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UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF ARIZONA

United States of America,	)	
	)	
Plaintiff,	)	CR 10-00400-PHX-DGC
	)	
vs.	)	Phoenix, Arizona
	)	April 26, 2011
Janice Sue Taylor,	)	
	)	
Defendant.	)	
	)	

BEFORE: THE HONORABLE DAVID G. CAMPBELL, JUDGE

REPORTER'S TRANSCRIPT OF PROCEEDINGS

TRIAL DAY 4 (Pages 755 - 1009)

Official Court Reporter:  
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Proceedings Reported by Stenographic Court Reporter  
Transcript Prepared with Computer-Aided Transcription

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08:31:58 1 **P R O C E E D I N G S**

2 (The following proceedings took place in open court  
3 outside the presence of the jury. The defendant was not  
4 present.)

08:31:58 5  
6 THE COURT: Thank you. Please be seated.

7 Do we have Ms. Taylor here?

8 MS. ANDERSON: Your Honor, she had called me earlier  
9 and said she was stuck in traffic. But I did just notice she  
08:32:59 10 was coming through security a couple minutes ago, so she should  
11 be here any moment.

12 THE COURT: Would you mind stepping out, Ms. Anderson,  
13 to make sure she doesn't stop to organize things in the hall  
14 and we get her in here as soon as we can. Thank you.

08:37:12 15 (Pause in proceedings. Ms. Taylor enters the  
16 courtroom.)

17 THE COURT: Okay. Why don't we go ahead and get  
18 started.

19 Good morning, Ms. Taylor.

08:37:33 20 MS. TAYLOR: Good morning. I didn't see you come in.

21 THE COURT: All right. Counsel for the Government, do  
22 you have matters that you want to raise before we start this  
23 morning?

24 MR. GALATI: I think we have two, Your Honor.

08:37:48 25 We filed a brief memorandum with regard to

08:37:51 1 Exhibit 181. I don't know if you got it. We filed it late  
2 yesterday.

3 THE COURT: I've not seen it.

4 MR. GALATI: I asked that it be sent over here. All  
08:38:00 5 right.

6 We certainly don't need to do that now. And I can  
7 get a copy to your staff. It's just a legal memo as to why  
8 Exhibit 181 ought to be admitted.

9 THE COURT: What is Exhibit 181?

08:38:12 10 MR. GALATI: The photocopy of the passport found in  
11 the trash at 1931 South Tate.

12 THE COURT: Okay. I'll look at that.

13 MR. KNAPP: Your Honor, one thing Mr. Galati and I  
14 were talking about this weekend was there's been testimony  
08:38:32 15 about Ms. Taylor being in a marriage ceremony with Mr. McBride  
16 and introducing themselves as Ron and Suzi McBride. We  
17 submitted that evidence because it is relevant to connect the  
18 defendant, Suzi McBride, to some of the accounts. But we don't  
19 dispute, at least according to our search, there was no actual  
08:38:52 20 valid marriage, there was no marriage certificate recorded.

21 So we mentioned this to Susan Anderson and asked her  
22 to pass it along to the defendant yesterday. We're willing to  
23 stipulate to that, that our case agent did a search and  
24 couldn't find a recorded marriage certificate, or we have the  
08:39:11 25 actual letter noting the nonexistence from the Pinal County

08:39:16 1 clerk's office.

2 So I wanted to raise that. I guess our concern is we  
3 don't want anyone to think that the jury's being misled about  
4 her marital status. We agree it doesn't seem like it was a  
08:39:28 5 valid marriage, but there is a connection.

6 THE COURT: Ms. Taylor, do you have a view on what you  
7 would like to have done on that issue?

8 MS. TAYLOR: We already stipulated to that, basically,  
9 right? You're saying you're going to stipulate that we're not  
08:39:47 10 married. Right. That's correct.

11 THE COURT: So do you want to have me tell the jury  
12 you're stipulating to the fact you're not married?

13 MS. TAYLOR: Oh, is that the question?

14 THE COURT: That's the question.

08:39:59 15 MS. TAYLOR: Yeah, um-hmm.

16 MR. KNAPP: Your Honor, we would just raise it as no  
17 valid marriage between the two of them. Obviously, there was  
18 testimony about a marriage ceremony. But I guess what we're  
19 trying to say is there was no legal marriage.

08:40:16 20 THE COURT: Well, it seems to me the right place to do  
21 this is probably at the close of the government's case. So I'm  
22 going to leave it to you, Mr. Knapp, when you rest, to remind  
23 me about the stipulation. And at that point, I will inform the  
24 jury -- and, Ms. Taylor, you need to listen to this to make  
08:40:32 25 sure you agree. I will inform the jury that the Government and

08:40:35 1 you have stipulated that there was no legal marriage between  
2 you and Mr. McBride.

3 MS. TAYLOR: Okay. That's fine.

4 THE COURT: Okay.

08:40:47 5 MR. KNAPP: And then, Your Honor, I mentioned on  
6 Thursday there are a couple public records we still intend to  
7 introduce based on the certifications. I don't know if the  
8 Court wants to take those up this morning or if we can do it as  
9 we -- at some other point before we rest.

08:41:03 10 THE COURT: Well, you're going to be resting this  
11 morning, right?

12 MR. KNAPP: Most likely, yes, Your Honor. That's the  
13 plan.

14 THE COURT: Do you want to do it in front of the jury  
08:41:10 15 our outside of their hearing?

16 MR. KNAPP: One of -- actually, two of the exhibits  
17 are from the Department of Motor Vehicles, and that is relevant  
18 to one of our witnesses that have yet to testify. So I'm happy  
19 with moving for the introduction of those in front of the jury.  
08:41:23 20 I just want to telegraph that it is going to be based on the  
21 certification. And the other exhibits are already relevant.  
22 And they're Arizona Corporation Commission records that we  
23 would just move for admission. So we can do that in front of  
24 the jury or outside. I just --

08:41:39 25 THE COURT: Under what portion of Rule 902 are you



08:41:41 1 going to be moving?

2 MR. KNAPP: Your Honor, 902(4). They're certified

3 copies.

4 THE COURT: Okay. Why don't you go ahead and move for

08:42:22 5 those at the time you think appropriate.

6 MR. KNAPP: Certainly, Your Honor.

7 THE COURT: Anything else you want to raise?

8 MR. KNAPP: I think Mr. Galati has one or two matters.

9 No. I guess that's it, Your Honor.

08:42:32 10 THE COURT: Okay.

11 Ms. Taylor, do you have matters you want to raise

12 before the jury comes in this morning?

13 MS. TAYLOR: Yes, Your Honor. I have some witnesses

14 that I would like to add to the list. Do I just give that to

08:42:45 15 them?

16 THE COURT: Who are the witnesses you're adding?

17 You need to pull that mike over to you as well.

18 MS. TAYLOR: Gale Webb, Mike Bigley, Terry Major, Phil

19 Elmer -- Elmer Phillip Vild, and Thomasita Taylor.

08:43:17 20 THE COURT: Are these witnesses all going to be here

21 today to testify?

22 MS. TAYLOR: Yes. As far as I know.

23 THE COURT: And your others as well?

24 MS. TAYLOR: No. Some of them couldn't come.

08:43:27 25 THE COURT: Give me those names one more time. Gale

08:43:28 1 Webb.

2 MS. TAYLOR: Mike Bigley.

3 THE COURT: How is that spelled?

4 MS. TAYLOR: Mike, B-I-G-L-E-Y.

08:43:37 5 THE COURT: B-I-E?

6 MS. TAYLOR: B-I-G-L-E-Y.

7 THE COURT: Bigley. Okay.

8 MS. TAYLOR: Terry Major.

9 THE COURT: Major?

08:43:46 10 MS. TAYLOR: Major.

11 THE COURT: M-A-J-O-R?

12 MS. TAYLOR: Yes, sir.

13 THE COURT: Okay.

14 MS. TAYLOR: And Elmer Phillip Vild, V-I-L-D.

08:43:59 15 THE COURT: B-I-L-D.

16 MS. TAYLOR: "V," like in Victor.

17 THE COURT: "V." V-I-L-D?

18 MS. TAYLOR: Yes.

19 THE COURT: Okay.

08:44:07 20 MS. TAYLOR: And Thomasita, that's a

21 T-H-O-M-A-S-I-T-A, Taylor.

22 THE COURT: Okay. Do you have other matters that you

23 want to raise?

24 MS. TAYLOR: Yes, I do. Kind of have a question, Your

08:44:39 25 Honor. I know that I asked you last week if you was an Article

08:44:43 1 III judge, and you said yes. I've been diligently trying to  
2 figure out what kind of a jurisdiction I'm under and is this  
3 court operating under -- and what this court's operating under.  
4 So what I need to know is, is this an Article III  
08:45:03 5 constitutional court of original jurisdiction, 1787, as amended  
6 1791?

7 THE COURT: I don't know what you mean by that  
8 question.

9 MS. TAYLOR: Is this an Article III court that was  
08:45:18 10 created by the constitution of original jurisdiction in 1787  
11 and amended in 1791?

12 THE COURT: Well, if what you're asking, Ms. Taylor,  
13 is whether federal district courts are established by the  
14 Constitution, the answer is yes and no. It is yes in that the  
08:45:42 15 Constitution says that the judicial power of the United States  
16 shall be exercised by a Supreme Court and such other courts as  
17 Congress may ordain and establish. That is in Article III.  
18 But it doesn't itself create district courts.

19 District courts were created by Congress exercising  
08:46:08 20 that Article III power that is in the Constitution. So you  
21 won't find the district court mentioned in the Constitution,  
22 but you will you find the judicial power being delegated to a  
23 Supreme Court and such other courts as Congress may ordain and  
24 establish, and one of those Congress has created is federal  
08:46:28 25 district courts. So we're regarded as Article III courts

08:46:32 1 exercising that Article III judicial power.

2 MS. TAYLOR: So they're legislative courts, basically.

3 THE COURT: No, they're Constitutional because the  
4 Constitution clearly provides for their creation. But the  
08:46:44 5 actual act that creates federal district courts is an act of  
6 Congress under that Constitutional power.

7 MS. TAYLOR: So this court is not an administrative  
8 court formed by the 45th Congress in 1878 for the corporation  
9 called the United States of America and various other trade  
08:47:03 10 names for the business activities and not the Constitutional  
11 requirements of the original jurisdiction?

12 THE COURT: I don't know what you're referring to.  
13 I'm not familiar with that act of Congress.

14 Do you have other matters you'd like to raise before  
08:47:17 15 we get started with the trial this morning?

16 MS. TAYLOR: Okay. Then I would just like the record  
17 to show this court is an administration court formed by the  
18 45th Congress in 1878 for the corporation called the United  
19 States of America and various other trademark names for the  
08:47:35 20 business activities and not the Constitutional requirements of  
21 the original jurisdiction.

22 THE COURT: Okay. That's fine. That's on the record.  
23 Do you have other matters you'd like to raise?

24 MS. TAYLOR: Sleep.

08:47:51 25 THE COURT: I'm afraid I can't help with you that.

08:47:54 1

MS. TAYLOR: Okay.

2

3

THE COURT: All right. So where we're going to start this morning is we're going to resume with your

4

cross-examination, Ms. Taylor, of -- I think that's where we

08:48:04 5

left off. Yes, your cross-examination of Agent Cheryl Bradley.

6

7

And when we finish with Ms. Bradley, you've got how many more witnesses?

8

MR. GALATI: One, Your Honor.

9

THE COURT: And that will be whom?

08:48:19 10

MR. GALATI: Janice Weaver.

11

THE COURT: Janice Weaver?

12

MR. GALATI: Yes, Your Honor.

13

14

THE COURT: Okay. Ms. Taylor, that means that after that last witness, Janice Weaver, the Government will rest; and

08:48:33 15

at that point, it will be your opportunity to present

16

witnesses. So after the Government rests, you will be calling

17

the witnesses and doing the direct examination with the

18

Government doing cross-examination, and then you have the

19

chance for redirect after the Government's cross-examination.

08:48:51 20

21

It is important, as I think you already understand,

22

that you cover everything you want to cover with the witness

during the direct examination so the Government can cross.

23

24

Redirect isn't an opportunity to venture into a new

08:49:07 25

subject with the witness, but it is an opportunity to ask

questions on the subjects that the Government cross-examined

08:49:10 1 on. So if you could make sure you cover everything you want  
2 to with the witness during the direct, then the redirect will  
3 be limited to any follow-up you need after the  
4 cross-examination.

08:49:20 5 But we'll go into your witnesses, and as the  
6 Government has been doing the last couple of days, we'll  
7 expect you to be ready to call a witness; as soon as one is  
8 finished, to call another one, and we'll work through your  
9 witnesses as efficiently as we can.

08:49:36 10 MS. TAYLOR: I do have another matter, Your Honor.

11 THE COURT: Okay. Do you understand the points I just  
12 explained to you?

13 MS. TAYLOR: Yes, sir.

14 THE COURT: Okay. Yes, what's your other matter?

08:49:43 15 MS. TAYLOR: I would request that the Court dismiss  
16 all of the witnesses on the Government's side because I am  
17 going to be bringing up some new evidence that is very relevant  
18 and important that I have just discovered and I think it might  
19 contaminate them, and I would like for you to instruct them,  
08:50:05 20 until I go through all of them, to not speak to each other  
21 outside either.

22 THE COURT: I'm not understanding what you're asking.  
23 You mean people who have already testified for the Government?

24 MS. TAYLOR: Right. I'm going to re -- I'm going to  
08:50:21 25 recall Votaw, Bradley, and Carter.

08:50:31 1 THE COURT: Well, I previously ruled that Agent Votaw  
2 can be in the courtroom as the client representative. He's the  
3 case agent. So he can remain in the courtroom. And I ruled  
4 that Ms. Bradley, after she finished her fact testimony, could  
08:50:46 5 remain in the courtroom as a summary expert. If you're  
6 intending to recall Mr. Carter, we can certainly have -- is it  
7 Mr. Carter? We can have him remain out of the courtroom.

8 MS. TAYLOR: I would prefer for all of them to stay  
9 out of the courtroom until I'm through, because it's -- it's  
08:51:06 10 like they can contaminate each other. It is not something that  
11 I want one to hear and -- I don't want their testimony to, you  
12 know, be heard by the other one so that they can collaborate  
13 the same testimony. It's only fair.

14 THE COURT: Mr. Galati.

08:51:24 15 MR. GALATI: Your Honor, I think you've already ruled  
16 on this, and certainly we should be permitted to have our agent  
17 present.

18 With regard to Ms. Bradley, one of her purposes, Your  
19 Honor, is to be able to testify as to whether or not any  
08:51:38 20 evidence that is introduced in this trial would change  
21 calculations or change her estimate of tax liability, and  
22 that's one of the reasons why she's in the courtroom. I have  
23 no idea what Ms. Taylor's proposing to present, but if it has  
24 a potential for doing that, Ms. Bradley ought to be here, I  
08:51:56 25 would think.

08:51:57 1 THE COURT: Well, I have previously ruled on that, and  
2 I am going to permit Agent Votaw and Ms. Bradley remain in the  
3 courtroom. But I will ask the Government to have Mr. Carter  
4 remain outside of the courtroom.

08:52:10 5 MS. TAYLOR: Well, why do they get to stay in the  
6 courtroom? Is that my accuser?

7 THE COURT: Ms. Taylor, we've been over this. We  
8 talked -- I explained to you before that the rules of evidence  
9 allow a client representative to remain in the courtroom.

08:52:24 10 MS. TAYLOR: You mean I could have somebody remain  
11 here with me?

12 THE COURT: Well, you are the client. You would be  
13 allowed to remain in the trial at all times. But if you  
14 were -- if the corporation were the defendant, they could have  
08:52:36 15 a client representative in the courtroom at all times. That's  
16 what the rules allow.

17 It also allows, in my discretion, experts to remain  
18 in the courtroom. And I've already concluded that Ms. Bradley  
19 is a summary expert who is listening to all of the evidence  
08:52:50 20 and opining on tax liability issues is permitted to remain in  
21 the courtroom. I'm going to stand by that decision. But I  
22 will have Mr. Carter step out.

23 Do you have other matters that you want to raise?

24 MS. TAYLOR: No, but I object to that.

08:53:03 25 THE COURT: Okay. That's fine. That objection is on



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09:03:24 10  
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09:03:38 15  
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09:04:22 20  
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09:04:47 25

the record.

Okay. Then we will -- as soon as the jury's here at nine, we'll bring them in, and we'll have Ms. Bradley come back to the witness stand. She's still under oath, and we'll start with your cross-examination at that time, Ms. Taylor.

Thanks. I'll come back in when the jury's here.

(Recess taken from 8:53 a.m. to 9:03 a.m. Proceedings resumed in open court with the jury present.)

THE COURT: Good morning members of the jury. Thank you for being with us this morning.

We are going to pick up where we left off on Friday, and that is with the testimony of Ms. Bradley.

If you can come back to this witness stand, because you're still under oath. And we will continue with Ms. Taylor's cross-examination.

**CHERYL BRADLEY,**

recalled as a witness herein, after having been previously sworn or affirmed, was examined and testified as follows:

D I R E C T E X A M I N A T I O N (continued)

BY MS. TAYLOR:

Q Good morning, Ms. Bradley.

A Good morning.

Q Last week we kind of left off. I want to kind of go over a little bit so we get back to where we were, bring the jury back up to speed. Before Easter, we may have forgotten a few

DIRECT EXAMINATION (continued) - CHERYL BRADLEY

09:04:51 1

things.

2

So last week's testimony, do you remember telling the

3

jury that you were not an assessment officer?

4

A I said I didn't know what that was.

09:05:03 5

Q Okay. So what would your title be, then?

6

A Revenue agent.

7

Q Just revenue agent?

8

A Yes.

9

Q Okay. You -- do you ever do any assessments?

09:05:23 10

A Explain what you mean by "assessments."

11

Q What do you call the little paper that you prepared? What

12

would you call that? The little paper you prepared last week

13

with all the numbers on it.

14

A Oh, that's a summary schedule.

09:05:37 15

Q A summary schedule?

16

A Yes.

17

Q Is that basically what all you do, is just do the summary

18

schedules?

19

A That's what I did for the purpose of this trial, yes.

09:05:49 20

Q Okay. What is the procedure -- what kind of -- what kind

21

of rules do you follow in your rule -- do you follow rules,

22

your rule book, to come to that conclusion, or how it is that

23

you do that? Is there rules that you follow to --

24

A Yes.

09:06:14 25

Q And what are those rules?

DIRECT EXAMINATION (continued) - CHERYL BRADLEY

09:06:15 1 A The Internal Revenue Code.

2 Q Internal Revenue Code.

3 And what section do you use to --

4 A Whichever one I need to.

09:06:24 5 Q There's not one particular section that you use to follow?

6 A I use the entire code if I have to to determine somebody's

7 tax liability.

8 Q No guidelines of how -- I mean, you just use all of them.

9 What one did you use in my case?

09:06:45 10 A I believe it would be Section 61; sections for trust, which

11 is 641 through 679. I used the 1200s for the capital gains.

12 Q And can you tell me how do those statutes -- how do those

13 statutes apply to me? What liability do those statutes have on

14 me?

09:07:33 15 A I don't understand what you're asking.

16 Q How do those statutes apply to me?

17 A It's how I determine taxable income.

18 Q Okay. How did you -- how did you come to the conclusion

19 that I had taxable income?

09:07:54 20 A By looking at all the exhibits that were entered into

21 evidence and listening to the testimony of the witnesses.

22 Q You don't follow laws or rules that tell what makes a

23 person taxable or nontaxable?

24 A Yes, I do.

09:08:10 25 Q And where would you find that law?

DIRECT EXAMINATION (continued) - CHERYL BRADLEY

09:08:12 1 A In the Internal Revenue Code.

2 Q And which one particularly?

3 A Title 26.

4 Q Can you point that out?

09:08:21 5 A I don't see one here.

6 Q I have a Title 26.

7 THE COURT: What is the question that you're asking,  
8 Ms. Taylor?

9 MS. TAYLOR: I'm asking her which one she  
09:08:31 10 particularly -- which statute she particularly used to decide  
11 that I was a person liable for tax.

12 THE COURT: Well, why don't you ask it in that form.

13 MS. TAYLOR: Oh. I didn't?

14 THE COURT: Well, you just asked, "Could you point  
09:08:43 15 that out?" and I didn't know what you were asking her to point  
16 out.

17 MS. TAYLOR: Sorry.

18 THE COURT: That's all right.

19 BY MS. TAYLOR:

09:08:49 20 Q Would you know which statute it was that makes me  
21 personally liable for income tax?

22 A If you have taxable income, you are liable for tax.

23 Q And what statute did you use to derive that I had taxable  
24 income?

09:09:07 25 A Those sections I told you earlier.

DIRECT EXAMINATION (continued) - CHERYL BRADLEY

09:09:10 1 Q And do they 'pecifically state me?  
2 A No. They don't have in there the name "Sue Taylor."  
3 Q Well, how, then, can you claim that I am liable for a tax?  
4 There has to be a statute that makes me liable for a tax.  
09:09:27 5 A Because we determined, or I determined, that you had  
6 taxable income.  
7 Q So that's just your opinion?  
8 A Yes.  
9 Q It's not -- there's no law that says that I am --  
09:09:38 10 A It's --  
11 Q -- a person required --  
12 THE COURT: Excuse me. Let's finish the question  
13 before we start the answer.  
14 Go ahead. Ask the question.  
09:09:44 15 BY MS. TAYLOR:  
16 Q So you're not basing your opinion on a law that says I am  
17 liable for a certain tax?  
18 A Yes. It's based on my background as being a revenue agent  
19 and understanding the tax code.  
09:09:59 20 Q I understand that's your opinion, but you have to have a  
21 law or a statute that names me particularly liable for a tax,  
22 and I'm asking you where that is.  
23 A Like I said, I don't recall seeing your name under the code  
24 section saying that Sue Taylor is liable for tax.  
09:10:23 25 Q Doesn't it say "any person liable"?

DIRECT EXAMINATION (continued) - CHERYL BRADLEY

09:10:26 1 A Yes.

2 Q Well, what would -- what makes me liable?

3 A When you have income.

4 Q And can you define the word "income" for me?

09:10:36 5 A Income is from whatever source derived.

6 Q Are you familiar with the Supreme Court cases that say --

7 MR. GALATI: Your Honor, object. We're getting into

8 legal matters.

9 THE COURT: Well, let me hear the question.

09:10:53 10 What's the question?

11 BY MS. TAYLOR:

12 Q The question is: Are you familiar with many -- okay. I'll

13 start this way first. Does not the IRM say that you have to

14 follow Supreme Court cases?

09:11:07 15 A The IRM?

16 Q Your internal manual, um-hmm.

17 A It might. I don't recall where it says that.

18 Q Have you read your own Internal Revenue Manual? Your own

19 manual, the IRM manual, I believe it's called?

09:11:22 20 A Yes, I've read some of it.

21 Q You haven't read it all?

22 A Not all of it pertains to my job.

23 Q And you're an expert in your field, but yet you haven't

24 read anywhere where it says that you are supposed to adhere to

09:11:41 25 Supreme Court cases?

DIRECT EXAMINATION (continued) - CHERYL BRADLEY

09:11:43 1 A I said I don't recall.

2 Q Okay. Well, there appears to be at least over 50 Supreme  
3 Court cases. I believe it is posted on many websites on --  
4 it's on probably on your frivolous paperwork that you put in  
09:12:04 5 also.

6 THE COURT: Is that a question, Ms. Taylor?

7 MS. TAYLOR: No. I'm sorry.

8 THE COURT: Okay. Please ask questions.

9 MS. TAYLOR: Yes, uh-huh.

09:12:12 10 BY MS. TAYLOR:

11 Q So in your manual, you don't have -- do you have anyplace  
12 in your manual that tells you exactly how to do your job? What  
13 your job description is and how you're supposed to follow it?

14 A Yes. There's lots of sections of the IRM that tell me  
09:12:35 15 that.

16 Q Can you tell the jury what that would be?

17 A I don't think I could list them all off the top of my head.

18 Q So --

19 A IRM, Part 4. That's what I mostly use.

09:12:56 20 Q Okay. When you're finished with what you're supposed to do  
21 in Part 4, what would be the result?

22 A Could you be more specific? I don't understand the  
23 question.

24 Q Well, whatever it is -- you didn't say what it was you

09:13:15 25 'pecifically did that was in Part 4, so I'm asking you: When

DIRECT EXAMINATION (continued) - CHERYL BRADLEY

09:13:20 1 you're finished with that, whatever you're supposed to be doing  
2 in Part 4, what do you do then with your paperwork or what? Do  
3 you send it somewhere else? What do you do with it?

4 A It depends on how the case progresses as to what I do with  
09:13:39 5 it.

6 Q Do you ever have any occasion -- okay, on mine. In mine,  
7 for instance, what would you do with the paperwork you have  
8 created on my case?

9 A Do you mean the criminal case?

09:13:57 10 Q The case we're in right now, um-hmm.

11 A I don't do anything with it. It's not -- it's not my --  
12 it's for the court; it's not mine.

13 Q So you don't turn it in to anybody else that actually takes  
14 and does an assessment on it or -- it's just a piece of paper  
09:14:18 15 you draw up out of evidence that -- or not evidence, but out of  
16 a -- documents that you have seen?

17 A It's my summary for the criminal trial.

18 Q Right. Then do you verify that? Do you verify that all  
19 those figures are correct?

09:14:39 20 A Yes, I look at all of the exhibits and I listen to the  
21 testimony to determine if it's correct.

22 Q Is that firsthand knowledge?

23 A Yes.

24 Q You have firsthand knowledge that that's all correct?

09:14:51 25 A Well, I --



DIRECT EXAMINATION (continued) - CHERYL BRADLEY

09:14:51 1 Q Everything that you've seen is correct, firsthand  
2 knowledge?  
3 A I looked at the documents, and I listened to the witnesses.  
4 Q And do you have firsthand -- do you have firsthand  
09:15:02 5 knowledge that all of the paperwork that was presented here, do  
6 you have firsthand knowledge that that's all correct?  
7 A No, I don't think I would have firsthand knowledge that it  
8 was correct.  
9 Q So basically what you've seen here is just hearsay?  
09:15:20 10 A No, I wouldn't say that.  
11 Q Well, what would it be if it's not firsthand knowledge?  
12 A It would be substantially correct information.  
13 Q Is that your opinion?  
14 A Yes.  
09:15:33 15 Q And it's -- but it's -- you don't have factual knowledge of  
16 that?  
17 A Well, I suppose you're going to have to explain what you  
18 mean by "factual knowledge." I'm not understanding a lot of  
19 your questions when you say firsthand knowledge.  
09:15:49 20 Q Well, firsthand knowledge is something that you would see  
21 and you would know -- that you would verify it and you would  
22 know that it was created and you've actually seen it created.  
23 A That I saw it created?  
24 Q Yes, um-hmm.  
09:16:09 25 A No, I did not see it created.

DIRECT EXAMINATION (continued) - CHERYL BRADLEY

09:16:11 1 Q Okay. So you would not have firsthand knowledge of any of  
2 these documents being authentic and verified?

3 A Under your definition, no, I would not have firsthand  
4 knowledge.

09:16:25 5 Q So, basically, all of the documents you have seen are  
6 hearsay?

7 A I can't say that they're hearsay.

8 Q Okay. Would you know, then, if I'm supposed to have a  
9 liability by this paperwork that you have created? When was  
09:16:54 10 that liability created on me?

11 A Well, let's see. It was lunchtime on Thursday, I believe.

12 Q And who created it?

13 A I did.

14 Q And so you have -- you have authority to create the  
09:17:26 15 documents on me without having firsthand knowledge that they  
16 are true and accurate?

17 A I don't know whether I could say yes or no to that  
18 question.

19 Q Well, it's very simple. You either do or don't.

09:17:47 20 A Could you restate the question, then.

21 MS. TAYLOR: Could you repeat that. Could you play  
22 that back, please. So it comes out accurately.

23 (The record was read as follows: And so you have --  
24 you have authority to create the documents on me without having  
09:17:53 25 firsthand knowledge that they are true and accurate?)

DIRECT EXAMINATION (continued) - CHERYL BRADLEY

09:17:53 1 THE WITNESS: Yes.

2 BY MS. TAYLOR:

3 Q You have the authority to create documents on me without  
4 knowing they are true. Is that --

09:18:19 5 A They're true to the best of my ability.

6 Q No, the question was: Do you have authority to create  
7 documents on me without knowing whether they are true and  
8 accurate?

9 A The schedules that I made are true and accurate to the best  
09:18:37 10 of my ability.

11 Q They may be, in your opinion, but I asked if you had the  
12 authority to create documents on me without 'pecifically having  
13 all those documents verified to be true and correct.

14 MR. GALATI: Your Honor, I just object. The question  
09:19:02 15 is unclear. Authority from whom?

16 MS. TAYLOR: Well, her boss, I guess.

17 THE COURT: Well, restate the question if that's what  
18 you're asking, Ms. Taylor. You're asking if she's authorized  
19 to testify in this trial on these matters?

09:19:17 20 MS. TAYLOR: No. I'm asking if she, in her job, if  
21 she has authority to create documents on me or create a  
22 liability on my part without documenting that they are true and  
23 accurate and then verified.

24 THE COURT: What do you mean by --

09:19:44 25 MS. TAYLOR: Is she just taking somebody else's word

DIRECT EXAMINATION (continued) - CHERYL BRADLEY

09:19:47 1 that, you know, that they said these papers are correct and so  
2 she's just going by it? Or has she actually verified it, that  
3 they are true and accurate, her own self?

4 THE COURT: Can you respond to that?

09:20:02 5 THE WITNESS: Yes. Documents that are kept in the  
6 normal course of business are made by third parties, and they  
7 don't have a reason to produce incorrect information. For  
8 instance, a title company does not want to create incorrect  
9 information on a settlement statement that they're preparing,  
09:20:23 10 because they may be liable at some other time. In addition,  
11 banks don't want to prepare incorrect information. They're a  
12 third-party record keeper. They have no personal experience  
13 with you, so I don't know why they would be preparing incorrect  
14 information.

09:20:43 15 BY MS. TAYLOR:

16 Q However, we don't know whose hands the documents has been  
17 in, and the person that actually signed them only signed that  
18 they were documents that they had in their possession -- in  
19 their computer or whatever. They didn't even verify that they  
09:21:07 20 were true and correct as far as verification goes. So I'm  
21 asking you if you verified any of the paperwork your own self.  
22 If you verified it was true and correct. Or is it just  
23 firsthand knowledge? I mean, is it secondhand knowledge or  
24 firsthand knowledge?

09:21:26 25 A Well, on the settlement statements, I looked at those. I

DIRECT EXAMINATION (continued) - CHERYL BRADLEY

09:21:29 1 also looked at the checks that were issued by the title  
2 companies.

3 Q Can you tell me what created that liability on me? You're  
4 saying that I have a liability. What created that liability?

09:21:48 5 A Taxable income.

6 Q Taxable income? But you haven't proven I have taxable  
7 income. Have you?

8 A I believe I have.

9 Q And how did you prove that?

09:22:00 10 MR. GALATI: Your Honor, we've gone over this at least  
11 twice. I --

12 MS. TAYLOR: 1040 --

13 THE COURT: Excuse me. I'm going to allow her to  
14 answer that question one more time. The question is: How did  
09:22:09 15 she calculate the taxable income?

16 MS. TAYLOR: No. How did she -- how did she determine  
17 that I was a person liable for that tax?

18 THE COURT: Okay. I'll allow her to answer that one  
19 more time. I think we have been over this, but you can answer  
09:22:25 20 again.

21 THE WITNESS: I determined your income based on the  
22 exhibits that were entered into evidence and the testimony of  
23 the witnesses.

24 BY MS. TAYLOR:

09:22:35 25 Q That wasn't my question. I said: How did you determine I

DIRECT EXAMINATION (continued) - CHERYL BRADLEY

09:22:39 1

had a liability?

2

A Like I said. It was from the exhibits that were entered

3

into evidence and the testimony of the witnesses.

4

Q That makes a person have liability? Don't you get

09:22:52 5

liability through a law, a statute?

6

A Can you clarify that, please.

7

Q By looking and talking to people, that normally doesn't

8

create a liability on a person. In order for there to be a

9

liability on a person, I believe there has to be a code or a

09:23:12 10

statute that 'pecifically relates to you. So my question was:

11

How did you create that liability? Or what created that

12

liability?

13

A It was based on those records that I said that I looked at

14

before and the testimony of the witnesses.

09:23:35 15

Q So you're telling me records create a liability on a

16

person?

17

A I'm saying that that is how I created my schedules.

18

Q I didn't ask you that. I said: How did you create the

19

liability? What created the liability?

09:23:50 20

A The tax code --

21

MR. GALATI: Your Honor, the witness has already

22

identified statutory sections she said she relied on to come to

23

the conclusion that this witness is liable --

24

THE COURT: Objection sustained.

09:24:02 25

MS. TAYLOR: That means I can --

DIRECT EXAMINATION (continued) - CHERYL BRADLEY

09:24:04 1 THE COURT: I've sustained the objection. We've been  
2 over this ground.

