notify Plaintiffs of the statutory tax imposed under the internal revenue laws prior to the alleged Assessment for tax years 1993, 1994 and 1995;
- (b) failure to issue a Notice and Demand for the alleged tax imposed under the internal revenue laws prior to the alleged assessment for tax years 1993, 1994 and 1995;
- (c) failure to obtain signature approval from the district director, now referred to as the area director authorizing the seizure of personal property in possession and control of Plaintiffs;
- (d) failure to obtain signature approval from the district director/ area director authorizing the sale of personal property in possession and control of Plaintiffs;
- (e) caused false documents to be issued with the intent of willful oppression and under color of law resulting in the illegal seizure of personal property in possession and control of Plaintiffs;
- (f) caused false documents to be issued with willful oppression and under color of law in an attempt to simulate judicial process and circumvent State law resulting in the illegal seizure of personal property in possession and control of Plaintiffs;

- (g) demanding sums greater than allowed by the Constitution and statute, taking private property for public use in violation of the just compensation clause refusing to recognize and restore the value of Plaintiffs' Labor Property;
- (h) failure to issue a Notice of Deficiency allowing Claimant 90 days to petition the Tax Court to challenge the validity of liability for tax years 1993, 1994 and 1995;
- (i) failure to produce the signed Form 23C – Summary Record of Assessment establishing that an assessment of the alleged liability was made and recorded as required by the Secretary;
- (j) failure to produce a form required to be signed and verified by the issuing officer pursuant to 26 CFR § 301.6020(a)(1) establishing a liability for each year 1993, 1994 and 1995;

WHEREFORE, Plaintiffs Clare L. Reading and James L. Reading have been damaged by the actions of the UNITED STATES Defendant and its employees officers, and agents herein named due to their individual and collective intentional, willful and reckless disregard for the internal revenue laws, causing a procedurally invalid administrative Levy and Notice of Seizure to issue - is entitled to, and prays for relief as follows:

- a. An Order commanding the Defendants' cease and desist from the scheduled sale of the illegally seized personal property for which they presently have possession and control.
- b. An Order commanding the Defendants return the illegally seized personal property once possessed and controlled by Plaintiffs.
- c. An Order commanding the Defendants to issue a Certificate of Release of Federal Tax Lien on all real property belonging to Plaintiffs and notify all previous parties served of said Notice.

- d. An Order declaring that the Plaintiffs are not statutory citizens, persons, entities or like statutory creatures created by an Act of Congress, who do not enjoy the protections of the Constitution for the United States of America.
- e. An Order of judgment against the Defendants for treble damages in the amount totaling Sixty-three thousand dollars (\$63,000.00) for the illegal seizure of personal property once possessed and controlled by Plaintiffs.
- f. An Order declaring that Plaintiffs' Labor and all tangible and intangible items derived therefrom is a property right that enjoys the Constitutional protections of just compensation clause of the Fifth Amendment and must be restored to the Plaintiffs, if not waived.
- g. An Order declaring that the Defendants are bound to comply with the Constitution for the United States of America, as amended by the Supreme Court and Acts of Congress when carrying out their official duties.
- h. An Order declaring that United States Supreme Court precedent determines the applicability of the internal revenue laws and the Defendants are therein bound by such doctrines.
- i. An Order declaring that the UNITED STATES Defendants are bound by Acts of Congress as amended and codified in Title 26 and 31 of the United States Code *nunc pro tunc*.
- j. An Order declaring that the Plaintiffs enjoy the Equal Protection of the law clause as stated in the Fourteenth Amendment of the Constitution.
- k. An Order commanding the Defendants pay all cost and fees associated with this action;
- l. Any other remedy at law and in equity this Court deems just and proper.

Respectfully Submitted:

VERIFICATION

I/We, Clare L. Reading and James L. Reading, declare under penalty of perjury pursuant to 28 U.S.C. § 1746(1), that I/we believe the above to be true and correct to the best of my/our knowledge, understanding and belief. All Rights retained without recourse.

On this 30th calendar day October, 2006, A.D.

Signature: Clare Louise Reading
Clare L. Reading, Plaintiff
2425 East Fox Street
Mesa, Arizona [85213]

Signature: James Leslie Reading
James L. Reading, Plaintiff
2425 East Fox Street
Mesa, Arizona [85213]

IN THE UNITED STATES DISTRICT COURT FOR THE
DISTRICT OF COLUMBIA

CLARE L. READING and)
JAMES L. READING)
)
Plaintiffs,)
)
v.)
)
UNITED STATES, et al.)
)
Defendants.)



No: 1:06-cv-01873-RMU

MEMORANDUM IN SUPPORT OF DEFENDANTS’ MOTION TO DISMISS

This is a civil action in which plaintiffs allege that the Internal Revenue Service illegally seized their pickup truck. Plaintiffs seek relief under 28 U.S.C. § 2410 to quiet title to the truck,^{1/} damages, and injunctive and declaratory relief.

^{1/} In addition to seeking relief under 28 U.S.C. § 2410, plaintiffs assert jurisdiction under 28 U.S.C. §§ 1331 (federal question), 1332 (diversity of citizenship), 1340 (Internal Revenue), 1346 (United States defendants), 1367 (supplemental jurisdiction), 3002(15)(A) (United States federal corporation), 1651 & 1658 (All Writs Act); 5 U.S.C. § 702 (Administrative Procedures Act); and Fed.R.Civ.P. 57, 65; and “the broad equitable powers of this Court.” None of these statutes provides this Court with jurisdiction. *See, e.g., Holt v. Davidson*, 441 F.Supp.2d 92, 96-97 (D.D.C. 2006).

Plaintiffs also assert various constitutional claims. Plaintiffs claim that the seizure of the pickup truck violated their rights under the First, Fourth, Fifth, Sixth, Ninth, Thirteenth, Fourteenth and Sixteenth Amendments of the United States Constitution. Plaintiffs have no cause of action on constitutional grounds. A government official may be sued in his/her individual capacity for violation of an individual’s constitutional rights. *Bivens v. Six Unknown Named Agents of the Federal Bureau of Narcotics*, 403 U.S. 388, 397 (1971). But such officials are entitled to immunity if their “conduct does not violate clearly established statutory or constitutional rights of which a reasonable person would have known.” *Harlow v. Fitzgerald*, 457 U.S. 800, 818 (1982); *Mitchell v. Forsyth*, 472 U.S. 511, 528 (1985) (officials are immune unless “the law clearly proscribed the actions.”). Here, plaintiffs allege that the individual defendants issued a levy and a notice of seizure and seized his pickup truck. These acts were not

QUESTIONS PRESENTED

1. Plaintiffs attempted to serve initial process on the defendants by having Clare L. Reading send copies of the complaint and summons to the individual defendants and the United States by certified mail. Fed.R.Civ.P. 4(i) requires that United States officers or employees must be served by personal service and Fed.R.Civ.P. 4(c) requires that service be effected by a non-party. Should the Court dismiss plaintiffs' complaint for failure to properly serve the defendants?

2. Plaintiffs allege that the individually-named Internal Revenue Service employees took certain actions in their official capacity while assessing and collecting federal taxes. Claims against such employees in their official capacity is a suit against the United States. Should the Court dismiss the individual defendants and substitute the United States as the proper party defendant?

3. Plaintiffs seek damages for the alleged "illegal" seizure of their pickup truck, injunctive and declaratory relief, and the return of the truck. Plaintiffs have not alleged that they filed a claim for damages, or that they come within any exception to the Anti-Injunction Act or the Declaratory Judgment Act, and they have not admitted they owe

proscribed by law; they were authorized by the Internal Revenue Code. *See* 26 U.S.C. §§6335-6339. In addition, the plaintiffs cannot maintain a *Bivens*-type cause of action where, as here, the action pertains to the assessment and/or collection of federal taxes. *See, e.g., Judicial Watch, Inc. v. Rossotti*, 317F.3d 401, 408-413 (4th Cir. 2003) (declining to extend *Bivens* to tax audit). Therefore, plaintiffs' constitutional claims must fail.

taxes, thus barring them from maintaining a quiet title action. Should the Court dismiss plaintiffs' complaint on these grounds?

STATEMENT

1. Introduction & background. Plaintiffs, Clare L. Reading and James L. Reading, filed this complaint on November 1, 2006. On November 27, 2006, plaintiffs filed returns of service showing that "Clare L. Reading" served the United States Attorney for District of Columbia, the United States Attorney General, Ann Taylor, Paul Chase, Cindy Mason and Bob Carey by certified mail on November 7, 2006. (*See* PACER # 2.)

2. Relief sought in the complaint. Plaintiffs seek four kinds of relief: 1) damages of \$63,000 for "illegal seizure" of their pickup truck (Compl. at 37, ¶ 3); 2) an injunction to prevent the defendants from selling the pickup truck and to compel defendants to release the federal tax lien (Compl. at 36, ¶¶ a, c); 3) declaratory relief (Compl. at 37, ¶¶ d, f-j); 2/ and 4) the return of a pickup truck that the Internal Revenue Service seized from them on September 22, 2006 (Compl. Compl. at 36, ¶ a).

2/ The specific declaratory relief plaintiffs seek is an order declaring that they "are not statutory citizens, persons, entities or like statutory creatures . . . who do not enjoy the protections of the Constitution;" that their labor is a property right protected by the Constitution; that defendants are bound by the Constitution; that the internal revenue laws are subject to Supreme Court precedent; that the defendants are bound by Acts of Congress; and that the plaintiffs are protected by the Fourteenth Amendment. (*See* Compl. p. 37, ¶¶ d, f, g, h, i, and j, respectively.) Plaintiff's request for declaratory relief is barred by the Declaratory Judgment Act. 28 U.S.C. § 2201.

ARGUMENT

I.

PLAINTIFF FAILED TO PROPERLY SERVE THE DEFENDANTS

A. The individual defendants were not personally served. Rule 4(i), in relevant part, states that an officer or employee of the United States sued in an individual capacity must be served by delivering a copy of the summons and complaint to the individual personally or by leaving copies thereof at the individual's dwelling or usual place of abode. Fed.R.Civ.P. 4(i)(2)(B), 4(e). Here, each of the individual defendants was served by certified mail at their general work addresses, in care of the United States Attorney for the District of Columbia, and in care of the Attorney General. (See PACER #2.) There is no evidence that any defendant was personally served in his or her individual capacity. Since this service does not comply with the federal rules, the individual defendants must be dismissed for plaintiffs' failure to properly serve them.

B. Service to all the defendants was ineffective because it was attempted by a party. Under Fed. R. Civ. P. 4(c)(2), service of a summons and complaint "may be effected by any person *who is not a party.*" (Emphasis added.) Conversely, a party to litigation may not serve the summons and complaint. Service of initial process *by a party to the action* is insufficient service. See, e.g., *Otto v. United States*, 2006 WL 2270399, *2 (D.D.C. 2006) (Rule 4(i) may govern *how* service may be effected in a suit against the United States, it does not change Rule 4(c)(2)'s requirements governing *who* may effect service") (citing *Bernard v. IRS*, 1991 WL 327960, at *3 (N.D. Fl. 1991); *Herman v. Comm'r*

of *Internal Revenue Service*, 1990 WL 10023593, at *1 (C.D. Cal. 1990); *Perkel v. United States*, 2001 WL 58964, *1 (N.D. Cal. 2001)).

Under rule 4(i), the United States must be served by: (1) delivering a copy of the summons and complaint to the United States attorney for the district in which the action is brought, or by sending a copy of the summons and complaint by registered or certified mail addressed to the civil process clerk at the office of the United States attorney; and (2) by sending a copy of the summons and complaint by registered or certified mail to the Attorney General of the United States at Washington, D.C.; and (3) by sending a copy of the summons and complaint by registered or certified mail to the officer, employee and/or agency of the United States being sued. Fed. R. Civ. P. 4(i); *Relf v. Gasch*, 511 F.2d 804 (D.C. Cir. 1975); *Hodge v. Rostker*, 501 F.Supp. 332, 332 (D.D.C. 1980).

Failure to properly serve the United States deprives the Court of personal jurisdiction, leaving the Court with no power to compel an answer or response. *Rabiolo v. Weinstein*, 357 F. 2d 167, 168 (7th Cir. 1966); see also *Insurance Corp. of Ireland v. Compagnie des Bauxites de Guinee*, 456 U.S. 694, 715 n.6 (1982) (Powell, J. concurring). A jurisdictional defect of this sort is fatal to maintenance of an action. *Bland v. Britt*, 271 F.2d 193 (4th Cir. 1959). Accordingly, courts routinely dismiss actions when service is improper. See *Light v. Wolf*, 816 F. 2d 746, 750 (D.C. Cir. 1987). Once a defendant challenges the sufficiency of service of process, the party alleging adequate service of process has the burden of proving that such service was proper. See *Myers v. American*

Dental Ass'n, 695 F. 2d 716, 725 n.10 (3d Cir. 1982); *Familia De Boom v. Arosa Mercantil, S.A.*, 629 F. 2d 1134, 1139 (5th Cir. 1980).

In this case, plaintiffs filed returns of service indicating that Clare L. Reading herself, served the summons on the Attorney General, the United States Attorney for the District of Columbia and the individual defendants. Clare L. Reading is, of course, a party to this action, and thus cannot properly serve the summons. Accordingly, plaintiffs have failed to properly serve the defendants, and their complaint must be dismissed.

II.

THE UNITED STATES IS THE PROPER PARTY

The United States is the proper party in this action because all the individual defendants were acting in their official capacity. A suit against Internal Revenue Service employees in their official capacity or relating to official tax assessment and collection duties, is essentially a suit against the United States, and the United States is the proper party defendant. *Gilbert v. DaGrossa*, 756 F.2d 1455, 1458 (9th Cir. 1985); *Zinda v. Johnson*, 463 F.Supp.2d 45, 48 (D.D.C. 2006). In this case, plaintiffs allege that defendant Agent Paul Chase removed their truck from their home (Compl. ¶ 10); that defendant Appeals Officer Paul Baker denied their appeal of the seizure (Compl. ¶13); and that defendants Ann Taylor, Paul Chase, Cindy Mason and Bob Carey issued Form 668-B Levy and Form 2433 Notice of Seizure (Comp. ¶ 18). These were acts within the official capacities and duties of these defendants, all the acts related to official tax

In this case, plaintiffs allege that the Internal Revenue Service failed to issue them a notice of deficiency as required under 26 U.S.C. § 6212, and thus deprived them of an opportunity to petition the Tax Court. (Compl. ¶ 25). But they also insist that the assessments against them are improper (Compl. ¶¶ 36-48) and that they are not “liable for any tax imposed under Title 26.” (Compl. ¶ 41.) Because plaintiffs are not merely questioning the legality of the procedures used to enforce a tax lien, but are instead, challenging the validity of the tax assessments against them, they cannot maintain an action under section 2410. *See Aqua*, 539 F.2d at 939. Therefore, plaintiffs’ complaint should be dismissed.

Even if plaintiffs are able to state a claim to quiet title, such action should be brought in Arizona where they live (Compl. at 1), where the seized property is located and where all the actions complained of in the complaint occurred. This Court has the discretion to either dismiss the case for lack of venue, or “in the interests of justice,” to transfer it “to any district or division in which it could have been brought.” 28 U.S.C. § 1406(a). Thus, as an alternative to dismissal, the Court should transfer plaintiffs’ action to Arizona.

CONCLUSION

Plaintiffs’ complaint should be dismissed because they failed to properly serve defendants, the Court has no jurisdiction over their claims for damages and for

injunctive and declaratory relief, and they have failed to state a claim under 28 U.S.C. § 2410, and in any case, the proper venue for such a suit is in Arizona, where plaintiffs reside and the property is located.

DATE: February 16, 2007.

