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10  
11 IN THE UNITED STATES DISTRICT COURT FOR THE  
12 DISTRICT OF ARIZONA

13  
14 UNITED STATES OF AMERICA, )  
 ) Civil No. 2:09-cv-00341-ROS  
15 Plaintiff, )  
 ) **DECLARATION OF INTERNAL**  
16 v. ) **REVENUE SERVICE TECHNICAL**  
 ) **ADVISOR CHARLES REYNOLDS**  
17 THOMASITA E. TAYLOR, )  
18 )  
 )  
19 Defendant. )  
20 )  
 )

21 I, Charles Reynolds<sup>1</sup>, declare as follows:

- 22  
23 1. I am a Technical Advisor employed by the Internal Revenue Service (“IRS”) Small  
24 Business/Self Employed Division in Phoenix, Arizona.  
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26 2. In my capacity as a Technical Advisor, I reviewed the relevant portions of the IRS

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<sup>1</sup> Charles Reynolds is an Internal Revenue Service approved pseudonym.

1 administrative file in this matters to determine Thomasita Taylor's outstanding federal tax  
2 liabilities for the 1993-1996 and 2000-2006 tax years.

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4 3. Based upon my review of the relevant portions of the IRS administrative file in this  
5 matter, I make the representations below pertaining to Ms. Taylor's tax liabilities for the 1993-  
6 1996 and 2000-2006 tax years, and if called upon to testify to said facts, I could do so  
7 competently.  
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9 4. Attached hereto as Exhibit A is a true and correct copy of the Form 4340, Certificate of  
10 Assessments, Payments, and Other Specified Matters for Thomasita Taylor's federal income tax  
11 liability for the tax period ending December 31, 1993 - which is a self-authenticating document  
12 under Rule 902(1) of the Federal Rules of Evidence. Ms. Taylor's Social Security number has  
13 been redacted. Exhibit A at page 4 reflects that notice of balance due was provided on February  
14 21, 2000, March 27, 2000 and May 1, 2000.  
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16 5. Attached hereto as Exhibit B is a true and correct copy of the Form 4340, Certificate of  
17 Assessments, Payments, and Other Specified Matters for Thomasita Taylor for Civil Penalty for  
18 the tax period ending December 31, 1993 - which is a self-authenticating document under Rule  
19 902(1) of the Federal Rules of Evidence. Ms. Taylor's Social Security number has been  
20 redacted. Exhibit B at pages 1-2 reflects that notice of balance due was provided on September  
21 6, 2005, October 10, 2005, and June 19, 2006.  
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24 6. Attached hereto as Exhibit C is a true and correct copy of the Form 4340, Certificate of  
25 Assessments, Payments, and Other Specific Matters for Thomasita Taylor's federal income tax  
26 liability for the tax period ending December 31, 1994 - which is a self-authenticating document  
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1 under Rule 902(1) of the Federal Rules of Evidence. Ms. Taylor's Social Security number has  
2 been redacted. Exhibit C at page 4 reflects that notice of balance due was provided on October  
3 20, 1997, November 24, 1997, September 7, 1998, February 21, 2000, March 27, 2000, and May  
4 1, 2000.  
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6 7. Attached hereto as Exhibit D is a true and correct copy of the Form 4340, Certificate of  
7 Assessments, Payments, and Other Specific Matters for Thomasita Taylor's federal income tax  
8 liability for the tax period ending December 31, 1995 - which is a self-authenticating document  
9 under Rule 902(1) of the Federal Rules of Evidence. Ms. Taylor's Social Security number has  
10 been redacted. Exhibit D at page 4 reflects that notice of balance due was provided on October  
11 20, 1997, November 24, 1997, February 21, 2000, March 27, 2000, and May 1, 2000.  
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14 8. Attached hereto as Exhibit E is a true and correct copy of the Form 4340, Certificate of  
15 Assessments, Payments, and Other Specific Matters for Thomasita Taylor's federal income tax  
16 liability for the tax period ending December 31, 1996 - which is a self-authenticating document  
17 under Rule 902(1) of the Federal Rules of Evidence. Ms. Taylor's Social Security number has  
18 been redacted. Exhibit E at page 3-4 reflects that notice of balance due was provided on  
19 September 29, 1997, November 3, 1997, February 21, 2000, March 27, 2000, and May 1, 2000.  
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22 9. On or about April 26, 2005, the IRS sent a Notice of Deficiency to Thomasita Taylor  
23 for the tax year ending December 31, 2000. A true and correct copy of the Statutory Notice of  
24 Deficiency (without attachments) is attached to this declaration as Exhibit F.  
25