3 BY MS. TAYLOR:

4 Q So what -- you don't know what statute actually created --  
09:24:18 5 what creates a liability on me?

6 THE COURT: That's the same question. I sustained the  
7 objection, Ms. Taylor, meaning you need to move on to a new  
8 question.

9 BY MS. TAYLOR:

09:24:27 10 Q Okay. Can you please point to the section that says the  
11 1040 creates the liability?

12 A In the Internal Revenue Code, it says you have to file a  
13 return of income.

14 Q And what section is that? Do you know?

09:24:43 15 A I believe it's 6011.

16 Q What was that again?

17 A 6011.

18 Q So just how does your testimony create any liability on me  
19 if it's not through a statute or --

09:25:00 20 THE COURT: That's the same question I've already  
21 sustained the objection to, Ms. Taylor.

22 MS. TAYLOR: I'm trying to get to find out where  
23 exactly this liability comes on me.

24 THE COURT: Move on to your next question, please.

09:25:20 25 MS. TAYLOR: Yes, sir.

DIRECT EXAMINATION (continued) - CHERYL BRADLEY

09:25:22 1 BY MS. TAYLOR:

2 Q Did you use any particular statute to prepare your  
3 paperwork?

4 A Yes.

09:25:43 5 Q And what one was that?

6 A Would be Code Section 61, 162, 641 through 7 -- through 679  
7 and sections in the 1200s.

8 Q And what do those deal with?

9 A Income and expenses.

09:26:11 10 Q And, again, do you have any statute that -- you used  
11 Section 61 for the income statute, I'm presuming?

12 A Yes.

13 Q Okay. So did you find my name on any of the paperwork that  
14 you did your assessment -- I call it assessment. Your

09:26:35 15 computation, I guess. Did you find my name on any of that  
16 paperwork? Other than maybe as a realtor.

17 A Could you be a little bit more specific.

18 Q When you did your paperwork, did you find my name, other  
19 than as a realtor, on any of that paperwork?

09:26:55 20 A Yes.

21 THE COURT: You mean the documents she reviewed?

22 MS. TAYLOR: The documents she reviewed and used.

23 THE WITNESS: Yes.

24 BY MS. TAYLOR:

09:27:02 25 Q And can you tell me which paperwork did you find my name



DIRECT EXAMINATION (continued) - CHERYL BRADLEY

09:27:04 1 on?

2 A I found it on canceled checks; I found it on cashier  
3 checks; I found it on bank statements, on credit cards, on  
4 title company files. And probably some other things that I  
09:27:22 5 can't recall what they were called.

6 Q So you're saying all people that write checks owe income?

7 A No.

8 Q Well, just because I have checks that you have looked at,  
9 does that mean I have income?

09:27:38 10 A No. You asked me where I had seen your name.

11 Q Right. And then afterwards I asked you: Does those checks  
12 mean that I have income?

13 A No.

14 Q Have you ever signed any notice of liens or levies on  
09:27:59 15 behalf of any other IRS agents?

16 A No.

17 Q Have you ever signed any liens or levies at all?

18 A No.

19 Q Okay. Now, you said you were a trust expert, correct?

09:28:14 20 A Yes.

21 Q Okay. Can you please tell the jury the basic elements of a  
22 trust.

23 A You need a grantor, you need a trustee, you need a  
24 beneficiary, and you need corpus, and you need a trust term.

09:28:36 25 Q Okay. Did you look at the trust documents that was

DIRECT EXAMINATION (continued) - CHERYL BRADLEY

09:28:42 1 presented in this case?  
2 A Yes.  
3 Q And did you see my name on any of those trust documents?  
4 A No.  
09:28:58 5 Q Who was the beneficiary of those trust documents?  
6 A Are you asking me in total or a specific document?  
7 Q Well, first of all, let's go back to the trust documents, I  
8 guess, that you looked at. You said that my name was not on  
9 any of them. And you said that there was a beneficiary,  
09:29:21 10 correct --  
11 A Yes.  
12 Q -- on them?  
13 Did you see my name as a beneficiary?  
14 A No.  
09:29:28 15 Q Isn't it true that most of the time when trusts are  
16 created, the beneficiary is the receiver of any of the income?  
17 A No. Not what I have seen.  
18 Q Have you seen any moneys coming back to me personally from  
19 that trust?  
09:29:50 20 A Yes.  
21 Q And can you tell me what that was?  
22 A Indirectly, those moneys were attributed to you.  
23 Q And how was that attributed to me?  
24 A Because your daughter controlled the funds and you have  
09:30:04 25 influence over her. Your friend R.J. McBride, who has been

## DIRECT EXAMINATION (continued) - CHERYL BRADLEY

09:30:09 1 here during the trial and has been with you for many, many  
2 years, you also exhibit influence over him; therefore, you can  
3 ask him for the money even though it was yours to begin with.

09:30:23 4 I also know that, based on the information that I  
5 have, for the past 11 years that Mr. McBride filed a return,  
6 his taxable income was only \$146,000 for the full 11 years.  
7 So that means he only had taxable income of approximately  
8 \$14,000 each year. He could not have amassed all of the  
9 income in order to purchase all of these properties.

09:30:43 10 In addition, I looked at Desiree's returns. And I  
11 know from the last eight years that she filed returns, she had  
12 income of just a little over \$67,000. That works out to just  
13 slightly over \$8,000 per year. Based on that, she could not  
14 have amassed all of the money needed to purchase these  
09:31:02 15 properties.

16 However, from what I've seen from you, you have  
17 commission income going to you in the hundreds of thousands of  
18 dollars. Therefore, I know from your influence that you can  
19 exert over these people that it was your money who bought all  
09:31:18 20 these properties, sold all these properties, and that it was  
21 you who used the money from these properties.

22 Q And you have factual evidence that backs that up? You have  
23 factual evidence? That is not just your opinion?

24 A It is my opinion based on the evidence I saw.

09:31:36 25 Q Have you ever contributed to a charity?

DIRECT EXAMINATION (continued) - CHERYL BRADLEY

09:31:38 1 A Yes.

2 Q After you contributed to that charity, did you own part of

3 that charity?

4 A No.

09:31:46 5 Q You had no claims to it?

6 A Nope.

7 Q Are not these trusts beneficiaries' charities?

8 A No.

9 Q They're not corporation soles, which are charities?

09:32:00 10 A Not a charity in the definition I understand.

11 Q What is your definition of a corporate sole?

12 A It's where a person who is like a bishop of a church is

13 able to hold title to the property that belongs to the church.

14 Q And do not these properties belong to the church?

09:32:19 15 A No.

16 Q How do you figure that they don't belong to the church?

17 Isn't the church's name on them?

18 A It is in some places, yes.

19 Q Wait a minute. It is in some places or all places?

09:32:32 20 A I couldn't say it is all places, because there may be other

21 entities there.

22 Q Well, you said you looked at all of the documents.

23 A Yes --

24 Q And you looked at --

09:32:41 25 A -- and it was voluminous.

DIRECT EXAMINATION (continued) - CHERYL BRADLEY

09:32:43 1 Q And you looked at the trust documents. We're talking about  
2 the ones that you made the computation on. We're not talking  
3 about any others; we're just talking about these ones. And you  
4 said that you looked at them and the trust did not have my name  
09:33:00 5 on them anywhere; is that correct?

6 A Right.

7 Q The trust beneficiaries were corporation soles; is that  
8 correct?

9 A The trustee and the beneficiary were the same person, which  
09:33:14 10 is R.J. McBride; therefore, a trust did not exist.

11 Q Wait. Hold on just a second. Which trust are you talking  
12 about?

13 A The one we're talking about. For the -- I believe it was  
14 the C.G. Hilltop property sale.

09:33:33 15 Q I don't recall that. I think you would have to bring that  
16 up. I looked at the papers over this weekend, and it looked to  
17 me like --

18 THE COURT: Is this a question, Ms. Taylor?

19 MS. TAYLOR: Well, I -- okay. I'll restate it.

09:33:47 20 BY MS. TAYLOR:

21 Q Are you positive that those trusts do not have  
22 beneficiaries that are corporation soles?

23 A If we're talking about the ones of the properties that I  
24 included in my computation --

09:34:13 25 Q Yes.

DIRECT EXAMINATION (continued) - CHERYL BRADLEY

09:34:13 1 A -- I don't recall if it was a corporate sole. I would have  
2 to look at the documents.

3 Q Wasn't that what you were supposed to be doing this  
4 weekend?

09:34:23 5 A Yes.

6 Q And you didn't do it?

7 A Yes, I did.

8 Q Then why don't you recall it?

9 A Because there was a whole long name in there. And what I  
09:34:30 10 remember of it was R.J. McBride was both the trustee and the  
11 beneficiary.

12 MS. TAYLOR: Could you give her the paperwork, Your  
13 Honor, and let her look at it again?

14 THE COURT: I don't know what paperwork you're  
09:34:43 15 referring to. You need to ask the questions, Ms. Taylor.

16 MS. TAYLOR: Could I give her --

17 THE COURT: You have an exhibit --

18 MS. TAYLOR: Could I give her the exhibits? Could I  
19 give her the exhibits?

09:34:49 20 THE COURT: Hold on just a minute, Mr. Galati.

21 MR. GALATI: Your Honor, I do know Exhibit 214 is one  
22 of them. I know that.

23 THE COURT: If you can identify them, we'll hand them  
24 to her.

09:35:01 25 MS. TAYLOR: Okay.

DIRECT EXAMINATION (continued) - CHERYL BRADLEY

09:35:16 1 MR. GALATI: Your Honor, if I might talk to Ms. Taylor  
2 for one second, perhaps it will save time.

3 THE COURT: That would be fine.

4 (Parties confer.)

09:35:24 5 THE COURT: Now, you just need to give Lisa  
6 exhibit numbers, and she can pull the court exhibits and put  
7 them in front of Ms. Bradley.

8 MS. TAYLOR: You're going to wish you had an attorney  
9 when this is all over.

09:36:55 10 214, 245, and 215.

11 BY MS. TAYLOR:

12 In Document File Number 214, if you'll turn in to a  
13 couple of the pages there after the title reports and stuff,  
14 there's a C.G. Hilltop 40 Land Trust. Do you see that?

09:37:52 15 A How many pages in?

16 Q It's probably -- looks like ten.

17 MS. TAYLOR: I can put that over here?

18 THE COURT: Yeah, you can. It's in evidence. You can  
19 place it on the Elmo.

09:38:21 20 Would you like it displayed to the jury?

21 MS. TAYLOR: Yes, please.

22 THE COURT: All right.

23 MS. TAYLOR: Does this go down by itself?

09:38:35 24 THE COURT: If you want to focus, there's a button on  
25 the panel in front of you you can push that will focus it.

DIRECT EXAMINATION (continued) - CHERYL BRADLEY

09:38:44 1 BY MS. TAYLOR:

2 Q Okay. So do you see this document?

3 A Yes, I do.

4 Q So this is called Casa Grande Hilltop 40 Land Trust. It's

09:38:55 5 a standard -- looks like a land trust. Tells the different

6 duties. It goes through different duties. We'll just flip to

7 the back page, which is 563 on the bottom here, down here. And

8 if you could read the top part of that where it starts at "In

9 testimony of."

09:39:26 10 A What part do you want me to read? The whole --

11 Q Right at the very top. "In testimony of" --

12 A "In testimony whereof the trustee now executes this

13 declaration of trust and trust agreement on this 16th day of

14 February 2004."

09:39:37 15 Q And whose name is on that?

16 A R.J. McBride.

17 Q And then you go on down to the next paragraph right here

18 where it says, "In testimony again whereof."

19 A Of the beneficiary?

09:39:50 20 Q Yes, um-hmm. And that's on the 16th day of February 2'04

21 also?

22 A Yes.

23 Q Then the next paragraph, what does that say?

24 A "Corporation sole of the" -- some Latin words that I can't

09:40:04 25 pronounce -- "office of the presiding



DIRECT EXAMINATION (continued) - CHERYL BRADLEY

09:40:07 1 overseer, Ronald James McBride, and his successors, a  
2 corporation sole, AKA McBride Musical Ministries."

3 Q So what does that tell you?

4 A It tells me that the trustee and the beneficiary are the  
09:40:20 5 same person; therefore, I would ignore this trust for tax  
6 purposes.

7 Q Are you telling me that corporation soles and trusts are  
8 the same thing?

9 A No.

09:40:31 10 Q Well, then, how do you derive that this corporation sole  
11 and this trust up here are the same thing?

12 A Because there's always a person behind the entity, and that  
13 person is R.J. McBride.

14 Q That is correct. But are you telling me the Mormon church,  
09:40:51 15 because the bishop signs a trust document and he's also the  
16 bishop of the church in the corporation sole, he may be the  
17 same person but the entities are different.

18 MR. GALATI: Your Honor, I object, it's irrelevant.

19 THE COURT: Overruled.

09:41:12 20 THE WITNESS: I'm sorry, could you repeat that again.

21 BY MS. TAYLOR:

22 Q There are many corporations and many different trusts, and  
23 they're all legal entities; is that not correct -- is that  
24 correct?

09:41:29 25 A They're legal entities, but for tax purposes sometimes we

DIRECT EXAMINATION (continued) - CHERYL BRADLEY

09:41:32 1 ignore them.

2 Q Well, are you allowed to ignore them?

3 A Yes. If they're not set up properly, if they're used in  
4 any sort of abusive manner in order to hide income, yes.

09:41:46 5 Q And what would give you the -- let me rephrase that.

6 It is your opinion that these are abusive trusts or  
7 it's your opinion they're not drawn up. However, the  
8 Constitution gives you -- not drawn up correctly. However, the  
9 Constitution, doesn't it give you the right to draw contracts  
09:42:08 10 up and there are laws that says you -- that nobody can abrogate  
11 those contracts? That's your natural right? So how does the  
12 IRS come in and say, hey, you didn't do this right?

13 MR. GALATI: Your Honor, compound question.

14 THE COURT: Well, let's try to ask a precise question  
09:42:28 15 if we can, Ms. Taylor.

16 MS. TAYLOR: Okay.

17 BY MS. TAYLOR:

18 Q When there are two different, distinct, separate entities,  
19 even in tax matters, they have different ID numbers. How can  
09:42:49 20 you say that they're the same?

21 A Because there's always a person behind the name. And if  
22 they're the same person, they're related; and in some cases, we  
23 have rules on related transactions. And for trusts, if the  
24 trustee and the beneficiary are the same person, we ignore the  
09:43:08 25 trust for tax purposes.

DIRECT EXAMINATION (continued) - CHERYL BRADLEY

09:43:13 1 Q So anybody that had a corporation sole and had a trust out  
2 there, it would not be legal?

3 A I didn't say that.

4 Q Well, that's what you said in this instance.

09:43:29 5 A No, I said for tax purposes we ignore them.

6 Q So anybody -- anybody that had a corporation sole and had a  
7 trust and their name was on both documents, you would ignore  
8 them? Regardless, you would ignore them?

9 A No. In this instance, I would ignore them.

09:43:49 10 Q What law are you abiding by by ignoring them? Is that your  
11 opinion, or is that a statute?

12 A It's in the statute.

13 Q Is there a statute that says --

14 A There's statutes for trusts, yes.

09:44:02 15 Q And it says that there cannot be the same trustee on a  
16 trust as a corporation sole?

17 A No. It refers to adverse parties.

18 Q Can you show me a statute that says a trust and corporation  
19 sole cannot -- cannot be the same person?

09:44:22 20 A No.

21 Q So this is totally your opinion?

22 A No. It's based on the code.

23 Q I just asked you if you could show me the code.

09:44:35 24 A You're extrapolating from one experience to the total  
25 population, and that's an untrue statement.

DIRECT EXAMINATION (continued) - CHERYL BRADLEY

09:44:38 1 Q Well, that's what you're doing.

2 A No, that's not what I'm doing.

3 Q Yes, it is. You're going to this one particular instance  
4 here.

09:44:44 5 THE COURT: You need to ask a question, not argue.

6 BY MS. TAYLOR:

7 Q And I asked where was the code. What code, what statute  
8 are you using that says that the same person can't have a trust  
9 or many trusts and a corporation sole?

09:45:03 10 A There is no section that says you can't have however many  
11 entities that you want.

12 Q Okay. Just so we get that clear.

13 And then on the next page you see it is a warranty  
14 deed and it 'pecifically spells out who the trustee is, and,  
09:45:27 15 again, it also says the corporation sole, which is McBride  
16 Musical Ministries, which is a religious entity.

17 THE COURT: Was that a question?

18 BY MS. TAYLOR:

19 Q Is that not correct?

09:45:45 20 A Yes, that's what it says.

21 Q Did you see my name on there anywhere?

22 A Nope, not on the warranty deed.

23 Q Pardon me?

24 A Not on the warranty deed.

09:46:01 25 Q Did you see my name on there anywhere?

DIRECT EXAMINATION (continued) - CHERYL BRADLEY

09:46:05 1 THE COURT: You mean anywhere in --

2 MS. TAYLOR: Anywhere in those documents.

3 THE COURT: Anywhere in Exhibit 214?

4 MS. TAYLOR: 214.

09:46:13 5 THE WITNESS: Yes, I see your name.

6 BY MS. TAYLOR:

7 Q Where?

8 A Page 3. I'm sorry, page 4.

9 Q Is that number 552?

09:46:37 10 A It's the fourth page in.

11 THE COURT: What's the number in the lower right-hand

12 corner?

13 THE WITNESS: I don't have a number.

14 THE COURT: Ah. Hers doesn't have a number.

09:46:50 15 THE WITNESS: Fidelity National Title Agency, Inc., is

16 at the top --

17 MS. TAYLOR: Oh. Yes, yes, yes. I see it. Okay.

18 I'll put it right back over here.

19 THE WITNESS: Yes, that's the one.

09:46:57 20 BY MS. TAYLOR:

21 Q And, yes, I do see "Sue" on there. What does it say by my

22 name?

23 A It says they wanted to verify commission, and it is, "none,

24 per Sue."

09:47:08 25 Q So that's --

DIRECT EXAMINATION (continued) - CHERYL BRADLEY

09:47:08 1 THE COURT: Do you want this displayed to the jury?

2 MS. TAYLOR: Yes, please.

3 THE COURT: You'll need to ask us each time, because  
4 when the exhibits are changed, Lisa turns off the jury screen.

09:47:24 5 So if you want them to see it, just ask me; and if it's in  
6 evidence, I'll permit that to happen.

7 BY MS. TAYLOR:

8 Q Okay. So Number 1 says verifying commission, like we said;  
9 and it says, "none, per Sue." Does that indicate to you I  
09:47:38 10 didn't get any commission?

11 A Yes.

12 Q Okay. So how can you allocate any proceeds, other than by  
13 your opinion? How lawfully can you allocate any proceeds to  
14 me? Do you have any documents that says that I received any  
09:48:01 15 proceeds from this sale?

16 A I don't have all of the documents for where the money went.

17 Q So how did you allocate money to me, then?

18 A I don't have an accounting of the wires that were issued.  
19 Is that in another document?

09:49:10 20 Q I don't have any document in here that shows any moneys  
21 coming to me. I'm asking you. I didn't see one in this file.  
22 I'm just asking you how you allocated moneys to me when there's  
23 none in this file that says any moneys came to me.

24 A Yes, but several of these files have additional exhibits  
09:49:32 25 related to them.

DIRECT EXAMINATION (continued) - CHERYL BRADLEY

09:49:37 1 Q That is -- was that, again, just your opinion? I mean,  
2 doesn't it 'pecifically say in this file what moneys came in  
3 and what moneys went out?

4 A Yes.

09:49:55 5 Q Is my name on any of the moneys that came out?

6 A No. But you have influence over R.J. McBride. You also  
7 have influence over Desiree --

8 Q Isn't that an opinion --

9 A -- which that --

09:50:06 10 THE COURT: Let her finish her answer, please.

11 THE WITNESS: And that to me means if you can exert  
12 influence over them and I know they didn't have the wherewithal  
13 to purchase these properties, I know that it belonged to you.

14 There's checks in here that are distributed to -- or  
09:50:20 15 sent in by Desiree Saunders by C.G. Properties, also Las  
16 Montanas, which we know you were the exclusive real estate  
17 agent on that.

18 Here is another one from C.G. Hilltop. Here's  
19 another from C.G. Hilltop. You exert the influence over both  
09:50:41 20 those people, R.J. McBride and Desiree Saunders. And  
21 therefore it is your income. You can hide it under different  
22 names, but it is where the money goes.

23 BY MS. TAYLOR:

24 Q That is just strictly your speculation. You have no proof  
09:50:53 25 of that. And if there was any money donated to a charity --

DIRECT EXAMINATION (continued) - CHERYL BRADLEY

09:50:59 1 MR. GALATI: Your Honor, I object. She's not asking a  
2 question.

3 THE COURT: Yeah, I think you need to not lead your  
4 questions with your assertion. You'll have an opportunity to  
09:51:06 5 make your arguments. You just need to ask the questions.

6 MS. TAYLOR: Okay.

7 BY MS. TAYLOR:

8 Q If there was any -- if there was any money that came from  
9 me to any of these corporation soles -- they are religious  
09:51:31 10 entities and a person is allowed to donate to them; is that  
11 correct?

12 A Yes, you're allowed to donate to a religious organization.

13 Q And other than your opinion, you don't have any factual  
14 knowledge that I have absolute control over Ron McBride or my  
09:51:53 15 daughter, Desiree Saunders.

16 A Well, you know, we all --

17 Q I asked you if you had factual knowledge.

18 A Factual?

19 Q Firsthand, factual knowledge.

09:52:03 20 A No. I do not live with you, so, no, I don't have firsthand  
21 knowledge.

22 Q So that is just your opinion?

23 A Yes.

24 Q Okay.

09:53:25 25 MS. TAYLOR: Would you also give her Exhibit 215,



DIRECT EXAMINATION (continued) - CHERYL BRADLEY

09:53:27 1 please?

2 THE WITNESS: I have it.

3 BY MS. TAYLOR:

4 Q You have it? Okay. Turn to the last page on there, if you

09:53:32 5 would. This is, again, a synopsis of Highway 260 Land Trust;

6 is that correct?

7 A Yes.

8 Q And do you see the trustees on there?

9 A Yes.

09:53:59 10 Q And do you see the beneficiaries on there?

11 A Yes.

12 Q Do you see my name on there anywhere?

13 A No.

14 Q So, again, this would just be your assumption, with no

09:54:10 15 factual evidence --

16 A Based on who the trustees are, yes.

17 Q -- to -- this would be your assumption with no factual

18 evidence to back this up that I have any interest in this

19 property?

09:54:33 20 A It's my opinion.

21 Q Just your opinion. Okay.

22 Who is your immediate boss?

23 A My manager is Debra Carlson.

24 Q Debra Carlson.

09:55:09 25 And what is the chain of command down to her?

DIRECT EXAMINATION (continued) - CHERYL BRADLEY

09:55:13 1 A She has a manager, he has a manager, and pretty soon it  
2 gets up to the commissioner.

3 Q Okay. And you said that you worked for the Internal  
4 Revenue Service or the Internal Revenue?

09:55:28 5 A The Internal Revenue Service.

6 Q Is there a difference?

7 A I don't know, but they call it Internal Revenue Service.

8 Q Okay. And they are a branch of?

9 A The government.

09:55:40 10 Q What government?

11 A The U.S. Government.

12 Q They're a branch of the U.S. Government?

13 A Yes.

14 Q Do you have proof of that?

09:55:55 15 A Not on me.

16 Q Have you ever read anywhere where you're a branch of the  
17 U.S. Government?

18 A My paychecks come from the government; my ID says  
19 "government."

09:56:10 20 Q Where does your checks come from? What do they say on  
21 them?

22 A That it comes from -- let's see, where is it. The  
23 Agriculture Department.

24 Q The Agricultural Department?

09:56:22 25 A Um-hmm.

DIRECT EXAMINATION (continued) - CHERYL BRADLEY

09:56:23 1 Q Isn't that a strange place for a check to come from?

2 A No.

3 Q Why would IRS agency have their checks come from the

4 Agricultural Department?

09:56:33 5 A So they can consolidate into one check-writing place.

6 Q So are you telling me all government checks come from the

7 Agricultural Department?

8 A No. No.

9 Q Just the IRS?

09:56:45 10 A I wouldn't say it's just the IRS. My paycheck comes from

11 there. I don't know where other people's paychecks come from.

12 Q Okay. On your paycheck that comes from the Agricultural

13 Department, does that say -- indicate anything of Agricultural

14 Internal Revenue, or just does it say "Agricultural

09:57:21 15 Department"?

16 A I don't get checks; I have direct deposit.

17 Q How do you know -- I guess you've seen at some time your

18 check to know that.

19 A It was years ago. Years ago.

09:57:37 20 Q But you assume they still say "agricultural"?

21 A As far as I know, that's where the paychecks are -- come

22 from.

23 Q And do you work -- do you work under the -- what department

24 do you work under, then? Do you think you work under the

09:58:07 25 Agricultural Department? What branch --

DIRECT EXAMINATION (continued) - CHERYL BRADLEY

09:58:10 1 A I work for the IRS.

2 Q What branch does the IRS work under?

3 A I don't know what you mean by "branch."

4 Q Well, is the IRS a private corporation?

09:58:25 5 A No.

6 Q Who owns them?

7 A Who owns them? It's an agency of the government.

8 Q So they're not a corporation? They're not a private

9 corporation?

09:58:37 10 A I don't believe so.

11 Q Okay. You've never checked that out, then?

12 A No.

13 Q Would you be surprised to learn that they are a private

14 corporation?

09:58:50 15 A Yes.

16 Q Okay. Do you know what branch that they work under? As

17 far as the government, as you're claiming the government they

18 work under?

19 A Who is "they"? Do you mean the IRS?

09:59:09 20 Q IRS. IRS agency.

21 A Well, we work under the treasury.

22 Q You work under the treasury?

23 A Um-hmm.

24 Q Is that the Department of Treasury?

09:59:18 25 A Yes.

DIRECT EXAMINATION (continued) - CHERYL BRADLEY

09:59:20 1 Q Or the department -- U.S. Department of Treasury?

2 A Yes.

3 Q Is that the Department of Treasury or the U.S. Department

4 of Treasury?

09:59:29 5 A The U.S. Department of Treasury.

6 Q Then why does their logos only say "Department of

7 Treasury"?

8 A I guess the assumption is it means "U.S."

9 Q Do you think that it would mean -- do you think that

09:59:53 10 corporations don't put out their full name on their logos or on

11 any -- I mean, if you had a corporation and it was called

12 "XYZ," would you put "X" and "Z"? Leave off the "Y"?

13 A No.

14 Q I mean, would a corporation that was under the United

10:00:20 15 States Treasury, wouldn't they say "United States Treasury"

16 instead of just "Department of Treasury"?

17 A I don't know of any corporation under the treasury.

18 Q Pardon me?

19 A I don't know of any corporation under the treasury.

10:00:42 20 Q You don't know of any corporation?

21 A Under the treasury, no, I do not.

22 Q So the IRS is not working underneath the treasury?

23 A I said I didn't know that there was a corporation under the

24 treasury. I said the IRS is not a corporation. It's part of

10:00:58 25 the U.S. Government; it's an agency.

DIRECT EXAMINATION (continued) - CHERYL BRADLEY

10:01:01 1 Q So if it's an agency under the government, what you're  
2 saying, but you're not -- you don't know if it's a agency under  
3 the United States Treasury or if it's a agency under the  
4 Department of Treasury?

10:01:18 5 A To me they're one in the same. There is no distinction  
6 between using Department of the Treasury and saying U.S.  
7 Department of the Treasury.

8 Q Well, there is a big distinction because, you know, there's  
9 a Department of Treasury in Puerto Rico, for instance. So, you  
10:01:36 10 know, it is very -- it's very important that you know which one  
11 is which. Especially when --

12 THE COURT: Is this a question, Ms. Taylor?

13 MS. TAYLOR: It will be.

14 BY MS. TAYLOR:

10:01:51 15 Q How would I be affected by a company if it was not the  
16 United States Treasury? I mean, how would I be affected if  
17 they weren't working for the United States treasury and instead  
18 they were just a Department of Treasury maybe working for  
19 Puerto Rico? Wouldn't that affect me?

10:02:09 20 A Well, we're not in Puerto Rico; we're in the Continental  
21 U.S.

22 Q You don't have to be in Puerto Rico to have a corporation  
23 here.

24 THE COURT: Ms. Taylor, why don't you move on to  
10:02:19 25 another subject.

DIRECT EXAMINATION (continued) - CHERYL BRADLEY

10:02:22 1 MS. TAYLOR: Well, this is very important, Your Honor.

2 THE COURT: Well, if you're contending she works for  
3 the Puerto Rican Department of Treasury, I think you've covered  
4 that ground sufficiently.

10:02:34 5 MS. TAYLOR: Okay. I mean, this is -- it's very  
6 important that we know exactly who is coming after me. You  
7 know, I stand here to be punished and sent to prison maybe for  
8 years --

9 THE COURT: Ms. Taylor, this isn't a time to argue  
10 those issues. Ask your next question, please.

11 MS. TAYLOR: That's why I'm trying to get her to tell  
12 me who she works for. And so --

13 THE COURT: And you've covered that ground thoroughly.

14 MS. TAYLOR: Okay.

10:03:00 15 THE COURT: Why don't you move on to the next subject.

16 MS. TAYLOR: Okay. I have no more questions.

17 THE COURT: Okay. Thank you.

18 Redirect.

19 R E D I R E C T E X A M I N A T I O N

10:03:21 20 BY MR. GALATI:

21 Q Ms. Bradley, do you work for the Puerto Rican Department of  
22 Treasury?

23 A No.

24 Q Are you collecting taxes for anybody -- do you work for an  
10:03:33 25 agency that attempts to collect taxes for anybody other than

REDIRECT EXAMINATION - CHERYL BRADLEY

10:03:37 1 the United States government?

2 A No.

3 Q Are any individual taxpayers named in the United States  
4 Code --

10:03:49 5 A No.

6 Q -- 26?

7 A No.

8 Q Do you only assess people with taxes if their name appears  
9 in Title 26 of the United States Code?

10:03:57 10 A No.

11 MS. TAYLOR: Objection. Objection, Your Honor.

12 THE COURT: What's the objection?

13 MS. TAYLOR: Irrelevant. It's hearsay.

14 THE COURT: Overruled.

10:04:06 15 BY MR. GALATI:

16 Q I don't want to go showing it again, but Exhibit 149, is it  
17 not the exhibit you prepared for this trial?

18 A Yes.

19 Q And was the purpose of it to determine if there was a tax  
10:04:17 20 due and owing for each of the four tax -- charged tax years in  
21 this case?

22 A Yes.

23 Q Did you prepare that solely for this trial?

24 A Yes.

10:04:26 25 Q Was that part of any audit or assessment that was done by



REDIRECT EXAMINATION - CHERYL BRADLEY

10:04:31 1 the Internal Revenue Service?

2 A No.

3 Q You testified last week concerning what was going on in  
4 2003 and 2004 concerning this taxpayer, correct?

10:04:46 5 A I believe so.

6 Q I mean, were you not at that point conducting -- doing an  
7 examination and conducting an audit?

8 A Last week, no, I was not.

9 Q No. Pardon me. In 2003, 2004.

10:04:58 10 A Oh. I'm sorry. Yes. I was conducting an examination in  
11 those years.

12 Q Of whom?

13 A Of Sue Taylor.

14 Q And the purpose of doing that at that time was to do what?

10:05:08 15 A To determine if she had taxable income.

16 Q And that's why you met her in February of 2004?

17 A Yes.

18 Q Was that long before any criminal action was taken against  
19 Ms. Taylor?

10:05:25 20 A Yes.

21 Q Does your testimony last week, as summarized in  
22 Exhibit 149, did that have anything to do with the assessment  
23 of taxes or the attempted assessment of taxes against Sue  
24 Taylor in 2004?

10:05:40 25 A No.

REDIRECT EXAMINATION - CHERYL BRADLEY

10:05:52 1 Q You were asked continuously concerning the basis for your  
2 conclusions, and I believe you testified that you listened to  
3 testimony and you looked at trial exhibits; is that correct?

4 A Yes.

10:06:04 5 Q You were asked if you have firsthand knowledge of things  
6 contained in the bank records and in the escrow files; is that  
7 right?

8 A Yes.

9 Q And do you have firsthand knowledge, or did you rely upon  
10:06:16 10 those records?

11 A I relied on the records.

12 Q Are those the sort of records the Internal Revenue Service  
13 relies upon in doing audits and assessments?

14 A Yes. If people won't give us their original books and  
10:06:28 15 records.

16 Q And when you --

17 MS. TAYLOR: Objection, Your Honor.

18 THE COURT: Yes, ma'am?

19 MS. TAYLOR: That's irrelevant. And hearsay.

10:06:37 20 THE COURT: Overruled.