Respectfully submitted,

/s/ Pat S. Genis

PAT S. GENIS, #446244

Trial Attorney, Tax Division

U.S. Department of Justice

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Washington, DC 20044

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OF COUNSEL:

JEFFREY A. TAYLOR
United States Attorney

Department of the Treasury
Internal Revenue Service

Date: FEB 13 2001

Taxpayer Identification Number: [REDACTED] 8531

Form: 1040

Person to Contact: Ms. Bowers

Telephone Number: (602) 207- 8339

Employee Identification Number: [REDACTED] 6162

Refer Reply to: Letter 531

Last Day to File a Petition With
the United States Tax Court: FEB 13 2001



JAMES L. READING
2425 EAST FOX
MESA, AZ 85213-5320 254

Tax Year Ended:	12/31/1993	12/31/1994	12/31/1995
Deficiency:			
Increase in tax	\$ 54,595.00	\$ 63,049.00	\$ 41,938.00
Penalties			
IRC 6651(a)(1)	\$ 12,909.00	\$ 15,762.00	\$ 10,484.00
IRC 6654	2,150.00	3,272.00	2,274.00

NOTICE OF DEFICIENCY

Dear TAXPAYER:

We have determined that you owe additional tax or other amounts, or both, for the tax year(s) identified above. This letter is your NOTICE OF DEFICIENCY, as required by law. The enclosed statement shows how we figured the deficiency.

If you want to contest this determination in court before making any payment, you have 90 days from the date of this letter (150 days if this letter is addressed to you outside of the United States) to file a petition with the United States Tax Court for a redetermination of the deficiency. You can get a copy of the rules for filing a petition and a petition form you can use by writing to the address below:

United States Tax Court
400 Second Street, NW
Washington, DC 20217

The Tax Court has a simplified procedure for small tax cases when the amount in dispute is \$50,000 or less for any one tax year. You can also get information about this procedure by writing to the Tax Court.

Send the completed petition form, a copy of this letter, and copies of all statements and/or schedules you received with this letter to the Tax Court at the above address. The Court cannot consider your case if the petition is filed late. The petition is considered timely filed if the postmark date falls within the prescribed 90 to 150 day period and the envelope containing the petition is properly addressed with the correct postage.

The time you have to file a petition with the court is set by law and cannot be extended or suspended. Thus, contacting the Internal Revenue Service (IRS) for more information, or receiving other correspondence from the IRS won't change the allowable period for filing a petition with the Tax Court.

210 E. Earll Drive, Stop 4021PHX, Phoenix, AZ 85012

Letter 531 (Rev. 12-98)

As required by law, separate notices are sent to husbands and wives. If this letter is addressed to both husband and wife, and both want to petition the Tax Court, both must sign and file the petition or each must file a separate petition. If more than one tax year is shown above, you may file one petition form showing all of the years you are contesting.

You may represent yourself before the Tax Court, or you may be represented by anyone admitted to practice before the Tax Court.

If you decide not to file a petition with the Tax Court, please sign the enclosed waiver form and return it to us at the IRS address found on the bottom of the first page of this letter. This will permit us to assess the deficiency quickly and can help limit the accumulation of interest.

If you decide not to sign and return the waiver, and you do not file a petition with the Tax Court within the time limit, the law requires us to assess and bill you for the deficiency after 90 days from the date of this letter (150 days if this letter is addressed to you outside the United States).

NOTE: If you are a C-Corporation, section 6621(c) of the Internal Revenue Code requires that we charge an interest rate two percent higher than the normal rate on large corporate underpayments of \$100,000 or more.

If you have questions about this letter, you may write to or call the contact person whose name, telephone number, and IRS address are shown on the front of this letter. If you write, please include your telephone number, the best time for us to call you if we need more information, and a copy of this letter to help us identify your account. Keep the original letter for your records. If you prefer to call and the telephone number is outside your local calling area, there will be a long distance charge to you.

The contact person can access your tax information and help you get answers. You also have the right to contact the office of the Taxpayer Advocate. Taxpayer Advocate assistance is not a substitute for established IRS procedures such as the formal appeals process. The Taxpayer Advocate is not able to reverse legally correct tax determinations, nor extend the time fixed by law that you have to file a petition in the U.S. Tax Court. The Taxpayer Advocate can, however, see that a tax matter that may not have been resolved through normal channels gets prompt and proper handling. If you want Taxpayer Advocate assistance, please contact the Taxpayer Advocate for the IRS office that issued this notice of deficiency. See the enclosed Notice 1214, Helpful Contacts for Your "Notice of Deficiency", for Taxpayer Advocate telephone numbers and addresses.

Thank you for your cooperation.

Sincerely,

Charles O. Rossotti
Commissioner
By



Norman McDowell
Reviewer

Enclosures:
Explanation of tax changes
Waiver
Notice 1214

Letter 531 (Rev. 12-98)

Prod0002

US05814

Name and Address of Taxpayer JAMES L. READING	SS or EI Number: [REDACTED] 8531		Return Form No. 1040
	Person with whom examination changes were discussed	Name and Title	
1. Adjustments to Income	Period End 12/31/1993	Period End 12/31/1994	Period End 12/31/1995
A. 1099MISC-PILOT & ASSOC.	\$ 25,628.00	\$ 44,574.00	\$ 117,648.00
B. 1099MISC-PILOT CATASTROPH	14,935.00	112,015.00	
C. CAPITAL GAIN OR LOSS	85,889.00	11,948.00	
D. DIVIDEND INCOME	338.00	59.00	
E. EXEMPTIONS			(1,400.00)
F. INTEREST INCOME	96.00		
G. SE AGI ADJUSTMENT	(1,833.00)	(5,854.00)	(5,370.00)
H. STANDARD DEDUCTION	(3,100.00)	(3,175.00)	(3,275.00)
I. WAGES-PILOT TEMP. SERVICE	36,796.00		
J.			
K.			
L.			
M.			
N.			
O.			
P.			
Q.			
R.			
S.			
2. Total Adjustments	158,749.00	159,567.00	107,603.00
3. Taxable Income Per Return or as Previously Adjusted	0.00	0.00	0.00
4. Corrected Taxable Income	158,749.00	159,567.00	107,603.00
Tax Method	SCHEDULE D	TAX RATE	TAX RATE
Filing Status	MARRIED SEPARATE	MARRIED SEPARATE	MARRIED SEPARATE
5. Tax	50,929.00	51,341.00	31,198.00
6. Additional Taxes			
7. Corrected Tax Liability	50,929.00	51,341.00	31,198.00
8. Less Credits			
A.			
B.			
C.			
D.			
9. Balance (Line 7 less total of lines 8A through 8D)	50,929.00	51,341.00	31,198.00
10. Plus			
A. SELF EMPLOYMENT TAX	3,666.00	11,708.00	10,748.00
Other			
B.			
Taxes			
C.			
D.			
11. Total Corrected Tax Liability (Line 9 + lines 10A to 10D)	54,595.00	63,049.00	41,938.00
12. Total Tax Shown on Return or as Previously Adjusted	0.00	0.00	0.00
13. Adjustments to			
A. Special Fuels Credit			
B.			
14. Deficiency - Increase in Tax or (Overassessment - Decrease in tax) (Line 11 less Line 12 adjusted by Line 13)	54,595.00	63,049.00	41,938.00
15. Adjustments to Prepayment Credits	2,959.00		
16. Balance Due or Overpayment (Line 14 Adjusted by Line 15) (Excluding Interest and penalties)	\$ 51,636.00	\$ 63,049.00	\$ 41,938.00

The Internal Revenue Service has agreements with State tax agencies under which information about Federal tax, including increases or decreases, is exchanged with the States. If this change affects the amount of your State income tax, you should file the State form.

You may be subject to backup withholding if you underreport your interest, dividend, or patronage dividend income and do not pay the required tax. The IRS may order backup withholding at 31 percent after four notices have been issued to you over a 120-day period and the tax has been assessed and remains unpaid.

Name of Taxpayer: JAMES L. READING		SS or EI Number: █████-8531		Return Form No. 1040
17. Penalties		Period End 12/31/1993	Period End 12/31/1994	Period End 12/31/1995
A. DELQ-IRC 6651(a)(1)		\$ 12,909.00	\$ 15,762.25	\$ 10,484.50
B. ESTIMATED TAX-IRC 6654		2,149.74	3,271.72	2,274.00
C.				
D.				
E.				
F.				
G.				
H.				
I.				
J.				
K.				
L.				
M.				
N.				
18. Total Penalties		15,058.74	19,033.97	12,758.50
19. Underpayment attributable to negligence: (1981 - 1987) An Addition to the tax of 50 percent of the interest due on this underpayment will accrue until paid or assessed.				
20. Underpayment attributable to fraud: (1982 - 1987) An addition to the tax of 50 percent of the interest due on this underpayment will accrue until paid or assessed.				
21. Underpayment attributable to Tax Motivated Transactions: TMT Interest will accrue and be assessed at 120 percent of the underpayment rate in accordance with IRC 6621(c).				
Summary of Taxes, Penalties and Interest:				
A. Balance due or Overpayment of Taxes (line 16, page 1)		51,636.00	63,049.00	41,938.00
B. Penalties (line 18, page 2) (computed to 04/27/2000)		15,058.74	19,033.97	12,758.50
C. Interest (IRC 6601) (computed to 04/27/2000)		18,000.00	22,000.00	14,000.00
D. TMT Interest (computed to 04/27/2000 on TMT underpay)		66,694.74	82,082.97	54,696.50
E. Amount due or refund (sum of lines A. B. C. and D.)		10,000.00	10,000.00	10,000.00

Other Information:

Examiner's Signature	District Southwest	Date 03/28/2000
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Department of the Treasury
Internal Revenue Service
DISTRICT DIRECTOR

DEFAULTED

Date: **NOV 15 2000**

Taxpayer Identification Number: [REDACTED] 4550

Form: 1040

Person to Contact: Ms. Bowers

Telephone Number: (602) 207- 8339

Employee Identification Number: [REDACTED] 6162

Refer Reply to: Letter 531

Last Day to File a Petition With
the United States Tax Court: **FEB 13 2001**



CLARE READING
2425 EAST FOX STREET
MESA, AZ 85213-5320 254

Tax Year Ended:	12/31/1994	12/31/1995
Deficiency:		
Increase in tax	\$ 23,243.00	\$ 12,489.00
Penalties		
IRC 6651(a)(1)	\$ 5,811.00	\$ 3,122.00
IRC 6654	1,206.00	677.00

NOTICE OF DEFICIENCY

Dear TAXPAYER:

We have determined that you owe additional tax or other amount above. This letter is your NOTICE OF DEFICIENCY, as required by law how we figured the deficiency.

If you want to contest this determination in court before making a the date of this letter (150 days if this letter is addressed to you outside with the United States Tax Court for a redetermination of the deficiency filing a petition and a petition form you can use by writing to the address:

United States Tax Cou
400 Second Street, NV
Washington, DC 2021

The Tax Court has a simplified procedure for small tax cases whe less for any one tax year. You can also get information about this proce

Send the completed petition form, a copy of this letter, and copies you received with this letter to the Tax Court at the above address. The the petition is filed late. The petition is considered timely filed if the pos 90 to 150 day period and the envelope containing the petition is properl

The time you have to file a petition with the court is set by law and Thus, contacting the Internal Revenue Service (IRS) for more information, or receiving other correspondence from the IRS won't change the allowable period for filing a petition with the Tax Court.

Z 096 928 396

TPW

US Postal Service
Receipt for Certified Mail
No Insurance Coverage Provided.
Do not use for International Mail (See reverse)

Sent to	
Street & Number	
Post Office, State, & ZIP Code	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	

PS Form 3800, April 1995

Department of the Treasury
 Internal Revenue Service
 DISTRICT DIRECTOR

DEFAULTED

Date: **NOV 15 2000**

Taxpayer Identification Number: [REDACTED] 4550

Form: 1040

Person to Contact: Ms. Bowers

Telephone Number: (602) 207- 8339

Employee Identification Number: [REDACTED] 6162

Refer Reply to: Letter 531

Last Day to File a Petition With
 the United States Tax Court: **FEB 13 2001**

CLARE READING
 2425 EAST FOX STREET
 MESA, AZ 85213-5320 254

Tax Year Ended:	12/31/1994	12/31/1995
Deficiency:		
Increase in tax	\$ 23,243.00	\$ 12,489.00
Penalties		
IRC 6651(a)(1)	\$ 5,811.00	\$ 3,122.00
IRC 6654	1,206.00	677.00

NOTICE OF DEFICIENCY

Dear TAXPAYER:

We have determined that you owe additional tax or other amounts, or both, for the tax year(s) identified above. This letter is your NOTICE OF DEFICIENCY, as required by law. The enclosed statement shows how we figured the deficiency.

If you want to contest this determination in court before making any payment, you have 90 days from the date of this letter (150 days if this letter is addressed to you outside of the United States) to file a petition with the United States Tax Court for a redetermination of the deficiency. You can get a copy of the rules for filing a petition and a petition form you can use by writing to the address below:

United States Tax Court
 400 Second Street, NW
 Washington, DC 20217

The Tax Court has a simplified procedure for small tax cases when the amount in dispute is \$50,000 or less for any one tax year. You can also get information about this procedure by writing to the Tax Court.

Send the completed petition form, a copy of this letter, and copies of all statements and/or schedules you received with this letter to the Tax Court at the above address. The Court cannot consider your case if the petition is filed late. The petition is considered timely filed if the postmark date falls within the prescribed 90 to 150 day period and the envelope containing the petition is properly addressed with the correct postage.

The time you have to file a petition with the court is set by law and cannot be extended or suspended. Thus, contacting the Internal Revenue Service (IRS) for more information, or receiving other correspondence from the IRS won't change the allowable period for filing a petition with the Tax Court.

-2-

As required by law, separate notices are sent to husbands and wives. If this letter is addressed to both husband and wife, and both want to petition the Tax Court, both must sign and file the petition or each must file a separate petition. If more than one tax year is shown above, you may file one petition form showing all of the years you are contesting.

You may represent yourself before the Tax Court, or you may be represented by anyone admitted to practice before the Tax Court.

If you decide not to file a petition with the Tax Court, please sign the enclosed waiver form and return it to us at the IRS address found on the bottom of the first page of this letter. This will permit us to assess the deficiency quickly and can help limit the accumulation of interest.

If you decide not to sign and return the waiver, and you do not file a petition with the Tax Court within the time limit, the law requires us to assess and bill you for the deficiency after 90 days from the date of this letter (150 days if this letter is addressed to you outside the United States).

NOTE: If you are a C-Corporation, section 6621(c) of the Internal Revenue Code requires that we charge an interest rate two percent higher than the normal rate on large corporate underpayments of \$100,000 or more.

If you have questions about this letter, you may write to or call the contact person whose name, telephone number, and IRS address are shown on the front of this letter. If you write, please include your telephone number, the best time for us to call you if we need more information, and a copy of this letter to help us identify your account. Keep the original letter for your records. If you prefer to call and the telephone number is outside your local calling area, there will be a long-distance charge to you.

The contact person can access your tax information and help you get answers. You also have the right to contact the office of the Taxpayer Advocate. Taxpayer Advocate assistance is not a substitute for established IRS procedures such as the formal appeals process. The Taxpayer Advocate is not able to reverse legally correct tax determinations, nor extend the time fixed by law that you have to file a petition in the U.S. Tax Court. The Taxpayer Advocate can, however, see that a tax matter that may not have been resolved through normal channels gets prompt and proper handling. If you want Taxpayer Advocate assistance, please contact the Taxpayer Advocate for the IRS office that issued this notice of deficiency. See the enclosed Notice 1214, Helpful Contacts for Your "Notice of Deficiency", for Taxpayer Advocate telephone numbers and addresses.

Thank you for your cooperation.

Sincerely,

Charles O. Rossotti
Commissioner
By

Norman McDowell

Norman McDowell
Reviewer

Enclosures:
Explanation of tax changes
Waiver
Notice 1214

Form 4089	Department of Treasury - Internal Revenue Service NOTICE OF DEFICIENCY - WAIVER	Symbols 4021PHX
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Name, SSN or EIN, and Address of Taxpayer (s)

██████████ 4550
 CLARE READING
 2425 EAST FOX STREET
 MESA, AZ 85213-5320 254

Kind of Tax INCOME	<input checked="" type="checkbox"/> Copy to Authorized Representative RAY P. POPE 25525 SR 46 STE1 MT PLYMOUTH, FL 32776
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DEFICIENCY - Increase in Tax and Penalties

Tax Year Ended:	12/31/1994	12/31/1995	
Deficiency:			
Increase in tax	\$ 23,243.00	\$ 12,489.00	
PENALTIES:			
IRC 6651(a)(1)	\$ 5,811.00	\$ 3,122.00	
IRC 6654	1,206.00	677.00	

I consent to the immediate assessment and collection of the deficiencies (increase in tax and penalties) shown above, plus any interest provided by law.

