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

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

21 I, Charles Reynolds¹, 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.
25
26 2. In my capacity as a Technical Advisor, I reviewed the relevant portions of the IRS

27 _____
28 ¹ 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.

3
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.
15

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
28

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.
4

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.
11

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
7
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
16 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
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27 attached to this declaration as Exhibit M.

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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8 20. Attached hereto as Exhibit N is a true and correct copy of the Form 4340, Certificate
9 of Assessments, Payments, and Other Specific Matters for Thomasita Taylor's federal income tax
10 liability for the tax period ending December 31, 2002 - which is a self-authenticating document
11 under Rule 902(1) of the Federal Rules of Evidence. Ms. Taylor's Social Security number has
12 been redacted. Exhibit N at page 2 reflects that notice of balance due was provided on October
13 10, 2005 and June 16, 2006.
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15 21. On or about April 26, 2005, the IRS sent a Notice of Deficiency to Thomasita Taylor
16 for the tax year ending December 31, 2003. A true and correct copy of the Statutory Notice of
17 Deficiency (without attachments) is attached to this declaration as Exhibit O.
18

19 22. Because Thomasita Taylor failed to file an income tax return for tax year ending
20 December 31, 2003, the IRS prepared a SFR. A true and correct copy of the SFR for the tax year
21 ending December 31, 2003 along with supporting information from the IRS's IRPTR report is
22 attached to this declaration as Exhibit P.
23

24 23. The information used to prepare the SFR was obtained by the IRS from Ms. Taylor's
25 employer, Isaac School District No. 5, Phoenix, Arizona; and third-party payer Arizona State
26 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.
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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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22 30. The INTST report is calculated through August 14, 2009, including application of any
23 payments or credits. Ms. Taylor's outstanding federal tax liability for the 1993-1996 and 2000-
24 2006 tax years is \$184,564.50, plus statutory interest and other additions allowed by law from
25 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 Reynolds²
Charles Reynolds
IRS Technical Advisor

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