21 BY MR. GALATI:

22 Q And going back to when you do an audit and an assessment,  
23 as you were doing in 2003, 2004, do you always give the  
24 taxpayer a chance to correct any mistakes that may occur in  
10:06:49 25 records that you're relying upon to do your audit and

REDIRECT EXAMINATION - CHERYL BRADLEY

10:06:51 1 assessment?

2 A Oh, most certainly.

3 Q Is that one of the reasons you met with Sue Taylor in 2004?

4 A Yes.

10:06:59 5 MS. TAYLOR: Objection, Your Honor. I object to  
6 the -- I object to being called a taxpayer.

7 THE COURT: All right. Objection is overruled.

8 BY MR. GALATI:

9 Q Was she helpful in 2004?

10:07:13 10 A Not very.

11 Q So you were cross-examined concerning your authority to do  
12 what you did with regard to Exhibit 149. Explain to the ladies  
13 and gentlemen, why -- who asked you to prepare Exhibit 149?

14 A You guys asked me to summarize the information to determine  
15 if there was a tax due and owing.

16 Q Us?

17 A Yeah.

18 Q And you were called as a witness to the stand by the  
19 prosecution, correct?

10:07:43 20 A Yes.

21 Q And that's why you did what you did; is that correct?

22 A Yes.

23 Q Is it for the jury to determine the reliability of the  
24 underlying information that you relied upon to come to your  
10:07:53 25 conclusions?

REDIRECT EXAMINATION - CHERYL BRADLEY

10:07:54 1 A Yes.

2 Q Is that one of the reasons why we've laid out all of the  
3 underlying information for the jury to consider?

4 A Yes.

10:08:14 5 Q You examined Exhibit 214, which is the C.G. Hilltop 40  
6 Trust file, escrow file, that contains the four-page trust  
7 document you went over with Ms. Taylor, correct?

8 A Yes.

9 Q And is there anything about that that would lead you to  
10:08:34 10 conclude, based upon your experience and expertise with regard  
11 to trusts, that that is a tax-avoiding scheme of some sort?

12 A Yes. There's two places in there where it puts limits on  
13 the trustee's powers.

14 Q Explain that to the jury, if you would.

10:08:49 15 A Well, a trustee is given title to whatever property is in  
16 the trust. It's theirs to do with as they see fit it. Even  
17 though the grantor may -- the person who created the trust,  
18 even though they have specific things they want the trust to  
19 accomplish, they've still given title over to that trustee so  
10:09:09 20 that they can do -- the trustee can do things their way.

21 But if the trustee and the beneficiary are the same  
22 person, then there's no adverse party there to -- for the  
23 trustee to act the way he should have. So if you have the  
24 trustee and beneficiary that are the same person, even though  
10:09:34 25 they're holding a different entity or they created a different

REDIRECT EXAMINATION - CHERYL BRADLEY

10:09:38 1 entity they signed under, it is still a person who makes those  
2 decisions. So therefore we don't look at that trust as a  
3 valid trust, because there's no separation between the  
4 trustee, the grantor that created the trust, and the  
10:09:52 5 beneficiary.

6 Q Their interests would be identical?

7 A Yes.

8 MS. TAYLOR: Objection, Your Honor.

9 THE COURT: Hold on just a minute.

10:09:58 10 Yes?

11 MS. TAYLOR: I object to that. There's been no --  
12 it's irrelevant, it's hearsay, and there's been no proof that  
13 those entities cannot operate in the same venue.

14 THE COURT: All right. Objection is overruled. I  
10:10:15 15 think you've covered that on cross-examination.

16 BY MR. GALATI:

17 Q And is it the close nature of -- well, let me back up.

18 When the beneficiary and the trustee are the same  
19 person, does that in effect create a conflict of interest or  
10:10:35 20 potential conflict of interest?

21 A Yes.

22 Q Is that one of the rationales behind the tax treatment that  
23 the IRS does with regard to those type of trusts --

24 A Yes.

10:10:47 25 Q -- or alleged trusts?

REDIRECT EXAMINATION - CHERYL BRADLEY

10:10:52 1 Ms. Taylor asked you continuously if her name appeared  
2 on this trust document or that trust document. Does her name  
3 appear on any of the five trust documents that Ms. Taylor --  
4 that Dolpha Larsen testified Ms. Taylor created without her  
10:11:05 5 permission?

6 MS. TAYLOR: Objection, Your Honor. Irrelevant.

7 THE COURT: Overruled.

8 BY MR. GALATI:

9 Q Did you look at those five trust documents?

10:11:15 10 A It's been a while, but, yes, I looked at them.

11 Q Did Ms. Taylor put her name on any of them?

12 A No.

13 Q Have you looked at, over the course of your career,  
14 utilizing your expertise and experience with regard to trusts,  
10:11:33 15 at trusts that are, in fact, abusive tax avoidance schemes?

16 A Yes.

17 Q And how often in those types of situations is it that the  
18 taxpayer's name doesn't appear anywhere on the trust documents?

19 A Very often.

10:11:52 20 Q If you call yourself a church, are you a church --

21 A No.

22 Q -- for tax purposes?

23 A No.

24 MS. TAYLOR: Objection, Your honor. Irrelevant.

10:12:01 25 THE COURT: Overruled.

REDIRECT EXAMINATION - CHERYL BRADLEY

10:12:02 1 BY MR. GALATI:

2 Q You looked at the C.G. 40 Hilltop Trust, and you said --  
3 documents, and you said R.J. McBride is both the beneficiary  
4 and the trustee, correct?

10:12:11 5 A Yes.

6 Q And the C.G. Hilltop 40 Trust was what was involved in the  
7 purchase of the land in -- the home and land in Casa Grande  
8 from Ms. Schroeder; is that correct?

9 A Yes.

10:12:25 10 Q Is R.J. McBride the beneficiary or and/or trustee, is that  
11 the wealthy client, land investor, that Sue Taylor told  
12 Ms. Schroeder she was representing?

13 MS. TAYLOR: Objection, Your Honor. Hearsay.

14 THE COURT: Overruled.

10:12:43 15 THE WITNESS: Well, I would have to assume so, that  
16 she was misrepresenting that that way.

17 BY MR. GALATI:

18 Q Do you know one way or the other?

19 A No.

10:12:53 20 MR. GALATI: Did -- may the witness see Exhibit 257,  
21 please, Ms. Richter.

22 BY MR. GALATI:

23 Q We've had testimony about 257, and I'll have you look at it  
24 first in a second. And I believe the testimony from  
10:13:18 25 Mr. Mendoza is that is the escrow file -- that's the escrow

REDIRECT EXAMINATION - CHERYL BRADLEY

10:13:26 1 file from the transaction where the C.G. 40 Hilltop Trust  
2 property was sold to Mr. Mendoza and his partners.

3 A Yes.

4 Q Did you look at that?

10:13:36 5 A Yes, I did.

6 Q Is there a \$72,000 commission check in that file --

7 A Yes.

8 Q -- that was divert -- payable to Ms. Taylor that was  
9 diverted to Burning Bush?

10:13:49 10 A Yes.

11 Q And is there about \$1.3 million in proceeds in that file,  
12 reflected in that file that were diverted to Burning Bush?

13 A Yes.

14 MR. GALATI: May I have one second, Your Honor?

10:14:11 15 THE COURT: You may.

16 MR. GALATI: That's all I have, Your Honor.

17 THE COURT: All right. Thanks.

18 You can step down, Ms. Bradley.

19 MR. KNAPP: Your Honor, the United States calls Janice  
10:14:51 20 Weaver.

21 THE COURT: All right. Would you please come to the  
22 front of the courtroom, Ms. Weaver, to be sworn as a witness.  
23 All the way to the front, if you would. Thank you.

24 THE COURTROOM DEPUTY: Please state your name and  
10:15:06 25 spell your last name for the record.



REDIRECT EXAMINATION - CHERYL BRADLEY

10:15:07 1 THE WITNESS: Janice Carol Weaver, W-E-A-V-E-R.

2 **JANICE CAROL WEAVER,**

3 called as a witness herein, after having been first duly sworn  
4 or affirmed, was examined and testified as follows:

10:15:43 5 MR. KNAPP: May I, Your Honor?

6 THE COURT: You may.

7 MR. KNAPP: Thank you.

8 D I R E C T E X A M I N A T I O N

9 BY MR. KNAPP:

10:15:46 10 Q Good morning, Ms. Weaver. How are you doing?

11 A I'm fine, thank you.

12 Q Could you please introduce yourself to the jury.

13 A I'm Janice Weaver. I used to work at Sunstate Bank in Casa  
14 Grande.

10:15:56 15 Q Where do you work now?

16 A I work at Gateway Commercial Bank in Mesa.

17 Q And how long have you been in banking?

18 A Thirty-three years.

19 Q What kind of banks have you worked at?

10:16:05 20 A Mostly community banks. Small banks.

21 Q And back in 2005, did you work at Sunstate Bank?

22 A Yes, I did.

23 Q Why did you leave Sunstate Bank?

24 A Different opportunity up in the Mesa area. And Sunstate  
10:16:18 25 Bank had sold to a large bank, and I like small banks.

DIRECT EXAMINATION - JANICE CAROL WEAVER

10:16:24 1 Q Let me start off with an acronym for you. CTR. Do you  
2 know what that -- are you familiar with CTR?

3 A Yes. Currency Transaction Report.

4 Q And what is that?

10:16:34 5 A It's a report that is required by banks or for banks to  
6 file and it's when a transaction involves currency of \$10,000  
7 or more.

8 Q And what happens when you have a transaction of currency of  
9 \$10,000 or more? What are banks required to do?

10:16:52 10 A We're required to file a Currency Transaction Report.

11 Q And what sort of information is gathered for that report?

12 A Name, address, social security number, identification that  
13 we've used, what type of business they're involved in.

14 Q You said you've been in banking for -- did you say over 30  
15 years?

16 A Um-hmm. Yes.

17 Q How many times have you dealt with Currency Transaction  
18 Reports?

19 A Hundreds.

10:17:19 20 Q And what happens when customers come in and they want to  
21 cash a check for over \$10,000, they bring in more than \$10,000  
22 to you, and you ask for this information? What happens?

23 A Well, we ask them for all the information. Sometimes  
24 they're hesitant to give it to us, and we just explain to them  
10:17:42 25 that it's required, there's nothing wrong, we just need the

DIRECT EXAMINATION - JANICE CAROL WEAVER

10:17:46 1 information to fill out the form.

2 Q And, again, is this a bank rule, or is this something  
3 you're required to do under law?

4 A We're required to do it under law.

10:17:54 5 Q Okay. Now, are you familiar with a person named Sue  
6 Taylor?

7 A Yes.

8 Q And did you have an occasion to meet with Ms. Sue Taylor  
9 on -- in August of 2005?

10:18:07 10 A Yes.

11 Q Had you met Ms. Sue Taylor before that?

12 A No.

13 Q As far as you know, was she a customer at your bank?

14 A No.

10:18:14 15 Q This was at Sunstate Bank, correct?

16 A That's correct.

17 Q Have you ever seen Ms. Taylor after that?

18 A No.

19 Q This is now almost five and a half years.

10:18:28 20 A Yes.

21 Q Do you suppose you'd recognize her if you saw her in the  
22 courtroom today?

23 A You know, I would be hesitant to, because it's been so  
24 long.

10:18:36 25 Q Then I won't ask you.

DIRECT EXAMINATION - JANICE CAROL WEAVER

10:18:37 1 I want to show you what's been marked -- may the  
2 witness be shown Government's Exhibit 158.

3 A Yes.

4 Q Do you recognize that?

10:19:15 5 A Yes, I do.

6 MR. KNAPP: Your Honor, this is in evidence. May I  
7 publish to the jury?

8 THE COURT: You may.

9 It's not coming across clearly on our screens,  
10:19:23 10 Mr. Knapp.

11 You can go ahead and publish it, Lisa, see if it's  
12 any better on the main screen.

13 As can you see, we're getting a bit of an odd image,  
14 Mr. Knapp. There we go.

10:19:38 15 MR. KNAPP: There we go.

16 BY MR. KNAPP:

17 Q All right. This check is dated August 9th, 2005; is that  
18 right?

19 A Yes.

10:19:58 20 Q And if you look in the bottom left corner, you see this is  
21 a check, \$17,000, to the order of Sue Taylor from First  
22 Financial; is that right?

23 A Yes.

24 Q Okay. Is this the occasion that you had when you met with  
10:20:11 25 Ms. Taylor?

DIRECT EXAMINATION - JANICE CAROL WEAVER

10:20:13 1

A Yes.

2

Q And can you tell me in general terms what happened on that day?

3

4

A I was called over to the office next door to mine by Wanda Brown because she had cashed this check for Sue Taylor, had given Sue the \$17,435, and Wanda had the check; so following our bank procedures, Wanda needed to get identification, address, and social security number to fill out our Currency Transaction Report.

10:20:26 5

6

7

8

9

10:20:49 10

11

Q And this is what you were told; this is why you came over to the teller?

12

13

A Yes. I was told that Sue Taylor was refusing to give her that information.

14

10:21:01 15

Q Were you acting as a -- why were you called over when this teller Wanda had problems?

16

17

A Because I'm a supervisor. I was in charge of all the branches. I was next door. And I had been BSA officer.

18

19

Q So what happened when you came over to the teller and Ms. Taylor started talking about the reporting requirements?

10:21:22 20

21

A Well, she didn't want to give us the information.

22

23

24

Q When you say "she," you're talking about --

A Mrs. Tay- -- Ms. Taylor, Sue. She didn't want to give us the information. I asked her for her social security number. She said she didn't have one.

10:21:35 25

I need to get a drink of water.

DIRECT EXAMINATION - JANICE CAROL WEAVER

10:21:37 1 Q Sure.

2 A She said she didn't have a social security number. So I  
3 asked --

4 Q Let me interrupt. Have you ever testified in court before?

10:21:46 5 A No.

6 Q Are you a little nervous?

7 A Yes.

8 Q Take a moment if you need to, to take a deep breath. All  
9 right?

10:21:51 10 So, again, what information did you ask of Ms. Taylor?

11 A Her address. We already knew her name. We wanted her  
12 driver's license. We wanted a social security number. We also  
13 wanted to know what type of business she was in.

14 Q Looking at the check, did you have an idea of what kind of  
15 business she was in?

10:22:09 16 A Yes.

17 Q What is that?

18 A Looked to me like she bought or sold real estate, worked  
19 for real estate company.

10:22:21 20 Q Why do you say that?

21 A Why do I say that?

22 Q Yes.

23 A Well, my husband's been in real estate since the 1980s, and  
24 I recognize the check and I know the company.

10:22:32 25 Q And the company was, in fact, your client at Sunstate

DIRECT EXAMINATION - JANICE CAROL WEAVER

10:22:34 1 Bank --

2 A Yes.

3 Q -- is that right?

4 A Yes, that's correct.

10:22:37 5 Q So this is a check being negotiated at the customer's,  
6 First Financial's, bank account?

7 A Yes.

8 Q Ms. Taylor did not have an account at your bank?

9 A That's correct.

10:22:48 10 Q You said you recognized this as a check relating to real  
11 estate. You see on the screen I have part of the check  
12 showing, and it looks like on the top right corner it says  
13 "date." It's hard to read. Maybe it says escrow number?

14 A Yes.

10:22:59 15 Q Did that mean anything to you?

16 A It meant to me that it was an escrow transaction.

17 Q And you've seen your husband's checks?

18 A Oh, yes.

19 Q So you asked Ms. Taylor about her occupation, and I think  
10:23:14 20 you said her -- well, why don't you tell me. What other  
21 information did you ask of Ms. Taylor?

22 A Well, I asked her because she told me she did not have a  
23 social security number. So I asked her what her line of  
24 business was, and she said, "retired sales." So I said, "Well,  
10:23:33 25 if you live and work in the United States, you've got a social

DIRECT EXAMINATION - JANICE CAROL WEAVER

10:23:37 1 security number; and she flat out told me she did not have one.

2 Q Now, again, based on your experience with your husband, did

3 you find the claim that she didn't have a social security

4 number to be kind of unusual?

10:23:48 5 A Yes, definitely.

6 Q Why's that?

7 A Everybody has a social security number now, even a baby.

8 Q How did your -- in your experience, how does your husband

9 get paid for his real estate work?

10:24:01 10 A He normally would get his check from the broker. So say he

11 worked for Mahoneys. And his check would come from Mahoney.

12 Only one time over the 20, 30 years that he sold real estate

13 did he get a check directly from the title company.

14 Q And did he get any sort of reporting from the brokerage

10:24:23 15 about his earnings throughout the year?

16 A Oh, yes. Every year.

17 Q What kind of form was that?

18 A 1099, I believe.

19 Q Would that form have had his social security number on it?

10:24:32 20 A Yes.

21 Q It's a tax form, right?

22 A Yes.

23 Q So Ms. Taylor said she didn't have a social security

24 number. You found that unusual; is that right?

10:24:40 25 A That's correct.



DIRECT EXAMINATION - JANICE CAROL WEAVER

10:24:41 1 Q Did you ask for any other information, any identification?

2 A Let's see. I asked for her driver's license; she told me  
3 she didn't have one.

4 Q Did you find that unusual?

10:24:50 5 A Yes, I did, because she drove away in a vehicle.

6 Q Well, we'll get to that.

7 Was this an unusual encounter at the bank?

8 A Yes, it was.

9 Q Do you remember it to this day?

10:25:09 10 A Yes, yes.

11 Q Why is it -- you worked in banking for over 30 years. Why  
12 is this occasion memorable?

13 A I'm used to people not wanting to give me the information  
14 to file the Currency Transaction Report, but I've never in all  
10:25:22 15 my years had someone flat out refuse and tell me they don't  
16 have it. And I'm used to getting my way when I ask those  
17 questions. I mean, everybody has come around. Once you  
18 explain to them what it is you're doing and why you're asking  
19 for it.

10:25:41 20 Q What was the nature of the conversation at the bank between  
21 you and the teller and Ms. Taylor?

22 A Wanda Brown, the teller, just kind of stepped aside, and so  
23 I was speaking with Sue. And she was, oh, I can't say  
24 antagonistic, but defensive and almost belligerent, you know.

10:26:06 25 Just "I don't have to have it."

DIRECT EXAMINATION - JANICE CAROL WEAVER

10:26:08 1 Q What about Ms. Brown? Did you notice how Ms. Brown seemed  
2 to be during this -- that was the teller, right?

3 A That's the teller.

4 Q What was Ms. Brown's reaction to this encounter?

10:26:17 5 A I think she felt intimidated.

6 MS. TAYLOR: Objection, Your Honor. Relevance.

7 THE COURT: Sustained.

8 The jury should disregard the last answer.

9 BY MR. KNAPP:

10:26:32 10 Q Now, Ms. Weaver, you mentioned that you've asked for a  
11 driver's license and, again, Ms. Taylor said she didn't have  
12 one; is that right?

13 A That's correct.

14 Q And do you have any reason to think that was not true?

10:26:44 15 A Well, for one reason, you don't sell real estate, that I'm  
16 aware of, where you don't go meet your client at the place  
17 you're either trying to sell them or that you've listed for  
18 them. Everybody has -- almost everybody has a driver's  
19 license, especially if you're in real estate.

10:27:10 20 Q What did Ms. Taylor ultimately get from the \$17,000 check?  
21 Did she walk away with \$17,000 in cash?

22 A No. She gave us back the cash, and we gave her back the  
23 check. We agreed to write her a check for \$7,435.72 and then  
24 to give her a cashier's check for 10,000.

10:27:32 25 Q And then she -- did she then split that up and walk away

DIRECT EXAMINATION - JANICE CAROL WEAVER

10:27:37 1 with two \$5,000 cashier's checks?

2 A Yes. I left the office and went back to my office, and the  
3 teller Wanda Brown gave her two \$5,000 cashier's checks.

4 Q And you see that in --

10:27:49 5 MS. TAYLOR: Objection. Hearsay.

6 THE COURT: Objection's overruled.

7 BY MR. KNAPP:

8 Q You see those cashier's checks in the exhibit; is that  
9 right? In Exhibit 158, in front of you.

10:28:01 10 A Yes.

11 Q Do you know what structuring is?

12 A Yes.

13 Q Have you experienced that?

14 A Yes.

10:28:12 15 Q And, again, during 30-plus years in banking?

16 A Yes.

17 Q In general terms, what is structuring?

18 A It's structuring a transaction to avoid the Currency  
19 Transaction Report. In other words, you're breaking it down  
10:28:26 20 into smaller increments so that the Currency Transaction Report  
21 does not have to be filed.

22 Q And what you see in Exhibit 158, is that consistent with  
23 your experience in structuring?

24 A Yes.

10:28:40 25 Q What did you do after Ms. Taylor left the bank?

DIRECT EXAMINATION - JANICE CAROL WEAVER

10:28:44 1 A I watched her drive away in a vehicle.

2 Q Do you remember what kind of vehicle?

3 A It's been a long time, but I kind of -- you know, in my  
4 mind it sticks like a Cadillac Escalade.

10:28:57 5 MS. TAYLOR: Objection. Relevance.

6 THE COURT: Overruled.

7 BY MR. KNAPP:

8 Q Did you see whether she was driving that car?

9 A Yes, she was driving it.

10:29:03 10 Q She told you she didn't have a driver's license?

11 A Yes.

12 Q Did you see anyone else in the car?

13 A No.

14 Q Did you see where in the car she got in?

10:29:11 15 A Did I see what?

16 Q Did you see where she was sitting in the car?

17 A Yes.

18 Q Where was she sitting?

19 A Driver's seat.

10:29:16 20 Q And, Your Honor, we move to admit Government's Exhibit 165  
21 and 166, which are certified motor vehicle division records.

22 THE COURT: Let me see those, Lisa, if I can.

23 That is 165 and 166?

24 MR. KNAPP: Correct, Your Honor.

10:30:27 25 THE COURT: Any objection to those exhibits,

DIRECT EXAMINATION - JANICE CAROL WEAVER

10:30:29 1 Ms. Taylor?

2 MS. TAYLOR: Objection, Your Honor. Lack of  
3 foundation.

4 THE COURT: Objection is overruled. I think the  
10:30:39 5 foundation is satisfied by Rule 902(4), which also satisfies  
6 803(6). Exhibits 165 and 166 are admitted.

7 MS. TAYLOR: There's relevance, Your Honor.

8 THE COURT: All right. I'm going to overrule the  
9 relevancy objection.

10:30:58 10 MR. KNAPP: May I have a moment, Your Honor?

11 THE COURT: Yes.

12 (Counsel confer.)

13 BY MR. KNAPP:

14 Q Did you mention during your testimony you were a BSA  
10:31:19 15 officer?

16 A Yes.

17 Q What does that mean?

18 A Bank Secrecy Act officer.

19 Q Is that in any way related to these Currency Transaction  
10:31:27 20 Reports?

21 A Yes.

22 Q Is the Bank Secrecy Act, is that -- is that the law that  
23 provides the basis for the reports?

24 A Yes.

10:31:33 25 Q And you've been a BSA officer for a bank before?

DIRECT EXAMINATION - JANICE CAROL WEAVER

10:31:35 1 A Oh, yes.

2 Q For how long?

3 A I would probably say 18 years. Off and on, but, you know,

4 18 years at least.

10:31:49 5 MR. KNAPP: Nothing further, Your Honor.

6 THE COURT: All right. We're going to go ahead and

7 take a break before the cross-examination.

8 We'll take a 15-minute break, members of the jury.

9 Please remember not to discuss the case, and we'll see you in

10:31:59 10 15 minutes.

11 (Recess taken from 10:32 a.m. to 10:50 a.m.

12 Proceedings resumed in open court with the jury present.)

13 THE COURT: Thank you. Please be seated.

14 All right, Ms. Taylor, your cross-examination.

11:19:09 15 C R O S S - E X A M I N A T I O N

16 BY MS. TAYLOR:

17 Q Hi, Ms. Weaver.

18 A Hello.

19 Q It's been a long time, so I'm not sure I recognize you

10:52:13 20 either.

21 I would just like to ask you, is it a crime or a sin

22 for anybody to cash a check or to take a check and get cash?

23 A No, not at all.

24 Q Are you aware that all social security cards really belong

10:52:34 25 to the social security department?

CROSS-EXAMINATION - JANICE CAROL WEAVER

10:52:37 1

A No.

2

Q Usually if you look on the back of your card, sometimes

3

it's on the front, it will say "property of the social

4

security."

10:52:47 5

THE COURT: You need to ask questions, Ms. Taylor.

6

MS. TAYLOR: Yes.

7

BY MS. TAYLOR:

8

Q Could it be -- could it be that I was cashing the check

9

down there because I did not have a bank account at your bank

10:53:01 10

and I was just in there trying to cash it because that was the

11

check that it was drawn on and I didn't want to walk around

12

with any large amount of money in my pocket, so I just got a

13

small amount and then got two cashier's checks? Could that

14

have been my objection -- I mean my purpose?

10:53:20 15

A Would you say that again?

16

Q Could it have been that the reason I wanted the cashier's

17

checks and took a portion of it in money was because I didn't

18

want to walk around with, like, the 17,000 in my pocket?

19

A It could have been.

10:53:42 20

Q Could it also have been that I rescinded any social

21

security card that I had, so maybe I really didn't have one?

22

A I don't know.

23

Q Okay. So you really don't know whether I was telling the

24

truth or not when I said I did not have a social security card?

10:54:04 25

Because I could have rescinded it and not had one.

CROSS-EXAMINATION - JANICE CAROL WEAVER

10:54:07 1 A I wouldn't know of that.

2 Q Okay. Do you remember -- let's see, you said that you --  
3 you said a lot of people objected to filling out forms?

4 A Yes.

10:54:30 5 Q I think a lot of Americans still like their privacy even  
6 though it's being eroded away from them. Don't you agree with  
7 that?

8 A No.

9 Q You think there's not people out there that still like to  
10 have their privacy? And -- that's my question.

11 A I don't know about people out there wanting to have their  
12 privacy.

13 Q Do you like for everybody to know everything about your  
14 business?

10:54:55 15 A No.

16 Q So, then, you like a little bit of privacy, too, right?

17 A Somewhat.

18 Q So it's not actually a crime or a sin to not give out all  
19 of your information to just strangers that you don't know?

10:55:20 20 A No, I wouldn't think so.

21 MS. TAYLOR: That's all I have. Thank you.

22 THE COURT: Any redirect?

23 Thank you, Ms. Taylor.

24 Any redirect?

10:55:30 25 MR. KNAPP: Yes, Your Honor, just briefly.



REDIRECT EXAMINATION - JANICE CAROL WEAVER

11:19:09 1 R E D I R E C T E X A M I N A T I O N  
2 BY MR. KNAPP:  
3 Q Ma'am, do you still have Exhibit 158 up there?  
4 A Yes.  
10:55:41 5 Q What's the address for Sue Taylor on that check?  
6 A 20 North Gilbert Avenue, Gilbert, Arizona.  
7 Q Is Sunstate Bank anywhere near 20 North Gilbert?  
8 A I don't know milewise, but we have a branch in Chandler.  
9 Q Where was this branch, where you were working? Where this  
10:56:00 10 check was negotiated?  
11 A 121 West Second Street in Casa Grande.  
12 Q Casa Grande, not Gilbert?  
13 A Right.  
14 Q And do you recall whether you asked Ms. Taylor for a social  
10:56:15 15 security number or --  
16 A Yes --  
17 Q -- a physical card?  
18 A -- I did not ask for a card.  
19 Q It was a number?  
10:56:18 20 A A number.  
21 Q And even if you burn the card, you still know the number,  
22 right?  
23 A Yeah, just the number.  
24 MR. KNAPP: No further questions, Your Honor. Thank  
10:56:26 25 you.

REDIRECT EXAMINATION - JANICE CAROL WEAVER

10:56:27 1 THE COURT: All right. Thanks. You can step down.

2 MR. KNAPP: Your Honor, we move for admission of  
3 Government's Exhibits 271 and 272. These are certified records  
4 from the Arizona Corporation Commission.

10:56:51 5 THE COURT: Lisa, could I see those exhibits, please.  
6 Any objection, Ms. Taylor, to 271 and 272?

7 MS. TAYLOR: I object, Your Honor. Irrelevant. Lack  
8 of foundation.

9 THE COURT: All right. Overruled on relevancy ground  
10 and foundation is satisfied by Rule 902(4), so I'll overrule  
11 that objection as well. Exhibits 271 and 272 are admitted.

12 MR. KNAPP: Your Honor, we also discussed earlier a  
13 stipulation. There's been testimony in this case about --

14 THE COURT: Right. You want me to mention the  
15 stipulation now?

16 MR. KNAPP: Yes, Your Honor.

17 THE COURT: Members of the jury, as I mentioned to you  
18 during the initial instructions, the parties can stipulate to  
19 facts, meaning they can agree to certain facts. And the  
20 Government and Ms. Taylor have stipulated that there was and is  
21 no legal marriage between Ms. Taylor and Ron McBride.

22 Anything further from the Government?

23 MR. GALATI: Your Honor, we offer Exhibit 181.

24 THE COURT: All right. I think what we ought to do is  
10:59:13 25 discuss that right at the beginning of the lunch break. I read

REDIRECT EXAMINATION - JANICE CAROL WEAVER

10:59:16 1 the memo you submitted. I want a chance to hear from  
2 Ms. Taylor on that before I rule, so why don't we take that up  
3 at lunch.

4 MR. GALATI: Yes, sir.

10:59:24 5 THE COURT: Anything else from the Government?

6 MR. GALATI: Other than Exhibit 181, Your Honor, we  
7 rest.

8 THE COURT: All right.

9 Ms. Taylor?

10:59:32 10 MS. TAYLOR: Can I approach?

11 THE COURT: You may.

12 (Bench conference as follows:)

13 MS. TAYLOR: I don't know what I'm going to say.

14 THE COURT: Hold on just a minute. Let's wait until  
10:59:54 15 everybody is here. Okay. If you could say it so it can be  
16 heard in the mike.

17 MS. TAYLOR: I make a motion for acquittal. Motion  
18 for judgment of acquittal under Rule 29. Grounds: The  
19 evidence is insufficient to sustain a conviction.

11:00:13 20 THE COURT: Okay.

21 MS. TAYLOR: The Government has not proved that I'm  
22 guilty.

23 THE COURT: Okay.

24 Do one of you wish to respond?

11:00:24 25 MR. KNAPP: Your Honor, I'll just be brief unless the

## REDIRECT EXAMINATION - JANICE CAROL WEAVER

11:00:27 1 Court has more questions. There's been evidence that -- for  
2 these failure-to-file counts, there's evidence from the IRS  
3 custodian that no tax returns were filed, evidence from Cheryl  
4 Bradley that they were required based on the income introduced  
11:00:41 5 in the case, and that there was evidence of willfulness in  
6 terms of the concealment of information, concealment of income,  
7 concealment of assets, use of cashier's checks.

8 On the evasion-of-assessment charges, there's been  
9 evidence that Ms. Taylor, again, did not file and claim any  
11:00:59 10 income or tax liability by the deadline, so there's also been  
11 evidence that she had more than zero tax liability. Again,  
12 that is from Ms. Bradley.

13 There's also been evidence of willfulness, much the  
14 same evidence as on the failure-to-file counts.

11:01:14 15 And finally for the fourth element, affirmative acts  
16 of evasion, there have been numerous affirmative acts of  
17 evasion introduced into evidence, whether it is diverting  
18 commission checks or negotiating commission checks at  
19 different banks, otherwise hiding the income.

11:01:32 20 THE COURT: There are, on the evasion counts, four  
21 counts covering four separate years, 2003 through 2006. Have  
22 you presented affirmative acts of evasion for each of those  
23 four years?

24 MR. KNAPP: Yes, Your Honor, we believe we have, and I  
11:01:46 25 can outline that. I was going to do it in the closing

REDIRECT EXAMINATION - JANICE CAROL WEAVER

11:01:47 1 argument, but I can do it if I can grab my notes, Your Honor.

2 THE COURT: Yes, please.

3 MR. KNAPP: I have my notes.

4 Your Honor, like I say, there are multiple  
11:02:14 5 affirmative acts. Much of the evidence of willfulness is also  
6 going to be an affirmative act. But just to itemize a couple,  
7 in 2003 there's evidence in Exhibit 22 where Ms. Taylor  
8 diverted her commission checks to the Herbal Research  
9 Institute's closing costs.

11:02:38 10 Also, the Bank of America letter at Exhibit 84 was  
11 issued to try and stop the banks from complying with Agent  
12 Bradley's request for information during the examination of  
13 2001 to 2003, so that applies to that same 2003 tax year.

14 For 2004, the defendant put commission checks under a  
11:03:02 15 national real estate brokerage account after having set it up  
16 in a way that she knew she wouldn't be filing the required tax  
17 reporting from that. So affirmatively putting the checks into  
18 that account knowing there would be no reporting out of that  
19 for her income to the IRS are all affirmative acts of evasion  
11:03:19 20 for 2004.

21 2005, the Weaver transaction, this is when she  
22 negotiated the check at the escrow company's bank and did it  
23 in a way that we contend was used to hide the income from the  
24 IRS.