Your Signature _____ Date Signed _____

Spouse's Signature, If A Joint Return Was Filed _____ Date Signed _____

Taxpayer's Representative Sign Here _____ Date Signed _____

Corporate Name:

Corporate Officers Sign Below:

Signature	Title	Date Signed

(For instructions, see next Page)
 If you agree, please sign this form and return it.
 Keep a copy for your records

- 2 -

Instructions for Form 4089

Note:

If you consent to the assessment of the amounts shown in this waiver, please sign and return it in order to limit the accumulation of interest and expedite our bill to you. Your consent will not prevent you from filing a claim for refund (after you have paid the tax) if you later believe you are entitled to a refund. It will not prevent us from later determining, if necessary, that you owe additional tax; nor will it extend the time provided by law for either action.

If you later file a claim and the Internal Revenue Service disallows it, you may file suit for refund in a district court or in the United States Claims Court, but you may not file a petition with the United States Tax Court.

Who Must Sign:

If this waiver is for any years(s) for which you filed a joint return, both you and your spouse must sign the original and duplicate of this form. Sign your name exactly as it appears on the return. If you are acting under power of attorney for your spouse, you may sign as agent for him or her.

For an agent or attorney acting under a power of attorney, a power of attorney must be sent with this form if not previously filed

For a person acting in the fiduciary capacity (executor, administrator, trustee) file Form 56, Notice Concerning Fiduciary Relationship, with this form if not previously filed.

For a corporation, enter the name of the corporation followed by the signature and title of the officer(s) authorized to sign.

Optional Paragraphs:

A check in the block to the left of a paragraph below indicates that the paragraph applies to your situation.

- The amount shown as the deficiency may not be billed, since all or part of the refund due has been held to offset all or a portion of the amount of the deficiency. The amount that will be billed, if any, is shown on the attached examination report.
- The amount shown, as the deficiency may not be billed, since the refund due will be reduced by the amount of the deficiency. The new refund due is shown on the attached examination report.

Department of the Treasury - Internal Revenue Service
Income Tax Examination Changes

Name and Address of Taxpayer CLARE READING	SS or EI Number: [REDACTED] 4550		Return Form No. 1040
	Person with whom examination changes were discussed	Name and Title	
1. Adjustments to Income	Period End 12/31/1994	Period End 12/31/1995	Period End
A. 1999MISC-PILOT & ASSOC.	\$ 22,287.00	\$	\$
B. 1999MISC-PILOT CATASTROPH	56,008.00	58,824.00	
C. CAPITAL GAIN OR LOSS	11,948.00		
D. DIVIDEND INCOME	59.00		
E. EXEMPTIONS	(2,156.00)	(2,500.00)	
F. STANDARD DEDUCTION	(3,175.00)	(3,275.00)	
G.			
H.			
I.			
J.			
K.			
L.			
M.			
N.			
O.			
P.			
Q.			
R.			
S.			
2. Total Adjustments	84,971.00	53,049.00	
3. Taxable Income Per Return or as Previously Adjusted	0.00	0.00	
4. Corrected Taxable Income	84,971.00	53,049.00	
Tax Method	TAX TABLE	TAX TABLE	
Filing Status	MARRIED SEPARATE	MARRIED SEPARATE	
5. Tax	23,243.00	12,489.00	
6. Additional Taxes			
7. Corrected Tax Liability	23,243.00	12,489.00	
8. Less Credits			
A.			
B.			
C.			
D.			
9. Balance (Line 7 less total of lines 8A through 8D)	23,243.00	12,489.00	
10. Plus Other Taxes			
A.			
B.			
C.			
D.			
11. Total Corrected Tax Liability (Line 9 + lines 10A to 10D)	23,243.00	12,489.00	
12. Total Tax Shown on Return or as Previously Adjusted	0.00	0.00	
13. Adjustments to A. Special Fuels Credit			
B.			
14. Deficiency - Increase in Tax or (Overassessment - Decrease in tax) (Line 11 less Line 12 adjusted by Line 13)	23,243.00	12,489.00	
15. Adjustments to Prepayment Credits			
16. Balance Due or Overpayment (Line 14 Adjusted by Line 15) (Excluding Interest and penalties)	\$ 23,243.00	\$ 12,489.00	\$

The Internal Revenue Service has agreements with State tax agencies under which information about Federal tax, including increases or decreases, is exchanged with the States. If this change affects the amount of your State income tax, you should file the State form.

You may be subject to backup withholding if you underreport your interest, dividend, or patronage dividend income and do not pay the required tax. The IRS may order backup withholding at 31 percent after four notices have been issued to you over a 120-day period and the tax has been assessed and remains unpaid.

Department of the Treasury - Internal Revenue Service
Income Tax Examination Changes

Name of Taxpayer: CLARE READING		SS or EI Number: [REDACTED]-4550	Return Form No. 1040
17. Penalties		Period End 12/31/1994	Period End 12/31/1995
		Period End	
A. DELQ-IRC 6651(a)(1)		\$ 5,810.75	\$ 3,122.25
B. ESTIMATED TAX-IRC 6654		1,206.09	677.18
C.			
D.			
E.			
F.			
G.			
H.			
I.			
J.			
K.			
L.			
M.			
N.			
18. Total Penalties		7,016.84	3,799.43
19. Underpayment attributable to negligence: (1981 - 1987) An Addition to the tax of 50 percent of the interest due on this underpayment will accrue until paid or assessed.			
20. Underpayment attributable to fraud: (1982 - 1987) An addition to the tax of 50 percent of the interest due on this underpayment will accrue until paid or assessed.			
21. Underpayment attributable to Tax Motivated Transactions: TMT Interest will accrue and be assessed at 120 percent of the underpayment rate in accordance with IRC 6621(c).			
Summary of Taxes, Penalties and Interest:			
A. Balance due or Overpayment of Taxes (line 16, page 1)		23,243.00	12,489.00
B. Penalties (line 18, page 2) (computed to 04/27/2000)		7,016.84	3,799.43
C. Interest (IRC 6601) (computed to 04/27/2000)		6,017.50	6,017.50
D. TMT Interest (computed to 04/27/2000 on TMT underpay)		30,259.84	16,288.43
E. Amount due or refund (sum of lines A. B. C. and D.)		56,537.18	28,595.96

Other Information:

Examiner's Signature	District Southwest	Date 03/28/2000
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71782665939544639718
7178 2665 9395 4463 9718

JAMES LESLIE READING
2425 E FOX ST
MESA, AZ 85213-5320254



Cut here and return this portion with your correspondence. Be sure the IRS address appears in the envelope window.

Notice Number: LTR3219
Notice Date: February 16, 2010

PC0311

[REDACTED]

Internal Revenue Service
OGDEN SERVICE CENTER
OGDEN, UT 84201-0040

JAMES LESLIE READING
2425 E FOX ST
MESA, AZ 85213-5320254

8420100401

Prod0093

Department of the Treasury
Internal Revenue Service
 Ogden, UT 84201-0040

Letter Number: 3219(SC/CG)
Letter Date: February 16, 2010

Taxpayer Identification Number:

7178 2665 9395 4463 9718

Tax Form: 1040

Tax Year Ended and Deficiency
 DECEMBER 31, 2008 \$5,051.00

Contact Person:
 MS. GREEN 29-12033

Contact Telephone Number:
 (866) 899-9083
 (TOLL FREE NUMBER)

Hours to Call
 7:00 AM - 7:00 PM MST M-F

Last Date to Petition Tax Court:
 May 17, 2010

Penalties/Additions to Tax

IRC Section 6651(a)(1)	\$1,136.48
IRC Section 6654(a)	\$162.32
IRC Section 6651(a)(2)	\$151.53

JAMES LESLIE READING
 2425 E FOX ST
 MESA, AZ 85213-5320254

Dear Taxpayer:

We have determined that there is a deficiency (increase) in your income tax as shown above. This letter is your **NOTICE OF DEFICIENCY**, as required by law. The enclosed statement shows how we figured the deficiency.

If you want to contest this determination in court before making any payment, you have until the **Last Date to Petition Tax Court** (90 days from the date of this letter or 150 days if the letter is addressed to you outside the United States) to file a petition with the United States Tax Court for redetermination of the amount of your tax. You can get a petition form and the rules for filing a petition from the Tax Court. You should file the petition with the **United States Tax Court, 400 Second Street NW, Washington D.C. 20217**. Attach a copy of this letter to the petition.

The time in which you must file a petition with the court (90 days or 150 days as the case may be) is fixed by law and the Court cannot consider your case if the petition is filed late. As required by law, separate notices are sent to spouses. If this letter is addressed to both a husband and wife, and both want to petition the Tax Court, both must sign the petition or each must file a separate, signed petition.

The Tax Court has a simplified procedure for small tax cases when the amount in dispute is \$50,000 or less for any one tax year. You can also get information about this procedure, as well as a petition form you can use, by writing to the Clerk of the United States Tax Court at 400 Second Street, NW, Washington, D.C. 20217. You should write promptly if you intend to file a petition with the Tax Court.

If you decide *not* to file a petition with the Tax Court, please sign and return the enclosed waiver form to us. This will permit us to assess the deficiency quickly and will limit the accumulation of interest. We've enclosed an envelope you can use. If you decide not to sign and return the waiver and you do not petition the Tax Court, the law requires us to assess and bill you for the deficiency after 90 days from the date of this letter (150 days if this letter is addressed to you outside the United States).

Prod0094

If you have questions about this letter, you may call the Contact Person whose name and telephone number are shown in the heading of this letter. If this number is outside your local calling area, there will be a long distance charge to you. If you prefer, you can call the Internal Revenue Service (IRS) telephone number in your local directory. An IRS employee there may be able to help you, but the office at the address shown on this letter is most familiar with your case.

When you send information we requested or if you write to us about this letter, please provide a telephone number and the best time to call you if we need more information. Please attach this letter to your correspondence to help us identify your case. Keep the copy for your records.

The person whose name and telephone number are shown in the heading of this letter can access your tax information and help get you answers. You also have the right to contact the Taxpayer Advocate. You can call 1-877-777-4778 and ask for Taxpayer Advocate Assistance. Or you can contact the Taxpayer Advocate for the IRS Office that issued this Notice of Deficiency by calling (801) 620-7168 or writing to:

OGDEN SERVICE CENTER
TAXPAYER ADVOCATE
P.O. BOX 9941, STOP 1005
OGDEN, UT 84409

Taxpayer Advocate assistance is not a substitute for established IRS procedures such as the formal appeals process. The Taxpayer Advocate is not able to reverse legally correct tax determinations, nor extend the time fixed by law that you have to file a petition in the United States Tax Court. The Taxpayer Advocate can, however, see that a tax matter that may not have been resolved through normal channels gets prompt and proper handling.

Thank you for your cooperation.

Sincerely yours,

Commissioner

By



S1STSIGA

HENRY SLAUGHTER
SERVICE CENTER
Ogden Service Center

Enclosures:

Copy of this letter

Waiver

Envelope

Form 5564 (Rev. June 1992)	Department of the Treasury – Internal Revenue Service NOTICE OF DEFICIENCY – WAIVER	Symbols Ogden 4622
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Name and Address of Taxpayer(s) JAMES LESLIE READING 2425 E FOX ST MESA, AZ 85213-5320254	February 16, 2010
--	-----------------------

Kind of Tax INDIVIDUAL INCOME	<input checked="" type="checkbox"/> Copy to Authorized Representative MICHAEL A BIGLEY
--------------------------------------	---

Tax Year Ended DECEMBER 31, 2008	DEFICIENCY	
	Increase in Tax \$5,051.00	Penalties
	IRC Section 6651(a)(1)	\$1,136.48
	IRC Section 6654(a)	\$162.32
	IRC Section 6651(a)(2)	\$151.53

I consent to the immediate assessment and collection of the deficiencies (increase in tax and penalties) shown above, plus any interest. Also, I waive the requirement under section 6532(a) (1) of the Internal Revenue Code that a notice of claim disallowance be sent to me by certified mail for any overpayment shown on the attached report.

I understand that the filing of this waiver is irrevocable and it will begin the 2-year period for filing suit for refund of the claims disallowed as if the notice of disallowance had been sent by certified or registered mail.

Signature		Date
		Date
	By	Title

Note: If you consent to the assessment of the deficiencies shown in this waiver, please sign and return this form to limit the interest charge and expedite our bill to you. Please do not sign and return any prior notices you may have received. Your consent signature is required on this waiver, even if fully paid.

Your consent will not prevent you from filing a claim for refund (after you have paid the tax) if you later believe you are so entitled; nor prevent us from later determining, if necessary, that you owe additional tax; nor extend the time provided by law for such action.

If you later file a claim and the Service disallows it, you may file suit for refund in a District Court or in the United States Claims Court, but you may not file a petition with the United States Tax Court.

Who Must Sign: If you filed jointly, both you and your spouse must sign. Your attorney or agent may sign this waiver provided that action is specifically authorized by a power of attorney which, if not previously filed, must accompany this form.

If this waiver is signed by a person acting in a fiduciary capacity (for example, an executor, administrator, or a trustee), Form 56, Notice Concerning Fiduciary Relationship, should, unless previously filed, accompany this form.

If you agree, please sign and return this form; keep one copy for your records.

Form 4549 (Rev. May 2008)		Department of the Treasury-Internal Revenue Service Income Tax Examination Changes		Page <u>1</u> of <u>2</u>
Name and Address of Taxpayer JAMES L READING 2425 EAST FOX STREET MESA AZ 85213-5320		Taxpayer Identification Number ██████████		Return Form No.: 1040
		Person with whom examination changes were discussed.	Name and Title:	
1. Adjustments to Income		Period End 12/31/2008	Period End	Period End
a. Sch C1 - Wage, Colonial Claims Corp		23,858.00		
b. Wages, Whiteguard Roof Coating & Wa		630.00		
c. SE AGI Adjustment		(1,686.00)		
d. Standard Deduction		(5,450.00)		
e. Exemptions		(3,500.00)		
f.				
g.				
h.				
i.				
j.				
k.				
l.				
m.				
n.				
o.				
p.				
2. Total Adjustments		13,852.00		
3. Taxable Income Per Return or as Previously Adjusted		0.00		
4. Corrected Taxable Income		13,852.00		
Tax Method		TAX TABLE		
Filing Status		Married Separate		
5. Tax		1,680.00		
6. Additional Taxes / Alternative Minimum Tax				
7. Corrected Tax Liability		1,680.00		
8. Less a.				
Credits b.				
c.				
d.				
9. Balance (Line 7 less Lines 8a through 8d)		1,680.00		
10. Plus a. Self Employment Tax		3,371.00		
Other b.				
Taxes c.				
d.				
11. Total Corrected Tax Liability (Line 9 plus Lines 10a through 10d)		5,051.00		
12. Total Tax Shown on Return or as Previously Adjusted		0.00		
13. Adjustments to: a.				
b.				
c.				
14. Deficiency-Increase in Tax or (Overassessment-Decrease in Tax) (Line 11 less Line 12 adjusted by Lines 13a through 13c)		5,051.00		
15. Adjustments to Prepayment Credits - Increase (Decrease)				
16. Balance Due or (Overpayment) - (Line 14 adjusted by Line 15) (Excluding interest and penalties)		5,051.00		

The Internal Revenue Service has agreements with state tax agencies under which information about federal tax, including increases or decreases, is exchanged with the states. If this change affects the amount of your state income tax, you should amend your state return by filing the necessary forms.

You may be subject to backup withholding if you underreport your interest, dividend, or patronage dividend income you earned and do not pay the required tax. The IRS may order backup withholding (*withholding of a percentage of your dividend and/or interest income*) if the tax remains unpaid after it has been assessed and four notices have been issued to you over a 120-day period.