26 10. Because Thomasita Taylor failed to file an income tax return for tax year ending  
27 December 31, 2000, the IRS prepared a Substitute for Return ("SFR"). A true and correct copy  
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1 of the SFR for the tax year ending December 31, 2000 along with supporting information from  
2 the IRS's Information Returns Processing Transcript Requests report ("IRPTR report") is  
3 attached to this declaration as Exhibit G.  
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5 11. The information used to prepare the SFR was obtained by the IRS from Ms. Taylor's  
6 employer, Issac Elementary, Phoenix, Arizona; bank statements from Desert Schools Federal  
7 Credit Union, Phoenix, Arizona; and third-party payer PMG Marketing Inc., Palm Beach,  
8 Florida. That information showed that Ms. Taylor should have reported taxable income of  
9 \$43,692.00. Exhibit G, page 3. After allowable deductions, exemptions and credits, the federal  
10 income tax due for 2000 was \$9,189.00. Id.  
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12 12. Attached hereto as Exhibit H is a true and correct copy of the Form 4340, Certificate  
13 of Assessments, Payments, and Other Specific Matters for Thomasita Taylor's federal income tax  
14 liability for the tax period ending December 31, 2000 - which is a self-authenticating document  
15 under Rule 902(1) of the Federal Rules of Evidence. Ms. Taylor's Social Security number has  
16 been redacted. Exhibit H at pages 2-3 reflects that notice of balance due was provided on  
17 October 10, 2005 and June 19, 2006.  
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19 13. On or about April 26, 2005, the IRS sent a Notice of Deficiency to Thomasita Taylor  
20 for the tax year ending December 31, 2001. A true and correct copy of the Statutory Notice of  
21 Deficiency (without attachments) is attached to this declaration as Exhibit I.  
22

23 14. Because Thomasita Taylor failed to file an income tax return for tax year ending  
24 December 31, 2001, the IRS prepared a SFR. A true and correct copy of the SFR for the tax year  
25 ending December 31, 2001 along with supporting information from the IRS's IRPTR report is  
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1 attached to this declaration as Exhibit J.

2 15. The information used to prepare the SFR was obtained by the IRS from Ms. Taylor's  
3 employer, Isaac School District No. 5, Phoenix, Arizona; bank statements from Desert Schools  
4 Federal Credit Union; and third-party payer PMG Marketing Inc., Palm Beach, Florida. That  
5 information showed that Ms. Taylor should have reported taxable income of \$45,379.00. Exhibit  
6 J, page 3. After allowable deductions, exemptions and credits, the federal income tax due for  
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8 2001 was \$9,294.00. Id.

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10 16. Attached hereto as Exhibit K is a true and correct copy of the Form 4340, Certificate  
11 of Assessments, Payments, and Other Specific Matters for Thomasita Taylor's federal income tax  
12 liability for the tax period ending December 31, 2001 - which is a self-authenticating document  
13 under Rule 902(1) of the Federal Rules of Evidence. Ms. Taylor's Social Security number has  
14 been redacted. Exhibit K at page 2 reflects that notice of balance due was provided on October  
15 10, 2005 and June 19, 2006.  
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18 17. On or about April 26, 2005, the IRS sent a Notice of Deficiency to Thomasita Taylor  
19 for the tax year ending December 31, 2002. A true and correct copy of the Statutory Notice of  
20 Deficiency (without attachments) is attached to this declaration as Exhibit L.  
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23 18. Because Thomasita Taylor failed to file an income tax return for tax year ending  
24 December 31, 2002, the IRS prepared a SFR. A true and correct copy of the SFR for the tax year  
25 ending December 31, 2002 along with supporting information from the IRS's IRPTR report is  
26 attached to this declaration as Exhibit M.  
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1           19. The information used to prepare the SFR was obtained by the IRS from Ms. Taylor's  
2 employer, Issac School District No. 5, Phoenix, Arizona; and bank statements from Desert  
3 Schools Federal Credit Union, Phoenix, Arizona. That information showed that Ms. Taylor  
4 should have reported taxable income of \$49,456.00. Exhibit M, page 3. After allowable  
5 deductions, exemptions and credits, the federal income tax due for 2002 was \$9,369.00. Id.  
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7           20. Attached hereto as Exhibit N is a true and correct copy of the Form 4340, Certificate  
8 of Assessments, Payments, and Other Specific Matters for Thomasita Taylor's federal income tax  
9 liability for the tax period ending December 31, 2002 - which is a self-authenticating document  
10 under Rule 902(1) of the Federal Rules of Evidence. Ms. Taylor's Social Security number has  
11 been redacted. Exhibit N at page 2 reflects that notice of balance due was provided on October  
12 10, 2005 and June 16, 2006.  
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14           21. On or about April 26, 2005, the IRS sent a Notice of Deficiency to Thomasita Taylor  
15 for the tax year ending December 31, 2003. A true and correct copy of the Statutory Notice of  
16 Deficiency (without attachments) is attached to this declaration as Exhibit O.  
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18           22. Because Thomasita Taylor failed to file an income tax return for tax year ending  
19 December 31, 2003, the IRS prepared a SFR. A true and correct copy of the SFR for the tax year  
20 ending December 31, 2003 along with supporting information from the IRS's IRPTR report is  
21 attached to this declaration as Exhibit P.  
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23           23. The information used to prepare the SFR was obtained by the IRS from Ms. Taylor's  
24 employer, Isaac School District No. 5, Phoenix, Arizona; and third-party payer Arizona State  
25 Retirement Systems, Pittsburgh, Pennsylvania. That information showed that Ms. Taylor should  
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1 have reported taxable income of \$48,350.00. Exhibit P, page 3. After allowable deductions,  
2 exemptions and credits, the federal income tax due for 2003 was \$10,927.30. Id.