11:03:38 25 Similarly, the assignment of commission from the

## REDIRECT EXAMINATION - JANICE CAROL WEAVER

11:03:42 1 Burning Bush Ministries -- or to Burning Bush Ministries on  
2 the C.G. Hilltop 40 land sale. That was in 2005. That is an  
3 \$82,000 commission. That is Exhibit 157 and Exhibit 257.

4 And finally in 2006 there is a negotiation in  
11:03:59 5 Exhibit 266 of \$151,000 commission check, negotiated for  
6 cashier's checks. In other words, to hide the income, Your  
7 Honor.

8 MS. TAYLOR: My turn?

9 THE COURT: Okay. Go ahead.

11:04:28 10 MS. TAYLOR: Your Honor, it's not been established or  
11 proven that I had any liability to pay any income tax. I have  
12 not been able to bring forth any laws or to present any laws,  
13 and I've not been able to show my case that I did in good faith  
14 believe that I did not have any obligation or duty to pay any  
11:04:48 15 income tax; and it has not been proven, other than these people  
16 saying their word against mine or their words and their  
17 opinions. They have not allowed any law to come in here to  
18 say -- and only you know that law, and I'm sure you do know it.

19 And, you know, I think I'm at a big disadvantage  
11:05:10 20 because I haven't been able to state my positions of what I  
21 believe by law. I have read the law, and it doesn't apply to  
22 me. There are like over 50 Supreme Court cases that say your  
23 labor is not taxed on, and that is all I had, was my labor. I  
24 had no properties that I sold or made any moneys on; all I had  
11:05:31 25 was my labor. And I can show you those 50 cases if you'd like

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11:05:35 1 to see them that say that your labor is not to be charged on  
2 taxes. It's not to be -- it's not to be taxed. And those are  
3 Supreme Court cases.

4 THE COURT: Is there anything else you wanted to say  
11:05:48 5 on this issue?

6 MS. TAYLOR: Go ahead.

7 THE COURT: No, I'm just giving you the chance, if you  
8 want to say anything else before I make a decision.

9 MS. TAYLOR: You know my feelings.

11:06:00 10 THE COURT: I do know your feelings, but what we do at  
11 this point in the trial is, I am not the jury. I'm not making  
12 a decision of guilt or innocence. I merely have to decide  
13 whether the Government has presented evidence which, if  
14 believed, would be sufficient to sustain a verdict.

11:06:17 15 I believe the Government has presented evidence on  
16 each of the elements of the crimes that are charged. It will  
17 be up to the jury as to whether or not they believe it, but if  
18 they do believe the Government's evidence, I think there is  
19 sufficient evidence on each element and therefore there's  
11:06:32 20 enough evidence for this case to go to the jury.

21 MS. TAYLOR: But I didn't get to present my side.

22 THE COURT: Well, that's what you're going to do now.

23 MS. ANDERSON: It's not over yet.

24 THE COURT: The trial isn't over now. The question is  
11:06:44 25 at this point in the case if the Government has failed to come

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11:06:47 1 forward with enough evidence to convict you, then I could  
2 acquit you at this point. But if they have come forward with  
3 enough evidence, then you can, if you choose, counter that  
4 evidence with your testimony or your witnesses and then the  
11:06:59 5 jury will decide who they believe. And that's what we're going  
6 to do next.

7 So all I'm doing now is saying, as of this stage in  
8 the trial, the Government has presented enough evidence on  
9 each of the elements of the crime for the jury to find in  
11:07:11 10 favor of the Government if they choose to believe the  
11 Government's evidence. That's all I'm saying. You will now  
12 have your opportunity to present your evidence.

13 Now, we've talked a number of times about the point  
14 that the jury isn't going to decide if the tax laws are legal.  
11:07:28 15 That's not their role. So to the extent I have prevented you  
16 from asking questions during the Government's case suggesting  
17 that the laws are illegal or unconstitutional or invalid --

18 MS. TAYLOR: No, I think --

19 THE COURT: -- that's been because of the point I  
11:07:46 20 made.

21 MS. TAYLOR: -- valid.

22 THE COURT: Okay. So now I'm denying the motion.  
23 We'll go into your case now.

24 MS. TAYLOR: Okay. I hope my -- I have to go out and  
11:07:54 25 see if my witness is here. He said he was coming, he would be



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11:07:57 1 here any time. He was supposed to be here now.

2 THE COURT: Well, we need to have whoever is here as a  
3 witness for you.

4 Just a minute.

11:08:04 5 Were you going to say something else, Ms. Taylor?

6 MS. TAYLOR: I was just going to go outside and see if  
7 he's here.

8 THE COURT: We'll have you do that. Mr. Galati wanted  
9 to say something.

11:08:13 10 MR. GALATI: Your Honor, this morning Ms. Taylor gave  
11 us the names of those five witnesses who had never been  
12 disclosed before. She told me that she believed all the people  
13 that were on the previous list -- correct me if I misstate what  
14 you told me -- none of them are going to testify. That's what  
11:08:27 15 I think she told me.

16 MS. TAYLOR: They might, and I don't think -- there's  
17 a couple that aren't going to testify.

18 MR. GALATI: She did tell me she wanted to recall  
19 Mr. Young, wanted to have Agent Votaw and Cheryl Bradley. So  
11:08:43 20 they're all here. If your other people aren't there, they're  
21 all here; you can call them.

22 But with regard to these folks, just because of the  
23 nature of the witnesses that are often offered in cases like  
24 this by defendants in this situation who are representing  
11:08:57 25 themselves, we'd like to have some preview as to what they're

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11:08:59 1 going to say so that they're not being called to say what you  
2 just indicated to Ms. Taylor, what they can't be called to  
3 say.

4 THE COURT: Well, does the defendant have an  
11:09:09 5 obligation to identify witnesses for you before they're put on?

6 MR. GALATI: We're not objecting about that, Your  
7 Honor. What we want to make sure is she's not going to call  
8 witnesses up here to say the tax laws are illegal and things  
9 like that.

10 THE COURT: Well, if she asks that question, you can  
11 object, and I'll rule on the objection.

12 MR. GALATI: All right. That's fine.

13 THE COURT: Okay. Go ahead and see if your witness is  
14 here, Ms. Taylor.

11:09:29 15 MS. TAYLOR: Well, if they're not here, I'll just go  
16 ahead and call one of their agents?

17 THE COURT: You can do that.

18 (Bench conference concludes.)

19 THE COURT: Thanks for your patience, ladies and  
11:09:46 20 gentlemen. Ms. Taylor is just going to check on witnesses in  
21 the hallway.

22 MS. TAYLOR: They're on their way, Your Honor, so I'll  
23 just go ahead and call Mr. Carter, I believe.

24 THE COURT: All right.

11:11:00 25 Mr. Carter, you are still under oath for purposes of

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11:11:02 1 the trial, so you can come directly back to the witness stand.

2 **JERRY CARTER,**

3 recalled as a witness herein, after having been previously  
4 sworn or affirmed, was examined and testified as follows:

5 D I R E C T E X A M I N A T I O N

6 BY MS. TAYLOR:

7 Q Hello, Mr. Carter, again.

8 A Good morning.

9 Q I wanted to go over a couple of things we talked about last  
11:11:52 10 week. You said you're a debt collection officer, right?

11 A I'm a revenue officer.

12 Q Didn't you say you were a collection officer?

13 A I'm a revenue officer, and I work for the collection  
14 division, most of my career as -- to collect taxes.

11:12:06 15 Q Okay. And what is your address?

16 A My current address?

17 Q Um-hum.

18 A 1818 East Southern Avenue, Suite 15-A, Mesa, Arizona 85204.

19 Q Do you get your mail under the name of Carter or Young?

11:12:30 20 A Both ways. Well, a lot of internal mail I get under  
21 Carter, but more recently my mail comes under Jerry Young.

22 Q Well, when the mail comes in to you, into your office, how  
23 is it given to you?

24 A It's put in mail bins for the individual groups or  
11:12:59 25 individual people.

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11:13:06 1 Q And if you don't get it, where does it go?

2 MR. KNAPP: Objection. Relevance.

3 THE COURT: What's the relevance, Ms. Taylor?

4 MS. TAYLOR: I'm trying to lay a foundation here.

11:13:16 5 THE COURT: Okay. You can ask a few more questions.

6 BY MS. TAYLOR:

7 Q At our last conversation, I had asked you if you received a  
8 letter from me on, I believe it was, the 6th of April. Did  
9 you -- do you recall getting that?

11:13:36 10 A You sent me -- we didn't discuss that last week, did we?

11 Q I thought we did.

12 A I remember you asking me if I received a letter from you,  
13 and I was shown an exhibit; but I thought you said that was  
14 sent a long time ago, not in April of the year we're in now.

11:13:52 15 Q No, it was sent on April 6.

16 A Okay. I for sure -- I'm not aware of receiving any mail in  
17 the month of April from you. It's possible it's still in the  
18 IRS office facility somewhere, but I'm reasonably certain that  
19 I don't have it. And if I do have it, I could have actually  
11:14:14 20 just boxed it up and provided it to the United States --  
21 Assistant United States Attorney, because I turned over the  
22 entire collection file to them. So if it did come in, I may  
23 not have seen it. I may have just boxed it up and handed to  
24 the Assistant United States Attorney.

11:14:36 25 Q Is that a procedure when you get a certified letter?

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11:14:38 1 A I've been subpoenaed for your criminal trial, and the U.S.  
2 Attorney asked for the collection file; so I provided  
3 everything I had with your name on it. So if you sent it to me  
4 in April, I don't remember seeing it or reading it; but if I  
11:14:54 5 had it, I would have just boxed it up and provided it to the  
6 AUSA.

7 Q Do you recall the last date that you boxed stuff up and  
8 gave to your supervisor or whoever?

9 A You know, I really can't remember. It would have been in  
11:15:13 10 March or April I would have boxed up the three boxes and took  
11 everything down to the AUSA's office. Those boxes, I know,  
12 contained all your correspondence sent to me and other IRS  
13 employees over the last seven or eight years.

14 Q So you have received a lot of letters from me in the past?

11:15:35 15 A Yes, ma'am.

16 MS. TAYLOR: Your Honor, I have some exhibits. May I  
17 bring them up?

18 THE COURT: Well, have you already marked them --

19 MS. TAYLOR: Yes.

11:15:46 20 THE COURT: -- and given them to Lisa? You can just  
21 give her the number, and she'll put the exhibit in front of  
22 Mr. Carter.

23 MS. TAYLOR: Okay. One minute.

24 It was 516.  
25

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11:16:52 1 MS. TAYLOR: I believe it is the very one on top. It  
2 says, "Fair Debt Collection Practices Act, Section 1692."

3 Can I turn this on so the jury can see?

4 THE COURT: Well, you haven't moved it into evidence  
11:17:04 5 yet.

6 MS. TAYLOR: Okay. How do I do that?

7 THE COURT: You need to ask him whatever foundation  
8 you think is appropriate and then make a motion that it be  
9 received in evidence. And if the Government objects, I'll hear  
11:17:16 10 their objection.

11 MS. TAYLOR: Okay. I move to enter this into  
12 evidence.

13 THE COURT: Now, by "this," are you referring to the  
14 entire Document 516 or just the one on top you just --

11:17:27 15 MS. TAYLOR: The entire document.

16 THE COURT: -- mentioned?

17 Mr. Knapp, do you object?

18 MR. KNAPP: Yes, Your Honor. Principally for hearsay.  
19 Also for relevance and foundation. I'd also note that it  
11:18:02 20 includes case law, Your Honor, so I object on 403 as well.

21 MS. TAYLOR: Excuse me, Your Honor.

22 THE COURT: Well, there are a large number of  
23 documents in Exhibit 516. It appears to me that they are  
24 hearsay, Ms. Taylor. And I don't --

11:18:58 25 MS. TAYLOR: They're all certified copies. The

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11:18:58 1 biggest majority are certified copies. The ones that aren't  
2 certified, I do have green cards for.

3 THE COURT: Well, certified by whom?

4 MS. TAYLOR: By the county recorders.

11:19:08 5 THE COURT: I'm not seeing any county recorder  
6 certificates in this exhibit. It looks to me like it's a  
7 series of letters.

8 MS. TAYLOR: Which one are you looking at? Is it the  
9 Notice of Judicial Review, or is it the Fair Debt Collection?

11:19:25 10 THE COURT: It's both.

11 MS. TAYLOR: What's the first page? Is it Notice or  
12 the --

13 THE COURT: "Notice" is the first page in mine.

14 MS. TAYLOR: The first document is just giving a, kind  
11:19:42 15 of a offer of proof of the document. It's on page 4 of the  
16 offer of proof of the documents that are certified and kind of  
17 tells which ones are certified mail and which ones are recorded  
18 in the county recorder's office.

19 THE COURT: Well, my point, Ms. Taylor, is I don't see  
11:20:04 20 a government certificate attached to any of these documents.

21 MS. TAYLOR: Oh. I'm sure there is. Maybe I didn't  
22 give what you I've got. I went 'pecifically down to the -- I  
23 went specifically down to the county recorder's office and got  
24 them all.

11:20:49 25 Oh. I'm sorry. I didn't attach them. Just a

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11:20:53 1 minute. I'm sorry.

2 I'm very sorry.

3 I don't think I ever want to be a lawyer. Got an  
4 hour and a half sleep last night trying to get all this  
11:22:04 5 together, and I still don't have it together.

6 There's 31 documents, so that's why it's taking me a  
7 little longer here.

8 THE COURT: Ms. Taylor, it looks like you're pulling  
9 sheets out and putting them in a stack. What is it you're  
11:25:39 10 pulling out?

11 MS. TAYLOR: These are the certified mail receipts and  
12 the certified documents that I got from the county recorder.

13 THE COURT: If you're pulling them off the documents,  
14 how am I going to be able to tell which document they relate  
11:25:55 15 to?

16 MS. TAYLOR: Well, they all have -- they all have the  
17 number on them that relates to them and the document has the  
18 number on them.

19 THE COURT: Okay.

11:26:28 20 MS. TAYLOR: Getting to the end.

21 Okay. If you will look -- these are all --

22 THE COURT: You need to speak at a mike so everybody  
23 can hear you.

24 Ms. Taylor, now you're going through and pulling out  
11:28:33 25 more documents?



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11:28:37 1 MS. TAYLOR: No, I just didn't get the paper clips off  
2 of them.

3 THE COURT: We don't mind the paper clips.

4 MS. TAYLOR: Do you want me to give these to you or  
11:28:46 5 just go over them?

6 THE COURT: Tell me what they are.

7 MS. TAYLOR: These are all certified mailing receipts  
8 that I have got on all of these letters, and then some of them  
9 are from the county recorders that I have recorded with the  
11:28:57 10 county recorders from the years 2000 to present day. Well, not  
11 quite present day, but, you know, maybe a couple months ago.  
12 Letters that I have sent to the IRS, and I have never gotten  
13 any response back. And so I just want to put them in as my  
14 evidence.

11:29:19 15 THE COURT: Will you hand those documents that you  
16 pulled out to Lisa so I can look at them, please.

17 MS. TAYLOR: They all have the little receipts. I'm  
18 sorry I didn't have them with the thing for you; I would have  
19 done that.

11:29:38 20 But they concern these documents that I had sent to  
21 the IRS over the years. And it's just 31; I have sent more.

22 THE COURT: Well, Ms. Taylor, hold on just a minute,  
23 please.

24 Everything I have seen so far is a certified mail  
11:29:58 25 receipt.

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11:30:00 1 MS. TAYLOR: Yeah, there's a lot of certified mail  
2 receipts, and then in the back, back here, you'll see the ones  
3 that are stamped from the -- like Pinal County recorder,  
4 Maricopa County recorders. They have -- the front page has a  
11:30:19 5 stamp on them. All of those have certifications.

6 THE COURT: Well, okay. With respect to the documents  
7 that only have certified mail receipts, are you suggesting that  
8 that certified mail receipt solves the hearsay problem?

9 MS. TAYLOR: Well, I'm suggesting that when you send  
11:30:39 10 something certified, normally the mail goes through. I have  
11 receipts that -- I have green cards that they were signed and  
12 delivered.

13 THE COURT: Well, the fact that something is mailed  
14 doesn't make it non-hearsay. A document created outside of the  
11:30:56 15 court is an out-of-court declaration, and it typically is  
16 hearsay unless it falls within one of the hearsay exceptions.

17 Do you have a hearsay exception you think these  
18 documents fall under?

19 MS. TAYLOR: I don't think they're hearsay, because it  
11:31:14 20 is my proof that I have written to the IRS over all these years  
21 and asked for information for them to give me back -- to answer  
22 me back and tell me what law applies to me to make me a  
23 taxpayer or to make me liable for tax. I mean, I pay tax. I  
24 think --

11:31:33 25 THE COURT: Ms. Taylor, let's not talk about tax. The

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11:31:35 1 fact that you have mailed documents to the IRS does not mean  
2 they're not hearsay.

3 MS. TAYLOR: Well --

4 THE COURT: If they were created outside of court and  
11:31:45 5 are a document, they typically are hearsay unless they fall  
6 within one of the exceptions or are excluded from hearsay under  
7 one of the rules.

8 If you want to talk with Ms. Anderson for a minute to  
9 see if there's an exception that applies, by all means do so,  
11:31:57 10 but I'm not understanding the exception you believe this falls  
11 under.

12 (Defendant and counsel confer.)

13 MS. TAYLOR: Okay. I would like to offer these in for  
14 the fact that they were sent to the IRS and not for the truth  
11:34:18 15 of what's in them; but to show the fact that I, on good faith  
16 and belief, actually sent them.

17 THE COURT: All right.

18 Your response?

19 MR. KNAPP: Your Honor, they're still hearsay.  
11:34:32 20 They're still asserting the same objections. They're still  
21 hearsay because there are matters stated in there. If she just  
22 wants to introduce the fact, she can -- there are other ways to  
23 do that rather than including extensive letters that include  
24 case citations and arguments. And also there's been no  
11:34:53 25 foundation this particular witness read them, if that's the

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11:34:56 1 defendant's goal here. So I guess all the same objections:  
2 Relevance, foundation, hearsay, and 403.

3 THE COURT: All right. With respect to hearsay,  
4 Ms. Taylor, you're saying that you are not introducing these  
11:35:10 5 documents for the truth of the matter asserted in the  
6 documents, but merely to show that you sent the documents; is  
7 that right?

8 MS. TAYLOR: Right.

9 THE COURT: What is your foundation objection,  
11:35:23 10 Mr. Knapp? Assuming these are not being admitted for the truth  
11 of the matter asserted.

12 MR. KNAPP: Your Honor, I guess -- I will stipulate  
13 that the defendant has sent correspondence to the IRS, if  
14 that's all she wants to prove. I'm concerned this is a way to  
11:35:43 15 get in other evidence. Evidence about the law, evidence about  
16 her own arguments about the constitutionality, otherwise the  
17 tax laws. I will stipulate she has sent correspondence to the  
18 IRS.

19 THE COURT: Do you have a foundational objection to  
11:35:56 20 these exhibits if they're not admitted for the truth of the  
21 matter asserted?

22 MR. KNAPP: Your Honor, yes, I do. If they're being  
23 introduced to this witness and he has not yet testified he's  
24 received them, I'm not going to -- I don't know whether there  
11:36:21 25 are copies in the IRS files. We could obviously go back and

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11:36:24 1 check that, but at this point there's been no foundation laid.

2 THE COURT: All right. It seems to me, Ms. Taylor,  
3 that if you want them to come in to show simply that you sent  
4 them, this witness can't lay foundation for you having sent  
11:36:37 5 them. You'll need to lay that foundation, if you choose to do  
6 so.

7 If you want to have him identify portions of this  
8 record that he did receive, letters that he did receive, and  
9 that will lay the foundation that you sent it, then I think  
11:36:53 10 that will solve the foundation objection Mr. Knapp has made.  
11 But you can't do it wholesale. So if you want to have him  
12 identify specific ones he recalls receiving, then that will  
13 establish that you sent it.

14 Another way to do it, if you choose to present the  
11:37:11 15 evidence, is to establish through your own testimony that you  
16 actually sent those. Now, you don't have to testify if you  
17 don't want to, but that's another way to do it.

18 MS. TAYLOR: Why don't I do that.

19 THE COURT: Well, if you choose to testify, you can do  
11:37:25 20 it during your own testimony.

21 MS. TAYLOR: Oh. But other than that?

22 THE COURT: Well, other than that, if you want this  
23 witness to identify specific letters in Exhibit 516 that he did  
24 receive, that will establish that you sent it to him, and I  
11:37:39 25 think that establishes foundation. If they come in, they're

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11:37:41 1 not going to come in for the truth of anything asserted in  
2 them, but merely to show you sent them.

3 MS. TAYLOR: Right. And I can't -- I can't say why I  
4 sent them or --

11:37:54 5 THE COURT: Well, we're talking about your questioning  
6 of this witness.

7 MS. TAYLOR: Right.

8 THE COURT: Lets' talk about what can you say later.

9 MS. TAYLOR: No, I mean to him. I can't say, did you  
11:38:03 10 receive -- did you receive this Fair Debt Collection Practice  
11 Act letter?

12 THE COURT: Yes, you can --

13 MS. TAYLOR: Okay.

14 THE COURT: -- to see if he received it.

11:38:13 15 MS. TAYLOR: Okay.

16 And then I can ask a question back about that?

17 THE COURT: Well, you can. If the Government objects,  
18 I'll rule on their objection. But if you're simply trying to  
19 establish he received it, you can ask him that.

11:38:25 20 MS. TAYLOR: All right.

21 So does he have a copy of all of these?

22 THE COURT: He's got 516 in front of him.

23 MS. TAYLOR: Okay.

24 BY MS. TAYLOR:

11:38:47 25 Q So I guess I can just start with the first one. Did you

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11:38:51 1 receive the -- I can put it here so can you see it.

2 THE COURT: We're going to display that just to the  
3 witness, because it's not in evidence.

4 MS. TAYLOR: That's fine.

11:39:04 5 What turns that light on? He sees it already?

6 THE COURT: Not yet. Lisa is doing it.

7 MS. TAYLOR: And it will show up here?

8 THE COURT: Now, if you can show it to the witness,  
9 Lisa.

11:39:18 10 BY MS. TAYLOR:

11 Q This is the letter I was talking about on the 6th of April.  
12 Do you recall getting this one?

13 THE COURT: Well, this document is titled, "Notice of  
14 Judicial Review," Ms. Taylor.

11:39:26 15 MS. TAYLOR: Oh. Sorry. Sorry. This isn't the one.  
16 This isn't the one I sent to you. The next one; it will be the  
17 next one.

18 This document, I didn't send to you.

19 This one here says, "Fair Debt Collection Practices  
11:39:39 20 Act, Section 1692. Notice of Demand for Verified Assessment  
21 for years 2003 to 2006, cease and desist abusive collection  
22 practice to the following."

23 I sent it to Jerry Young, Dennis Burke --

24 MR. KNAPP: Objection.

11:39:59 25 THE COURT: You can't read from the document. You

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11:40:01 1 need to -- you can identify it, but then you ask him if --

2 MS. TAYLOR: That's all --

3 THE COURT: -- he received it.

4 MS. TAYLOR: -- I was going to do, is just say who I

11:40:07 5 sent it to and ask him if he -- and I sent it to James Knapp  
6 and Frank Galati.

7 BY MS. TAYLOR:

8 Q Did you get this document?

9 A I do not remember receiving this document.

11:40:19 10 Q Okay. That document, I believe, was sent on the 8th of  
11 April. It says the 4th of April here, but I think I mailed  
12 it -- my card says the 8th of April.

13 THE COURT: You need to ask questions, Ms. Taylor.  
14 Rather than talking about what you did, you need to ask this  
15 witness questions.

16 MS. TAYLOR: I can ask him about this document?

17 THE COURT: No. But you were making a statement about  
18 when you sent it. You weren't asking him a question. He said  
19 he didn't recall it.

11:40:55 20 MS. TAYLOR: Okay.

21 BY MS. TAYLOR:

22 Q Do you recall me sending you a letter from Baxley and  
23 Daniels, lawyers? And I believe that was November 27th, 2000.  
24 This one went to Wayne Johnson at the Internal Revenue office.

11:41:14 25 So I don't know if you got that, was working with him or not at



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11:41:22 1 that time. It was in 2000.

2 A In the year 2000?

3 Q Uh-huh.

4 A I do not believe I have ever seen this letter before.

11:41:32 5 Q Okay.

6 See, in June 12th of '09, I sent you another letter,  
7 and I also sent the commissioner of the Internal Revenue a  
8 letter, and also the commissioner --

9 MR. KNAPP: Objection. There's no question.

11:42:01 10 THE COURT: You need to ask him -- after you call the  
11 document to his attention, you need to ask him --

12 BY MS. TAYLOR:

13 Q Did you receive --

14 THE COURT: -- if he received it.

11:42:08 15 BY MS. TAYLOR:

16 Q Did you receive a letter on or about June 12 of '09 that  
17 was addressed to you, as Jerry Carter and Jerry Young. Also,  
18 it was addressed to the commissioner of Internal Revenue and  
19 the commissioner of Internal Revenue of Puerto Rico. Did you  
11:42:28 20 receive that letter? It was also a Demand for Verified  
21 Assessments for the years 1999 through 2009.

22 A I do not know if I received that letter or not. It is  
23 possible for me to go through the collection of letters you  
24 mailed to my attention and to other IRS employees, and we could  
11:42:46 25 go through those files and see what we received. But I do not

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11:42:49 1 remember reading this letter.

2 THE COURT: Maybe we can make a suggestion here,  
3 Ms. Taylor, to save everybody's time. Why don't you have  
4 Mr. Carter look through the letters that he has in his file  
11:43:03 5 during the lunch hour. He can tell you which ones they are.  
6 You can then confirm with a question or two that he received  
7 all of those letters on that date, and we won't have to go  
8 through them one at a time --

9 MS. TAYLOR: Well, I'd like to have it --

11:43:17 10 THE COURT: -- in court.

11 MS. TAYLOR: -- on record I submitted all of these 31  
12 records --

13 THE COURT: Well, but you're not --

14 MS. TAYLOR: -- to the IRS through the years.

11:43:21 15 THE COURT: You're not establishing that record if he  
16 doesn't remember receiving it. You're going to have to do that  
17 by another means.

18 MS. TAYLOR: So then I can ask him just some  
19 questions?

11:43:29 20 THE COURT: Well, if you want to just ask him  
21 questions, that's fine.

22 MS. TAYLOR: All right.

23 Boy, I'm telling you, this is really hard to get your  
24 point in here.

25

DIRECT EXAMINATION - JERRY CARTER

11:43:42 1 BY MS. TAYLOR:

2 Q Okay. I'll just ask you: Are you familiar, then, with the  
3 Fair Debt Practices Act?

4 A No, ma'am.

11:43:52 5 Q Are you as a collection officer, you do not have to abide  
6 by any -- do you have to abide by the laws of Arizona and the  
7 laws of the land?

8 A There are some things in the Fair Debt Collection Act that  
9 revenue officers are supposed to follow. I think it has to do  
11:44:14 10 with the time of day when we're allowed to contact taxpayers,  
11 and that is the only thing I can think of, to be honest with  
12 you.

13 Q So you have read the Fair Debt Collection Act?

14 A No, ma'am, I'm pretty sure I have never read the Fair Debt  
11:44:43 15 Collections Act.

16 Q How did you know there was some things you had to apply  
17 by -- had to do?

18 A Several times when I've been before a U.S. District Court  
19 to secure permission to seize property, the judge requested  
11:44:55 20 that the IRS seize the property during the hours of, say, eight  
21 to five, which are the same as the Fair Debt Collection Act.

22 Q You mean as a collection officer who deals in primarily  
23 collections, that you don't check out the laws to make sure  
24 that you're abiding by all of the laws that you're supposed to?

11:45:18 25 This is Title 15.

DIRECT EXAMINATION - JERRY CARTER

11:45:23 1 A I'm not sure that the Fair Debt Collection Act has anything  
2 to do with the collection of federal taxes, and I work for --  
3 under Title 26. I'm not sure what Title 15 is.

4 Q Well, Title 15 -- you don't know that Title 15 was put into  
11:46:00 5 act to protect the consumers because of debt collectors running  
6 rampant out there and kind of trampling over consumers? So you  
7 don't know that this act was put into an actual act, that  
8 Congress actually passed this act for the consumers'  
9 protection?

11:46:22 10 MR. KNAPP: Objection. Compound and testifying.

11 THE COURT: Overruled on those grounds.

12 MS. TAYLOR: Restructure it?

13 THE COURT: No. He can answer the question if he's  
14 able.

11:46:36 15 THE WITNESS: Could you repeat the question.

16 BY MS. TAYLOR:

17 Q Do you know that Congress passed this law to protect  
18 consumers from over zealous tax -- collectors -- debt  
19 collectors? Any kind of debt collectors. Not just income tax  
11:47:04 20 collectors, any kind of debt collectors.

21 A I'm reasonably certain that the Fair Debt Collection Act  
22 has absolutely nothing to do with the IRS collection  
23 activities. I work under Title -- 18 Title 26. My job is to  
24 collect federal taxes. I'm guessing the Fair Debt Collection  
11:47:21 25 Act pertains to like credit cards and maybe mortgages. But it

DIRECT EXAMINATION - JERRY CARTER

11:47:28 1 certainly doesn't pertain to collection of federal taxes, in my  
2 experience.

3 Q Would you be surprised to learn that one of the definitions  
4 of a debt collector is anybody that deals with  
11:47:44 5 instrumentalities of commerce? Do you deal with  
6 instrumentalities of commerce?

7 A I'm not sure what an instrumentality of commerce is.

8 Q You don't know what an instrumentality is?

9 A No, ma'am.

11:48:03 10 Q Do you know what an instrument is?

11 A It sometimes can be a document of some sort. Like a check  
12 can be an instrument.

13 Q And commerce, are you aware what commerce is?

14 A Commerce would be business.

11:48:21 15 Q And so do you not deal in instruments that are in business?

16 A No, ma'am, I do not. I'm not familiar with that term, and  
17 I'm not sure those documents would have any bearing on the job  
18 I perform for the United States Government.

19 Q The term "debt collector" says it means any person who uses  
11:48:48 20 any instrumentality of interstate commerce or the mails in any  
21 business, the principal purpose of which is the collection of  
22 debts. Would you qualify for that?

23 A I do not believe so, no, ma'am.

24 Q But yet you regularly collect debts?

11:49:09 25 A No, ma'am. I've never collected a debt.

DIRECT EXAMINATION - JERRY CARTER

11:49:09 1 Q I thought you just said you were a debt collector.  
2 A I collect taxes, federal taxes.  
3 Q Are taxes not debts?  
4 A Not in the meaning you're calling them, under the Fair Debt  
11:49:18 5 Collection Act you're talking about. I believe commercial  
6 debts such as credit cards, mortgages, letters of credit. That  
7 has absolutely nothing -- to my experience, has nothing to do  
8 with the collection of federal taxes.  
9 Q Well, it says: "Any officer or employee of the United  
11:49:37 10 States or any state to the extent that collecting or attempting  
11 to collect any debt is in the performance of his official  
12 duties."  
13 Would that not qualify you?  
14 A I don't know. Where are you reading that from?  
11:49:49 15 Q I'm reading that from the debt act, Number C on Definition  
16 1692, (A) Definitions?  
17 A Do I have that?  
18 Q Yes, you should. Title 15.  
19 A What page is that on?  
11:50:06 20 Q Page 5. Actually, where I was reading was page 6 and that  
21 was in C.  
22 A No, ma'am, that does not apply to me. I'm not collecting a  
23 debt.  
24 Q But you just said you were collecting a debt.  
11:50:35 25 MR. KNAPP: Objection. This has no relevance.

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11:50:37 1 THE COURT: Sustained. I sustained the objection.  
2 That means you need to ask another question, Ms. Taylor.

3 MS. TAYLOR: Can I ask any more questions about this?  
4 Or do I have to go on to a whole different topic?

11:50:59 5 THE COURT: "This" being the Fair Debt Collections  
6 Practices Act?

7 MS. TAYLOR: Right.

8 THE COURT: Are you objecting to the relevancy on all  
9 of that, Mr. Knapp?

11:51:08 10 MR. KNAPP: Yes, Your Honor.

11 THE COURT: Objection sustained.

12 You need to move on to something else, Ms. Taylor.

13 BY MS. TAYLOR:

14 Q I have one more question to ask about that since I have  
11:51:16 15 sent you a lot of documents on this and I got no response back.  
16 Are you required --

17 MR. KNAPP: Objection. Assumes facts not in evidence.

18 THE COURT: Go ahead and finish your question,  
19 Ms. Taylor.

11:51:29 20 BY MS. TAYLOR:

21 Q Are you required by your company to answer people when they  
22 write you and ask you questions? Are you required, other than  
23 to send them, "this is frivolous" and you won't answer letters?

24 A In general, if a taxpayer puts forth an effort to ask  
11:51:53 25 legitimate questions regarding their case, I am absolutely

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11:51:56 1 required to respond, either by phone or by writing.