Form 4549 (Rev. May 2008)	Department of the Treasury-Internal Revenue Service Income Tax Examination Changes		Page <u>2</u> of <u>2</u>
Name of Taxpayer JAMES L READING	Taxpayer Identification Number 	Return Form No.: 1040	
17. Penalties/ Code Sections	Period End 12/31/2008	Period End	Period End
a. Delq-IRC 6651(a) (2)	151.53		
b. Delq-IRC 6651(a) (1)	1,136.48		
c. Estimated Tax-IRC 6654	162.32		
d.			
e.			
f.			
g.			
h.			
i.			
j.			
k.			
l.			
m.			
n.			
18. Total Penalties	1,450.33		
Underpayment attributable to negligence: (1981-1987) A tax addition of 50 percent of the interest due on the underpayment will accrue until it is paid or assessed.			
Underpayment attributable to fraud: (1981-1987) A tax addition of 50 percent of the interest due on the underpayment will accrue until it is paid or assessed.			
Underpayment attributable to Tax Motivated Transactions (TMT). The interest will accrue and be assessed at 120% of the underpayment rate in accordance with IRC §6621(c)			
	0.00		
19. Summary of Taxes, Penalties and Interest:			
a. Balance due or (Overpayment) Taxes - (Line 16, Page 1)	5,051.00		
b. Penalties (Line 18) - computed to 10/05/2009	1,450.33		
c. Interest (IRC § 6601) - computed to 10/30/2009	139.04		
d. TMT Interest - computed to 10/30/2009 (on TMT underpayment)	0.00		
e. Amount due or (refund) - (sum of Lines a, b, c and d)	6,640.37		

Other Information:

Examiner's Signature: Ms. Green - MS 4388	Employee ID: 29-12033	Office: Ogden Service Center	Date: 10/05/2009
--	--------------------------	---------------------------------	---------------------

Consent to Assessment and Collection- I do not wish to exercise my appeal rights with the Internal Revenue Service or to contest in the United States Tax Court the findings in this report. Therefore, I give my consent to the immediate assessment and collection of any increase in tax and penalties, and accept any decrease in tax and penalties shown above, plus additional interest as provided by law. It is understood that this report is subject to acceptance by the Area Director, Area Manager, Specialty Tax Program Chief, or Director of Field Operations.

PLEASE NOTE: If a joint return was filed, BOTH taxpayers must sign

Signature of Taxpayer	Date:	Signature of Taxpayer	Date:
By:		Title:	Date:

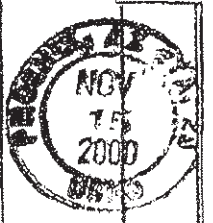


Z096928394 JAMES L READING
2425 EAST FOX MESA, AZ 85213-5320

TPH 9312, 9412, 9512
9612,

Z096928396 CLARE READING
2425 EAST FOX STREET MESA, AZ 85213-5320

TPW 9412, 9512,



Total Number of Pieces Listed by Sender
12 Pieces Date 11/15/00

Total Number of Pieces Received at Post Office
18

Postmaster, Per (Name of Receiving Employee)

Substitute for PS Form 3827, February 1994

NAME AND ADDRESS
OF SENDER

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
AUDIT DIVISION
Ogden, UT 84201-0040

SUBSTITUTE USPS FORM 3677

February 16, 2010
EXH

PAGE 18

ADDRESS

ARTICLE NO.

03. JAMES LESLIE READING
2025 E FOX ST
04. JAMES LESLIE READING
3115 E PARK AVE

MICHAEL A BIGLEY
GILBERT, AZ 85234-6564153

7178 2665 9395 4463 9725
POSTAGE FEES PAID BY IRS 2009



TOTAL NO. OF PIECES
LISTED BY SENDER 12

TOTAL NO. OF PIECES
RECEIVED AT P.O.

POSTMASTER (PER NAME OF RECEIVING EMPLOYEE)
DATE

NOTICES LISTED HEREON WERE ISSUED BY:

IRS OGDEN UT
USPS - 84201
FEB 16 2010
[Signature]

(ANNUAL SIGNATURE)

ENVELOPE

DEC 18 2006

LEGAL NOTICE: PREPARED, SIGNED, AND FILED UNDER DURESS - UWE
SEE VERIFIED NOTICE ATTACHED.

CLEARED BY STATUTES
 FRESNO STATUTE TEAM
 5/19/17-1-23-06
 DATE 1-23-06

Form **1040** U.S. Individual Income Tax Return **1997** (99) IRS Use Only—Do not write or staple in this space.

Department of the Treasury—Internal Revenue Service

For the year Jan. 1–Dec. 31, 1997, or other tax year beginning 1997, ending 19 OMB No. 1545-0074

Label

(See instructions on page 10.)
Use the IRS label. Otherwise, please print or type.

LABEL HERE	Your first name and initial <i>Clare L.</i>	Last name <i>Reading</i>
	If a joint return, spouse's first name and initial <i>N/A</i>	Last name <i>N/A</i>
	Home address (number and street). If you have a P.O. box, see page 10. <i>2425 EAST FOX STREET</i>	
	City, town or post office, state, and ZIP code. If you have a foreign address, see page 10. <i>MESA, ARIZONA 85213</i>	
	Apt. no.	

Your social security number
[REDACTED]

Spouse's social security number

For help in finding line instructions, see pages 2 and 3 in the booklet

Presidential Election Campaign (See page 10.)

Do you want \$3 to go to this fund?

If a joint return, does your spouse want \$3 to go to this fund?



Filing Status

- 1 Single
- 2 Married filing joint return (even if only one had income)
- 3 Married filing separate return. Enter spouse's social security no. above and full name here. ▶
- 4 Head of household (with qualifying person). (See page 10.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶
- 5 Qualifying widow(er) with dependent child (year spouse died ▶ 19). (See page 10.)

Check only one box.

Exemptions

6a **Yourself.** If your parent (or someone else) can claim you as a dependent on his or her tax return, do not check box 6a.

b **Spouse**

c **Dependents:**

(1) First name	Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) No. of months lived in your home in 1997
RECEIVED JAN 10 2007				
FRP 303				

d Total number of exemptions claimed **FRP 303**

If more than six dependents, see page 10.

No. of boxes checked on 6a and 6b **1**

No. of your children on 6c who:

- lived with you
- did not live with you due to divorce or separation (see page 11)

Dependents on 6c not entered above

Add numbers entered on lines above ▶ **1**

Income

Attach Copy B of your Forms W-2, W-2G, and 1099-R here. If you did not get a W-2, see page 12.

7	Wages, salaries, tips, etc. Attach Form(s) W-2.	7	
8a	Taxable interest. Attach Schedule B if required.	8a	
8b	Exempt interest. DO NOT include on line 8a.	8b	
9	Dividends. Attach Schedule B if required.	9	
10	Taxable refunds, credits, or offsets of state and local income taxes (see page 12).	10	
11	Alimony received.	11	
12	Business income or (loss). Attach Schedule C or C-EZ.	12	
13	Capital gain or (loss). Attach Schedule D.	13	
14	Other gains or (losses). Attach Form 4797.	14	0.00
15a	Total IRA distributions.	15a	
15b	Taxable amount (see page 13)	15b	
16a	Total pensions and annuities.	16a	
16b	Taxable amount (see page 13)	16b	
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E.	17	
18	Farm income or (loss). Attach Schedule F.	18	
19	Unemployment compensation.	19	
20a	Social security benefits.	20a	
20b	Taxable amount (see page 14)	20b	
21	Other income. List type and amount—see page 15.	21	
22	Add the amounts in the far right column for lines 7 through 21. This is your total income ▶	22	0

Adjusted Gross Income

If line 32 is under \$29,290 (under \$9,770 if a child did not live with you), see EIC inst. on page 21.

23	IRA deduction (see page 16).	23	
24	Medical savings account deduction. Attach Form 8853.	24	
25	Moving expenses. Attach Form 3903 or 3903-F.	25	
26	One-half of self-employment tax. Attach Schedule SE.	26	
27	Self-employed health insurance deduction (see page 17).	27	
28	Keogh and self-employed SEP and SIMPLE plans.	28	
29	Penalty on early withdrawal of savings.	29	
30a	Alimony paid b Recipient's SSN ▶	30a	
31	Add lines 23 through 30a.	31	
32	Subtract line 31 from line 22. This is your adjusted gross income ▶	32	0.00

LEGAL NOTICE: PREPARED, SIGNED, AND FILED UNDER DURESS - UWE

Tax Computation	33	Amount from line 32 (adjusted gross income)	33	0.00	
	34a	Check if: <input type="checkbox"/> You were 65 or older, <input type="checkbox"/> Blind; <input type="checkbox"/> Spouse was 65 or older, <input type="checkbox"/> Blind. Add the number of boxes checked above and enter the total here	34a		
	b	If you are married filing separately and your spouse itemizes deductions or you were a dual-status alien, see page 18 and check here	34b		
	35	Enter the larger of your: Itemized deductions from Schedule A, line 28, OR Standard deduction shown below for your filing status. But see page 18 if you checked any box on line 34a or 34b or someone can claim you as a dependent. • Single—\$4,150 • Married filing jointly or Qualifying widow(er)—\$6,900 • Head of household—\$6,050 • Married filing separately—\$3,450	35	0.00	
	36	Subtract line 35 from line 33	36	0.00	
	37	If line 33 is \$90,900 or less, multiply \$2,650 by the total number of exemptions claimed on line 6d. If line 33 is over \$90,900, see the worksheet on page 19 for the amount to enter	37	2,650.00	
	38	Taxable income. Subtract line 37 from line 36. If line 37 is more than line 36, enter -0-	38	0.00	
	39	Tax. See page 19. Check if any tax from a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972	39		
	Credits	40	Credit for child and dependent care expenses. Attach Form 2441	40	
		41	Credit for the elderly or the disabled. Attach Schedule R	41	
42		Adoption credit. Attach Form 8839	42		
43		Foreign tax credit. Attach Form 1116	43		
44		Other. Check if from a <input type="checkbox"/> Form 3800 b <input type="checkbox"/> Form 8396 c <input type="checkbox"/> Form 8801 d <input type="checkbox"/> Form (specify)	44		
45		Add lines 40 through 44	45		
46		Subtract line 45 from line 39. If line 45 is more than line 39, enter -0-	46		
Other Taxes		47	Self-employment tax. Attach Schedule SE	47	
	48	Alternative minimum tax. Attach Form 6251	48		
	49	Social security and Medicare tax on tip income not reported to employer. Attach Form 4137	49		
	50	Tax on qualified retirement plans (including IRAs) and MSAs. Attach Form 5329 if required	50		
	51	Advance earned income credit payments from Form(s) W-2	51		
	52	Household employment taxes. Attach Schedule H	52		
	53	Add lines 46 through 52. This is your total tax	53	0.00	
	Payments	54	Federal income tax withheld from Forms W-2 and 1099	54	
55		1997 estimated tax payments and amount applied from 1996 return	55		
56a		Earned income credit. Attach Schedule EIC if you have a qualifying child b Nontaxable earned income: amount	56a		
57		Amount paid with Form 4868 (request for extension)	57		
58		Excess social security and RRTA tax withheld (see page 27)	58		
59		Other payments. Check if from a <input type="checkbox"/> Form 2439 b <input type="checkbox"/> Form 4136	59		
60		Add lines 54, 55, 56a, 57, 58, and 59. These are your total payments	60	0.00	
Refund		61	If line 60 is more than line 53, subtract line 53 from line 60. This is the amount you OVERPAID	61	
	62a	Amount of line 61 you want REFUNDED TO YOU	62a		
	b	Routing number	c	Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings	
	d	Account number			
63	Amount of line 61 you want APPLIED TO YOUR 1998 ESTIMATED TAX	63			
Amount You Owe	64	If line 53 is more than line 60, subtract line 60 from line 53. This is the AMOUNT YOU OWE . For details on how to pay, see page 27	64	0.00	
	65	Estimated tax penalty. Also include on line 64	65		

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Sign Here Keep a copy of this return for your records.	Your signature	<i>UNDER DURESS</i>	Date	<i>12/06/2006</i>	Your occupation	<i>"DOMESTIC ENGINEER"</i>
	Spouse's signature, if a joint return, BOTH must sign.		Date		Spouse's occupation	

Paid Preparer's Use Only	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Preparer's social security no.
	Firm's name (or yours if self-employed) and address			EIN
				ZIP code

LEGAL NOTICE: PREPARED, SIGNED, AND FILED UNDER DURESS.
 * SEE VERIFIED NOTICE ATTACHED.

SCHEDULES A&B
(Form 1040)

Schedule A—Itemized Deductions

OMB No. 1545-0074

1997

Attachment
Sequence No. **07**

Department of the Treasury
Internal Revenue Service (99)

(Schedule B is on back)

▶ **Attach to Form 1040.** ▶ See instructions for Schedules A and B (Form 1040).

Name(s) shown on Form 1040

Your social security number

CLARE L. READING

Medical and Dental Expenses		Caution: Do not include expenses reimbursed or paid by others.					
1	Medical and dental expenses (see page A-1)	1					
2	Enter amount from Form 1040, line 33, <u>2</u>	2					
3	Multiply line 2 above by 7.5% (.075)	3					
4	Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-	4					
Taxes You Paid		5	State and local income taxes	5			
6	Real estate taxes (see page A-2)	6		6			
7	Personal property taxes	7		7			
8	Other taxes. List type and amount ▶	8		8			
9	Add lines 5 through 8	9		9			
Interest You Paid		10	Home mortgage interest and points reported to you on Form 1098	10			
11	Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see page A-3 and show that person's name, identifying no., and address ▶	11		11			
Note: Personal interest is not deductible.		12	Points not reported to you on Form 1098. See page A-3 for special rules	12			
13	Investment interest. Attach Form 4952 if required. (See page A-3.)	13		13			
14	Add lines 10 through 13	14		14			
Gifts to Charity		15	Gifts by cash or check. If you made any gift of \$250 or more, see page A-3	15			
16	Other than by cash or check. If any gift of \$250 or more, see page A-3. You MUST attach Form 8283 if over \$500	16		16			
17	Carryover from prior year	17		17			
18	Add lines 15 through 17	18		18			
Casualty and Theft Losses		19	Casualty or theft loss(es). Attach Form 4684. (See page A-4.)	19			
Job Expenses and Most Other Miscellaneous Deductions		20	Unreimbursed employee expenses—job travel, union dues, job education, etc. You MUST attach Form 2106 or 2106-EZ if required. (See page A-4.) ▶	20			
21	Tax preparation fees	21		21			
22	Other expenses—investment, safe deposit box, etc. List type and amount ▶	22		22			
23	Add lines 20 through 22	23		23			
24	Enter amount from Form 1040, line 33, <u>24</u>	24		24			
25	Multiply line 24 above by 2% (.02)	25		25			
26	Subtract line 25 from line 23. If line 25 is more than line 23, enter -0-	26		26			
Other Miscellaneous Deductions		27	Other—from list on page A-5. List type and amount ▶ Deduction for Labor under the Just Compensation clause of the Fifth Amendment See Form 8275	27			0 00
Total Itemized Deductions		28	Is Form 1040, line 33, over \$121,200 (over \$60,600 if married filing separately)? NO. Your deduction is not limited. Add the amounts in the far right column for lines 4 through 27. Also, enter on Form 1040, line 35, the larger of this amount or your standard deduction. YES. Your deduction may be limited. See page A-5 for the amount to enter.	28			0 00

For Paperwork Reduction Act Notice, see Form 1040 Instructions.

Cat. No. 11330X


Schedule A (Form 1040) 1997

LEGAL NOTICE: Prepared, Signed, and FILED under Oath - CLC

Certified Mail: 7004 2890 0001 9657 8493

Clare Reading
Non-Federal/Resident Delivery
c/o 2425 E. Fox St.
Mesa, Arizona [85213]

Department of the Treasury
Internal Revenue Service
Fresno, CA 93888-0002

Re: Assigned Treasury Account: 

**VERIFIED NOTICE OF COMPLETING AND FILING THE ATTACHED
RETURN AT ALL TIMES INVOLUNTARILY BY FORCE UNDER THREAT,
DURESS, COERCION, INTIMIDATION AND FEAR OF PROSECUTION**

NOTICE IS HEREBY GIVEN: that Clare Reading (hereinafter referred to as "Belligerent Claimant" or "Claimant") on this 6th day of DECEMBER 2006, officially serves this VERIFIED NOTICE OF COMPLETING AND FILING THE ATTACHED RETURN AT ALL TIMES INVOLUNTARILY BY FORCE UNDER THREAT, DURESS, COERCION, INTIMIDATION AND FEAR OF PROSECUTION, as an attachment to Form 1040 for tax year December 31, 1997 is herein included. Notice is hereby given to all fiduciaries of Claimant's conviction to what Claimant has researched and discovered to be true regarding her duty to file a federal income tax return under the existing internal revenue laws. Claimant's research of the internal revenue laws stems from court rulings that ignorance of the law is no excuse; it can be practiced in any country, and Claimant has attempted to understand what the law commands or forbids.