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4 24. Attached hereto as Exhibit Q is a true and correct copy of the Form 4340, Certificate  
5 of Assessments, Payments, and Other Specific Matters for Thomasita Taylor's federal income tax  
6 liability for the tax period ending December 31, 2003 - which is a self-authenticating document  
7 under Rule 902(1) of the Federal Rules of Evidence. Ms. Taylor's Social Security number has  
8 been redacted. Exhibit Q at page 3-4 reflects that notice of balance due was provided on October  
9 10, 2005 and June 19, 2006.  
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11 25. Attached hereto as Exhibit R is a true and correct copy of the Form 4340, Certificate  
12 of Assessments, Payments, and Other Specific Matters for Thomasita Taylor's federal income tax  
13 liability for the tax period ending December 31, 2004 - which is a self-authenticating document  
14 under Rule 902(1) of the Federal Rules of Evidence. Ms. Taylor's Social Security number has  
15 been redacted. Exhibit R at page 2 reflects that notice of balance due was provided on December  
16 31, 2007.  
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20 26. Attached hereto as Exhibit S is a true and correct copy of the Form 4340, Certificate  
21 of Assessments, Payments, and Other Specific Matters for Thomasita Taylor's federal income tax  
22 liability for the tax period ending December 31, 2005 - which is a self-authenticating document  
23 under Rule 902(1) of the Federal Rules of Evidence. Ms. Taylor's Social Security number has  
24 been redacted. Exhibit S at page 1 reflects that notice of balance due was provided on December  
25 31, 2007.  
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1 27. Attached hereto as Exhibit T is a true and correct copy of the Form 4340, Certificate  
2 of Assessments, Payments, and Other Specific Matters for Thomasita Taylor's federal income tax  
3 liability for the tax period ending December 31, 2006 - which is a self-authenticating document  
4 under Rule 902(1) of the Federal Rules of Evidence. Ms. Taylor's Social Security number has  
5 been redacted. Exhibit T at page 2 reflects that notice of balance due was provided on December  
6 31, 2007.  
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9 28. Attached hereto as Exhibit U is a true and correct copy of the IRS INTSTD report for  
10 the 1993-1996 and 2000-2006 tax years, which lists a breakdown of the assessed "taxes,"  
11 "interest," and "penalties" owed by Ms. Taylor, as well as a calculation of the accrued (but not  
12 assessed) "interest" for each tax year at issue.  
13

14 29. Exhibit U provides a summary of the original "ASSESSED TOTAL" for each tax  
15 year at issue and the accrued (but not assessed) interest and penalties that along with the  
16 "ASSESSED TOTAL" equal the "BALANCE DUE" for each tax year at issue as of August 14,  
17 2009. For example, Ms. Taylor's "BALANCE DUE" for federal income tax liability, including  
18 penalties and interest, from the tax year ending December 31, 1993 is \$20,437.57, as of August  
19 14, 2009. Of that amount, \$3,820.00 represents the balance due on the original "ASSESSED  
20 TOTAL." The remaining \$16,617.57 represents accrued, but unassessed, interest and penalties.  
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23 30. The INTST report is calculated through August 14, 2009, including application of any  
24 payments or credits. Ms. Taylor's outstanding federal tax liability for the 1993-1996 and 2000-  
25 2006 tax years is \$184,564.50, plus statutory interest and other additions allowed by law from  
26 August 14, 2009.  
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I declare under penalty of perjury that the foregoing is true and correct.

Executed this 21st day of September, 2009

/s/Charles Reynolds<sup>2</sup>  
Charles Reynolds  
IRS Technical Advisor

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<sup>2</sup> A signed copy of Charles Reynolds' Declaration is maintained in the United States' files for this matter.