2 Over the many years I've been working your case,  
3 since October of 2003 to apparently April of the year we're in  
4 now, I'm guessing you sent me literally hundreds of letters.  
11:52:13 5 Most of these are for sure printed right off the Internet as  
6 I've seen them from other taxpayers I've been working with  
7 over the last 29 years of my career. A good part, most, maybe  
8 100 percent of them, are really incomprehensible and do not  
9 ask legitimate questions.

11:52:33 10 You've had the opportunity to meet with me numerous  
11 times over the years. We actually have met a couple times,  
12 most recently in July of 2009, and you did not ask me any  
13 questions pertaining to anything.

14 Q But I have asked you questions over the years and didn't  
11:52:52 15 get any answers.

16 A Again, the questions you have asked really aren't apropos  
17 to any type of collection proceedings. The questions are  
18 incomprehensible. They have no bearing on my job or the  
19 Internal Revenue Service. You talk, use words that I don't  
11:53:10 20 even know what they mean. I'm not sure they have any legal  
21 significance. They are just incomprehensible. Last week I  
22 said they were nonsensical. The letters do not make any sense.

23 You have always had the opportunity to contact me  
24 either by phone or by walking into my office. You met with my  
11:53:30 25 supervisor. You and I have met numerous times. Many times



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11:53:36 1 with witnesses, your friends with you. You've always had the  
2 chance to talk about this stuff. It's just not fair to say  
3 you haven't had an opportunity to find out what you wanted to  
4 know about regarding your case.

11:53:49 5 Q Well, how hard is it for you to answer, and I'll ask you  
6 now, what law makes me liable for income tax?

7 A I'm sure that we can find someone within a few minutes who  
8 can, quote, show you the section in the Internal Revenue Code  
9 that makes you liable to file your 1040s and to report your  
11:54:10 10 income and your tax due.

11 Q I would like to see that. I would like to see the statute,  
12 the law.

13 THE COURT: You need to ask a question, Ms. Taylor.

14 BY MS. TAYLOR:

11:54:19 15 Q When can you show me the statute and the law that makes me  
16 liable for taxes?

17 MR. KNAPP: Objection. Goes beyond the scope of this  
18 witness's expertise.

19 THE COURT: Sustained.

11:54:32 20 MS. TAYLOR: So I can't get to see when -- he can't  
21 show me the law? He just offered.

22 THE COURT: You need to ask the next question,  
23 Ms. Taylor.

24 BY MS. TAYLOR:

11:54:51 25 Q In any of these letters that I offered and I sent to you,

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11:54:54 1 did any of them say that I would be happy to pay any time that  
2 you gave me a verified statement saying that I owed a bill, I  
3 would pay?

4 A Several times -- several times you've contacted the IRS or  
11:55:11 5 Department of Justice and said you would like to have a payoff  
6 amount so can you pay it off, and we've always provided you the  
7 balance due for '97, '98, '99, 2000, and you never attempted to  
8 write any checks or pay the money in any form or fashion.

9 Q I asked you -- that wasn't the question I asked you. I  
11:55:30 10 asked you if you could verify -- I mean, sure, you could send  
11 out a bill that's not verified. I could get a bill from  
12 Wal-Mart, you know. I could send you a bill. You could send  
13 me a bill from Wal-Mart, you know. I asked you if you would  
14 verify it under penalty of perjury like I have to do, and I'd  
11:55:53 15 be happy to pay it. Have you ever done that?

16 A Absolutely.

17 Q You have sent me a letter under penalty of perjury that  
18 says I owe this amount of money?

19 A I've explained to you that the amounts of money you owe for  
11:56:09 20 your taxes were due to tax court decisions. That's about as  
21 verified as you can possibly get in this country. Unless you  
22 go to the Ninth Circuit Court of Appeals and maybe the Supreme  
23 Court.

24 Q I don't think you answered my question correctly. I asked  
11:56:26 25 you: Have you ever sent me a letter saying, Sue Taylor, you

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11:56:35 1 owe X amount of dollars, and sign it under penalty of perjury?

2 A I'm not sure I actually signed anything under penalty of  
3 perjury, but I can assure you I sent you numerous letters  
4 stating what you owe for all the years.

11:56:48 5 Q Well, I get letters from anybody saying I owe money. I get  
6 letters from debt collectors from anywhere.

7 THE COURT: You need to ask questions, Ms. Taylor.

8 BY MS. TAYLOR:

9 Q Don't debt collectors send a lot of people junk mail in the  
11:56:59 10 mail saying they owe this and that? Doesn't that happen all  
11 over America?

12 A I wouldn't know.

13 Q Haven't you ever got a bill from a phony person saying,  
14 hey, you know, pay me this much?

11:57:10 15 A I'm sure there are schemes like that that prey on people.

16 Q Well, why would you be -- why would you not sign under  
17 penalty of perjury that I owed you this amount of money? Why  
18 would you not do that?

19 A Actually, I would not have a problem with signing under  
11:57:26 20 penalty of perjury, but I'm not aware of any form that the IRS  
21 has that requires me to sign under penalty of perjury.

22 Q Well, I believe that there is in your manual -- I had it  
23 here a minute ago -- that said that there is a requirement that  
24 all correspondence with the IRS be done under penalty of  
11:57:54 25 perjury, and that goes not just for the American people, it

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11:57:57 1 goes for you also as officers. Does it not?

2 A I'm sure that's not true.

3 MS. TAYLOR: I could find it, but I don't think you'd  
4 let me read it, would you?

11:58:09 5 THE COURT: You can ask him about it.

6 I tell you what, we're two minutes to the noon hour.  
7 Why don't you find it over the noon hour and you can ask him.

8 MS. TAYLOR: Okay.

9 THE COURT: Why don't you cover other matters in the  
11:58:22 10 last two minutes we have rather than taking the time to look  
11 for it.

12 MS. TAYLOR: Okay. Okay. That'll be fine.

13 BY MS. TAYLOR:

14 Q So you've already said that you are subject and must abide  
11:58:36 15 by the laws of the United States.

16 A Absolutely.

17 Q Okay. The laws of the United States, do we not have 50  
18 titles?

19 A I'm not aware how many titles we have. I would follow  
11:58:51 20 whatever laws we have.

21 Q Well, if there are 50 titles of the United States, are you  
22 not required to follow all of them?

23 A I'm required to follow the law. No exceptions.

24 Q And that includes Supreme Court cases?

11:59:08 25 A If it's relevant to whatever I'm doing in performance of my

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11:59:14 1

job, absolutely.

2

Q Doesn't your IRM manual say you have to follow all Supreme Court cases?

3

4

A I'm not sure how to answer that. In general, I would say

11:59:32 5

yes. If a Supreme Court makes a decision that affects the

6

Internal Revenue Service and that decision would impact how I

7

work cases, then I absolutely would follow the decisions of the

8

Supreme Court.

9

Q And are you not aware that there are over 50 --

11:59:49 10

MR. KNAPP: Objection. Relevance --

11

BY MS. TAYLOR:

12

Q -- Supreme Court cases?

13

MR. KNAPP: -- and assumes facts not in evidence.

14

THE COURT: Hold on. Let's hear -- let her finish the

11:59:55 15

objection [sic] and you can object.

16

BY MS. TAYLOR:

17

Q Are you not aware that there are over 50 Supreme Court

18

cases that 'pecifically state that Americans that don't work

19

for the government, that is -- or the federal, in the federal

12:00:15 20

realm, are not subject to tax on their labor?

21

A I would disagree with that. I do not believe the Supreme

22

Court has ever determined that Americans aren't -- that

23

Americans -- income from their labor is not taxable.

24

THE COURT: We're at the noon hour.

12:00:36 25

Did you want to finish your answer?

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12:00:38 1 THE WITNESS: No, sir. I'm done.

2 THE COURT: We're going to break for an hour, members  
3 of the jury. We'll plan to resume at one o'clock. We'll  
4 excuse you at this time.

12:00:46 5 (The jury panel exited the courtroom.)

6 THE COURT: Please be seated.

7 Ms. Taylor, let me ask you a question while we're on  
8 this subject, because I think you're going to come back to it.  
9 You mentioned it to me at sidebar and you've now just asked  
10 the witness. You are asking questions about what the law  
11 requires.

12 MS. TAYLOR: Well, they asked me questions about what  
13 the law requires.

14 THE COURT: No. We're going to come back to the point  
15 I've talked to you about before. It isn't up to this jury to  
16 decide what the law is. You cannot, through a witness, try to  
17 convince the jury that the law does not apply to you. It is  
18 the Court --

19 MS. TAYLOR: Well --

12:01:50 20 THE COURT: -- hold on. It is the Court and not the  
21 jury that decides the law. The jury's going to decide the  
22 facts in the case. And it sounds like you're asking these  
23 questions to present to the jury your position that as a matter  
24 of law the tax laws do not apply to you. And the jury doesn't  
12:02:08 25 make that legal conclusion. So I'm having trouble

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12:02:12 1 understanding where you're going with this other than trying to  
2 make a legal argument to the jury through this witness.

3 MS. TAYLOR: No. I'm just trying to ask him questions  
4 that he has to abide by as well as I have to abide by.

12:02:29 5 THE COURT: Well, but wait -- those are legal issues.

6 MS. TAYLOR: In his business he has to abide by them.  
7 Those are the rules in his manual.

8 THE COURT: How is that a factual defense in your  
9 case?

12:02:42 10 MS. TAYLOR: Well, if he's coming after me for taxes  
11 and the United States Supreme Court has said there is no taxes  
12 on my labor, don't you think that is a big implication?

13 THE COURT: Well, that is a legal issue. You can make  
14 that argument to me; in fact, you have. You can make it to  
15 other courts. But it is not for this jury to decide what the  
16 law is. This jury is going to decide whether the government  
17 has proven the facts necessary to establish each of the  
18 elements of the crimes you're charged with. That's the  
19 relevant issue in this case.

12:03:12 20 MS. TAYLOR: How do they know that it's a crime of  
21 anything I've done if they don't hear the law?

22 THE COURT: I'm the one that is going to give them the  
23 jury instructions. My jury instructions --

24 MS. TAYLOR: Yes, but are you going to tell them that?

12:03:22 25 THE COURT: No, I'm not going to tell them that the

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12:03:24 1 law doesn't require you to pay taxes, because is not a correct  
2 statement of the law. The jury instructions I've given you  
3 will lay out the elements of the crime that the Government must  
4 prove for the jury to find you guilty. Those are the issues  
12:03:36 5 the jury is going to decide.

6 Now, you might think I'm wrong in believing that the  
7 tax laws apply to you, or that this witness is, but that is  
8 not for this jury to decide. That is for a Court to decide.  
9 And I've already ruled against you on the many motions, legal  
12:03:51 10 motions you have filed making various arguments as to either  
11 your not being subject to the tax laws or why this court isn't  
12 properly constituted in exercising jurisdiction. But the  
13 person who is going to tell them about the law is not the  
14 witnesses. It is going to be me. And it will be in the form  
12:04:08 15 of jury instructions.

16 MS. TAYLOR: Well, I didn't think I was telling --  
17 asking him to tell about the law. I just asked him if he was  
18 aware that there was Supreme Court cases.

19 THE COURT: But the only point, the only implication  
12:04:21 20 of that question would be that the Supreme Court, as a matter  
21 of law, does not require you to pay taxes on your labor.

22 MS. TAYLOR: Well, isn't the Supreme Court the law of  
23 the land?

24 THE COURT: It is. But it is an assertion of law.  
12:04:31 25 And witnesses don't present law to juries, and juries don't



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12:04:35 1 decide law. I decide --

2 MS. TAYLOR: How are they --

3 THE COURT: -- the law.

4 MS. TAYLOR: -- going to know that if you're not going  
12:04:38 5 to tell them that?

6 THE COURT: I'm not going to tell them that, because  
7 it is wrong, Ms. Taylor. The Supreme Court has never said you  
8 don't have to pay taxes on your labor. And your repeated  
9 reference to 50 Supreme Court cases is just wrong.

12:04:51 10 So I'm not going to tell them that. But I'm also not  
11 going to let you have these witnesses suggest it to them,  
12 because it is not the jury's role to decide the law, and it is  
13 not the witness's role to instruct on the law; it's mine. So  
14 to the extent you argue that the Supreme Court has said you  
12:05:09 15 don't to have pay taxes, you have to make that argument to me.

16 MS. TAYLOR: So can I give you the paper of the 50  
17 Supreme Court cases?

18 THE COURT: Yeah. If you already haven't in your  
19 numerous filings, you sure can; and you can do it in connection  
12:05:22 20 with the proposed jury instruction, asking that I instruct the  
21 jury that the Supreme Court has said you don't have to pay  
22 taxes on your labor. Give me that law. I'll look at it. But  
23 my point is, that is how it has to happen.

24 MS. TAYLOR: Okay. That's fair.

12:05:37 25 THE COURT: And then if I'm wrong, you get to appeal

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12:05:40 1 that issue, because the judge made an incorrect determination  
2 of law. But it isn't for a witness to instruct the jury on the  
3 law, and it isn't for the jury to decide the law. So as we  
4 keep going through these questions about what the law requires,  
12:05:54 5 I'm going to sustain objections on relevancy grounds.

6 Now, what is relevant that we've talked about before  
7 is your good faith belief. And if you, as a matter of good  
8 faith, do not believe and did not believe during these years  
9 that you were subject to tax, that is a defense to the proof  
12:06:12 10 of willfulness the government has to make. That is why I've  
11 asked you if the witnesses you're going to call in are going  
12 to talk about you or about the law. They can't talk about the  
13 law. You can present evidence about what you, in good faith,  
14 believe. That is what you ought to be focusing on. That and  
12:06:29 15 other factual issues you think are relevant that you can sure  
16 discuss with Ms. Anderson.

17 All right. Let me take up one other matter before we  
18 break for lunch. Exhibit 181 is the passport copy. The  
19 Government filed a memorandum suggesting that they want it to  
12:06:46 20 be admitted into evidence, not for the truth of the matter  
21 asserted, but to show Ms. Taylor had a connection to the house  
22 when Mr. Votaw found the passport in the trash, right?

23 MR. GALATI: Yes, sir.

24 THE COURT: I don't remember Agent -- Ms. Taylor, you  
12:07:03 25 need to hear this because I'm going to ask your opinion of it

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12:07:06 1 in just a minute. I don't remember Agent Votaw testifying  
2 about when he found it in the trash. I think he just said he  
3 found it.

4 MS. TAYLOR: Yeah, and you told him he couldn't use  
12:07:16 5 it.

6 THE COURT: Right, I did. I sustained the objection  
7 on hearsay grounds. They are now doing, Ms. Taylor, with the  
8 passport what you are trying to do with the letters. They want  
9 it to come in not for the truth of the matter asserted, but  
12:07:26 10 just to connect you to that house at the time it was found in  
11 the trash. But I don't remember any testimony about when it  
12 was found.

13 MR. GALATI: Mr. Knapp was doing the examination and I  
14 was in and out of the courtroom, so I can't answer that.

12:07:45 15 MR. KNAPP: Your Honor, I think the witness did --  
16 because there was an initial objection about authenticity, and  
17 I do believe there is testimony that Agent Votaw found that. I  
18 could be wrong, but I believe there is testimony Agent Votaw  
19 found that in the trash at the Tate Road residence. I don't  
12:08:00 20 think there was any testimony about the timing, if that's what  
21 you're asking.

22 THE COURT: Right. I don't remember any testimony  
23 about the timing. So I guess I'm having trouble with the  
24 relevancy. I mean, this is the house in Casa Grande, right? I  
12:08:12 25 mean, there's been lots of testimony about Ms. Taylor working

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12:08:19 1 with the Schroeders to buy it, about putting furniture in the  
2 house, about putting a musical studio in the house.

3 If this passport is found during that same time  
4 period, it seems to me, although it might marginally be  
12:08:40 5 relevant, I'm concerned that really what it does is get over  
6 to the other issue of citizenship on which I've said it is  
7 hearsay. I'm inviting your comment. That's the trouble I'm  
8 having with the motion.

9 MR. GALATI: Yes. Your Honor, it just seems to me  
12:08:59 10 that the state of the evidence here is that this defendant  
11 continues to deny either possession or ownership of that piece  
12 of property. And this document, this exhibit, ties her in the  
13 ways I indicated in the motion to the property and tends to  
14 prove that she -- it's a piece of personalty that wouldn't --  
12:09:21 15 it didn't blow there in the wind, and it got there because she  
16 was there. And that's why we think it is relevant.

17 THE COURT: Ms. Taylor, do you have any response to  
18 that?

19 MS. TAYLOR: Your Honor, is there any evidence that  
12:09:57 20 that trash can belongs to me, that I have trash service there?

21 THE COURT: I don't know that there was any  
22 description of when or how it was found, other than it was in a  
23 trash --

24 MS. TAYLOR: Where was this trash can?

12:10:12 25 THE COURT: It wasn't said.

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12:10:14 1 MS. TAYLOR: Well, I object to it, then.

2 THE COURT: All right. I'm going to sustain the  
3 objection on relevancy grounds. In part because I think it is  
4 only marginally relevant, if at all. There hasn't been  
12:10:25 5 foundation as to when it was found, how it was found. I do  
6 think there's a potential prejudice, because citizenship was an  
7 issue made and that is how it was initially offered, and it  
8 would be difficult for the jury not to consider it on that  
9 issue, and on that issue I think it is hearsay; so I'm not  
12:10:42 10 going to admit Exhibit 181.

11 We will see you at one o'clock.

12 (Recess taken from 12:11 p.m. to 1:04 p.m.)

13 Proceedings resumed in open court with the jury present.)

14 THE COURT: Thank you. Please be seated.

13:07:19 15 Agent Carter, why don't you come back to the stand.

16 And, Ms. Taylor, you may continue.

17 BY MS. TAYLOR:

18 Q Okay. I wanted to ask one question. Does the IRS company  
19 that you work for, is that a private company or an agency, or  
13:08:19 20 is that a private corporation?

21 A I do work for the Internal Revenue Service. It is a  
22 federal agency created under a federal statute.

23 Q And do you know what federal statute that is?

24 A No, ma'am, I do not.

13:08:40 25 Q Is it under the Department of Treasury?

DIRECT EXAMINATION - JERRY CARTER

13:08:45 1 A The IRS is under the Department of Treasury.

2 Q Or is it under the U.S. Department of Treasury?

3 A I believe it's under the United States Department of

4 Treasury.

13:08:56 5 Q But you're not for sure which one it's under?

6 A Well, it's all the United States. I work for the Internal

7 Revenue Service, which is a federal agency of the United States

8 Department of Treasury.

9 Q And is that under the IMF, the International Monetary Fund?

13:09:15 10 A I really don't know what the IMF --

11 Q The International Monetary Fund.

12 A -- International Monetary Fund does in relationship -- the

13 answer is no, the IRS does not have anything to do with the

14 IMF. It is not under the IMF. I'm not sure if the IMF has

13:09:32 15 anything to do with the IRS at all, in any form or fashion.

16 Q And you have personal -- personal, factual knowledge of

17 that?

18 A I have never heard anyone ever mention the IMF as far as

19 related to the IRS, other than what you said just a few seconds

13:09:46 20 ago.

21 Q Okay. And you have personal, factual knowledge that you

22 work for the U.S. Department of Treasury and not the Department

23 of Treasury?

24 A I work for the Internal Revenue Service, which is a federal

13:10:03 25 agency. It's a -- I don't know what to call it. It's an

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13:10:10 1 agency underneath the jurisdiction of the United States  
2 Department of Treasury.

3 Q Okay. Because your logo says "Department of Treasury." It  
4 doesn't have "U.S." on there. So I was a little bit confused  
13:10:25 5 to that.

6 A Well, they might be trying to save space on the logo, but I  
7 think it's all the same.

8 Q I think there's a lot of space where they could put a  
9 "U.S." on it.

13:10:52 10 We were talking earlier about the document that had to  
11 be signed under penalty of perjury. I just saw that. It is  
12 Section 6065. Are you familiar with that?

13 A No, ma'am.

14 Q Is it your opinion that I am -- can you tell me what -- or  
13:11:18 15 could you tell the jury, I guess, what law makes me liable in  
16 your -- that you have searched out; what law makes me liable?

17 MR. KNAPP: Objection. Relevance.

18 THE COURT: Sustained.

19 BY MS. TAYLOR:

13:11:41 20 Q What procedures does your job tell you to follow? What  
21 procedures do you go by? Do you go by your IRS manual? Do go  
22 by the statutes?

23 A Yes. I follow the federal statutes, I follow the Internal  
24 Revenue Code, and I follow what we call the IRM, which is  
13:12:04 25 Internal Revenue Manual. And of course there's numerous

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13:12:07 1 memorandums that come out of our offices that instruct us how  
2 to do certain things.

3 Q Sure.

4 Can you tell me how do these procedures -- how do  
13:12:25 5 these procedures affect me as far as liability? Do these  
6 procedures reach out to me with any liability?

7 A Yes, ma'am. You're a taxpayer within the laws of the IRS,  
8 so the laws do apply to you.

9 Q What law says I'm a taxpayer?

13:12:43 10 MR. KNAPP: Objection. Relevance.

11 THE COURT: Sustained.

12 BY MS. TAYLOR:

13 Q Well, when did this liability -- when was this liability  
14 created on me? Was it created on me when I was born?

13:13:06 15 MR. KNAPP: Objection. Relevance.

16 THE COURT: What liability are you referring to?

17 MS. TAYLOR: The liability of -- of tax.

18 BY MS. TAYLOR:

19 Q When was that liability created on me? Was it created when  
13:13:23 20 I was born? Was it created when I did a 1040? Was it created  
21 by my birth certificate? Social security card? What actually  
22 created that obligation for me to be obligated or have a duty?

23 A The Internal Revenue Code requires that individuals file  
24 Forms 1040 regarding their income, and the fact that you had  
13:13:47 25 income while living in this country, and even outside of this



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13:13:54 1 country, you're required to file a Form 1040, claim that  
2 income, and pay the taxes on that income.

3 Q And what statute is that that makes me liable for that?

4 MR. KNAPP: Objection. Relevance.

13:14:10 5 THE COURT: Sustained.

6 BY MS. TAYLOR:

7 Q Can you please point to the section that says the 1040  
8 created any kind of liability?

9 MR. KNAPP: Objection. Relevance. Cumulative.

13:14:20 10 THE COURT: Sustained.

11 BY MS. TAYLOR:

12 Q Well, how does your testimony create liability on me?

13 A I do not believe my testimony creates any liability for  
14 you.

13:14:33 15 Q So you're relying solely on statutes?

16 A I'm relying on the federal statutes, the fact that the  
17 service prepared tax returns for you for '97, '98, '99, 2000,  
18 and you appealed those decisions, went to tax court. Tax court  
19 found in favor of the United States government, and you owe the  
13:14:57 20 taxes.

21 Q Is it not possible that a person could go along in their  
22 life believing that the government is right in their  
23 presumptions and all of a sudden, upon research, find that  
24 they're not correct, perhaps, and change their mind and go a  
13:15:24 25 way that they believe? Is that not possible?

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13:15:28 1 A Is that in regard to federal taxes?

2 Q Well, of course. Anything. It could be -- I mean, I could  
3 be chewing my fingernails, you know, and all of a sudden say,  
4 hey, I don't want to do that anymore.

13:15:40 5 A Well, I don't know much about chewing fingernails. I know  
6 a little bit about federal taxes, and the courts have  
7 consistently upheld the federal tax laws regarding the claiming  
8 of income, filing 1040s, and then of course the collection  
9 actions to pursue those liabilities.

13:15:56 10 Q I understand your opinion on that. But I was asking more  
11 'pecifically if a person was filing income tax forms and all of  
12 a sudden after much research and due diligence stopped paying,  
13 just out of the clear blue stopped paying, wouldn't you assume  
14 there was some reason for them stopping?

13:16:26 15 A Yes, ma'am, I would assume there was a reason.

16 Q And wouldn't that person be entitled to their beliefs and  
17 research and stuff that they had done concerning why they would  
18 stop paying taxes?

19 A You're welcome to do the research and have your own  
13:16:55 20 beliefs, but you still have to follow the law; and the law is  
21 pretty consistent, and the courts have been very consistent  
22 regarding income taxes.

23 Q That's your opinion.

24 A Absolutely.

13:17:11 25 Q Okay.

DIRECT EXAMINATION - JERRY CARTER

13:17:26 1 Have you ever filed notices of liens on me?

2 A Yes, ma'am.

3 Q Have you ever filed any notices of levies on me?

4 A Yes, ma'am.

13:17:35 5 Q And what statute did you rely on to prepare those notices?

6 MR. KNAPP: Objection. Relevance.

7 THE COURT: Sustained.

8 BY MS. TAYLOR:

9 Q When you filed those notices of liens and levies, did you

13:17:53 10 have somebody else sign for you?

11 A No, ma'am.

12 Q There was nobody else's name on the liens or levies?

13 A The liens and levies are done with my authority alone.

14 There may be other names on them. Like the liens may have

13:18:12 15 another name on them, but I'm the one that authorized the lien

16 or requested the lien to be filed. Or I filed it myself

17 manually at the county recorder, which I did in your case a

18 couple times.

19 Q And nobody else signed on with you, signed --

13:18:27 20 A No, ma'am. I have complete authority to file the liens

21 without the further review and then to, you know, serve levies

22 on bank accounts or other places to collect money.

23 Q And you're positive that nobody signed any liens that you

24 filed?

13:18:47 25 A Oh, I'm not positive. To file a federal tax lien, which is

## DIRECT EXAMINATION - JERRY CARTER

13:18:52 1 filed with the county recorder, if I file it electronically, it  
2 is matter of pushing several buttons on the computer in my  
3 office. What is actually recorded, I know what it says, but  
4 they actually may have another contact name on there. I'm not  
13:19:04 5 sure if it actually says "Jerry Carter" or "Jerry Young," with  
6 my phone number. Sometimes they'll have another position on  
7 there to call. I'm not sure. I just don't remember what the  
8 liens say, because actually the liens change procedures all the  
9 time.

13:19:21 10 However, when we do file the lien, we automatically  
11 send -- we do send you a letter 3172, with a copy of the lien,  
12 telling you the lien was filed and your appeal rights.

13 Q Yes. But in your instance, I believe that there was a  
14 couple of associates that signed their name, I guess on your  
13:19:42 15 behalf, because your name was not signed. It was just your  
16 name was printed and then they have their signature where they  
17 sign.

18 A Very possible. Very possible.

19 Q Did you give them power of attorney to do that?

13:19:55 20 A I don't need to give anyone power of attorney. They're  
21 probably signing it showing it went through their system.  
22 Again, I have complete authority, as most or all revenue  
23 officers do, to file federal tax liens. There is no review  
24 process in it. We file federal tax liens generally when any  
13:20:17 25 individual owes \$5,000 in taxes. So it is a very routine thing

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13:20:22 1 for the IRS to do. It is actually done by computers.

2 In your case I filed the liens once the case was  
3 assigned to me, but there are computers that actually file  
4 liens on behalf of the IRS.

13:20:36 5 Q So anybody can sign on your behalf without you giving them  
6 power of attorney to sign for you. Is that what you're saying?

7 A I'm not sure what their signature means. It just might  
8 mean it went through that database. I'm not sure what the  
9 signature means, if anything, to be honest with you.

13:20:58 10 Q Did you follow all the rules correctly, right to the T as  
11 relayed in the statutes when you did that, when you filed those  
12 liens? Did you file all -- did you follow all of the rules as  
13 the statute directed you to, right to the T?

14 A Yes, without exception.

13:21:24 15 Q So you can't explain why these other agents signed their  
16 names instead of you?

17 MR. KNAPP: Objection. Assumes facts not in evidence.

18 THE COURT: He can respond to that question.

19 THE WITNESS: I'm not sure if they're agents. They  
13:21:38 20 could be -- there's numerous different organizations,  
21 departments within the IRS. It could have been a clerical  
22 function showing who mailed the lien out. If I push a button  
23 on my computer in the IRS office and it electronically sends  
24 the lien to the county recorder -- actually, I think they do  
13:21:58 25 file them electronically now. There's not even a piece of

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13:22:02 1 paper that's mailed. I couple years ago, I know they actually  
2 mailed the lien to the county recorder. But that signature  
3 could have come from the clerk that actually stuffed the lien  
4 in the envelope and mailed it to the county recorder. I'm not  
13:22:15 5 really sure what that signature means. To be honest with you,  
6 I don't think it means anything. There's no level of review  
7 over a revenue officer filing a Notice of Federal Tax Lien at  
8 the county recorder.

9 BY MS. TAYLOR:

13:22:30 10 Q Isn't it true a few years back a person called  
11 R.A. Mitchell was brought up and asked if they had signed their  
12 name on all of these liens and somebody had just rubber stamped  
13 them and they had not -- this R.A. Mitchell was nobody that had  
14 signed their name at all, but yet they have them on all kinds  
13:22:50 15 of liens and levies?

16 A Ma'am, I don't know anything about that.

17 Q You do realize it is a crime to file a false or fraudulent  
18 document in the county record?

19 A Yes, ma'am.

13:23:59 20 Q And do you consider that perhaps when you're filing one of  
21 these documents, notice of lien or notice of levy, if you  
22 haven't verified the debt before, wouldn't that be a false  
23 document you would be filing?

24 A I'm not sure what you mean by "verify." I know for a fact  
13:24:27 25 if I filed a lien regarding you and your tax liabilities and/or

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13:24:35 1 served a levy, I know for a fact the amounts of federal taxes  
2 were still outstanding and you still owed them.

3 Q And you've said all of these that you have filed have been  
4 followed right to the letter, right to the T of the law, right  
13:25:15 5 down exactly what the law says, how you have to file them.

6 Did any of them go to court and have any kind of a  
7 court hearing on them before they were filed?

8 A No. There's no judicial review of a Notice of Federal Tax  
9 Lien filing. So the person who filed them would have been  
13:25:35 10 myself, as revenue officer, or the previous revenue officer who  
11 worked the case.

12 Q So kind of tell me the process. How is that -- how is that  
13 done? How do you do your filing? And walk me through that,  
14 please?

13:25:47 15 A Regarding the filing of a Notice of Federal Tax Lien?

16 Q Well, you just said you didn't have to get a court order --

17 A Correct.

18 Q -- or you didn't have to go to court. So how is it you do  
19 that? Do you just figure up a bill or have somebody figure up  
13:26:02 20 a bill and walk it over to the county recorder's office and  
21 file it? How do you do that?

22 A In your case, the liabilities you owed were for '97, '98,  
23 '99, and 2000. I believe each balance due for each year was  
24 decided by a tax court, United States Tax Court. So those  
13:26:19 25 balances are -- you do owe them. There's no gray areas in

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13:26:25 1 that. So if the taxpayer, such as yourself in this case, did  
2 not cooperate with the revenue officer, either the revenue  
3 officer who had the case prior to me or while I was working the  
4 case, then we would just routinely file the Notice of Federal  
13:26:40 5 Tax Lien at the county recorder.

6 And we can do it electronically or manually. As I  
7 said, sitting at my desk in my IRS office, I can push a few  
8 buttons on my IRS computer and I can file a lien  
9 electronically at the Maricopa County recorder, which I did,  
13:27:01 10 and then file electronically at the Pinal County recorder,  
11 which I did.

12 Also, regarding the nominee liens, I actually  
13 hand-typed those, because those were specifically attached to  
14 your different properties.

13:27:15 15 Q And you say they were attached to my different properties.  
16 Do you have any evidence, factual evidence, that those are my  
17 properties?

18 A Yes, ma'am. It's a fact you own 20 North Gilbert Road that  
19 the IRS seized and sold in 2006, and it's a fact --

13:27:33 20 Q Excuse me. Excuse me. Just a minute. It was a fact I  
21 owned that, but I didn't own it in 2006. What facts did you  
22 have that I owned that in 2006?

23 A That you owned the 20 North Gilbert property?

24 Q Yes.

13:27:45 25 A You owned it -- again, I'll just repeat what I said last



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13:27:48 1 Wednesday in testimony. You owned the property. It was  
2 granted to you in 1981. You owned it from 1981 to 1995, when  
3 you transferred it to Miroal, LLC, which you are a member at  
4 the Arizona Corporation Commission. Then in 2000, you signed  
13:28:04 5 the quitclaim deed transferring from Miroal, LLC, which you are  
6 a member of, to Workplace Trust.

7 Q Do you have any information, do you have any factual  
8 evidence from Workplace Trust that my name was on any documents  
9 or that I had any interest in that property?

13:28:19 10 A I have a preponderance of the evidence that you own the  
11 property.

12 Q What makes -- what makes evidence that I own property other  
13 than -- what makes factual evidence, legal, factual evidence  
14 that I own that property?

13:28:39 15 A You owned the property since 1981 after the --

16 Q No.

17 A Yes, ma'am. After you transferred the property --

18 THE COURT: Let him respond to the question,  
19 Ms. Taylor.

13:28:46 20 THE WITNESS: After you transferred the property to  
21 Miroal, then you transferred it to Workplace Trust, then to  
22 Herbal Land Trust, you continued to use the property from 1981  
23 until the IRS seized and sold it in 2006. The fact that you  
24 had your office in there never changed from '81 to 2006. After  
13:29:02 25 the transfers, you continued to use it, continued to have your

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13:29:05 1 name, Sue Taylor, on the door. You continued to pay the  
2 property taxes on the property even while it was titled to  
3 Miroal, LLC, Workplace Trust, Herbal Land Trust.