Under existing circumstances and by force of Public Policy, Claimant has no alternative other than to prepare the return to the best of Claimant's knowledge, understanding and belief. Claimant herein establishes for the record that, although Claimant has not found any statutory laws that lead her to believe she is required to file a Form 1040, the return attached hereto for tax year December 31, 1997 has been prepared, signed and submitted involuntarily, by force, under compulsory performance and at all times under threat, duress, coercion, intimidation and fear of prosecution.

The submitted return is not a voluntary self-assessment that Claimant agrees or concedes is due. Claimant specifically denies that any liability exists under the existing internal revenue laws. Therefore, the amount listed, if any, may not be summarily assessed pursuant to Internal Revenue Code Section 6201 or 6213. Additionally, the federal courts have determined that a return document does not need to be perfectly accurate or even complete if it is substantially in compliance with the requirement of a return. See e. g. *Zellerbach Paper Co. v. Hevering*, 293 U.S. 172 (1934); *United States v. Long*, 618 F.2d 74 (9th Cir. 1980); *United States v. Porth*, 426 F.2d 519 (10th Cir.) cert. Denied 400 U.S. 824 (1970); *United States v. Moore*, 627 F.2d 830 (7th Cir.). The attached return is in full compliance within the meaning of Internal Revenue Code Section 6702, even though Claimant denies a federal tax liability exists.

VERIFIED NOTICE OF FILING FORM 1040 RETURN UNDER
THREAT, DURESS, COERCION AND INTIMIDATION

Clare Reading, Claimant
Total Exhibits: 60, Notary page 18

1 of 19

Prod0131

US05119

Thus, although Claimant is required to sign this return under penalty of perjury, this return is signed involuntarily under threat, duress, coercion, intimidation, and is correct to the best of Claimant's knowledge and belief. Claimant does not, however, pretend to be familiar with the thousands of pages contained in the Code or its supporting regulations. Thus, because it is the policy of the IRS to refuse to process any return without a signature, Claimant has signed the return. For the record, it is not Claimant's intent to confess or admit any liability through the signature on the return.

Claimant is with knowledge that top executives of the past have denounced the tax laws as utterly incomprehensible and such remains the case to this very day. President Ronald Reagan, during his tenure espoused in May of 1983: *"Our federal tax system is, in short, utterly impossible, utterly unjust and completely counterproductive [it] reeks with injustice and is fundamentally un-American . . . it has earned a rebellion and it is time we rebelled."* And United States Treasury Secretary Paul O'Neil, head of the Department of the Treasury, stated on February 21, 2003, *"Our tax code is an abomination. The complexity of our code strangles our prosperity, and it's a drag on our ability to create jobs in this nation."*

The courts have openly stated: *"We must note here, as a matter of judicial knowledge, that most lawyers have only scant knowledge of tax law."* Bursten v. United States, 395 F 2d 976, 981 (5th Cir.1968). With this in mind, Claimant has prepared and files the submitted return based on the facts and the law, as Claimant understands it; and no other assertions are intended or implied.

I.

Clare Reading Proceeds As A Belligerent Claimant Of Her Rights

Claimant is with the understanding that Rights can only be recognized if they are invoked. The courts have held that one who is not willing to assert a right to the point of belligerence, loses that right all together. Therefore, Clare Reading, a sentient being of good conscience proceeds as a "Belligerent Claimant" of her Rights – as anything less would be presumed to waive these Rights.

"The privilege against self-incrimination is neither accorded to the passive resistant, nor the person who is ignorant of his rights, nor to one indifferent thereto. It is a fighting clause. Its benefits can be retained only by sustained combat. It cannot be claimed by attorney or solicitor. It is valid only when insisted upon by a belligerent Claimant in person." McAlister v. Henkel, 201 U.S. 90, 26 S.Ct. 385, 50 L.Ed. 671; Commonwealth v. Shaw, 4 Cush. 594, 50 Am.Dec. 813; Orum v. State, 38 Ohio App. 171, 175 N.E. 876. **"The one who is persuaded by honeyed words or moral suasion to testify or produce documents rather than make a last ditch stand, simply loses the protection."** United States v. Johnson, 76 F. Supp. 538, February 26, 1947.

In light of the court's determination as stated in Johnson supra, such a standing must be applicable to all acts when confronted with the often abusive awesome machinery of the Department of the Treasury – Internal Revenue Service and the Department of Justice *qui tam* actors.

II.

**Clare Reading Involuntarily Prepares, Signs And Submits
All Forms Attached Hereto Involuntarily Under Duress**

Claimant does not wish to be in violation of the internal revenue laws, specifically 26 U.S.C. §7206
Fraud and false statements which states:

“Any person who –

(1) Declaration under penalties of perjury

Willfully makes and subscribes any return, statement, or other document, which contains or is verified by a written declaration that it is made under the penalties of perjury, and which he does not believe to be true and correct as to every material matter; or. . . shall be guilty of a felony and, upon conviction thereof, shall be fined not more than \$100,000 (\$500,000 in the case of a corporation), or imprisoned not more than 3 years, or both, together with the costs of prosecution.”

Therefore, Claimant has signed the attached Form 1040 return involuntarily under threat, duress, coercion, intimidation and retains all Rights without recourse for any oversight or misunderstanding of the internal revenue laws due to their complexity. The court ruled:

“When a defendant challenges a conviction for willful filing of an inaccurate . . . Form . . . claiming it was signed involuntarily under duress and therefore violated Fifth Amendment rights, *if the form has not been voluntarily signed, the conviction and judgment will be vacated and the indictment dismissed.*” *United States v. Willoz*, (1971, CA5 La) 449 F.2d 1321, 71-2 USTC, 16016.

Courts have further ruled: “*In the interpretation of statutes levying taxes, it is the established rule not to extend their provisions, by implication, beyond the clear import of the language used, or to enlarge their operations so as to embrace matters not specifically pointed out. In case of doubt they are construed most strongly against the Government, and in favor of the citizen.*” *Gould v. Gould*, 245 U.S. 151 (1917) citing *United States v. Wigglesworth*, 2 Story, 369; *American Net & Twine Co. v. Worthington*, 141 U.S. 468, 474; *Benziger v. United States*, 192 U.S. 38, 55.

III.

**The 1040 Return Filed Is Not Frivolous, And Is
In Compliance With Supreme Court Precedent**

Claimant herein puts the Department of the Treasury – Internal Revenue Service on notice that the return attached hereto does not constitute a “frivolous” return pursuant to Code Section 6702. The return is based on applicable United States Supreme Court decisions, Internal Revenue Code Sections, Privacy Act Notice provisions, and numerous other references. As such, it cannot be termed “frivolous” *on any basis* as defined by the United States Supreme Court. In addition, the return is not designed to “*delay or impede the administration of Federal Income Tax laws,*” since it is intended to be Claimant’s *final statement* under those statutes. Additionally, no IRS employee has the delegated authority to impose a “frivolous” penalty for filing a proper return. Claimant, having first hand knowledge of applicability of the internal revenue laws specific to her Common Law tax liability, would be committing perjury under both 18 U.S.C. § 1621 and 26 U.S.C. § 7206 if she

proceeded in any other manner. Therefore, Claimant can only attest to having “Zero” *income* for the year referenced hereto.

Claimant has read the “Frivolous Arguments” information posted at www.irs.gov, and does not make or allude to any such positions. Claimant seeks to dispel all attempts instituted by Service employees that may deem Claimant’s position as frivolous, without merit or baseless. It must be noted, all positions and claims made within this affidavit are taken directly from the language of internal revenue laws. In as much as Service employees may seek to ignore certain facts and employ others, United States Supreme Court rulings speak unambiguously to the definition of frivolous.

Historically, and to this very day, employees of the Internal Revenue Service resort to the terms “frivolous” or “without merit,” relieving them of the burden of having to address issues founded on sound legal principles, precedent and doctrines of law relied upon by Claimant. To the detriment of Claimant, the presumed [s]ubject *taxpayer* looking to the law for remedy, the Service will interpret the statute to its discretion and penalize those taking principled legal positions contrary to IRS Public Policy. Be that as it may, Claimant has relied on precedent, statutes and regulations when discerning the internal revenue laws as applicable to his unique situation.

Claimant relies on how the Supreme Court defines the term “frivolous” in so stating; ***“In relevant part, Judge Schroeder’s lead opinion concluded that a district court could dismiss a complaint as factually frivolous only if the allegations conflicted with judicially noticeable facts, that is, facts capable of accurate and ready determination by resort to sources whose accuracy cannot reasonably be questioned.”*** *Hernandez v. Denton*, 861 F.2d 1421 (1988).

The Court went on to intimate further, that ***“... a complaint, containing as it does both factual allegations and legal conclusions, is frivolous where it lacks an arguable basis either in law or in fact.”*** *Neitzke v. Williams*, 490 U.S. 319, 325 (1989). Claimant concludes that such clear cogent and irrefutable definition as opined by the Supreme Court shall be the cornerstone and the foundation by which doctrines are herein grounded. *Hernandez*, supra, went on to state in pertinent part, ***“... to dismiss them as frivolous without any factual development is to disregard the age-old insight that many allegations might be strange, but true; for truth is always strange, Stranger than fiction,”*** Lord Byron, Don Juan, canto XIV, stanza 101 (T. Steffan, E. Steffan, & W. Pratt eds. 1977). It is incumbent upon us to observe – with respect – what the Supreme Court and the Constitution have established for the purpose of due process protections guaranteed. (*Emphasis Added.*)

IV.

IRS Has Discretion To Employ Selective Prosecution, Ignore The Law And Act In Direct Violation Of Their Own Statutes And Regulations

Claimant is with evidence that officials, officers, agents and employees of the Service routinely violate statutes and implementing regulations, resulting in the of selective prosecution of Citizens that rely on Public Law and not IRS Public Policy when complying with the internal revenue laws. This abuse gave rise to the IRS Restructuring Reform Act of 1998. Although Congress passed the Act, it has not quelled the financial terrorist activities of Service employees. Therefore Claimant files the attached Form 1040 return involuntarily by force and under compulsion – not by conviction or belief that Claimant has a known legal duty. The courts stated:

“Simply stated, neither the Secretary nor the Service is in compliance with its own internal procedures which requires promulgation of regulations . . . This is violation of administrative law and voids the agency action.” Lojeskio v. Boandl, 626 F. Supp. 530, 533 (D.C., E.D. Pa. 1985), affirmed in part and reversed in part at 788 F. 2d 195, 198 (3rd. Cir. 1986).

Claimant is apprized of the devastating blow handed down by the “awesome machinery” of the United States Government against Citizens taking a position contrary to Public Policy. Relevant to the internal revenue laws, Claimant includes information that establishes how officials of this Government proceed against American Citizens in regards to taxing Labor Property – with lawless, ruthless and utter contempt steeped in subjugation. The following statements are shining examples of the tyranny Claimant and any American that attempts to earn a living in these 50 United States may suffer stating as follows:

In Benders Federal Revenue Law 1916 it is quoted: *“Wars and Rumors of Wars teach government new tricks of Taxation. The Word Trick is not unworthy. Taxation has been defined as the ‘art of plucking the goose as to secure the largest amount of feathers with the least amount of squawking.’ Whenever there is a real or pretend need for money, ways and means must and will be found.”* (See Exhibit B.)

Excerpts of IRS Policy Statement 20-1: “Penalties enhance voluntary compliance: *Penalties* provide the Service with an important tool to achieve that goal because they *enhance voluntary compliance by taxpayers*. Penalties encourage voluntary compliance by: (1) demonstrating the fairness of the tax system to compliant taxpayers; and (2) *increasing the cost of noncompliance.*” (See Exhibit B.)

IRS Publication 556 states in pertinent part: *“The IRS must follow the tax laws as set forth by Congress and the Internal Revenue Code.* The IRS also follows Treasury Regulations, other rules and procedures that were written to administer the internal revenue laws. **The IRS also follows court decisions.** *However, the IRS can lose cases that involve taxpayers with the same issue and still apply its interpretation of the law to your situation.”* (See Exhibit C.)

The above statements and publications put out by officials of the IRS confirm their enforcement of Public Policy and NOT the internal revenue laws. Claimant is with evidence that employees of the IRS often act above the law as sanctioned financial terrorists – acting in absolute contempt of the Constitution, the United States Supreme Court and Congress. Nonetheless, Claimant herein complies with the internal revenue laws in accordance to what the law commands or forbids, as she understands it.

V.

Internal Revenue Code Plagued With Legalese And Words Of Art

Clare Reading is with evidence that when having to confront the legalese written by Government staff attorneys in the Internal Revenue Code or any legal Code, all words are “Words of Art” and cannot be relied upon for their literal meaning. The courts stated: *“There is no surer way to*

misread any document than to read it literally,” Guiseppi v. Walling, 144 F.2d 608, 624 (2nd Cir. 1944). Claimant herein notices all parties concerned of the following:

“Words of Art” is defined in Black’s Law Fifth Edition (1979) on page 1439 as: “*The vocabulary or terminology of a particular art or science, and especially those expressions which are idiomatic or particular to it.*” (See Exhibit A)

The *science* in this instant case is legalese. For example, the word *person* in the definition section of the Internal Revenue Code found at 26 U.S.C. § 7701, *et seq.*, states in pertinent part:

“(a) When used in this title, *where not otherwise distinctly expressed* or manifestly incompatible with the intent thereof— (1) **Person** The term “*Person*” shall be construed to mean and include an individual, a trust, estate, partnership, association, company or corporation.”

To ask a man of average intelligence if he considered a *person* to be corporation, he would likely answer in the negative. The United States Supreme Court has consistently held:

“*Since in common usage, the term ‘person’ does not include the sovereign and statutes employing that term are ordinarily construed to exclude it.*” *United States v. Cooper*, 312 US 600, 604, 61 S.Ct. 742 (1941).

Claimant is with knowledge that the word *person* is one semantic example of millions of idiomatic words and terms manipulated by attorneys in the United States responsible for contriving subjugating legislative enactments. With this manipulation of words classified as legalese: (1) the truth is only relative to who’s telling it; (2) shall can mean may; (3) may can mean must; (4) yes can mean no; (5) a citizen is a corporation; (6) black is white; (7) night is day; and (8) two plus two equals five, six, nine, or all of the above, *etc.* For these reasons, Claimant cannot, and does not depend on or apply, the common usage of any words and/or phrases as used in their literal meaning, but relies wholly on the Common Law espoused in the Constitution and precedents established by the United States Supreme Court.

VI. Income v. Compensation

UNITED STATES SUPREME COURT PRECEDENT: The word “income” is not defined in the Internal Revenue Code; but, as stated below, it can only be derived from corporate activity. The Supreme Court has held this numerous times:

In *United States v. Ballard*, 535 F.2d 400, 404; it states:

“Whatever difficulty there may be about a precise and scientific definition of ‘income’, it imports, as used here... the idea of gain or increase arising from corporate activities,” *Doyle v. Mitchel*, 247 U.S. 179. “Certainly the term ‘income’ “has no broader meaning in the 1913 Act than in that of 1909 (*See Stratton’s Independence v. Howbert*, 231 U.S. 399, 416, 417) and we assume that there is no difference in its meaning as used in the two acts.”

In Southern Pacific Company v. John Z. Lowe Jr., 247 U.S. 330, 335 continues:

Bowers v. Kerbaugh-Empire Company, 271 U.S. 887 (1926) page 174; Goodrich v. Edwards, 255 U.S. 527; United States v. Supplee-Biddle Hardware Co., 256 U.S. 189; United States v. Phellis, 257 U.S. 156; Miles v. Safe Deposit & T. Co., 259 U.S. 247; Irwin v. Gavit, 286 U.S. 161; Edwards v. Cuba R.Co., 268; Burnett v. Harmel, 287 U.S. 103, 108, (1932); Lucas v. Earl, 281 U.S. 111.

Income (within the meaning of the Sixteenth Amendment, the Income Tax Acts of 1913, 1916, 1917, and the Corporation Tax Act of 1909), is defined in Eisner v. Macomber, 252 U.S. 189, 207 (1901): “Income may be defined as a gain derived from capital, from labor, or from both combined, including profit gained through sale or conversion of capital ...” It includes the gain from capital realized by a single, isolated sale of property held as an investment, as well as profits realized by sales in a business of buying and selling such property. (Gray v. Darlington, 15 Wall. 63, and Lynch v. Turrish, 247 U.S. 221, distinguished. Affirmed.)

In determining the definition of the word "income" thus arrived at, this court has consistently refused to enter into the refinements of lexicographers or economists and has approved, in the definitions quoted, what it believed to be the commonly understood meaning of the term which must have been in the minds of the people when they adopted the Sixteenth Amendment to the Constitution. Doyle v. Mitchell Brothers Co., 247 U.S. 179, 185; Eisner v. Macomber, 252 U.S. 189, 206, 207.

“The Corporation Excise Tax Act of August 5, 1909, c. 6, 36 Stat. 11, 112, was not an income tax law, but a definition of the word "income" was so necessary in its administration that in an early case it was formulated as "the gain derived from capital, from labor, or from both combined." Merchants' L. & T. CO. v. Smietanka, 255 U.S. 509 (1921) 41 S.Ct. 386, citing Stratton's Independence v. Howbert, 231 U.S. 399, 415.

- (a.) Edwards v. Keith, (C.C.A.) 231 F. 111 (1916) “. . . *one does not derive income by rendering services and charging for them.*”
- (b.) Oliver v. Halstead, 86 S.E. Rep 2nd 85e9 (1955) “*There is a clear distinction between ‘profit’ and ‘wages’, or a compensation for labor. Compensation for labor (wages) cannot be regarded as profit within the meaning of the law. The word ‘profit,’ as ordinarily used, means the gain made upon business or investment – a different thing altogether from the mere compensation for labor.*”
- (c.) “. . . *whatever may constitute income, therefore must have essential feature of gain to the recipient.* This was true when the 16th Amendment became effective, it was true at the time of Eisner v. Macomber, supra, it was true under Section 22(a) of the Internal Revenue Code of 1939, and it is likewise true under Section 61(a) of the I.R.S. Code of 1954. If there is not gain, there is not income. . . Congress has taxed income not compensation.” Conner v. United States, 303 F Supp. 1187, West page 1191 (1969).

Claimant agrees with the United States Supreme Court decisions and numerous other court rulings regarding the definition of “income.” Claimant states as referenced and defined in numerous court decisions *supra*; income and compensation have two very distinct meanings. **Income** is defined as

profit or gain, unlike **Compensation**, defined as an equal exchange for labor in the form of remunerations for a loss sustained. Any attempt by an Act of Congress or the Internal Revenue Service to regard Claimant's labor as having ZERO value, is an attempt to reduce Claimant's status to that of a statutory wage slave. With this in mind, Claimant files the Form 1040 return attached hereto at all times recognizing, deducting, reducing and restoring the sweat equity of Claimant's Labor Property as protected under the *Just Compensation Clause* to the Fifth Amendment to the United States Constitution.

VII.

Definitions Pertinent To The Computation Of A Federal Tax Liability To Include The Cost Of Labor

Claimant proceeds with the understanding that the internal revenue laws are written in "Words of Art" and cannot be relied upon in their literal sense - including the definitions relied upon as they relate to filing the attached return. Most are of common usage, but must be explicitly defined so as not to be mischaracterized by employees of the Internal Revenue Service or other Government officials applying their own "*interpretation*." The following definitions are cited in **Black's Law Dictionary Fifth Edition 1979** (see Exhibit A):

- (a.) **Income.** The gain derived from capital, from labor . . .
- (b.) **Labor.** Work; toil; service; mental or physical exertion.
- (c.) **Work.** To exert one's self for a purpose; to put forth effort for the attainment of an object . . .
- (d.) **Compensation.** *Equivalent in money for a loss sustained . . . giving back an equivalent in either money* which is but the measure of value, or in actual value otherwise conferred.
- (e.) **Gain.** Difference between cost and sale price. Excess of revenues over expenses from a specific transaction.
- (f.) **Profit.** Excess of revenues over expenses for the transaction.
- (g.) **Cost.** Expense; price. The sum or equivalent expended, paid or charged for something.
- (h.) **Excess.** Act or amount which goes beyond that which is usual, proper or necessary.
- (i.) **Internal revenue.** Governmental revenues from internal sources by way of taxes as contrasted with revenues from customs and foreign sources.

VIII.

The United States Exercises Absolute Power And Control Over The Life, Liberty And Property Of Clare Reading By Force With Absolute Control Of The Legal System

Clare Reading is the victim of what can be best defined as "statutory slavery" wherein legislative Acts of Congress have resulted in the absolute control of Claimant's Life, Liberty and Property via statutory enactments and Public Policy. Although Claimant is not employed by this or any

Government, Claimant cannot act or proceed to earn a living without agents of this Government seeking to intervene with Claimant's private affairs under some colorable law. This Government – having absolute control over Claimant's Life, Liberty and Property – commands Claimant to ask permission to earn a livelihood by way of license, permit, or both – always demanding a fee.

Claimant's compensation for Labor Property (Goose for Plucking) is under constant attack with federal and state government intervention, converting Rights into privileges by licenses, permits and registrations. This intervention comes by way of statutory federal and state taxation proposing a head tax on Claimant's Right (not privilege) to earn a living, reducing Claimant's status to that of a "Statutory Slave." For these and other reasons stated herein, Claimant includes the following definitions cited in **Black's Law Dictionary Fifth Edition 1979** (see Exhibit A).

- (a.) **Slave.** A person who is wholly subject to the will of another; *one who has no freedom of action*, but whose person and services are wholly under the control of another. *One who is under the power of a master*, and who belongs to him; *so that the master may sell and dispose of his person, of his industry, and of his labor, without his being able to do anything, or acquire anything, but what must belong to his master.*
- (b.) **Slavery.** The condition of *a slave; that civil relation in which one man has absolute power over the life, fortune and liberty of another.*
- (c.) **Servitude.** *The state of a person who is subjected, voluntarily or otherwise, to another person as his servant.* Servitudes are also classed as positive or negative. A positive servitude is one which obliges the owner of the servant estate to permit or suffer something to be done on his property by another. *A negative servitude is one that does not bind the servient proprietor to permit something to be done upon his property by another, but merely restrains him from making a certain use of his property* which would impair the easement enjoyed by the dominant tenement. *Rowe v. Nally*, 81 Md. 367, 32 A. 198.
- (d.) **Involuntary.** *Without will or power of choice*; opposed to volition or desire. *An involuntary act is that which is performed with constraint or with repugnance*, or without the will to do it. *An action is involuntary*, then, *which is performed under duress, force or coercion.*
- (e.) **Involuntary Servitude.** *The condition of one who is compelled by force, coercion, or imprisonment*, and against his will, *to labor for another*, whether he is paid or not.
- (f.) **Privilege.** A particular benefit or advantage enjoyed by a person, company, or class, beyond the common advantage of other citizens. *An exceptional or extraordinary power or exemption.* A right, power, franchise, or immunity held by a person or class, against or beyond the course of the law.
- (g.) **Right.** *A power, privilege, or immunity guaranteed under a constitution, statutes or decisional laws*, or claimed as a result of long usage.

Claimant is compelled to involuntarily file this return, being forced by officials, officers, agents and employees employed by the *awesome machinery* of the United States Government or one of its

instrumentalities, who have absolute control over Claimant's *life, liberty and property* under the doctrine of the "*collective entity*" and proceed via Public Policy. If Claimant does not, Claimant risks criminal prosecution and may be subjected to one of several statutory violations not limited to willful failure to file, tax evasion, and other alleged statutory violations of the internal revenue laws.

Completing the forms may result in Claimant's alleged liability for the payment of an internal revenue tax derived from Claimant's Labor Property. Claimant was not justly compensated prior to the assessment of the alleged tax liability which means that Claimant's condition has been reduced to that of a Slave – forced to turn over personal Labor Property – or in the alternative, face possible imprisonment or the confiscation of other property Claimant may possess. Therefore, Claimant at all times protests and involuntarily completes and files the attached Form 1040 return in fear and under duress, coercion, intimidation and threat of criminal prosecution. For these reasons, Claimant believes she is being statutorily subjected to the condition of Slavery, Involuntary Servitude and/or Peonage.

IX.

Zero Liability, Unknown Liability And Objection Return

Claimant's study of the income tax laws and internal revenue laws has resulted in Claimant being absolutely confused as to what the law commands or forbids. This confusion stems from Service employees' reckless and intentional acts of ignoring the law as written, and interpreting them to their discretion. Claimant's reliance on the Constitution, Acts of Congress, United States Supreme Court rulings and Title 26 of the United States Code – which protects Claimant's Labor Property - has been met with absolute resistance and retaliation. This retaliation has resulted in Service officials, officers, agents and employees name-calling, stonewalling, and labeling Claimant as a "*domestic terrorist*", completely ignoring the Common Law, statutes and regulations. Therefore, Claimant submits this Zero Liability, Unknown Liability and Objection return at all times involuntarily, under duress and protests with knowledge that it is IRS's published policy to ignore clearly established law and precedent. Claimant acts with reliance upon the following:

- (a.) With respect to the information Claimant included in the return, the courts have ruled: "A (1040) form with 'zeros' inserted in the spaces provided...qualified as a return." See United States v. Long, 618 F.2d 74 (9th Cir. 1980); United States v. Kimball, 896 F.2d 1218 (9th Cir. 1990); and a Las Vegas bankruptcy Court held the "zeros entered on the Form 1040 constitute a return." (Cross v. United States, 91-2 USTC p. 50, 318; Banker L. Rep. P. 7404.)
- (b.) It should also be noted that Claimant had "Zero" income according to The Supreme Court's definition of income since in Merchant's Loan & Trust Co. v. Smietanka, 225 U.S. 509 at pages 518 and 519 the court held that "The word (income) must be given the same meaning in all of the income tax Acts of Congress that was given to it in the Corporation Excise Tax Act of 1909." Therefore, since Claimant did not realize any compensation taxable as "income" under the Corporation Excise Tax Act of 1909, Claimant can only attest to having "Zero" income for the year in question.

The courts further stated: "It is clearly established that all citizens must file a tax return . . . despite the hazards of self incrimination . . . The court intimates that full disclosure of the amounts and sources of income must be made, *unless the taxpayer makes an objection on his return asserting*

his privilege not to incriminate himself.” *United States v. Sullivan*, 274 U.S. 259; *Heligman v. United States*, 407 F.2d 448; *Garner v. United States*, 501 F.2d 228; affirmed March 23, 1976, 74 S.Ct. 100.

X.

**Clare Reading Files IRS Invalid Form 1040
Under Threat, Duress, Coercion And Intimidation**

Clare Reading is with evidence factually sufficient to conclude that the Form 1040 information return does not comply with the Paperwork Reduction Act codified at 44 U.S.C. § 3512 and is a Virgin Islands tax return on Virgin Island sources of “Income.” Because Claimant is not now nor has ever been a resident of the Virgin Islands, Claimant believes that completing and filing Form 1040 will subject Claimant to possible criminal prosecution under 26 U.S.C. § 7206(1) - *filing a return in which he knows to be false*, as others have suffered this fate. The following Government documents are evidence factually sufficient to confirm the Form 1040 is not the proper form Claimant, indigenous to these 50 United States of North America, is required to file – but does so involuntarily under threat, duress, coercion, intimidation and fear of criminal prosecution.

- 1.1 That Claimant is with Government evidence and documents from several Internal Revenue Manuals identifying the Form 1040, 2555 and 1040X as a foreign-earned income information return; and Claimant does not now nor has she ever derived “foreign-earned Income”(see **Exhibit E**).
- 1.2 That Treasury Regulations at 26 CFR § 1.1-1. – Income tax on individuals. (a) General rule; (1) **Section 1 of the Code** imposes an income tax on the income of every individual who is a citizen or resident of the United States . . . 26 CFR § 602.101 – OMB Control numbers. This displays the control numbers assigned to collections of information in Internal Revenue Service regulations by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1980 (see **Exhibit E**).
- 1.3 That the OMB number assigned to 26 CFR § 1.1-1 – “Income tax on individuals” and reflected in the upper right corner of Form 2555 U.S. Foreign Earned Income appears to be OMB No. 1545-0067, instructing Claimant attach Form 1040 when filing this return (see **Exhibit E**).
- 1.4 That Form 1040 assigned OMB No. 1545-0074 fails to comply with the Paperwork Reduction Act codified at 44 U.S.C. § 3512 and does not contain a valid current OMB control number - deemed a “Bootleg Form.” (see **Exhibit E**)
- 1.5 That the IRS Privacy Act Statement and Paperwork Reduction Act Notice, which can be found at www.irs.gov, states in pertinent part: **“Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to any penalty for failing to comply with a collection of information if it does not display a valid OMB control number;”** therefore, Claimant cannot be penalized for failing to file Form 1040 or any other IRS Form that does not comply with the Act. (see **Exhibit D**)

NOTICE IS HEREBY GIVEN: that Clare Reading has never received compensation from, or earned income in, the Virgin Islands or any other foreign possession of the United States federal

corporation. Claimant believes, based on Government documents from Internal Revenue Manuals, that filing Form 1040 is applicable to revenues derived from foreign sources. Claimant further agrees with the IRS Privacy Act Statement and Paperwork Reduction Act Notice that Claimant is not subject to any penalty for failing to comply with collection of information due to the invalid OMB control number displayed on all Form 1040's. Notwithstanding these facts, Claimant will not throw caution to the wind, and files the Form 1040 - involuntarily and under duress as stated herein and throughout.

XI.

Clare Reading Has An Unrestricted Constitutionally Protected Right To Restore The Value Of Labor Pursuant To The Just Compensation Clause Of The Fifth Amendment To The Constitution.

Clare Reading believes her Labor is a property right protected under the Common Law of the Constitution. The *Just Compensation Clause* of the Fifth Amendment states in pertinent part: “. . . *nor shall any person be deprived of life, liberty, or property . . . be taken for public use without just compensation.*” (see Exhibit F). Claimant is aware that all federal income tax levied on labor is taken for public use and is, therefore, subject to the *Just Compensation Clause* of the Fifth Amendment. “*Congress and the President, like the courts, possess no power not derived from the Constitution,*” *Ex Parte Quirin*, 63 S.Ct. 2, 10, 317 U.S. 1 (1942); and “[T]he Constitution [is] the supreme law established by the people,” *Muskrat v. United States*, 31 S.Ct. 250, 254 (1911). Claimant is aware that the IRS has given itself the discretion to ignore that body of law that does not benefit its position. Nevertheless, United States Supreme Court held:

“The property that every man has is his personal labor, as it is the original foundation of all other property so it is the most sacred and inviolable...to hinder his employing fitj...in what manner he thinks proper, without injury to his neighbor, is a plain violation of the most sacred property.” *Butcher's Union Co. v. Crescent City Co.*, 111 US 746.

“Property is everything which has an exchangeable value, and the right of property includes the power to dispose of it according to the will of the owner. Labor is property, and as such merits protection. The right to make it available is next in importance to the rights of life and liberty.” *Slaughter-House Cases*, 83 U.S. 36 (1872).

“Justice Stevens explained that he believes that money is property . . . and as such, it is entitled to the constitutional protections normally afforded to property . . .” (Stevens, J., concurring. *Landell v. Sorrell*, (Vt. 2000)).

“This leaves only the district's interest in control over how its money was spent and the state's interest in control over the allocation of resources for processing as property interests that could possibly rise to the status of "property". Certainly the state and school district have cognizable property interests in their financial resources; money is property in the most traditional sense.” *United States v. Granberry*, (E.D.Mo. 1989) 725 F. Supp. 446, 453.