4 As I said, I summonsed Arizona Public Utility  
13:29:22 5 Service, electric company, and they provided the -- showed  
6 that the electrical service was in your name. I summoned the  
7 Town of Gilbert. They showed the sewer service was in your  
8 name.

9 BY MS. TAYLOR:

13:29:36 10 Q Isn't it possible that a person that rents a place or has  
11 an agreement with somebody, that if they pay the utilities and  
12 the taxes, that they can stay on in a place even though they  
13 didn't own it?

14 A As I said last week, it is possible if someone was renting  
13:29:53 15 property, they would be responsible for the utilities.  
16 However, in your case, there's no evidence that you or your  
17 business or any entity you ever had ever paid any rent to  
18 anybody for the property from 1981 to the year 2006.

19 Q And there's no evidence that I didn't either; that I did or  
13:30:10 20 didn't, is there?

21 A There's no evidence you ever paid rent to anyone. There is  
22 no evidence -- that there is any contract that you had with  
23 someone to rent there for -- how many years would that be, 30  
24 years? 26 years? No other names have come forth that could  
13:30:30 25 possibly own it, other than the names you put forth that could

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13:30:33 1 possibly own it.

2 Q Isn't it true in 2006 that the property was in my  
3 daughter's trust name and she actually sold that property to  
4 another individual? Isn't that a public record?

13:30:48 5 A No, ma'am.

6 Q That's not a public record?

7 A The IRS filed a federal tax lien on that property, so the  
8 fact that somebody may have recorded something after doesn't  
9 really mean anything. As you -- you know, you were a licensed  
13:31:10 10 real estate broker in the state of Arizona, and as you know,  
11 all documents must be recorded at the county recorder and be in  
12 writing; there's no exceptions. The fact that they sold it,  
13 they would have sold it after the federal government actually  
14 filed the lien against it --

13:31:25 15 Q What date did the federal government file the lien on it?

16 A Originally it would have been in the early 2000s. But I  
17 think the first lien was filed at the end of -- two thousand --  
18 two thousand -- end of 2004.

19 Q I believe the property was sold in two thousand -- let me  
13:31:49 20 see. You filed a lien on it in 2004? Are you sure about that?

21 A Well, I'd have to think about it for a minute. The IRS --  
22 the revenue officer prior to me had filed Notice of Federal Tax  
23 Liens for the years '97 and '98. And those liens actually  
24 attached to the property. However, as you had put --  
13:32:14 25 transferred the property from entity to entity to entity over

## DIRECT EXAMINATION - JERRY CARTER

13:32:20 1 the years, our liens had to be more specific so the lien would  
2 actually attach to it. As far as public records go, we'd have  
3 to put the name of Herbal Land Trust on the lien and file a  
4 lien in the name of Herbal Land Trust as a nominee of  
13:32:35 5 Sue Taylor.

6 So the Government's position is the first lien that  
7 was filed back in the early 2000s attached to the property.  
8 And actually, legally the Government's position would be the  
9 day the assessments were made for 1997, those liens would  
13:32:48 10 arise -- the federal government had a lien on your assets.

11 What we do is we file a lien at the county recorder  
12 to notify the public there's a federal tax lien against the  
13 property. But by law, by statute, when a person owes tax, the  
14 person doesn't pay the tax within 10 days, a lien  
13:33:07 15 automatically arises under statute and attaches to the  
16 taxpayer's property and all rights to the property.

17 The reason we filed a lien at the county recorder is  
18 to let the public know there is an actual lien on this piece  
19 of real property. And the way the government secures this  
13:33:20 20 is -- secures its interest in that property. But the  
21 government's liens actually were recorded years ago --

22 Q Okay.

23 A -- yes, ma'am.

24 Q Isn't it true that in the year 2000 that property was  
13:33:40 25 transferred over to my daughter and her family and trust and

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13:33:44 1 legally it was out of my name and I had no more interest in  
2 that property other than staying there and having my office  
3 there? As far as legal evidence and proof. You have no  
4 factual proof of what you're saying except your opinions. The  
13:34:06 5 actual legal documents were recorded -- were recorded like they  
6 were supposed to be recorded and it was no longer in my name  
7 and you did not have any tax liens on me at that time?

8 A I disagree with pretty much everything you said there. You  
9 transferred the property to Miroal LLC in '95 as Sue Taylor as  
13:34:34 10 the owner of the property to Miroal, LLC, in '95. And you were  
11 a member of Miroal, LLC, according to the Arizona Corporation  
12 Commission.

13 In the year 2000, you transferred the property at 20  
14 North Gilbert Road from Miroal LLC to Workplace Trust with a  
15 Dolpha Larsen as the trustee.

16 Q That's true. But Dolpha is my sister, as everybody has  
17 heard in here.

18 A Yes, ma'am.

19 Q And she was only trustee for one month and she resigned.

13:35:04 20 But at that time, when that property was transferred, it was no  
21 longer mine in 2000.

22 THE COURT: You need to ask a question, Ms. Taylor.

23 MS. TAYLOR: Okay. I'm sorry.

24 BY MS. TAYLOR:

13:35:17 25 Q So as far as legal evidence filed with the county

DIRECT EXAMINATION - JERRY CARTER

13:35:20 1 recorders, that property was taken out of my name and my name  
2 was not on any legal documents on that property from 2000 on,  
3 other than the liens you guys came and put because you thought  
4 that I still had an interest in it, when I actually didn't.

13:35:39 5 Isn't that true?

6 A No, ma'am. I disagree with everything you said.

7 Q Well, that's just your opinion.

8 A No, ma'am, it's a fact.

9 Q What makes it a fact?

13:35:47 10 THE COURT: Ms. Taylor, our purpose here isn't to  
11 argue. I don't think you're going to convince him, and he's  
12 not going to convince you.

13 MS. TAYLOR: Yeah, we're both hardheads.

14 THE COURT: Let's move on to another subject, please.

13:36:09 15 MS. TAYLOR: All right.

16 BY MS. TAYLOR:

17 Q Let me see. I believe I've asked all the questions I need  
18 to ask of you. You don't -- again, you don't -- you believe  
19 you're working for the United States --

13:36:47 20 THE COURT: You have --

21 MS. TAYLOR: -- Treasury?

22 THE COURT: -- you have covered that.

23 MS. TAYLOR: Okay. Yeah, I went over that. All  
24 right.

13:36:51 25 THE COURT: Anything else you need to cover?

DIRECT EXAMINATION - JERRY CARTER

13:36:53 1 MS. TAYLOR: No, I think that's all, then.

2 THE COURT: Okay. Thank you.

3 Any cross-examination?

4 MS. TAYLOR: Thank you.

13:36:56 5 MR. KNAPP: Very briefly, Your Honor. May I?

6 C R O S S - E X A M I N A T I O N

7 BY MR. KNAPP:

8 Q Mr. Carter, good afternoon. You talked about liens and  
9 levies. Can you just explain the difference between a lien and  
10 a levy?

11 A Sure. A lien is a document -- in general, what we're  
12 talking about in the courtroom, a lien is -- the federal  
13 government has a secured interest in the taxpayer's property,  
14 future property. The IRS, United States government, files a  
15 notice of Federal Tax lien in the county recorder notifying, to  
16 show all creditors or all individuals the government has a lien  
17 right against the property in the county recorder.

18 A levy is completely different. A levy is a document  
19 where a revenue officer like myself would serve to a bank  
20 that's attached to the money sitting in the bank account or if  
21 we levy someone's car. In this case, we levied Ms. Taylor's  
22 property at 20 North Gilbert Road, and we seized and sold it.  
23 That would be a levy.

24 Q So, I mean, is it fair to say that, without getting too  
13:38:00 25 technical, is a lien similar to a mortgage on a property?

CROSS-EXAMINATION - JERRY CARTER

13:38:03 1 A I often describe a lien as like a deed of trust on the  
2 house, like a mortgage. The government has a secured interest  
3 in the taxpayer's property for whatever the tax amount due is,  
4 including penalties and interest. So it's very much like a  
13:38:16 5 deed of trust.

6 Q Just like a bank might have an interest in your property if  
7 you're paying a mortgage?

8 A Yes, sir.

9 Q And then a levy, is that similar to, then, a foreclosure?

13:38:26 10 A It would be more like a garnishment. People talk about  
11 garnishment. We levy people's wages. We levy people's bank  
12 accounts. Again, we levy someone's house, levy someone's car,  
13 which is really a seizure. But it's two different things. A  
14 lien is simply something we file at the county recorder that  
13:38:43 15 shows the government has an interest in the person's property.  
16 The levy is more the execution on that lien to secure the  
17 taxpayer's money in the bank account or secure the taxpayer's  
18 real property.

19 Q Did you levy the property? Did you take the property at 20  
13:38:59 20 North Gilbert?

21 A Yes. I seized the real property at 20 North Gilbert Road  
22 in March 2006.

23 Q And, again, after that happened, who showed up in the IRS  
24 office to complain?

13:39:12 25 A Well, I believe Sue Taylor showed up, appealed the seizure,



CROSS-EXAMINATION - JERRY CARTER

13:39:17 1 and met with my supervisor and another revenue officer. I  
2 believe I was out state at that time, and she appealed that.

3 Q In your experience, is it usually the person who owns the  
4 property who would complain about being taken?

13:39:31 5 A Yes. Normally the person who owns the property would be  
6 the person who's concerned about having the property seized by  
7 the government and sold to satisfy a tax debt --

8 MS. TAYLOR: Objection, Your Honor. Irrelevant and  
9 untrue.

13:39:43 10 THE COURT: Overruled.

11 BY MR. KNAPP:

12 Q Very quickly, you mentioned -- I don't think we got into  
13 this before. You mentioned your name is Jerry Carter; is that  
14 right?

13:39:49 15 A My name is Jerry Carter.

16 Q What is Jerry Young? Does it have something to do with the  
17 IRS?

18 A Yes. A few years ago the IRS made revenue officers such as  
19 myself get pseudonyms because taxpayers were filing documents  
13:40:02 20 at the county recorder. I personally had two taxpayers come to  
21 my house and threaten my ex-wife, so they made revenue officers  
22 like myself get pseudonyms.

23 MS. TAYLOR: Objection. Relevance.

24 BY MR. KNAPP:

13:40:18 25 Q So in your personal capacity, when you conduct business and

CROSS-EXAMINATION - JERRY CARTER

13:40:21 1 everything, you go by Jerry Carter; is that right?

2 A In my personal?

3 Q Person capacity.

4 A In my personal life, yes, everything is Jerry Carter.

13:40:29 5 Q Jerry Young is the name that was assigned to you by the  
6 IRS?

7 A Yes.

8 Q For your safety?

9 A For my safety.

13:40:35 10 MR. KNAPP: No further questions, Your Honor. Thank  
11 you.

12 THE COURT: Any redirect, Ms. Taylor?

13 R E D I R E C T E X A M I N A T I O N

14 BY MS. TAYLOR:

13:40:53 15 Q Did you say that I showed up at your office and contested  
16 something about that sale?

17 A I seized the property in March. You have numerous appeal  
18 rights. You did avail yourself of the CAP procedures, which  
19 are the collection appeal process. And you met with my

13:41:14 20 supervisor, Bob Carrie (phonetic), and another revenue officer,  
21 I think in April of 2006 to appeal that decision, to appeal the  
22 decision to seize the real estate that you owned.

23 Q And wasn't that just because I was explaining to them that  
24 it wasn't my property any longer and that they shouldn't be  
13:41:32 25 trying to take away somebody else's property?

## REDIRECT EXAMINATION - JERRY CARTER

13:41:35 1 A I was not at that meeting, so I'm really not able to  
2 testify on what went on at the meeting. I do remember that --  
3 I did read the history that was entered regarding that, and I  
4 do believe you claimed that you did not own the property.

13:41:50 5 Q And isn't it also true that the person that did own that  
6 property filed some kind of a lis pendens or something on it  
7 trying to get the lien off or something? I mean, he owned the  
8 property, and he filed some kind of a court action to try to  
9 defend it and keep the property? Keep his property?

13:42:10 10 A You know, I'm not -- you mentioned that last week, and I'm  
11 not aware of anything like that. If -- he would have had to  
12 file it in federal court. I'm not sure anything was ever filed  
13 in federal court. Also, anything that would have been filed --  
14 again, you're talking about selling the property after the lien  
15 would have attached to it.

16 Again, as you know, as a broker for many years in the  
17 state of Arizona, a sale would have to be recorded at the  
18 county recorder, and of course there was no sale recorded at  
19 the county recorder prior to the Notice of Federal Tax Lien  
13:42:42 20 filing. So anything that happened after the government filed  
21 a lien against that property, it really has no bearing on the  
22 property.

23 Q I'm not sure of the dates it was filed. I was under the  
24 impression the gentleman had boughten it before you filed that  
13:42:59 25 lien. Or before you seized the property.

REDIRECT EXAMINATION - JERRY CARTER

13:43:02 1 A I'm reasonably certain, though I can't be 100 percent sure,  
2 because I'd have to pull up the county recorder online, but  
3 when the Notice of Federal Tax Lien that I filed, the nominee  
4 lien attaching the 20 North Gilbert was filed, the property was  
13:43:19 5 still titled to Herbal Land Trust. There was no sale recorded  
6 at the county recorder. So any subsequent sale or recordings  
7 against the property would have been after our lien was filed,  
8 and it has no bearing on the Notice of Federal Tax Lien.

9 Q And isn't it true when you file those liens, you only file  
13:43:42 10 them on the interest that any -- how does the wording go. "Any  
11 interest that Sue Taylor has in the property." I believe  
12 that's the way it says.

13 A The lien says Herbal Land Trust as a nominee of Sue Taylor.  
14 So the Notice of Federal Tax Lien would attach to any interest  
13:44:00 15 you have in the property. And as I said last week, the United  
16 States government is ready to defend that lien in court.

17 Q And what did you -- and defend the lien on 20 North  
18 Gilbert?

19 A Yes, ma'am. The defendant knows the federal tax liens the  
13:44:17 20 government filed against your property on 20 North Gilbert  
21 Road.

22 Q But you've already taken that property.

23 A You had several years to argue those liens against your  
24 property. The first liens were filed --

13:44:29 25 Q They weren't my prop -- there's no factual proof that --

REDIRECT EXAMINATION - JERRY CARTER

13:44:33 1 isn't it true there's no factual proof that that property was  
2 mine after the year 2000?

3 THE COURT: I think we've been over that ground --

4 MS. TAYLOR: Well, he just --

13:44:44 5 THE COURT: -- Ms. Taylor.

6 MS. TAYLOR: -- brought it back, so --

7 THE COURT: Well, your position is clear; his position  
8 is clear. I think the jury understands the disagreement.

9 BY MS. TAYLOR:

13:44:52 10 Q Okay. So if you file a lien and it just says the "interest  
11 of Sue Taylor," isn't that all that you are claiming is just  
12 whatever interest I might have in -- whatever you presume that  
13 I might have in that property?

14 A Our lien would attach to any interest you have in the real  
15 property.

16 Q Right.

17 And if there is no interest?

18 A If there was no interest, then the lien wouldn't attach to  
19 anything. That is not the Government's position.

13:45:30 20 Q Okay.

21 MS. TAYLOR: That's all. Thank you.

22 THE COURT: All right. Thanks. You can step down.

23 Ms. Taylor, your next witness.

24 Do you need to go out and check?

13:45:55 25 MS. TAYLOR: Uh-huh.

REDIRECT EXAMINATION - JERRY CARTER

13:45:58 1 THE COURT: Yeah, you can do that.  
2 Members of the jury wish to stand up while she does  
3 that, feel free.  
4 Your next witness, Ms. Taylor.  
13:48:20 5 MS. TAYLOR: Phil Vild.  
6 THE WITNESS: Vild.  
7 THE COURT: All right, sir, would you come forward,  
8 please, to be sworn as a witness.  
9 THE WITNESS: Sir, I choose not to be sworn in. I  
13:48:35 10 promise to tell the truth.  
11 THE COURT: Well, you need to take an affirmation, at  
12 least. Would you come forward to take the affirmation?  
13 THE WITNESS: No, I won't take the affirmation. My  
14 minister -- I've testified in several cases and been to court  
13:48:47 15 at least 15 times, and I have the law here, and I promise to  
16 tell the truth; and I do know the penalty for perjury, and it  
17 has always been accepted before.  
18 THE COURT: Would you come around --  
19 THE WITNESS: Can I approach?  
13:49:02 20 THE COURT: I'm going to ask you to come right around  
21 here to the front, please. And I'm going to have you affirm in  
22 response --  
23 THE WITNESS: I promise to tell the truth.  
24 THE COURT: -- to what Ms. Richter says, that you will  
13:49:13 25 tell the truth under penalty perjury.

REDIRECT EXAMINATION - JERRY CARTER

13:49:16 1 THE WITNESS: Yeah, I promise to tell the truth under  
2 penalty of perjury.

3 THE COURT: Okay. Listen to what she says.

4 THE COURTROOM DEPUTY: Do you affirm that the  
13:49:24 5 testimony you are about to give this court in the matter now  
6 pending before it will be the truth, the whole truth, and  
7 nothing but the truth?

8 THE WITNESS: I promise to tell the truth. That's  
9 what my minister told me to say.

13:49:35 10 THE COURT: All right. Go ahead.

11 Any objection, Mr. Galati?

12 MR. GALATI: No, Your Honor.

13 THE COURT: All right. I don't need that. You hang  
14 on to that. You come sit on this chair right here on the  
13:49:46 15 witness stand, please.

16 **ELMER PHILLIP O'NEIL VILD,**

17 called as a witness herein, after having been first duly sworn  
18 or affirmed, was examined and testified as follows:

19 D I R E C T E X A M I N A T I O N

13:50:02 20 BY MS. TAYLOR:

21 Q Phil, is it okay if I call you "Phil" instead --

22 A Yes --

23 Q -- of Mr. McNeil [sic]?

24 A -- that's what I've gone by for well over 50 years.

13:50:09 25 THE COURT: Have him identify himself, if you would,

DIRECT EXAMINATION - ELMER PHILLIP O'NEIL VILD

13:50:10 1 please, Ms. Taylor.

2 BY MS. TAYLOR:

3 Q Oh, would you please identify yourself, Phil.

4 A I go by the name of Elmer Phillip O'Neil Vild.

13:50:23 5 Q Okay.

6 And what is your educational background?

7 A The -- the highest basically is I'm a undergraduate  
8 mathematician, a masters in finance, and I have taught college  
9 for Los Angeles Community College. I have taught flying and  
10 business and taxes for the University of Maryland. And I'm  
11 very well-educated. Self study. When I got out of the  
12 service, I had at that time, 1980, over 50 certificates of  
13 schools that I attended. Nine pilot ratings, et cetera. I'm  
14 well-versed in several areas.

13:51:23 15 Q Okay.

16 A My specialty is trust, and I'm teaching a group how to form  
17 limited liability companies, limited partnerships, charitable  
18 remainder trusts, corporations, different things like that.  
19 It's -- I never had to work since I got out of the service,  
20 so --

21 THE COURT: Mr. Vild, let's --

22 THE WITNESS: -- most of it is pro bono.

23 THE COURT: Excuse me, Mr. Vild. Let's have you  
24 respond to questions, please.

13:51:52 25 THE WITNESS: Okay.



DIRECT EXAMINATION - ELMER PHILLIP O'NEIL VILD

13:51:52 1 THE COURT: Go ahead, Ms. Taylor.

2 BY MS. TAYLOR:

3 Q Well, you covered my last two already. I was going to ask  
4 who did you teach for and what did you teach, but you've  
13:52:01 5 already went through that.

6 You and I have been associated over quite a few number  
7 of years with a research group, right?

8 A Yes. I was a self-taught paralegal with a group for seven  
9 years, the Legal Research Society, and I was president of it  
13:52:19 10 for four and three-quarters years, until I moved, went into  
11 semi-retirement.

12 Q And in your time of knowing me, you have a -- you can  
13 testify that in our research together that our beliefs are very  
14 similar?

13:52:47 15 A Well --

16 Q Except you're smarter than me.

17 A I will testify to your belief that you are one of the  
18 people who do not have to pay taxes --

19 MR. GALATI: Your Honor --

13:53:00 20 THE COURT: Hold on just a minute. When he stands up  
21 to object, hold on a minute.

22 Yes, Mr. Galati.

23 MR. GALATI: Objection. He's expressing a legal  
24 opinion.

13:53:09 25 THE COURT: Well, I think he was describing --

DIRECT EXAMINATION - ELMER PHILLIP O'NEIL VILD

13:53:11 1 THE WITNESS: I was --

2 THE COURT: Hold on. You don't respond.

3 I believe he was describing her belief.

4 MR. GALATI: That's not what I understood, Your Honor.

13:53:19 5 THE COURT: Well, his answer was: "I will testify

6 that your belief is that you don't have to pay taxes."

7 Are you objecting to that response?

8 MR. GALATI: If that was the response, no.

9 THE COURT: Okay.

13:53:34 10 THE WITNESS: That was the response. I gave opinions.

11 I've read well over a thousand law cases.

12 MR. GALATI: Your Honor, objection. The question has

13 been answered.

14 THE COURT: I think you have answered the question.

13:53:48 15 THE WITNESS: Okay.

16 THE COURT: Next question, please, Ms. Taylor.

17 MS. TAYLOR: Okay.

18 BY MS. TAYLOR:

19 Q So you believe that Sue Taylor believes and you believe I'm

13:54:00 20 a non-taxpayer.

21 A I'm sorry. I had a hearing aid go out when I was outside.

22 Let me turn to the other hearing aid. And say that again,

23 please.

24 Q Do you believe that me, Sue Taylor, believes that I am a

13:54:17 25 non-taxpayer? I have expressed that opinion to you many times?

DIRECT EXAMINATION - ELMER PHILLIP O'NEIL VILD

13:54:21 1 A Yes, you have had --

2 THE COURT: Hold on a minute.

3 A -- that opinion many times.

4 THE COURT: Excuse me, Mr. Vild. When he stands,  
13:54:27 5 don't talk, okay? He needs to object.

6 Mr. Galati?

7 MR. GALATI: This is beyond the purview of the kind of  
8 opinion testimony the lay witness can give regarding the  
9 defendant's beliefs. It is all detailed on page 18 of our  
13:54:39 10 trial brief.

11 THE COURT: Hold on just one minute, please.

12 Do you have other questions along those lines,  
13 Ms. Taylor?

14 MS. TAYLOR: No. I'm going to go to another one in  
13:55:06 15 just a minute.

16 THE COURT: Okay. Go ahead.

17 BY MS. TAYLOR:

18 Q You said you were versed in trusts. Can you tell the jury  
19 the basics of -- the basic elements of a trust?

13:55:20 20 MR. GALATI: Your Honor, objection. Lack of  
21 foundation.

22 THE COURT: Do you know what lack of foundation means,  
23 Ms. Taylor? It means you need to lay additional foundation if  
24 you want to ask him questions about trusts. In other words,  
13:55:36 25 establish the basis for his knowledge on the subject.

DIRECT EXAMINATION - ELMER PHILLIP O'NEIL VILD

13:55:39 1 MS. TAYLOR: I thought he already did that. Okay.

2 BY MS. TAYLOR:

3 Q Could you tell me your experience with trusts and how you  
4 have your basis of coming into knowing about trusts?

13:55:51 5 A Yes. The reason I started studying trusts was a lot of the  
6 legal research people were having a hard time with the IRS, and  
7 I said it's much better to do it legally and learn the law and  
8 form corporations that take the -- that pay the least amount of  
9 money and do it correctly. And I started studying trusts at  
13:56:31 10 that time.

11 And to answer the question, there are seven basic  
12 things you must have to form a trust. I have the list, but  
13 basically any two people can form a trust --

14 MR. GALATI: Your Honor --

13:56:50 15 THE WITNESS: -- can form a trust.

16 THE COURT: Hold on just a minute.

17 MR. GALATI: -- objection.

18 THE COURT: What's the objection?

19 MR. GALATI: The question is what is your experience  
13:56:56 20 about trusts. He's now testifying substantively about trusts.

21 THE COURT: All right. Why don't we move on --

22 THE WITNESS: Okay, my --

23 THE COURT: Hold on. Hold on, Mr. Vild.

24 Would you move on to your next question, Ms. Taylor.

13:57:04 25 That is, now that you've laid the foundation, you can ask him

DIRECT EXAMINATION - ELMER PHILLIP O'NEIL VILD

13:57:07 1 a question about trusts.

2 THE WITNESS: I can give you --

3 THE COURT: Hold -- hold -- Mr. Vild --

4 THE WITNESS: -- my experience if you'd like.

13:57:11 5 THE COURT: Mr. Vild, you need to respond to questions  
6 only.

7 Go ahead, Ms. Taylor.

8 MS. TAYLOR: Okay. Now I lost what my question --

9 THE COURT: You laid the foundation for the question  
13:57:22 10 about trusts. He responded. Now you can ask him the question  
11 about trusts. And if Mr. Galati objects, I'll rule. If not,  
12 he can answer.

13 MS. TAYLOR: Okay.

14 BY MS. TAYLOR:

13:57:32 15 Q In your experience with trusts, are they basically -- are  
16 they basically contracts between people?

17 MR. GALATI: Your Honor, I object. Lack of  
18 foundation. He never told us what his experience concerning  
19 trusts is. He said he started -- what the reason he started  
13:57:52 20 studying them was, but he didn't say what he did concerning  
21 studying them.

22 THE COURT: All right. Objection sustained.

23 Would you describe how you acquired your knowledge of  
24 trusts besides --

13:58:04 25 THE WITNESS: I read well over 1,000 court cases and

DIRECT EXAMINATION - ELMER PHILLIP O'NEIL VILD

13:58:10 1 found out how to do trusts correctly. Since then I formed well  
2 over 500, and they have never been challenged in court. And I  
3 have had legal firms and also the Board of Equalization, which  
4 is the same as Arizona's ADOR. After I explained my trusts to  
13:58:38 5 them, they all went away.

6 MS. TAYLOR: Thank you.

7 Is that satisfactory?

8 BY MS. TAYLOR:

9 Q So in forming these trusts, I realize that there are many  
13:58:55 10 different types of trusts, but basically trusts are just  
11 contracts, is that true, between two or more people?

12 A Basically, that is true. It can be. And I recommend that  
13 they're written in the form of a contract, which is an  
14 agreement between two or more people to a certain thing. It's  
13:59:22 15 the verbiage of the trust that counts. That's what counts.

16 Not the labels. There's over 150 different types of standard  
17 trusts. Generation skipping and all these things.

18 But, basically, it's not what you call a trust. The  
19 Court cases indicate it's the verbiage in the trust that  
13:59:44 20 dictates how the trust should be operated and how the people  
21 should operate the trust that are in charge.

22 Q Okay. And in a trust, normally there are like grantor,  
23 settlor; is that not true?

24 A Yes. The IRS calls them "settlor." They also call it  
14:00:12 25 "trustor." There's many other names. A "donor." I use the

DIRECT EXAMINATION - ELMER PHILLIP O'NEIL VILD

14:00:18 1 word "exchanger." The way I form them is a little bit  
2 different. But you exchange something and get something in  
3 return. And if you do it correctly, according to the law, it  
4 is a nontaxable event.

14:00:33 5 Q Okay.

6 MR. GALATI: Well, Your Honor, I object. He's giving  
7 legal opinions.

8 THE COURT: Well, I think with respect to that answer  
9 I'm not going to sustain the objection, but I understand it  
14:00:47 10 going forward. I think he was responding to a simple formation  
11 question.

12 Your next question, Ms. Taylor.

13 BY MS. TAYLOR:

14 Q And after it's formulated, then you have trustees, and  
14:01:02 15 those trustees, do they not manage and take care of the trust?  
16 Is that not one of their -- is that one of their positions and  
17 jobs?

18 A Yes. The way I write them, the trustees -- all actions of  
19 the trustees must be for the benefit of the beneficiaries. And  
14:01:28 20 sometimes we have one trust, if it's a simple pass-through,  
21 passive income. On real estate property, I always put at least  
22 two trusts, trustees.

23 Q Okay.

24 And a beneficiary, then, when the trust has a known  
14:01:50 25 beneficiary, can that beneficiary be another trust, or can it

DIRECT EXAMINATION - ELMER PHILLIP O'NEIL VILD

14:01:56 1 be another entity such as a corporation sole?

2 A Certainly. Not a problem.

3 Q So there's nothing illegal about that?

4 A Absolutely none. Nothing. In my studies.

14:02:12 5 Q Okay. And can a trustee that is a trustee of a trust, can  
6 they all -- and I'm talking about a real person here. The real  
7 person that happens to be the trustee for a certain trust, can  
8 that same person also be like overseer of a corporation sole?  
9 Which is the beneficiary of that trust.

14:02:43 10 A Certainly. They can have -- they can have multiple duties  
11 and multiple entities.

12 I would like to clear up one thing in my last answer.  
13 And that is if you have a beneficiary who's a corporation or  
14 another LLC, there must be a live body at the end of that  
14:03:08 15 trail. In other words, a corporation has people in it,  
16 shareholders. You cannot form a corporation where there is no  
17 beneficiary. Dennis supposedly went to jail for that. He  
18 formed three in a row where the beneficiary of one trust was  
19 another trust. That is strictly all illegal. There must be  
14:03:35 20 an ultimate beneficiary, a live body to receive the assets.

21 Q Right.

22 And if that is a corporation sole, most of the times  
23 the corporation soles are religious entities. And it can be  
24 formed, I guess, for other things; but on a general rule, most  
14:03:53 25 of them are --



DIRECT EXAMINATION - ELMER PHILLIP O'NEIL VILD

14:03:54 1 MR. GALATI: Your Honor, objection. She needs to ask  
2 a question.

3 THE COURT: I think this is a question.

4 Is this a question, Ms. Taylor? Rephrase it as a  
14:04:01 5 question, would you, please.

6 BY MS. TAYLOR:

7 Q Are -- most of the times are corporation soles formed for  
8 religious purposes?

9 A Yes. Most of the time. There's educational and other  
14:04:15 10 reasons, but, yes, most of the time they're formed -- in my  
11 experience, most of the time they're formed for religious  
12 purposes.

13 Q And in your experience, have you been told or have you had  
14 knowledge of, like, say, the Mormon church or the Catholic  
14:04:39 15 church sometimes being corporation soles?

16 A Yes, that is true. The Mormon church uses them, but the  
17 Catholic church, a lot of their -- it depends on the individual  
18 minister, but a lot of those are corporate soles.

19 Q Um-hmm. Now, are corporation soles allowed to also acquire  
14:05:13 20 properties in the corporation sole name?

21 A I know of no restrictions that would prevent that, no.

22 Q So they could buy and sell freely in the corporation name  
23 and it would remain in that corporation sole?

24 A To my knowledge, yes. And I would like to point out, I'm  
14:05:35 25 more or less an expert in trusts, but I'm not in corporate

DIRECT EXAMINATION - ELMER PHILLIP O'NEIL VILD

14:05:43 1 soles. I do not know that much about corporate soles. I have  
2 formed two of them. But I'm not an expert in that field. But  
3 my opinion would be yes. As long as, you know, the assets are  
4 passed on to the next person in line and he takes care of  
14:06:04 5 everything for the congregation, I see nothing wrong with that.

6 Q What other areas of -- do you have any other areas of --  
7 other than -- have you taught any other classes in any areas  
8 that are -- what's your -- what's your background previous?  
9 Were you -- didn't you tell me you was in the Air Force or  
14:06:52 10 something?

11 A I was -- I'm retired. I'm a retired Air Force officer,  
12 yes.

13 Q Um-hmm. Okay.

14 And how many years were you there?

14:07:02 15 A I was in 20 years.

16 Q Okay. And do you pay taxes?

17 A Yes, I do. And if you want, I'll explain why.

18 Q Please do.

19 A A lot of the clients that came to me, a lot of them didn't  
14:07:24 20 pay taxes, a lot of them did pay taxes, there were some on the  
21 fence; and sometimes they would ask me whether I pay taxes.  
22 And I said, yes, of course, because the Internal Revenue Code,  
23 which is not positive law, but it is code, and there's a  
24 section in there that covers the employees of the government.

14:07:48 25 And what the government giveth, the government can take it

DIRECT EXAMINATION - ELMER PHILLIP O'NEIL VILD

14:07:52 1 away. And when I swore to become an officer in the service, I  
2 was then obligated to come under the tax statutes and pay  
3 taxes. So I am a 100 percent taxpayer because of that.

4 Q Okay. And in your belief, all government employees are --  
14:08:13 5 fall under that rule?

6 A That's the way I read that section of the code, yes, ma'am.

7 Q Okay.

8 MS. TAYLOR: All right. I don't have any more  
9 questions right now.

14:08:27 10 THE COURT: Cross-examination?