Upon completing the Form 1040 return, Claimant effectively restored the fair market value of her Labor Property for which she is fully entitled. Claimant is with information that it is the policy of the Internal Revenue Service to ignore United States Supreme Court precedent, internal revenue statutes and regulations to “interpret” the law to their discretion – routinely to the peril of the alleged taxpayer. Nonetheless, Claimant calculates and computes *any* alleged federal income tax liability to restore back to Claimant the fair market value of her labor as just compensation to wit:

- 2.1 That Claimant is with evidence in accordance to the law that Claimant’s compensation for Labor Property is taken for public use and is protected under the *Just Compensation Clause* of the Fifth Amendment. Therefore Claimant is exercising that Right and has restored back the “fair market value” of said compensation for Labor Property in connection with the performance of services pursuant to the Constitutional Common Law, United States Supreme Court precedent and applicable statutory enactments.
- 2.2 That Claimant has determined in accordance to the law that there was no excess over the amount paid for the fair market value of said compensation for Labor Property that could be determined as “gross income” pursuant to Constitutional Common Law, United States Supreme Court precedent and applicable statutory enactments.
- 2.3 That Claimant has recognized and deducted all applicable expenses for production of Claimant’s compensation for Labor Property pursuant to Constitutional Common Law, United States Supreme Court precedent and applicable statutory enactments.
- 2.4 That Claimant has recognized and deducted any gain or profit realized over the amount paid for the fair market value of said compensation for Labor Property pursuant to Constitutional Common Law, United States Supreme Court precedent and applicable statutory enactments.

XII.

Clare Reading Calculates The Cost Basis Of The Fair Market Value Of Labor Property Transferred In Connection With The Performance Of Services

Claimant proceeds in compliance with the statutory provision of 26 U.S.C. § 83, *et. seq.*, excluding the fair market value of compensation for Labor Property in connection with the performance of services. Title 26 United States Code § 83 states, *only* the excess of the “fair market value” of property in the connection with the performance of services shall be included in gross income (see Exhibit D).

Pursuant to 26 U.S.C. § 61(b): For items specifically included in gross income, see part II (sec. 71 and following), the computation of an income tax liability come under the provisions of 26 U.S.C. § 83 or 26 CFR § 1.83-1 **“Property transferred in connection with the performance of services.** (a) Inclusion in gross income – (1) General Rule. Section 83 Provides rules for the taxation of property transferred to an employee or independent contractor in connection with the performance of services. . . such property is not taxable under § 83(a) until it has been transferred . . . to such person and become substantially vested . . . in such person. In that case, the excess of . . . The fair market value of such property . . . at the time the property becomes substantially vested, over . . . the amount paid for such property shall be included as compensation in the gross income

...” This section clearly states only the excess of the fair market value over the amount paid shall be included in gross income.

3.1 **Example:** Tom the Taxpayer was employed by ABC Company, and was compensated at \$25.00/hour (property transferred for the performance of services), the amount paid for the performance of Tom’s services. The cost and fair market value of Tom the Taxpayer’s property in connection with the performance of his services for ABC Company totals \$25.00/hour. Therefore, the amount paid of \$25.00/hour is the cost of Tom the Taxpayer’s Labor Property and the fair market value exchanged for the same. Accordingly, as provided in 26 U.S.C. § 83, Tom’s cost shall not be included in gross income. Here, no excess over the fair market value of the cost of Tom’s labor was realized as a profit or gain and is not to be included in gross income.

3.2 26 CFR § 1.83-3(g) “Amount paid. For purposes of § 83 and the regulations thereunder, the term “amount paid” refers to the value of any money or property paid for the transfer of property . . .” Relevant to § 83 above, the ‘amount paid’ is the cost of the fair market value of Claimant’s Labor Property, the *just compensation* for which Claimant is entitled.

3.3 26 CFR § 1.83-4(b)(2) “Basis. If property to which § 1.83-1 applies is transferred at arm’s length, the basis of the property in the hands of the transferee shall be determined under section 1012 . . .” Accordingly, the basis is the cost of Claimant’s compensation for Labor Property.

3.4 26 CFR § 1.83-6(b) **Recognition of gain or loss.** “. . . at the time of transfer of property in connection with the performance of services the transferor recognizes gain to the extent that the transferor receives an amount that exceeds the transferor’s basis in the property.” Here, section 83 provides that ‘gain’ is only recognized to the extent Claimant’s ‘basis is exceeded’ in the transfer of Labor Property, confirming that only the *excess* is to be *included* in *gross income*.

3.5 26 U.S.C. § 212 “Expenses for production of income. In the case of an individual, *there shall be allowed as a deduction all the ordinary and necessary expenses paid or incurred* during the taxable year— (1) for the production or collection of income;” Although the term “income” is used to imply gain or profit, this section recognizes Claimant’s right to deduct all ordinary and *necessary* ‘*expenses*’ relevant to compensation for the value of Claimant’s Labor Property.

3.6 26 CFR § 1.1001-1 “**Computation of gain or loss.** (a) The fair market value of property is a question of fact, but only in rare and extraordinary cases will property be considered to have no fair market value.” Claimant does not consider her Labor Property the “*rare and extraordinary*” case wherein such property has no fair market value. To the contrary, the courts have ruled that it is the most sacred of all property rights. Therefore, the *cost* of Claimant’s Labor Property, having intrinsic value, carries a fair market value that Claimant has a Right to *restore* under the *Just Compensation Clause* of the Constitution, as herein exercised.

3.7 26 CFR § 1.1012-1 “**Basis of property.** (a) In general, the basis of the property is the cost thereof. The cost is the amount paid for such property in cash or other property.” Here, the basis is the cost of Claimant’s compensation for Labor Property. As in this example, if the cost

of Tom the Taxpayer's compensation for Labor Property is \$25.00/hour, this amount is the cost basis for which Tom the Taxpayer charged in exchange for such labor— and NO PROFIT or GAIN is realized.

In summary, this Act of Congress recognizes the value of Labor Property and affords Claimant the Common Law Right to restore back that value. This Act is *in pari materia* with the Common Law *Just Compensation Clause* of the Fifth Amendment and avoids violating Article XIII Sec.1 to the Constitution that states in pertinent part: "Neither slavery nor involuntary servitude shall exist within the United States, or any place subject to their jurisdiction." The U.S. Supreme Court in *Bailey v. Alabama*, 219 U.S. 219, ruled that: "*No person can be compelled to specific performance to labor for others*" and that the enforcement of such service results in a prohibited condition of peonage. A constitutional prohibition cannot be transgressed indirectly by creating a statutory presumption any more than direct enactment."

XIII.

Affidavit Of Specific Negative Averment

PLEASE TAKE NOTICE: that **Clare Reading** fully accepts, and offers to pay any amount employees of the Internal Revenue Service may reassess and determine for tax year December 31, 1997 regarding Claimant's compensation for Labor Property and hereby promises to discharge all verifiable liability, claims and charges associated therewith upon evidence of the following:

1. Claimant has not seen or been presented with any evidence that Claimant is voluntarily preparing and filing Form 1040 for tax year December 31, 1997, nor does Claimant believe any such evidence exists.
2. Claimant has not seen or been presented with any evidence that Claimant is not preparing and filing Form 1040 for tax year December 31, 1997 under threat, duress, coercion, intimidation and fear of prosecution, nor does Claimant believe any such evidence exists.
3. Claimant has not seen or been presented with any evidence that Claimant is not protected under the *Due Process Clause* of the Fifth Amendment, nor does Claimant believe any such evidence exists.
4. Claimant has not seen or been presented with any evidence that Claimant is not protected under the *Equal Protection Clause* of the Fourteenth Amendment, nor does Claimant believe any such evidence exists.
5. Claimant has not seen or been presented with any evidence that employees of the Internal Revenue Service do not admit to interpreting the internal revenue laws to their discretion, nor does Claimant believe any such evidence exists.
6. Claimant has not seen or been presented with any evidence that the Internal Revenue Code is not a complex code of legalese riddled with "Words of Art", nor does Claimant believe any such evidence exists.

7. Claimant has not seen or been presented with any evidence that words and terms within the Internal Revenue Code are to be given "*common usage*" as understood by a person of average intelligence, nor does Claimant believe any such evidence exists.
8. Claimant has not seen or been presented with any evidence that employees of the Internal Revenue Service are not required to comply with Acts of Congress, nor does Claimant believe any such evidence exists.
9. Claimant has not seen or been presented with any evidence that employees of the Internal Revenue Service are not required to comply with landmark United States Supreme Court decisions, nor does Claimant believe any such evidence exists.
10. Claimant has not seen or been presented with any evidence that employees of the Internal Revenue Service are not required by Acts of Congress to comply with internal revenue statutes and implementing regulations, nor does Claimant believe any such evidence exists.
11. Claimant has not seen or been presented with any evidence that IRS Publications, Policy Manuals, Memorandums and like internal instruction materials override or supercede United States Supreme Court rulings and Acts of Congress, nor does Claimant believe any such evidence exists.
12. Claimant has not seen or been presented with any evidence of the specific statute and regulation making Claimant liable for the payment of a federal income tax, nor does Claimant believe any such evidence exists.
13. Claimant has not seen or been presented with any evidence that Form 1040 is not a Virgin Islands tax return, nor does Claimant believe any such evidence exists.
14. Claimant has not seen or been presented with any evidence that Claimant is required to file Form 1040, nor does Claimant believe any such evidence exists.
15. Claimant has not seen or been presented with any evidence that Claimant is prohibited from filing a Zero Liability return, nor does Claimant believe any such evidence exists.
16. Claimant has not seen or been presented with any evidence that Claimant is prohibited from filing an Objection return if Claimant believes the information provided could be self-incriminating, nor does Claimant believe any such evidence exists.
17. Claimant has not seen or been presented with any evidence that Claimant's compensation for Labor is not a property right subject to the *Just Compensation Clause* of the Fifth Amendment, nor does Claimant believe any such evidence exists.
18. Claimant has not seen or been presented with any evidence that Claimant's Labor is not the cost incurred in exchange for other property, and such cost is prohibited from being restored back to Claimant for its fair market value, nor does Claimant believe any such evidence exists.

19. Claimant has not seen or been presented with any evidence that Claimant's compensation for Labor resulted in a gain or profit and is gross income within the meaning of an Act of Congress, nor does Claimant believe any such evidence exists.
20. Claimant has not seen or been presented with any evidence that Claimant is prohibited from restoring the fair market value of Claimant's Labor, nor does Claimant believe any such evidence exists.
21. Claimant has not seen or been presented with any evidence that Claimant's compensation for Labor Property has no fair market value, nor does Claimant believe any such evidence exists.
22. Claimant has not seen or been presented with any evidence that Claimant cannot compute the cost basis of the fair market value of Claimant's compensation for Labor Property to be excluded from gross income, nor does Claimant believe any such evidence exists.
23. Claimant has not seen or been presented with any evidence that Claimant's Labor Property is a commodity and an article of commerce, nor does Claimant believe any such evidence exists.
24. Claimant has not seen or been presented with any evidence that Claimant has performed the functions of a public office created by an Act of Congress and defined in the internal revenue laws, nor does Claimant believe any such evidence exists.
25. Claimant has not seen or been presented with any evidence that Claimant has operated a statutory Trade or Business created by an Act of Congress and defined in the internal revenue laws, nor does Claimant believe any such evidence exists.
26. Claimant has not seen or been presented with any evidence that Claimant is a statutory *employee* created by an Act of Congress and defined in the internal revenue laws, nor does Claimant believe any such evidence exists.
27. Claimant has not seen or been presented with any evidence that Claimant is a statutory *employer* created by an Act of Congress and defined in the internal revenue laws, nor does Claimant believe any such evidence exists.
28. Claimant has not seen or been presented with any evidence that Claimant is a statutory *American employer* created by an Act of Congress and defined in the internal revenue laws, nor does Claimant believe any such evidence exists.
29. Claimant has not seen or been presented with any evidence that Claimant is the statutory *person* created by an Act of Congress and defined in the internal revenue laws, nor does Claimant believe any such evidence exists.
30. Claimant has not seen or been presented with any evidence that Claimant is the statutory *natural person* created by an Act of Congress and defined in the internal revenue laws, nor does Claimant believe any such evidence exists.

Clare Reading is aware that the prepared and signed Form 1040 return attached hereto could be used against Claimant in a civil or criminal proceeding. Therefore, to avoid any misrepresentation of material facts, this Verified Notice must be accompanied with any and all potential presentments or claims made by officials, officers, agents and/or employees of the United States, Department of the Treasury, Department of Justice, the Internal Revenue Service or any other known and unknown government agency, instrumentality or political subdivision.

Final Notice is hereby given that: Claimant will hold Internal Revenue Service officials, officers, agents, employees and contracted collection agencies who intentionally disregard the statutes, the internal revenue laws, court decisions, Privacy Act Notice provisions and other references contained in this document, accountable for their reckless and intentional acts pursuant to 26 U.S.C. § 7214 and 18 U.S.C. § 241 and 242. Section 7214 makes it a crime for IRS agents to seek to extract "*other or greater sums than authorized by law*" and to engage in "*extortion and willful oppression under color of law.*" You are also cautioned that, pursuant to the Internal Revenue Service Restructuring and Reform Act (Section 1203, P.L. 105-206), you are required to comply with the United States Code, Internal Revenue Code, the Internal Revenue Manual, Treasury Regulations, and all other Internal Revenue Service policies and procedures. To the extent IRS employees capriciously and arbitrarily disregard the court decisions, statutes and other references contained in this document, you are deemed to proceed in criminal contempt and violation of the internal revenue laws, and are noticed accordingly.

I, Clare Reading, declare under penalty of perjury pursuant to 28 U.S.C. § 1746(1) I believe the above to be true and correct to the best of my knowledge, understanding and belief. All Rights retained without recourse.

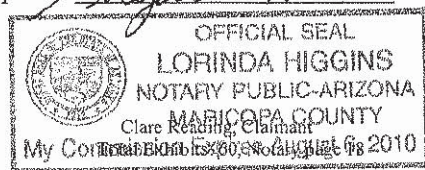
Signature: Clare Louise Reading
Clare Reading, Claimant

State of Arizona)
) ss
County of Maricopa)

I certify on this 6th day of December 2006 that I know or have satisfactory evidence that Clare Reading is the person who appeared before me and acknowledged that she signed this instrument and acknowledged it to be she free and voluntary act for the uses and purposes mentioned in the instrument.

Witness my hand and official seal: Lorinda Higgins
Signature of Notary

My commission expires: August 16, 2010



VERIFIED NOTICE OF FILING FORM 1040 RETURN UNDER THREAT, DURESS, COERCION AND INTIMIDATION

ATTACHMENTS:

Completed and Signed IRS Form 1040 For Tax Year: December 31, 1997
Form 8275 Disclosure Statement For Tax Years: December 31, 1997

EXHIBITS INCLUDED WITH VERIFIED NOTICE:

- EXHIBIT A:** Definitions from Black's Law Fifth Edition (17 pages)
- EXHIBIT B:** Benders Federal Revenue Law 1916 (4 pages)
- EXHIBIT C:** IRS Publication 556 Appeal Rights (4 pages)
- EXHIBIT D:** Title 26 IRC and CFR; IRS Privacy Act Statement and PRA Notice (14 pages)
- EXHIBIT E:** Form 1040 Filing Requirement Cited at CFR, IRS Manuals, etc. (18 pages)
- EXHIBIT F:** The Constitution of the United States of America – Article V (3 pages)

Mailed to:

US Attorney General
Alberto Gonzales
Department of Justice
950 Pennsylvania Ave NW
Washington D.C. 20530-0001
Certified Mail: 7004 2890 0001 9657 8486

Department of the Treasury
Internal Revenue Service
Area 11, Area Director
600 17th Street
Denver, CO 80202-2490
Certified Mail: 7004 2890 0001 9657 8462

Department of the Treasury
Internal Revenue Service
Philadelphia Service Center
600 Arch Street
Philadelphia, PA 19106
Certified Mail: 7004 2890 0001 9657 8479

Department of The Treasury
Internal Revenue Service
Attn: Ann Taylor #86-17536
300 W. Congress, Stop 5126 TUC
Tucson, Arizona 85701
Certified Mail: 7004 2890 0001 9657 8455

VERIFIED NOTICE OF FILING FORM 1040 RETURN UNDER
THREAT, DURESS, COERCION AND INTIMIDATION

Clare Reading, Claimant
Total Exhibits: 60, Notary page 18

Duffy, Charles M. (TAX)

From: Duffy, Charles M. (TAX)
Sent: Monday, March 26, 2012 10:53 AM
To: CryerLaw@aol.com
Subject: Reading case (D. Ariz)
Attachments: 1994Return.pdf



Mr. Cryer, attached is a 1994 return submitted by your clients to the IRS. Apparently it was submitted in December, 2008 or thereafter. The 1993 and 1995 returns that your clients apparently submitted to the IRS in December, 2008 or thereafter were already produced to you (Prod2490-2494 and 2513-2515).

Also, I am back in my office today and see that I received documents based on the United States' subpoenas that were served last week on Pilot Catastrophe and Colonial Claims. I will get the documents produced to you today or tomorrow hopefully.

Also, please call me later today to discuss your recent emails.

Thanks, Charles.

From: CryerLaw@aol.com [mailto:CryerLaw@aol.com]
Sent: Saturday, March 24, 2012 4:39 AM
Subject: What Chester A. Riley would call a "revolting development".

To all those (that I could think of in my hypoxic condition) of you who have relied on, expected, hoped for, worried about or dreaded certain actions on my part this week, I am afraid I have to report that all I could squeeze out was a one page letter and a handful of brief, even to the point of being terse, emails.

Please forgive this "gang" response, but, having almost no sleep and hardly anything to eat over the last five days, I do not have the strength or stamina at this point to respond to each of you individually, but I can, with a few rest breaks, provide all of you (bcc'd, of course) with this singular explanation.

Some of you are aware, most not, that for the last several months I have been fighting chest congestion that seemed to just refuse to break up and go away, although I had tried everything short of twirling tasseled pasties. In recent weeks that congestion has actually been exacerbated to the point that even the slightest physical exertion renders me out of wind. Last weekend that condition

continued to worsen to the point that I felt as though I had been shot at and missed . . . and you know the rest. By Monday morning my sinuses joined the battle on the wrong side and began to flood. I was having difficulty breathing to virtually any depth and plagued with what seemed to be endless fits of coughing and going through enough tissue to require an environmental impact study. I treated myself with wonder drugs, Mucinex and Alka Selzer Plus, and waited for my sure cures to take effect, only to watch my condition deteriorate further to the point that by Wednesday evening I could not breath deeply enough to sleep.

When the condition did not improve over Thursday and Thursday night I whipped out my wisdom and prudence stick, which many you have felt briskly applied to your back sides on more than a few occasions, and decided it might be wise and prudent to call my doctor. Through some stroke of luck in the meantime, however, some of the congestion started breaking up, allowing me to improve slightly before my appointment. I was able to walk into his office on my own steam. Ricky worked me in Friday afternoon and we spent much of the afternoon reminiscing and ruminating, since our last visit was some ten years ago, while we waited for lab and x-rays. Neither was surprised when the verdict came back guilty of bilateral pneumonia and a second, unexpected count, sinus infection.

Ricky said he should run me in but knew I was going to argue with him because the indicators for outpatient vs. admission were divided, two flunked, two passed. So we made a deal. I got a huge shot of some kind of antibiotic and have to consume massive, cone-head-type quantities of both prednisone (a steroid) and antibiotics as well as inhale some kind of vapor stuff every few hours. When he found out Dee Dee has a nebulizer machine he tacked that on as an additional condition for release. I've never been nebulized before, so asked Dee Dee to be gentle with me. She said she would . . . the first time. Kinda scary.

But the deal has consequences. The proximity of the sinus infection to the pneumonia presents a risk of what they used to call "galloping consumption", pneumococcal infection with about a two hour done to dead term. If I backtrack even slightly during the weekend or if on Monday I am not sufficiently improved to satisfy the good doctor, he's going to order me remanded to the custody of a bunch of Nurse Cratchets who will no doubt nebulize me without mercy and rotate, thump and vibrate me until my lungs are emptied out and I'm stuttering. Even if I am not remanded to the hospital he says he'll let me know Monday whether I can take the recovery mobile, so the depos in Phoenix next week are not out of harm's way until Monday, if then. The 11th Circuit excerpts are going to be a logistical coup, although we will, somehow, get them in there (I have it figured out, but need to follow this with the solution).

As energy permits I will be in touch with each of you to let you know how and when I would meet your expectations, but those will be spread out over the next few days and based on immediacy of deadlines, etc.

Thank you for your patience as I work my way out of this revolting development.

Tom

Duffy, Charles M. (TAX)

From: Duffy, Charles M. (TAX)
Sent: Thursday, February 09, 2012 4:26 PM
To: CryerLaw@aol.com
Subject: Reading case



Tom, I will call next week re our discussion about the extension and other matters. I am back from Hong Kong and am digging out. Thanks for your courtesy. Charles.

Charles M. Duffy
Trial Attorney,
U.S. Department of Justice
Tax Division
Washington D.C.
(202) 307-6406

Duffy, Charles M. (TAX)

From: CryerLaw@aol.com
Sent: Tuesday, February 21, 2012 3:27 PM
To: Duffy, Charles M. (TAX)
Subject: Re: U.S. v. Reading et al., Civ. no 11-698 (D. Ariz)

Well done. Sign me up for it.

Tom

In a message dated 2/17/2012 3:21:54 P.M. Central Standard Time, Charles.M.Duffy@usdoj.gov writes:

Mr. Cryer,

Per our recent telephone conversation, please review the enclosed Stipulation that would extend the Rule 26(a)(3) disclosure, discovery and dispositive motion deadlines by 60 days. Please note also that I should be able to send responses to your written discovery by March 2nd.

Please let me know if the stipulation is satisfactory and I can type your signature on it. It still needs to be reviewed here and if there are any changes I will resend it to you. I will also see if the other parties agree to it.

Thanks for your courtesy and assistance, Charles.

<<StipulationReading.pdf>>

Charles M. Duffy

Trial Attorney,

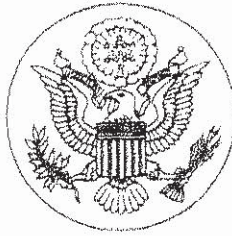
U.S. Department of Justice

Tax Division

Washington D.C.

(202) 307-6406

United States



of America

Department of the Treasury
Internal Revenue Service

**Government
Exhibit**
DuffyExO

Date: Jan. 19, 2012

CERTIFICATE OF OFFICIAL RECORD

I certify that the annexed: is a true Form 4340, Certificate of Assessments, Payments and Other Specified Matters for James L. Reading, SSN: [REDACTED] & Spouse's SSN: [REDACTED], for U.S. Individual Income Tax Return (Form 1040), for the tax period ending December 31, 1995, consisting of seven pages

under the custody of this office.

IN WITNESS WHEREOF, I have hereunto set my hand, and caused the seal of this office to be affixed, on the day and year first above written.

By direction of the Secretary of the Treasury:

Handwritten signature of Linda B. Oram in cursive.

Linda B. Oram
Accounting Operation Manager
Ogden W&I Submission Processing
W&I Delegation Order WI-11-5

CERTIFICATE OF ASSESSMENTS, PAYMENTS, AND OTHER SPECIFIED MATTERS

JAMES L READING

EIN/SSN: [REDACTED]

TYPE OF TAX: U.S. INDIVIDUAL INCOME TAX RETURN
FORM: 1040 TAX PERIOD: DEC 1995

DATE	EXPLANATION OF TRANSACTION	ASSESSMENT, OTHER DEBITS (REVERSAL)	PAYMENT, CREDIT (REVERSAL)	ASSESSMENT DATE (23C, RAC 006)
	ADJUSTED GROSS INCOME 112,278.00			
	TAXABLE INCOME 107,603.00			
	SELF EMPLOYMENT TAX 10,740.00			
11-03-1998	SUBSTITUTE FOR RETURN 29210-318-25209-8		0.00	12-14-1998
04-21-1997	RECEIVED POA/TIA			
	FAILURE TO PAY TAX PENALTY 20011508	10,484.50		04-23-2001
	ESTIMATED TAX PENALTY 20011508	2,274.00		04-23-2001
	LATE FILING PENALTY 20011508	9,436.05		04-23-2001
	ADDITIONAL TAX ASSESSED BY EXAMINATION AUDIT DEFICIENCY PER DEFAULT OF 90 DAY LETTER ASED 20040423 29247-489-00061-1 20011508	41,938.00		04-23-2001
	INTEREST ASSESSED 20011508	27,329.46		04-23-2001
07-16-2002	RECEIVED POA/TIA			
06-23-2003	MODULE IN FEDERAL PAYMENT LEVY PROGRAM			
	LATE FILING PENALTY 20034108	1,040.45		10-20-2003
FORM 4340 (REV. 01-2002)		PAGE	1	

CERTIFICATE OF ASSESSMENTS, PAYMENTS, AND OTHER SPECIFIED MATTERS

JAMES L READING

EIN/SSN: [REDACTED] *

TYPE OF TAX: U.S. INDIVIDUAL INCOME TAX RETURN
FORM: 1040 TAX PERIOD: DEC 1995

DATE	EXPLANATION OF TRANSACTION	ASSESSMENT, OTHER DEBITS (REVERSAL)	PAYMENT, CREDIT (REVERSAL)	ASSESSMENT DATE (23C, RAC 006)
10-20-2003	FAILURE TO PAY TAX PENALTY ABATED		10,484.50-	
	ADDITIONAL TAX ASSESSED 89254-672-18015-3 20034108		0.00	10-20-2003
10-13-2003	MODULE REVERSED OUT OF FEDERAL PAYMENT LEVY PROGRAM			
	INTEREST ASSESSED 20034108		13,900.38	10-20-2003
	ADDITIONAL TAX ASSESSED 89254-672-05042-3 20034208		0.00	10-27-2003
	INTEREST ASSESSED 20034208		73.61	10-27-2003
	FAILURE TO PAY TAX PENALTY 20034208		10,484.50	10-27-2003
02-09-2004	MODULE IN FEDERAL PAYMENT LEVY PROGRAM			
FORM 4340 (REV. 01-2002)			PAGE 2	

CERTIFICATE OF ASSESSMENTS, PAYMENTS, AND OTHER SPECIFIED MATTERS

JAMES L READING

EIN/SSN: [REDACTED]

TYPE OF TAX: U.S. INDIVIDUAL INCOME TAX RETURN
FORM: 1040 TAX PERIOD: DEC 1995


DATE	EXPLANATION OF TRANSACTION	ASSESSMENT, OTHER DEBITS (REVERSAL)	PAYMENT, CREDIT (REVERSAL)	ASSESSMENT DATE (23C, RAC 006)
08-12-2005	INTENT TO LEVY COLLECTION DUE PROCESS NOTICE LEVY NOTICE ISSUED			
08-19-2005	FEDERAL TAX LIEN			
08-18-2005	MODULE BLOCKED OR RELEASED FROM FEDERAL PAYMENT LEVY PROGRAM			
08-19-2005	INTENT TO LEVY COLLECTION DUE PROCESS NOTICE RETURN RECEIPT SIGNED			
09-12-2005	MODULE REVERSED OUT OF FEDERAL PAYMENT LEVY PROGRAM			
05-05-2006	FEDERAL TAX LIEN			
05-12-2006	FEDERAL TAX LIEN			
05-18-2006	RECEIVED POA/TIA			
09-11-2006	REVERSAL OF MODULE BLOCKED FROM FEDERAL PAYMENT LEVY PROGRAM			

FORM 4340 (REV. 01-2002)

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CERTIFICATE OF ASSESSMENTS, PAYMENTS, AND OTHER SPECIFIED MATTERS

JAMES L READING

EIN/SSN: TYPE OF TAX: U.S. INDIVIDUAL INCOME TAX RETURN
FORM: 1040 TAX PERIOD: DEC 1995

DATE	EXPLANATION OF TRANSACTION	ASSESSMENT, OTHER DEBITS (REVERSAL)	PAYMENT, CREDIT (REVERSAL)	ASSESSMENT DATE (23C, RAC 006)
09-11-2006	MODULE IN FEDERAL PAYMENT LEVY PROGRAM			
11-01-2006	LEGAL SUIT PENDING			
12-11-2006	MODULE REVERSED OUT OF FEDERAL PAYMENT LEVY PROGRAM			
02-21-2007	REMOVED POA/TIA			
09-13-2007	LEGAL/BANKRUPTCY SUIT NO LONGER PENDING			
10-22-2007	MODULE IN FEDERAL PAYMENT LEVY PROGRAM			
11-05-2007	MODULE REVERSED OUT OF FEDERAL PAYMENT LEVY PROGRAM			
12-24-2007	MODULE IN FEDERAL PAYMENT LEVY PROGRAM			
04-07-2008	MODULE REVERSED OUT OF FEDERAL PAYMENT LEVY PROGRAM			

FORM 4340 (REV. 01-2002) PAGE 4

CERTIFICATE OF ASSESSMENTS, PAYMENTS, AND OTHER SPECIFIED MATTERS

JAMES L. READING

EIN/SSN: TYPE OF TAX: U.S. INDIVIDUAL INCOME TAX RETURN
FORM: 1040 TAX PERIOD: DEC. 1995

DATE	EXPLANATION OF TRANSACTION	ASSESSMENT, OTHER DEBITS (REVERSAL)	PAYMENT, CREDIT (REVERSAL)	ASSESSMENT DATE (23C, RAC 006)
09-12-2008	RECEIVED POA/TIA			
01-09-2009	FEDERAL TAX LIEN			
04-27-2009	RECEIVED POA/TIA			
11-09-2009	RECEIVED POA/TIA			
11-29-2010	REMOVED POA/TIA			
04-06-2011	LEGAL SUIT PENDING			
04-22-2011	FEDERAL TAX LIEN			
05-06-2011	FEDERAL TAX LIEN			
07-15-2011	FEDERAL TAX LIEN RELEASED			
04-23-2001	Statutory Notice of Balance Due			
05-28-2001	Notice of Balance Due			
06-11-2001	Notice of Balance Due			
09-10-2001	Statutory Notice of Intent to Levy			
09-29-2003	Statutory Notice of Intent to Levy			

FORM 4340 (REV. 01-2002)

PAGE 5

CERTIFICATE OF ASSESSMENTS, PAYMENTS, AND OTHER SPECIFIED MATTERS

JAMES L READING

EIN/SSN: 

TYPE OF TAX: U.S. INDIVIDUAL INCOME TAX RETURN
FORM: 1040 TAX PERIOD: DEC 1995

DATE	EXPLANATION OF TRANSACTION	ASSESSMENT, OTHER DEBITS (REVERSAL)	PAYMENT, CREDIT (REVERSAL)	ASSESSMENT DATE (23C, RAC 006)
10-20-2003	Statutory Notice of Balance Due			
10-09-2006	Statutory Notice of Balance Due			
10-22-2007	Statutory Notice of Intent to Levy			
10-12-2009	Statutory Notice of Balance Due			
10-11-2010	Statutory Notice of Balance Due			

FORM 4340 (REV. 01-2002)

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CERTIFICATE OF ASSESSMENTS, PAYMENTS, AND OTHER SPECIFIED MATTERS

JAMES L READING

EIN/SSN: [REDACTED]

TYPE OF TAX: U.S. INDIVIDUAL INCOME TAX RETURN
FORM: 1040 TAX PERIOD: DEC 1995

BALANCE 106,484.45

I CERTIFY THAT THE FOREGOING TRANSCRIPT OF THE TAXPAYER NAMED ABOVE IN RESPECT TO THE TAXES SPECIFIED IS A TRUE AND COMPLETE TRANSCRIPT FOR THE PERIOD STATED, AND ALL ASSESSMENTS, ABATEMENTS, CREDITS, REFUNDS, AND ADVANCE OR UNIDENTIFIED PAYMENTS, AND THE ASSESSED BALANCE RELATING THERETO, AS DISCLOSED BY THE RECORDS OF THIS OFFICE AS OF THE ACCOUNT STATUS DATE ARE SHOWN THEREIN. I FURTHER CERTIFY THAT THE OTHER SPECIFIED MATTERS SET FORTH IN THIS TRANSCRIPT APPEAR IN THE OFFICIAL RECORDS OF THE INTERNAL REVENUE SERVICE.

SIGNATURE OF CERTIFYING OFFICER: Linda B. Oram

PRINT NAME: Linda B. Oram

TITLE: Accounting Operation Manager, Ogden W&I Submission Processing

DELEGATION ORDER: WI-11-5

LOCATION: INTERNAL REVENUE SERVICE

ACCOUNT STATUS DATE 01/19/2012