11 MR. GALATI: Just briefly, Your Honor.

12 C R O S S - E X A M I N A T I O N

13 BY MR. GALATI:

14 Q Sir, good afternoon. Would you tell us your name again?

14:08:44 15 A I go by Phil O'Neil, and the birth certificate has Elmer  
16 Phillip Vild, with two "Ls." When I went in the Air Force, it  
17 has only one "L" because they used the baptismal -- my friends  
18 know me as Phil O'Neil mostly. That was my mother's maiden  
19 name, O'Neil. That's what I go by.

14:09:12 20 Q Where do you live?

21 A Pardon? I can't --

22 Q Where do you live?

23 A I have five different residences which I go to. A lot of  
24 them are in trusts. Right now I happen to be in Cornville,  
14:09:26 25 Arizona. I own a home in Bullhead City. And like I said, I

CROSS-EXAMINATION - ELMER Phillip O'NEIL VILD

14:09:36 1 can go several places.

2 Q You told us two of your residences. What are the other  
3 three?

4 A Pardon?

14:09:43 5 Q What are the other three residences you have?

6 A Well, I have -- it's in trust, but I could go to the place  
7 in Overgaard, Arizona, I can go to the residence in Las Vegas.  
8 I own five lots in Florida. Or the trust does. And I have use  
9 of those, et cetera.

14:10:17 10 Q Did you answer my question? You told me you had five  
11 residences. Did you answer my question?

12 A Five lots in Florida.

13 Q They aren't residences.

14 A No. They're not residence. But I've gone down there on  
15 occasion, stayed there.

16 Q My only question was: Where do you live? Did you tell us  
17 that?

18 A I rotate. I go to different places. I don't have any  
19 permanent place of abode that I'm tied to.

14:10:44 20 Q What business are you in?

21 A I'm retired. I am teaching some people how to form  
22 entities, but --

23 Q What type entities?

24 A I believe I mentioned before limited partnerships, limited  
14:11:02 25 liability companies, different types of corporations.

CROSS-EXAMINATION - ELMER Phillip O'NEIL VILD

14:11:06 1 Charitable remainder trusts, if I had to. I'm not teaching  
2 them how to do corporate soles, but there's more stuff on the  
3 Internet now, and I'm basically teaching them how to form  
4 entities in a way that will keep the taxes to a minimum for the  
14:11:32 5 client.

6 Q You said a lot of clients come to you who don't pay taxes;  
7 is that correct?

8 A That used to be true. Long time ago when I was in the  
9 Legal Research Society, I would give advice --

14:11:49 10 Q Sir -- sir --

11 A -- to the --

12 Q -- sir -- sir -- sir --

13 A Right now, no. The answer is no. All my clients pay  
14 taxes. Every single one. And I would say that's true for  
14:11:57 15 the --

16 Q Sir --

17 A -- last ten or 15 years.

18 Q -- you have answered the question.

19 THE WITNESS: Okay.

14:12:01 20 THE COURT: Let's just respond to the question,  
21 Mr. Vild.

22 THE WITNESS: Oh. Okay.

23 BY MR. GALATI:

24 Q In response to a question from Ms. Taylor, you said lots of  
14:12:09 25 clients come to you who don't pay taxes. When --

CROSS-EXAMINATION - ELMER Phillip O'NEIL VILD

14:12:13 1 A That used to be true.

2 Q What's changed?

3 A Well, they believed they didn't have to pay taxes. And  
4 they would come to me and ask about this problem or that. And

14:12:23 5 I would give them advice based on the court cases that I had  
6 read. And Taylor, Sue Taylor's one of those people that  
7 believed that, truly.

8 Q What type of trusts do you form for your clients?

9 A There is no other trust like it. It's one that I've  
14:12:54 10 written personally over 20 -- over a 20-year period, and I  
11 studied other court cases. And especially whenever the IRS  
12 lost a case and the client won, I would use some of that stuff  
13 in there. If it was a good legal point.

14 Q So you form trusts unique to you; is that correct?

14:13:16 15 A That's correct.

16 MR. GALATI: I don't have any further questions, Your  
17 Honor.

18 THE COURT: All right.

19 Any redirect?

11:19:09 20 R E D I R E C T E X A M I N A T I O N

21 BY MS. TAYLOR:

22 Q So as you said before, contracts, including the contracts  
23 that you prepare --

24 MR. GALATI: Your Honor, beyond the scope.

14:13:44 25 THE COURT: What you can do now, Ms. Taylor -- the

REDIRECT EXAMINATION - ELMER Phillip O'NEIL VILD

14:13:46 1 objection is beyond the scope -- you can ask questions about  
2 the subjects Mr. Galati covered. That's what you're allowed to  
3 do on redirect.

4 MS. TAYLOR: That's what I was gonna do.

14:13:56 5 THE COURT: Okay. Would you phrase it as a question,  
6 please.

7 MS. TAYLOR: Right. But I was leading into it, the  
8 question.

9 THE COURT: Okay.

14:14:02 10 MS. TAYLOR: He had mentioned that they were special  
11 trusts, and so I was going into that.

12 THE COURT: Okay.

13 MS. TAYLOR: Okay.

14 THE COURT: You can do that, but phrase it as a  
15 question, please.

16 BY MS. TAYLOR:

17 Q So the trusts that you prepare for your clients, they are  
18 basically trusts that you have researched and you have found  
19 them to be law abiding and to follow in all aspects of the law?  
14:14:34 20 And -- that's the first question.

21 A Yes. And they all pay taxes or there are -- I form them  
22 several different ways. I put trusts underneath limited  
23 liability companies that have straight pass-through income and  
24 then it goes from there to the beneficiary. The beneficiary is  
14:14:58 25 twice removed from the LLC and there are no self-employment or

REDIRECT EXAMINATION - ELMER Phillip O'NEIL VILD

14:15:07 1 FICA taxes. They save 15.3 percent right there on that  
2 particular income. There's income splitting because a lot of  
3 the children are put under trusts, et cetera.

4 And now to get back to your first part of your  
14:15:25 5 question, the trusts where we put a house into it and there  
6 are no expenses or anything until the house is sold, those  
7 don't file income taxes until the house is sold. If it's sold  
8 at a profit, they pay taxes on the profit. If it's sold at a  
9 loss, they get an income tax deduction. It's -- I better  
14:15:56 10 explain --

11 MR. GALATI: Your Honor, I object.

12 THE COURT: We need to go by question and answer.

13 Next question, please.

14 THE WITNESS: Okay.

14:16:03 15 BY MS. TAYLOR:

16 Q Would you say, then -- what I was trying to say was that  
17 all of your trusts that you form, you make sure that they are  
18 100 percent lawful and legal?

19 A Yes. In fact, I quote the IRS Code in them. I use simple  
14:16:21 20 trusts which allows the pass-through through the trust. The  
21 trust does not -- it files an information return, usually, but  
22 it -- the trust itself does not have to pay any taxes. All of  
23 the beneficiaries pay the taxes down below.

24 MR. GALATI: Your Honor --  
25



REDIRECT EXAMINATION - ELMER Phillip O'NEIL VILD

14:16:39 1 BY MS. TAYLOR:

2 Q I see --

3 THE COURT: Hold on just a minute.

4 Mr. Galati?

14:16:42 5 MR. GALATI: I object and move to strike all the  
6 testimony about taxes. He hasn't laid any foundation for being  
7 any expert whatsoever in the taxation of trusts.

8 THE COURT: Overruled.

9 Do you have additional questions, Ms. Taylor?

14:17:05 10 MS. TAYLOR: Yeah, but I lost it.

11 BY MS. TAYLOR:

12 Q Okay. So these trusts, you've already established that  
13 they're lawful and legal. And -- oh, is it -- in your opinion,  
14 do you believe that there -- or in your experience, has there  
14:17:35 15 been a lot of people, especially people that are maybe more  
16 prominent in life, like lawyers and doctors and all of these  
17 type of people, are they more prone to trusts than just the  
18 regular, ordinary person?

19 A The answer, that would take some explanation, because the  
14:17:59 20 answer is yes if you're talking about revocable trusts versus  
21 irrevocable trusts. The lawyers and insurance people, they  
22 normally only know about revocable trusts. The type I --  
23 trusts I write is irrevocable. Completely different, 100 times  
24 better. So I don't know how to answer that, because the  
14:18:23 25 lawyers deal in one area and I deal in another.

REDIRECT EXAMINATION - ELMER Phillip O'NEIL VILD

14:18:27 1

Q I see.

2

A That is more helpful to the client.

3

Q I see. Um-hmm. Okay.

4

But to say that -- there are more and more people using trusts today, you believe?

14:18:38 5

6

A Oh, yes. Yes. Much more. Ever since Dacey wrote the book on avoiding probate in 1965.

7

8

Q And basically they're just used for asset protection mainly, right, and pass --

14:18:56 10

11

A That's one. That's one of the -- that's one of the things we -- we use estate planning. Most of our -- my trusts are written to -- for estate planning. They're not necessarily asset protection. But they're very good at asset protection, but they're to plan for someone's estate so that their assets will be taken -- will be taken care of according to their wishes.

12

13

14

15

16

17

Q Okay.

18

19

And one more question. You may not know this. But normally trusts have beneficiaries that goes to maybe a live person or an entity. But corporation soles, they stay with that entity. They never leave it; is that correct?

14:19:46 20

21

22

23

MR. GALATI: Your Honor, I object. I didn't ask anything about corporation soles.

24

25

THE COURT: Sustained.

MS. TAYLOR: Okay. That's all I had Mr. -- Phil.

REDIRECT EXAMINATION - ELMER Phillip O'NEIL VILD

14:20:05 1

Thank you.

2

THE COURT: All right. Thank you, sir. You can step down.

3

4

THE WITNESS: Thank you, sir.

14:21:43 5

THE COURT: Ma'am, would you please come to the front of the courtroom, all the way up here in the front.

6

7

THE WITNESS: Right here, Your Honor?

8

THE COURT: No, around the lecturn, all the way to the front, please.

9

14:21:55 10

THE WITNESS: Oh. Okay.

11

THE COURTROOM DEPUTY: Please state your name and spell your last name for the record.

12

13

THE WITNESS: Thomasita Ethel Taylor, T-A-Y-L-O-R.

14

**THOMASITA ETHEL TAYLOR,**

15

called as a witness herein, after having been first duly sworn or affirmed, was examined and testified as follows:

16

17

D I R E C T E X A M I N A T I O N

18

BY MS. TAYLOR:

19

Q Hi. Is it okay if I call you "Tommy"? That's what I always call you.

14:22:53 20

21

A You may.

22

Q Would you state your name for the jury and people.

23

A Yes. My name is Thomasita Ethel Taylor. My family and friends do call me "Tommy" for short.

24

14:23:05 25

Q Okay. Tommy, would you state where you live.

DIRECT EXAMINATION - THOMASITA ETHEL TAYLOR

14:23:11 1 A Yes. I live at 2516 West Washington Street, Phoenix,  
2 Arizona 85009.

3 Q Okay.

4 And what is your occupation?

14:23:23 5 A I'm a retired school teacher.

6 Q And can you tell me, you and I have had a relationship  
7 through this research society; is that correct?

8 A It is correct.

9 Q And can you tell me what, basically, you have -- what is  
14:23:43 10 your expertise in study in there?

11 A Well, I don't say I have any expertise, but I do have a lot  
12 of curiosity that a lot of things that we citizens have been  
13 taught in school aren't necessarily true. For example, the  
14 United States has not always had --

14:24:06 15 MR. KNAPP: Objection.

16 THE WITNESS: -- federal income tax.

17 MR. KNAPP: Objection.

18 THE COURT: I think she just needs to have you  
19 describe your involvement in the society rather than begin to  
14:24:12 20 state your views.

21 THE WITNESS: All right.

22 It's a research society. And we research books. We  
23 do research at the law library.

24 BY MS. TAYLOR:

14:24:24 25 Q Okay. And have you had any experience with the IRS?

DIRECT EXAMINATION - THOMASITA ETHEL TAYLOR

14:24:28 1

A I have.

2

Q Would you like to tell us about it?

3

MR. KNAPP: Objection. Relevance.

4

THE COURT: What is the relevancy, Ms. Taylor?

14:24:37 5

MS. TAYLOR: Foundation.

6

THE COURT: For?

7

MS. TAYLOR: Laying a foundation for it might be

8

having something to do with me. My case or something.

9

THE COURT: Well, I think it needs to relate to you,

14:24:51 10

as we've talked about, so why don't you ask the question along

11

those lines.

12

MS. TAYLOR: Well, she's been studying stuff that

13

relates to me.

14

THE COURT: Right. But --

14:25:01 15

MS. TAYLOR: No?

16

THE COURT: Yeah. You need to ask her questions that

17

relate to you, as we've talked about.

18

BY MS. TAYLOR:

19

Q Okay. You know my views. Do you feel that I -- do you

14:25:19 20

believe that I am justified in my belief in believing that

21

there's no -- in believing that there's no -- that I have no

22

duty to pay taxes?

23

MR. KNAPP: Objection. Relevance. Calls for a legal

24

opinion. Improper lay opinion. Foundation.

14:25:46 25

THE COURT: Sustained.

DIRECT EXAMINATION - THOMASITA ETHEL TAYLOR

14:25:51 1 I'll tell you what. Let's do this, Ms. Taylor. We  
2 probably ought to talk through this so you understand where  
3 the ground rules will be. So we're going to go ahead and take  
4 our break at this point.

14:25:59 5 Members of the jury, we're at 2:25 anyway. We'll  
6 excuse you for 15 minutes and have you come back after that.

7 MS. TAYLOR: Can she stay there? Okay.

8 (The jury panel exited the courtroom at 2:26 p.m.)

9 THE COURT: Please be seated.

14:26:34 10 Ms. Taylor, I sustained that objection because the  
11 question you asked is: "Do you believe I'm justified in my  
12 belief?" Meaning is your belief correct; is it justified.  
13 She is not here to give opinions about what is or is not a  
14 valid belief or valid law.

14:26:53 15 Mr. Knapp, you've objected, and I think Mr. Galati  
16 objected a moment ago on the ground that it is improper lay  
17 testimony for an individual to state their view of another's  
18 belief. You cited some cases in your trial memo in support.  
19 I haven't read those. Will you explain to me the basis for  
14:27:18 20 that objection?

21 MR. KNAPP: Your Honor, it seems to me -- and I think  
22 we have discussed this with the defendant before. It seems to  
23 me that the only fact witness testimony that would be  
24 permissible here would be if Ms. Taylor could identify  
14:27:32 25 conversations they had prior to the charged years that led to

## DIRECT EXAMINATION - THOMASITA ETHEL TAYLOR

14:27:36 1 Ms. Taylor holding some of these beliefs. Some sort of  
2 reasonable reliance. You know, some sort of reliance theory.  
3 Otherwise, I don't think that -- I submit that the witnesses'  
4 testimony about the contents of the defendant's mind is not  
14:27:55 5 proper opinion testimony and it's inadmissible.

6 THE COURT: On what basis? I mean, assuming there's  
7 foundation laid -- that she knows the defendant, she's had  
8 conversations, so she's familiar with the defendant's view --  
9 what, then, is the basis or the bases for your objection that  
14:28:12 10 that's improper opinion, lay opinion testimony, under Rule 701?

11 MR. KNAPP: Your Honor, I just don't see how it would  
12 be -- I guess I look at it from the other perspective. I don't  
13 see how it would be proper opinion testimony. It's not the  
14 sort of thing that people can normally opine about, what the  
14:28:33 15 mental state is in another person's mind.

16 THE COURT: Well, here's the problem I'm having with  
17 the argument, Mr. Knapp. Rule 701 allows a nonexpert to state  
18 opinions which are rationally based on the perception of the  
19 witness, which could occur if somebody knows an individual  
14:28:57 20 well; they could have a rational basis from their perceptions  
21 as to what the person believes. It would be helpful to a clear  
22 understanding of the witness's testimony or a determination of  
23 a fact in issue. And a fact in issue here is willfulness. So  
24 Ms. Taylor's good faith beliefs are an issue. And, third, it  
14:29:17 25 must not be based on scientific, technical, or other

DIRECT EXAMINATION - THOMASITA ETHEL TAYLOR

14:29:21 1 specialized knowledge under Rule 702, which this isn't; it's  
2 lay testimony based on observations.

3 As I said, I haven't read these cases you cited, but  
4 when I look at Rule 701, I'm having trouble understanding why  
14:29:38 5 an individual who has enough interaction with somebody to have  
6 a rational perception of their views can't state their opinion  
7 of those views.

8 MR. KNAPP: Your Honor, I think the more appropriate  
9 course would be to have, if this exists, is to have the  
14:29:56 10 defendant elicit from the witness whether she's heard or seen  
11 or otherwise perceived the defendant acting in accordance with  
12 these beliefs. You know, things that would suggest to the  
13 witness that the defendant had these beliefs prior to the  
14 charged years. And then perhaps she can, based on that  
14:30:16 15 testimony, draw -- state her opinion if the Court thinks it's  
16 helpful to the determination by the jury. I submit it's not  
17 helpful to have a summary opinion of, yes, I know her and she  
18 believes this stuff.

19 Even going further, it doesn't matter whether she  
14:30:32 20 really believed the tax laws are unconstitutional or contrary  
21 to the statute. All of that is irrelevant for the willfulness  
22 inquiry. We're asking for a good faith mistaken belief, not  
23 just a disagreement with the law.

24 THE COURT: Well, if I understand what you're saying,  
14:30:53 25 Mr. Knapp, if Ms. Taylor were to lay foundation for the fact



## DIRECT EXAMINATION - THOMASITA ETHEL TAYLOR

14:30:58 1 that a witness had conversations or interactions with her  
2 during the years in question and allowed that witness to form a  
3 perception of what Ms. Taylor believed about the applicability  
4 of tax laws to her, and if the witness could say based on that  
14:31:12 5 perception, "you don't think the tax laws apply to you," then  
6 that's not objectionable.

7 MR. KNAPP: I think that's right, Your Honor. If it  
8 goes to -- again, if it's statements that are probative of  
9 defendant's mental state during the period in question. Not  
14:31:36 10 during 2009, but prior to or contemporaneous with the charged  
11 years.

12 THE COURT: All right. Here's my view of this issue.  
13 Again, based on what Rule 701 says, Ms. Taylor, you can, in my  
14 opinion, ask a witness to express their opinion or their  
14:31:56 15 perception of your views during the relevant years in question,  
16 2003 through 2006, on whether or not the tax laws apply to you.

17 Now, to ask that question, you need to lay the  
18 foundation that they had interacted with you before those  
19 years or during those years enough to have an opinion about  
14:32:15 20 what your views are.

21 What you can't do and what you did in the question  
22 before is you asked her, "Am I justified in my view?" which is  
23 asking her to state her opinion of your opinion. She can't do  
24 that. You can't have her give legal opinions. You can't have  
14:32:31 25 her articulate her reasons for thinking the tax laws may not

DIRECT EXAMINATION - THOMASITA ETHEL TAYLOR

14:32:34 1 apply. We've been over that ground a lot.

2 But you can, if you can lay the foundation for it,  
3 have her or other witnesses state on the basis of interactions  
4 with you their perception that you genuinely do not believe  
14:32:50 5 and did not believe that the tax laws applied to you in 2003  
6 to 2006, which are the relevant years in question.

7 Do you understand that?

8 MS. TAYLOR: Yes.

9 THE COURT: Let's go in that direction when we get  
14:33:00 10 back after the break.

11 MS. TAYLOR: Okay.

12 THE COURT: We'll go ahead and break till a quarter to  
13 so folks in here have close to a 15-minute break.

14 (Recess taken from 2:33 p.m. to 2:48 p.m. Proceedings  
14:33:20 15 resumed in open court with the jury present.)

16 THE COURT: You may continue, Ms. Taylor.

17 BY MS. TAYLOR:

18 Q All right, Tommy, how long have you known me?

19 A Probably since about 1998, 1999.

14:48:45 20 Q Okay. And we stated before we were in the research group.  
21 Can you tell the jury what my beliefs I have related to you are  
22 about paying income taxes?

23 A That those of us who live in the 50 states and without  
24 Washington D.C. are not liable to pay the tax, the federal  
14:49:13 25 income tax.

DIRECT EXAMINATION - THOMASITA ETHEL TAYLOR

14:49:14 1 Q And I have -- I have stated to you many times that you're  
2 not taxed on your labor; is that correct?

3 MR. KNAPP: Objection. Leading.

4 THE COURT: Sustained.

14:49:30 5 BY MS. TAYLOR:

6 Q So we have studied and gone over these laws and regulations  
7 and stuff, and it is my firm belief --

8 MR. KNAPP: Objection. Leading.

9 THE COURT: Sustained.

14:49:43 10 You need to ask a question that doesn't suggest the  
11 answer, Ms. Taylor.

12 MS. TAYLOR: Okay.

13 BY MS. TAYLOR:

14 Q So is it your belief that -- no, it's my belief that -- how  
14:49:53 15 do you ask that kind of question? Is it -- it's my -- it's my  
16 belief that -- I have related my belief to you --

17 A Yes. Within the context of the meeting, the discussion of  
18 the meetings.

19 Q Okay. And what --

14:50:10 20 A And sharing the research that many of us had done at the  
21 law library reading Supreme Court decisions. Reading what  
22 attorneys who have defended tax persons accused of tax crimes,  
23 what they relied upon for the defense of these people.

24 Q Okay. And have I re- -- have I related to you many times  
14:50:41 25 that the law of the land --

DIRECT EXAMINATION - THOMASITA ETHEL TAYLOR

14:50:44 1 MR. KNAPP: Objection. Leading.

2 MS. TAYLOR: -- is what we must abide by?

3 MR. KNAPP: Objection. Leading.

4 THE COURT: Sustained.

14:50:50 5 You're asking the question that contains the answer.

6 You can ask her "What else have I expressed along these

7 lines?" But you can't give her the answer in your question,

8 Ms. Taylor.

9 MS. TAYLOR: Okay.

14:51:01 10 BY MS. TAYLOR:

11 Q What else have I expressed to you along these lines of my  
12 beliefs?

13 A That there are many Supreme Court decisions which support  
14 the fact that the average American citizen is not liable to pay  
14:51:17 15 the federal income tax.

16 Q Okay. And at one time -- and your belief is -- what is  
17 your situation? Tell me a little bit about you.

18 Can I ask that?

19 THE COURT: That's a pretty general question. Why  
14:51:49 20 don't you be more specific.

21 BY MS. TAYLOR:

22 Q Do you have any issues right now with the IRS or --

23 A Yes, I have issues with them, yes.

24 Q Could you tell me a little bit, tell the jury a little bit  
14:52:00 25 about them?

DIRECT EXAMINATION - THOMASITA ETHEL TAYLOR

14:52:01 1 A Well, I share your belief that those Supreme Court  
2 decisions do not allow -- do not support the government taking  
3 federal income tax money. But, unfortunately, I feel that in  
4 the issue of federal income taxes, it's the might of government  
14:52:21 5 that governs, not the right of government.

6 Q Meaning --

7 A Meaning they took a lot of my money, and I think it was  
8 wrong for them to do it; but they have the might to do it.

9 Q I understand.

14:52:36 10 What have they taken from you?

11 MR. KNAPP: Objection. Well, withdrawn.

12 THE WITNESS: They've taken several thousand dollars  
13 of my money. I have had to declare bankruptcy. I've lost a  
14 home.

14:52:50 15 BY MS. TAYLOR:

16 Q And do you currently pay taxes?

17 A Yes.

18 Q Okay.

19 Did they -- did you pay taxes when they took your  
14:53:03 20 home?

21 A I had just started probably in 2007. So the loss of the  
22 home has been very recent, within the last couple of months.

23 Q All right.

24 Do you believe that these -- is this things that are  
14:53:29 25 hardships on the people that are not used sometimes lawfully?

DIRECT EXAMINATION - THOMASITA ETHEL TAYLOR

14:53:40 1 A Well, I -- for 31 years as a teacher, I led my students in  
2 saying the Pledge of Allegiance, which ends with "liberty and  
3 justice for all." I do not believe that we, especially those  
4 of us in the middle and working classes, have liberty and  
14:53:54 5 justice for all. And I think the actions of the IRS prove it.

6 Q All right.

7 MS. TAYLOR: Okay. I have no further questions right  
8 now.

9 THE COURT: Any cross-examination?

14:54:06 10 MR. KNAPP: Yes, Your Honor. Thank you.

11 C R O S S - E X A M I N A T I O N

12 BY MR. KNAPP:

13 Q Good afternoon, ma'am. How are you doing?

14 A Fine, thank you. And you?

14:54:24 15 Q Doing well.

16 So you mentioned you had some problems with the IRS in  
17 the past. They filed some liens on your property; is that  
18 right?

19 A Correct.

14:54:32 20 Q And you're paying taxes now; is that right?

21 A I am.

22 Q The tax liens is because you stopped paying taxes; is that  
23 right?

24 A It is.

14:54:40 25 Q And that was part of your association with this legal

CROSS-EXAMINATION - THOMASITA ETHEL TAYLOR

14:54:43 1 research group; is that right?

2 A It's part of the research I did personally.

3 Q Did you do it in connection with this Legal Research  
4 Society that --

14:54:52 5 A I was present at the discussions we had, but if you're  
6 implying that they told me to do it, no. I did my own personal  
7 research.

8 Q And there's stuff on the Internet about this, right?

9 A Pardon me?

14:55:02 10 Q There's stuff on the Internet about this, right?

11 A On the Internet, the law library. I think that's probably  
12 the best source. I have talked to people who used the law  
13 library extensively. They attend tax court sessions like this  
14 one.

14:55:19 15 Q Now, you mentioned you're a teacher before. What kind of  
16 subject did you teach?

17 A I taught music.

18 Q Do you have any background in law?

19 A No, I do not.

14:55:28 20 Q Do you have an accounting background? Have you ever been a  
21 CPA?

22 A Only the math that I learned in school.

23 Q Okay. Did you ever go to a tax lawyer or CPA before you  
24 tried out some of these tax theories?

14:55:43 25 A No, I did not.

CROSS-EXAMINATION - THOMASITA ETHEL TAYLOR

14:55:45 1 Q Do you kind of wish you had?

2 A No, I do not. It's not about the amount of money; it's the  
3 principle involved.

4 Q And, ma'am, you don't particularly like the IRS, do you?

14:55:56 5 A I do not.

6 Q And during these meetings you had with the defendant, she's  
7 also suggested she doesn't like the IRS very much either.

8 A I have never heard her say that at all. She has talked  
9 about the principle of whether or not we are obligated to pay  
10 according, as I said, to Supreme Court decisions. Mostly  
11 Supreme Court decisions.

12 Q Well, you disagreed about the IRS's interpretation of tax  
13 laws, right?

14 A Well, it seems to me it is the Supreme Court's  
15 interpretation that should rule. I heard that was the highest  
16 law of the land, but evidently I was wrong about that.

17 Q Well, let's just -- is it fair to say you disagree with the  
18 IRS and the income tax laws?

19 A Yes.

14:56:44 20 MS. TAYLOR: Objection, Your Honor.

21 THE COURT: What's the objection?

22 MS. TAYLOR: He's leading her.

23 THE COURT: He can on cross-examination.

24 MS. TAYLOR: It's irrelevant.

14:56:52 25 THE COURT: Overruled.



CROSS-EXAMINATION - THOMASITA ETHEL TAYLOR

14:56:56 1 BY MR. KNAPP:

2 Q You disagree with the IRS, right?

3 A Yes.

4 Q There are parts of what the IRS does you think are

14:57:00 5 unconstitutional?

6 A I do.

7 Q Contrary to the founding fathers, that sort of thing?

8 A I don't think it's contrary to what they said.

9 Q These Supreme Court cases you talked about, they're pretty

14:57:11 10 old, right?

11 A They're pretty old, but as far as I know, they still stand.

12 Q But, again, you've never had training in the law; is that

13 right?

14 A No. But, for example, *Brown versus Board of Education*,

14:57:20 15 that is pretty old now. That was 1954. But it still stands,

16 as far as I know.

17 Q Very true.

18 Have you heard the defendant, Ms. Taylor, talk about

19 her disagreements with the IRS?

14:57:30 20 A I know that she was in tax court, because I was in tax

21 court at the same time. So I know she was in tax court.

22 Q Have you heard the defendant talk about how she thinks the

23 tax laws are unconstitutional?

24 A Yes. In the context of the meeting.

14:57:46 25 Q And have you heard the defendant say she doesn't like to

CROSS-EXAMINATION - THOMASITA ETHEL TAYLOR

14:57:49 1 pay taxes because she thinks the money is wasted?

2 A I have not heard her say that, no.

3 Q You know about Ms. Taylor's -- has Ms. Taylor told you  
4 about the tax liens filed against her?

14:58:03 5 A No, she has not.

6 Q Did she tell about any of the levies of any of her  
7 property?

8 A No.

9 Q Did she tell you about her experience in tax court?

14:58:11 10 A No.

11 Q After you had your liens from the IRS, you changed, you  
12 started filing taxes, right?

13 A The might of government caught up with me. Yes.

14 Q The liens are kind of -- well, never mind. Withdraw that.

14:58:35 15 MR. KNAPP: No further questions, Your Honor. Thank  
16 you.

17 THE COURT: Any redirect?

18 R E D I R E C T E X A M I N A T I O N

19 BY MS. TAYLOR:

14:58:47 20 Q In closing, as long as you've known me, do you believe that  
21 my beliefs are genuine and true?

22 MR. KNAPP: Objection. Calls for improper lay  
23 opinion.

24 THE COURT: Overruled.

14:59:02 25 THE WITNESS: I believe that you believe what you do,

REDIRECT EXAMINATION - THOMASITA ETHEL TAYLOR

14:59:04 1 and that is that the average American is not required to pay  
2 federal income tax.

3 BY MS. TAYLOR:

4 Q And that is my genuine belief and you --

14:59:13 5 A It is.

6 Q And I have expressed that to you?

7 A Based upon research that you have done, I've done, several  
8 others. And I would say mainly that we rely on those Supreme  
9 Court decisions.

14:59:25 10 Q Right.

11 And also the Constitution?

12 A Yes. I'm assuming that's what the Supreme Court is relying  
13 on, is the Constitution.

14 Q That's what they're supposed to rely on.

14:59:35 15 A I hope so.

16 Q Well, thank you.

17 A Thank you.

18 MS. TAYLOR: That will be all.

19 THE COURT: All right. Thanks. You can step down.

15:01:25 20 Sir, would you please come all the way to the front  
21 of the courtroom to be sworn as a witness.

22 All the way up here, please.

23 THE COURTROOM DEPUTY: Please state your name and  
24 spell your last name for the record.

15:01:39 25 THE WITNESS: Terry Major, M-A-J-O-R:

DIRECT EXAMINATION - TERRY MAJOR

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**TERRY MAJOR,**

called as a witness herein, after having been first duly sworn or affirmed, was examined and testified as follows:

D I R E C T E X A M I N A T I O N

BY MS. TAYLOR:

Q Is it okay if I refer to you as Terry?

A That's fine.

Q All right.

Terry, would you tell the jury how long you've known me.

A Since about the year 2000, I would guess.

Q Pretty clear. And I'm not going to ask you how many years that is. You're not very good at adding.

What is your address?

A Currently we are living at 1001 South 6th Street in Cottonwood.

Q Okay. And what is your educational background?

A I've got a BA degree and then some additional college after that. So no masters, but a number of years of education.

Q And where did you first meet me?

A Probably at meetings of the Legal Research Society, which is a local group that's been meeting for about 25 years or so.

Q Are you a notary?

A Yes, I am.

Q Yes?

DIRECT EXAMINATION - TERRY MAJOR

15:03:12 1 And in the past, have you notarized a lot of documents  
2 for me?

3 A Yes. Volumes.

4 Q And we have sent them to the IRS from time to time --

15:03:24 5 A Yes.

6 Q -- most all the time; is that correct?

7 A There were jurats and acknowledgments of your signature at  
8 various times, yes.

9 Q Right.

15:03:36 10 And in these documents, were you made aware of my firm  
11 belief of questioning and asking for assistance on the tax  
12 laws?

13 A Yes. Legal Research Society was involved in studying the  
14 tax laws and had a lot of questions we'd like to have answered,  
15 so you were engaged in that activity.

16 Q Okay. And are you a taxpayer?

17 A Well, I guess it's a matter of opinion. I don't consider  
18 myself by the word "taxpayer" as one word. I'm a tax payer,  
19 two words. I pay taxes.

15:04:16 20 Q Can you elaborate a little bit on that?

21 A Well, "taxpayer" as one word, it's kind of a special word.  
22 You have to be liable for the tax, and they're talking about  
23 the income tax specifically. And I don't believe that most  
24 Americans are liable for the income tax.

15:04:30 25 Q And is it -- do you believe that I am -- I have a sincere

DIRECT EXAMINATION - TERRY MAJOR

15:04:36 1 belief that I'm not liable for taxes either? Have I expressed  
2 that to you?

3 A Yes. Many times.

4 Q And you do know the difference between taxpayer and  
15:04:52 5 non-taxpayer?

6 A Yes.

7 Q Can you elaborate a little bit on that.

8 MR. GALATI: Objection, Your Honor. Lack of  
9 foundation and irrelevant.

10 THE COURT: Sustained.

11 BY MS. TAYLOR:

12 Q Okay. So can you give a little bit of example of some of  
13 the things that we study at the research group?

14 A Well, there's been -- I know there are many questions about  
15:05:32 15 finding a law that requires one to pay the tax or file the tax  
16 return. And there have been rewards offered for that. We've  
17 not found it, so we've been engaged in tax court and so forth.

18 MR. GALATI: Your Honor, I object. He's offering  
19 opinions about the law.

20 THE COURT: Sustained.

21 MR. GALATI: Move to strike, Your Honor.

22 THE COURT: I'll grant that.

23 Please disregard the previous answer.

24 BY MS. TAYLOR:

25

DIRECT EXAMINATION - TERRY MAJOR

15:06:05 1 Q Is it your sincere belief that there is no law -- that we  
2 have been unable to find a law that makes us liable for tax?

3 MR. GALATI: Your Honor, I object. It is irrelevant.

4 THE COURT: Sustained.

15:06:39 5 BY MS. TAYLOR:

6 Q And in our research group that we are currently involved  
7 in, would you say that we study a lot of other things besides  
8 just taxes?

9 A I think the topic of income tax has not really been covered  
15:07:00 10 much lately. More with foreclosures and other types of legal  
11 suits. One important suit is on traffic. So we do cover other  
12 issues besides the income tax.

13 Q Right. So it's not like -- would you say that -- would you  
14 have any belief that I am trying to buck the system or against  
15:07:24 15 the system as it stands? Have I portrayed that to you in any  
16 way?

17 A I would just say you're trying to find the truth on the  
18 income tax and you honestly believe you're not liable for the  
19 tax.

15:07:38 20 Q Okay.

21 MS. TAYLOR: All right. That's all I have at this  
22 time.

23 THE COURT: Cross-examination?

24 MR. GALATI: Thank you, Your Honor.

25

CROSS-EXAMINATION - TERRY MAJOR

11:19:09 1 C R O S S - E X A M I N A T I O N

2 BY MR. GALATI:

3 Q Mr. Major, how often have you met with Ms. Taylor since the

4 year 2000, when you met her?

15:07:59 5 A I would have no idea the number of times. Quite often.

6 She used to come to the meetings every few weeks, and I've been

7 at every meeting that I can remember since 2000. So it's a

8 once-a-week meeting.

9 Q So you've had a lot of interaction with her?

15:08:12 10 A Lot of interaction.

11 Q Has she discussed with you her tax court case?

12 A At the time she went to tax court, I think I was in tax

13 court the same time.

14 Q And the court told her she was wrong, correct?

15:08:25 15 A I don't recall what happened in her case.

16 Q Has she told you whether she won or lost?

17 A I would assume she lost, because we all did.

18 Q Are you the head of this legal research group?

19 A Unfortunately, currently, yes. The man who was running the

15:08:41 20 group died, and I've been keeping it together.

21 Q Who was that?

22 A His name was John Wild.

23 Q Who is J.C. Chisum?

24 A J.C. Chisum was the chaplain of our group.

15:09:02 25 Q You have, currently, several IRS tax liens filed against



CROSS-EXAMINATION - TERRY MAJOR

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you, don't you?

A I believe so, yes.

Q How many do you know about?

A Oh, I have no idea. Maybe four or five.

Q Is there at least one for 11,900?

MS. TAYLOR: Objection, Your Honor. Irrelevant.

THE WITNESS: I don't recall.

THE COURT: Hold on just a minute.

Well, he answered the question, that he doesn't recall.

BY MR. GALATI:

Q There's one in Yavapai County for --

MS. TAYLOR: Objection, Your Honor. Irrelevant.

THE COURT: What's the relevancy --

MR. GALATI: Bias and prejudice, Your Honor.

THE COURT: -- Mr. Galati?

MR. GALATI: Bias and prejudice.

THE COURT: Objection is overruled.

THE WITNESS: In Yavapai County, I don't believe there's any that I know of.

BY MR. GALATI:

Q Filed the 20th of November of 2008? For \$11,899?

A In Yavapai County? Not that I know of.

Q Is there one in Maricopa County filed the 7th of September of 2007 for \$40,072?

CROSS-EXAMINATION - TERRY MAJOR

15:10:01 1 A Again, I'm not familiar with the numbers or the dates that  
2 they're filing.

3 Q Is there another one in Maricopa County filed the 10th of  
4 July, 2006 --

15:10:10 5 MS. TAYLOR: Objection, Your Honor. Irrelevant.

6 THE WITNESS: I don't have those records.

7 THE COURT: Overruled.

8 Excuse me just a minute. Let's not talk at the same  
9 time.

15:10:18 10 Objection is overruled.

11 BY MR. GALATI:

12 Q In the amount of \$9,101?

13 A Again, I don't have those records, and I'm not aware of it.

14 Q How many are you aware of?

15:10:25 15 A I just said I thought there were four or five, but I'm not  
16 positive.

17 Q What's the status of them?

18 A There's -- basically uncollectible. I don't have a job.

19 Q That was my next question. What do you do for a living?

15:10:39 20 A I'm taking care of my wife who is disabled, and I do some  
21 odd jobs occasionally.

22 Q What type of odd jobs do you do?

23 MS. TAYLOR: Objection, Your Honor. Irrelevant.

24 THE COURT: Overruled.

15:10:54 25 THE WITNESS: I used to repair computers and do some

CROSS-EXAMINATION - TERRY MAJOR

15:10:57 1 computer work, so occasionally I repair computers; and I have  
2 been helping Mr. O'Neil, who was up here earlier, with some of  
3 the trust work he's doing.

4 BY MR. GALATI:

15:11:05 5 Q Do you get paid for that?

6 A Actually, not very much, so I would say no.

7 Q What else do you do to earn money?

8 A I'm a notary, so I've done some mortgage closings.

9 MR. GALATI: No further questions, Your Honor.

15:11:31 10 THE COURT: Any redirect?

11 R E D I R E C T E X A M I N A T I O N

12 BY MS. TAYLOR:

13 Q Terry, do you feel that these liens that have been placed  
14 against you were placed lawfully?

15:11:44 15 MR. GALATI: Your Honor, I object. Irrelevant.

16 THE COURT: Overruled. That door was opened.

17 THE WITNESS: Okay. Well, let's put it this way. I  
18 filed tax returns that hadn't been filed to get them to leave  
19 me alone. Bottom line. Because I filed the returns and they  
15:12:04 20 placed the liens. So it was my own doing.

21 BY MS. TAYLOR:

22 Q So you are currently a filer?

23 A I would say when I'm required to file, if I have sufficient  
24 income to file, I will file, yes.

15:12:16 25 Q Right.

REDIRECT EXAMINATION - TERRY MAJOR

15:12:17 1 But before, when you didn't file, they came after you  
2 when you started filing --

3 A No --

4 Q -- is that correct?

15:12:24 5 A -- there was -- the problems arose and then I got all the  
6 things current just to get things over with.

7 Q So basically do you think -- has the IRS pretty much broke  
8 you?

9 A Pretty much, yes.

15:12:42 10 Q And do you believe that -- do you feel that I am very  
11 sincere in my beliefs about standing on the principles and the  
12 laws that I have been taught and read about in my beliefs --

13 A Yes.

14 Q -- that there are -- about taxes? About me not being  
15 liable for taxes?

16 A You have stuck to it perfectly and done a good job.

17 Q Even --

18 A I'm proud of you.

19 Q Even though you told me not to?

15:13:15 20 A Well, I told you what I thought would happen. We haven't  
21 gotten there yet.

22 Q Right.

23 And I told you, "I hope you're wrong."

24 A Right.

15:13:29 25 MS. TAYLOR: Okay. That's all.

REDIRECT EXAMINATION - TERRY MAJOR

15:13:30 1 THE COURT: All right, thanks.

2 Mr. Major, you can step down.

3 Sir, would you come to the front of the courtroom to  
4 be sworn as a witness.

15:14:49 5 THE WITNESS: May I approach?

6 THE COURTROOM DEPUTY: Please state your name and  
7 spell your last name for the record.

8 THE WITNESS: Gale Lawrence Webb, W-E-B-B. Major in  
9 United States Air Force, retired.

15:15:02 10 THE COURTROOM DEPUTY: How do you spell your first  
11 name?

12 THE WITNESS: G-A-L-E.

13 **GALE LAWRENCE WEBB,**

14 called as a witness herein, after having been first duly sworn  
15 or affirmed, was examined and testified as follows:

16 D I R E C T E X A M I N A T I O N

17 BY MR. KNAPP:

18 Q Is it okay if I call you Gale?

19 A Please.

15:15:29 20 Q Okay.

21 Would you state your full name and address for the  
22 jury.

23 A Gale Lawrence Webb, major, United States Air Force,  
24 retired. 927 East Libra Drive, Tempe, Arizona.

15:15:45 25 Q And what is your educational background?

DIRECT EXAMINATION - GALE LAWRENCE WEBB

15:15:47 1 A Bachelor of science; United States Air Force pilot;  
2 instructor pilot; commercial pilot; owner of Express Cargo  
3 Airline. Married 45 years. That was a big training.

4 Q Have you ever been involved in any groups of teaching any  
15:16:17 5 kind of educational or any --

6 A Educational subjects of?

7 Q Of any sort.

8 A Well, all the training that I have received in the Air  
9 Force, from POW training to survival training to weapons firing  
15:16:35 10 training to teaching. I spent the last tour of duty teaching  
11 young pilots to fly jet airplanes.

12 Q And are you retired today?

13 A I am.

14 Q And do you currently pay income tax?

15:16:50 15 A No.

16 Q Can you elaborate a little bit on why you don't pay income  
17 tax?

18 A I'm not a taxpayer.

19 MR. KNAPP: Objection. Relevance.

15:16:59 20 THE COURT: Excuse me. If he stands up to object, if  
21 you could just wait until I rule on the objection, please.

22 THE WITNESS: Yes, sir. Thank you.

23 THE COURT: Sustained.

24 THE WITNESS: Would you repeat the question, please?

15:17:11 25 THE COURT: I sustained the objection to the question,

DIRECT EXAMINATION - GALE LAWRENCE WEBB

15:17:12 1 which means she needs to move on to another question.  
2 BY MS. TAYLOR:  
3 Q So you said that -- are you living on -- what kind of  
4 income do you get currently? I mean, are you on pension or --  
15:17:28 5 A I have social security, and I have a military retirement.  
6 Q All right. And you currently don't pay any taxes?  
7 A Are you talking about excise taxes --  
8 Q Income taxes.  
9 A I do not pay any income taxes. That is currently an  
15:17:49 10 argument that I have with the Internal Revenue Service, and  
11 they are confiscating 65 percent of my military pay instead of  
12 15 percent. They are confiscating 15 percent appropriately for  
13 the argument from social security. That is not a big deal. My  
14 home is in foreclosure because I can't pay for the home.  
15:18:10 15 That's due to the Internal Revenue Service actions that are  
16 illegal. In my opinion.  
17 Q And we're seeing that happening more and more, aren't we,  
18 across the --  
19 A I noticed --  
15:18:22 20 MR. KNAPP: Objection.  
21 THE COURT: Excuse me. Just a minute.  
22 Objection?  
23 MR. KNAPP: Relevance.  
24 THE COURT: Sustained.  
25

DIRECT EXAMINATION - GALE LAWRENCE WEBB

15:18:27 1

BY MS. TAYLOR:

2

Q Is it your -- do you know that I have a sincere belief in

3

my -- did I ask you how long you've known me?

4

A No.

15:18:40 5

Q How long have you known me?

6

A I'm going to say about ten years since you first came to my

7

assembly for Shebat on a Saturday.

8

Q I think it's been a little longer than that, but we'll go

9

with that.

15:18:52 10

A Well, I've got an old memory.

11

Q My beliefs -- do you believe that my beliefs have always

12

been very sincere in standing up for what the Constitution has

13

taught me and the tax laws of the land?

14

A I believe that you have been sincere in your beliefs. They

15:19:13 15

are similar to mine. We've had that conversation. Part of

16

those -- what is our culture structured on? And I believe it

17

is structured on the Word. And that's where we have located, I

18

have located, and I believe you have located your beliefs.

19

Q All right.

15:19:33 20

First the Lord and then the man.

21

A That's the way it happened.

22

Q Right.

23

So when did they come after your house?

24

A Well, they keep saying they're coming after it, but they

15:20:07 25

did not do so. What they did was eliminate my source of funds



DIRECT EXAMINATION - GALE LAWRENCE WEBB

15:20:11 1 so that I could not pay for it; therefore, the bank has  
2 foreclosed on the house. The IRS agent, a Jerry Carter Young  
3 or Jerry Young --

4 THE COURT: Is there an objection, Mr. Knapp?

15:20:27 5 MR. KNAPP: Objection. Relevance, Your Honor.

6 THE COURT: Sustained.

7 MS. TAYLOR: Okay.

8 BY MS. TAYLOR:

9 Q Yeah, he -- I believe he's in here.

15:20:39 10 THE COURT: You need to ask another question.

11 MS. TAYLOR: Okay.

12 THE WITNESS: Did ask you me "is he here"?

13 THE COURT: No --

14 MS. TAYLOR: No. No. I was -- I was talking to my  
15:20:49 15 mind too loud.

16 THE WITNESS: He is.

17 MS. TAYLOR: Sorry about that.

18 BY MR. KNAPP:

19 Q So in your experience of having all of these problems and  
15:21:05 20 them taking away your money and everything else, do you believe  
21 that is a lawful action?

22 MR. KNAPP: Objection. Relevance. Calls for a legal  
23 opinion.

24 THE COURT: Sustained.

25

DIRECT EXAMINATION - GALE LAWRENCE WEBB

15:21:15 1 BY MS. TAYLOR:

2 Q And do you believe that we are supposed -- the  
3 Constitution, do you believe that that is the law of the land?

4 A May I ask? Did you say, "Is the Constitution the law of  
15:21:30 5 the land?"

6 Q Yes.

7 A Do I believe that?

8 Q Yes.

9 A Yes, I do, if you're talking about the original  
15:21:36 10 jurisdiction.

11 Q Right.

12 And do you believe that we're supposed to abide by  
13 that, by the laws of the land and in our four organic laws, the  
14 Declaration of Independence, and the Articles of Confederation,  
15 Northwest Territory, which led to the Constitution, all of  
15:21:57 16 those are the four organic laws that created this great  
17 country?

18 MR. KNAPP: Objection. Relevance.

19 THE COURT: Sustained.

15:22:12 20 MS. TAYLOR: Okay. I have no further questions right  
21 at this time, then.

22 THE COURT: Cross-examination?

23 MR. KNAPP: Thank you, Your Honor.  
24  
25

CROSS-EXAMINATION - GALE LAWRENCE WEBB

11:19:09 1 C R O S S - E X A M I N A T I O N

2 BY MR. KNAPP:

3 Q Afternoon, sir.

4 A Afternoon.

15:22:28 5 Q Approximately how much money do you owe in tax debt?

6 A How much do I owe?

7 Q Yes.

8 A I do not know. They won't tell me.

9 Q Haven't you been mailed some tax liens?

15:22:39 10 A I do not know that they are accurate or appropriate.

11 Q Well, the tax liens have numbers on them, right?

12 A I think they do.

13 Q And at least one of them has a number over \$200,000, right?

14 A I don't recall that as being a single entry.

15:22:55 15 Q Don't you have a tax lien in Maricopa County from October

16 11, 2005, for \$220,100 -- \$220,183?

17 A I do not know if that is accurate or not. They will not

18 give me an accounting.

19 Q Again, but have you seen the numbers on the tax lien?

15:23:12 20 A I have seen notice of -- notice of levies. No tax liens,

21 sir.

22 Q Okay.

23 You've talked -- are you part of this Legal Research

24 Society?

15:23:30 25 A I don't know what you're talking about. I'm not associated

CROSS-EXAMINATION - GALE LAWRENCE WEBB

15:23:33 1 with anybody but myself and my creator.

2 Q You talked with the defendant about taxes, though, right?

3 You talked with Ms. Taylor, the defendant?

4 A Oh --

15:23:43 5 Q -- about taxes?

6 A -- in a manner, yes. As it came up. My house, how are you

7 doing, what have you; but nothing specific as far as "is this

8 or that appropriate." I think there's been occasions where a

9 complaint about a methodology arose. In my case, I explained

15:24:04 10 to her why I had an alleged tax. So in that respect, those are

11 one-on-one --

12 Q I'm mostly concerned about, mostly interested in what

13 Ms. Taylor has said, the defendant. So you said that you don't

14 recall any details or specifics of conversations?

15:24:25 15 A I'm sorry. I didn't hear you, sir.

16 Q Did you say you don't recall many details of the

17 conversation?

18 A I don't recall specific details. She has mentioned

19 something in the neighborhood of trusts. I don't know anything

15:24:36 20 about trusts. Truly don't know anything about trusts, but I

21 have heard her speak of a problem with trusts that should not

22 exist, and that's about the end of it.

23 Q Okay.

24 Have you talked with Ms. Taylor in detail about the

15:24:52 25 tax laws?

CROSS-EXAMINATION - GALE LAWRENCE WEBB

15:24:57 1 A I think I have told her what I felt a law was.

2 Q Have you talked with her in detail about her disagreements  
3 with the tax laws?

4 A No. I don't understand the question, I think. I have not  
15:25:10 5 been a party to her existence or her secular world. I have  
6 been a part of the religious, scriptural world and that it's  
7 been related to that's where the law of this court, everywhere,  
8 comes right out of the Bible. So in that respect, I've talked  
9 about it.

10 Q Okay. Let me just back up, though. Have you talked in  
11 detail with Ms. Taylor about her disagreements with the tax  
12 laws?

13 A No, I don't recall any instance of advising or questioning  
14 her.

15:25:46 15 Q So how do you know her beliefs are sincere?

16 A No man knows another man's heart. But I have been told and  
17 I have seen her demonstrate her understanding of scripture.  
18 I --

19 Q Wait. Wait. Wait. Sir, I don't want to go into  
15:26:06 20 scripture. I'm talking about tax laws.

21 A I said I don't have any conversations with her concerning  
22 her tax laws.

23 Q Okay. Do you know whether she -- have you ever talked to  
24 her about her own tax liens or tax court disputes?

15:26:22 25 A I do not recall discussing that with her.

CROSS-EXAMINATION - GALE LAWRENCE WEBB

15:26:26 1 Ms. Taylor and I had a professional relationship  
2 while she was in prison on a civil matter. I took papers to  
3 her. I'm a paralegal, allowed to do so. I knew her while I  
4 was in prison for contempt of court. And I met her there.  
15:26:51 5 After I met her ten years before in my home.

6 Q And I was going to ask you about that. You served almost a  
7 year in federal prison; is that right?

8 A Actually, 361 days. I entered the front door of this  
9 building and came out that front door 361 days later.

15:27:07 10 Q That was for refusing to comply with a court's order; is  
11 that right?

12 A I don't recall it being a court order. I refused to comply  
13 with a summons that had the word "offense" in it, which is a  
14 felony; and I do not commit felonies, even misdemeanors. I  
15 refused to bend my knee to somebody that wanted me to break my  
16 law. I have had POW training, as I said before. I can handle  
17 that.

18 Q Okay. A judge ordered you to turn over some records; is  
19 that right?

15:27:36 20 A I beg your pardon?

21 Q A judge ordered you to turn over some records?

22 A I believe that was the basic thing. He wanted me to turn  
23 over records I turned over two years before.

24 Q And you said no, and you went to prison; is that right?

15:27:48 25 A That is correct. Because the summons that he signed had

CROSS-EXAMINATION - GALE LAWRENCE WEBB

15:27:51 1 the word "offense" on it, and I have not committed any felony.

2 Q I mean, you would agree with me that --

3 A Could I --

4 Q Well, wait a minute.

15:28:00 5 A -- drink of water, please.

6 Q Oh, sure.

7 A Getting a little dry.

8 Q Your income today is from social security and from the  
9 military pension; is that right?

15:28:25 10 A All that is left after the IRS takes it.

11 Q So your income, your entire income is coming from tax  
12 dollars; is that right?

13 A I don't know where they get it from, except the social  
14 security is supposed to be coming from money I put into it for

15:28:39 15 the last -- I am 73. So I've been putting in social security  
16 for a long time. I will draw not all of it out before I die, I  
17 would imagine.

18 Q And that comes from taxes, though, right?

19 A I don't --

15:28:52 20 Q Social security --

21 A I'm not familiar with that sort of term, so I can't answer  
22 you directly; except that it comes from money taken out of  
23 former paychecks. So it's not taxes, is it?

24 Q All right.

15:29:05 25 Disagreeing with the income tax laws is convenient,

CROSS-EXAMINATION - GALE LAWRENCE WEBB

15:29:10 1 isn't it?

2 A Say that again, please?

3 Q You don't want to pay taxes, right?

4 A Oh, I pay lots of taxes, sir.

15:29:17 5 Q You don't like paying taxes, though, right?

6 A I don't think anybody does, so that is probably a bad  
7 question.

8 Q Yes.

9 And is the situation where your preferences just  
10 happen to line up with your beliefs on taxes?

11 A Are you speaking consumption taxes --

12 Q I'm talking income taxes.

13 A -- excise taxes?

14 I'm sorry?

15:29:38 15 Q I'm talking income taxes.

16 A I don't have an income tax.

17 MR. KNAPP: Okay. No further questions, Your Honor.

18 THE COURT: Any redirect?

19 MS. TAYLOR: Uh-huh.

11:19:09 20 R E D I R E C T E X A M I N A T I O N

21 BY MS. TAYLOR:

22 Q Gale, you're not a person that is opposed to paying taxes,  
23 are you?

24 A I don't think so.

15:30:03 25 Q And do you feel like you pay your fair share of taxes?



REDIRECT EXAMINATION - GALE LAWRENCE WEBB

15:30:06 1 A I pay the appropriate taxes, yes.

2 Q And do you feel that the income tax is an appropriate tax?

3 MR. KNAPP: Objection. Relevance. Calls for a legal  
4 opinion.

15:30:20 5 THE COURT: Overruled in the context of the prior  
6 question.

7 You can answer.

8 THE WITNESS: Would you --

9 THE COURT: You can answer.

15:30:29 10 THE WITNESS: Would you ask the question again or have  
11 it read back to me?

12 MS. TAYLOR: Would you read it back, please, ma'am?

13 (The record was read.)

14 THE COURT: That was asked after you said you pay  
15 appropriate taxes. So that's why I thought it was an  
16 appropriate question.

17 THE WITNESS: Thank you.

18 I believe it's an appropriate tax for taxpayers.

19 BY MS. TAYLOR:

15:30:55 20 Q Do you believe you are a taxpayer?

21 A No, I am not a taxpayer. I have revested title. I have no  
22 benefits or privileges from the corporation formed in 1787 by  
23 the 45th Congress called, in all cap letters, "United States of  
24 America."

15:31:12 25 Q Which is a corporation, you say?

REDIRECT EXAMINATION - GALE LAWRENCE WEBB

15:31:13 1 A That is correct.

2 Q And is that what -- is that -- could you elaborate on that  
3 a little bit?

4 A Yes. The corporation is tasked by the de jure government  
15:31:29 5 to do certain businesses for the United States of America,  
6 lower case "U." That is where it came from, of 1787, amended  
7 in 1791 with the Bill of Rights, and has three additional  
8 amendments.

9 The business of the corporation is to run the  
15:31:48 10 highways, to the bridges, the infrastructure, protect us from  
11 foreign invasion; those things that a business is supposed to  
12 do. They are allowed to collect income tax from their  
13 employees or their officers of the corporation and from those  
14 people that earn a living from the tax, the federal  
15:32:16 15 government, the corporation. I do not do any of these things.  
16 I have revested title. I have notified the IRS as to who I am  
17 and what my beliefs are, and they have not yet answered yes or  
18 no. They are just out there.

19 They are a debt collection for the federal reserve  
15:32:35 20 bank, in my opinion. They are attempting to collect all of  
21 the taxes they can for the federal reserve bank, not for the  
22 government. The government has a tendency to need to borrow  
23 money. And when they want to borrow money, they use  
24 collateral; and that collateral then is to go over to the  
15:32:54 25 federal reserve, and they print up whatever money the

REDIRECT EXAMINATION - GALE LAWRENCE WEBB

15:32:58 1 government asks -- the Congress asks for. That is money that  
2 is --

3 MR. KNAPP: Objection. Relevance.

4 THE COURT: Sustained.

15:33:08 5 MS. TAYLOR: Okay.

6 BY MS. TAYLOR:

7 Q Mr. Knapp tried or was asking you if you -- I don't  
8 think -- I don't know if you understood what he was trying to  
9 get at, but in your opinion do you believe that I am sincere in  
10 my beliefs of the status that I have acquired, that I don't --  
11 I'm not a person required to pay income taxes on my labor?

12 MR. KNAPP: Objection, Your Honor. I believe there's  
13 no foundation.

14 THE WITNESS: May I?

15:33:43 15 THE COURT: Hold on just a minute.

16 On the basis of your cross, you're saying there's no  
17 foundation?

18 MR. KNAPP: Correct.

19 THE COURT: Sustained.

15:34:01 20 MS. TAYLOR: He can answer?

21 THE COURT: No. I sustained the objection.

22 BY MS. TAYLOR:

23 Q Okay. Is it -- have you heard me express, more than once  
24 have you heard me express that it is my sincere belief that I  
15:34:17 25 am not a person liable for the income taxes?

REDIRECT EXAMINATION - GALE LAWRENCE WEBB

15:34:22 1 A I have heard you express that, and I believe you are of  
2 pure heart and clean hands. My character assessment of you is,  
3 yes, you are appropriate.

4 Q And have you also been a witness to me sending in documents  
15:34:44 5 to the IRS in offering to pay or settle any kind of debt that I  
6 might owe if they would just verify the debt?

7 A I have heard you mention it. In fact, I think I heard  
8 Mr. Galati make that statement. If I didn't hear him make it,  
9 I know that he intended to; and you told me he gave you a  
15:35:03 10 document for a plea bargain or something?

11 Q That's correct, yes.

12 And in your opinion, when I told you about that plea  
13 bargain --

14 MR. KNAPP: Objection. Relevance.

15:35:21 15 THE COURT: Sustained.

16 BY MS. TAYLOR:

17 Q In your opinion, did you see me struggle very, very hard in  
18 whether to accept this plea bargain --

19 MR. KNAPP: Objection. Relevance and leading.

15:35:41 20 THE COURT: Sustained.

21 Sustained.

22 BY MS. TAYLOR:

23 Q Okay. In your opinion, is it your belief that -- is it  
24 your opinion that I believe that I'm not a person liable for  
15:36:08 25 tax?

REDIRECT EXAMINATION - GALE LAWRENCE WEBB

15:36:09 1 MR. KNAPP: Objection. Foundation.

2 THE COURT: Sustained.

3 MS. TAYLOR: What am I saying wrong? Think about it  
4 more.

15:36:24 5 BY MS. TAYLOR:

6 Q Have I expressed to you my strongly held beliefs that I  
7 don't believe I'm a person liable?

8 A Yes, you have.

9 Q And that the income tax is not applicable to me?

15:36:45 10 A Yes, you have.

11 Q Do you believe that I have done this because -- have I ever  
12 indicated to you that my stance is because I have an ill  
13 feeling about the government?

14 A No, I don't think you have expressed an ill feeling about  
15 the government. I believe you have expressed your true  
16 feelings, to me anyway, about the difficulties that the  
17 congressional leadership has put upon us.

18 Q Yes.

19 Are you happy with the way the government has treated  
15:37:40 20 you in the past?

21 MR. KNAPP: Objection. Relevance.

22 MS. TAYLOR: Or the IRS. I shouldn't say the  
23 government.

24 THE COURT: Sustained.

15:37:51 25 MS. TAYLOR: Okay.

REDIRECT EXAMINATION - GALE LAWRENCE WEBB

15:37:51 1 BY MS. TAYLOR:

2 Q Is it your belief that a man is entitled to the fruits of  
3 his labor?

4 A Absolutely.

15:37:58 5 Q Is it your belief that we -- God gave us the right of  
6 life -- to pursue life, liberty, and happiness and -- one  
7 question. To pursue life, liberty, and happiness?

8 A That is what I was taught since a little boy in grade  
9 school, junior high, high school, college, and the military.

15:38:27 10 Q And in these teachings and beliefs, is it your belief that  
11 we are all -- all men are created equal?

12 A Absolutely.

13 Q And that there is none -- no one over us that can make us a  
14 slave?

15:38:53 15 A That is against my opinion. The documents you mentioned  
16 earlier: Articles of Confederation, the Northwest Ordinance,  
17 the Declaration of Independence, and the Constitution of the  
18 United States of America, lower case "U."

19 Q Do you think that we have slowly but surely by not being  
15:39:15 20 alert and paying attention to what is going on in the  
21 government and because we're so busy with our lives, do you  
22 believe that the government has usurped those powers a little  
23 bit?

24 A We are the proximate --

15:39:31 25 MR. KNAPP: Objection --

REDIRECT EXAMINATION - GALE LAWRENCE WEBB

15:39:33 1 THE COURT: Hold on. Hold on. There's an objection.

2 MR. KNAPP: Objection. Relevance.

3 THE COURT: Sustained.

4 BY MS. TAYLOR:

15:39:39 5 Q Do you believe that our once-free nation and once-free  
6 country has deteriorated over the years?

7 MR. KNAPP: Objection. Relevancy. This is  
8 inappropriate.

9 THE COURT: Sustained.

15:39:54 10 BY MS. TAYLOR:

11 Q Do you believe that --

12 THE COURT: Ms. Taylor, as we've talked about, it is  
13 you that is the relevant issue. And I think these opinions of  
14 Mr. Webb that he holds are not relevant to the issues that the  
15 jury needs to decide. That's why I'm sustaining all of these  
16 objections.

17 MS. TAYLOR: Okay. All right.

18 BY MS. TAYLOR:

19 Q So it is your true belief that I believe -- in my firm  
15:40:25 20 heart that I believe that the principles I'm standing on today  
21 concerning the tax laws are absolutely, in my mind, fixed,  
22 permanent, and through my studies and I'm -- this is my firm  
23 belief?

24 MR. KNAPP: Objection. Same objection.

15:40:48 25 THE COURT: Sustained.

REDIRECT EXAMINATION - GALE LAWRENCE WEBB

15:40:50 1 MS. TAYLOR: How did I say that wrong?  
2 THE COURT: You didn't. I've sustained the objection  
3 for lack of foundation.  
4 BY MS. TAYLOR:  
15:41:02 5 Q Have I told you --  
6 THE COURT: If you -- okay. Go ahead.  
7 BY MS. TAYLOR:  
8 Q Have I told you in the past that I sincerely believe my  
9 stance on the tax issues?  
15:41:14 10 A Yes, you have. And as I responded to you, we're the  
11 proximate cause of our own situation.  
12 Q Can you elaborate on that a little bit?  
13 A For lack of taking responsibility, or, as I would say, out  
14 of the Bible, taking the staff of responsibility and walking  
15:41:33 15 with it, we are letting our country down. We're not doing our  
16 responsible part. We have been complacent with the best  
17 country in the world, and we're letting it get into a  
18 dictatorship, and that is wrong. We need to step up as  
19 individuals responsibility, as I believe you have --  
15:41:55 20 MR. KNAPP: Objection, Your Honor. Relevancy.  
21 THE COURT: Sustained.  
22 MS. TAYLOR: That will be all, Mr -- Gale. Thank you.  
23 THE COURT: All right. Thanks.  
24 Mr. Webb, you can step down.  
15:42:05 25 THE WITNESS: Thank you, sir.



REDIRECT EXAMINATION - GALE LAWRENCE WEBB

15:43:33 1 THE COURT: Sir, would you come to the front of the  
2 courtroom, please. Around the lecturn, all the way to the  
3 front, please.

4 THE COURTROOM DEPUTY: Please state your name and  
15:43:46 5 spell your last name for the record.

6 THE WITNESS: Michael Bigley, B-I-G-L-E-Y.

7 **MICHAEL BIGLEY,**

8 called as a witness herein, after having been first duly sworn  
9 or affirmed, was examined and testified as follows:

10 D I R E C T E X A M I N A T I O N

11 BY MS. TAYLOR:

12 Q Can I call you Mike?

13 A Yes, please.

14 Q Would you state your name for the record, please?

15:44:51 15 A Michael Bigley.

16 Q Okay. And are you currently employed, Mike?

17 A No, I'm not employed.

18 Q What did you used to do?

19 A I've been in the electronic industry for about 20 or 30  
15:45:07 20 years. Electrical engineering, manufacturing, design,  
21 facilities, things like that.

22 Q And how do you know me?

23 A I met you two or three years ago at the Legal Research  
24 Society in one of my many visits I had to that organization.

15:45:22 25 Q And do you attend or belong to any other organizations or

DIRECT EXAMINATION - MICHAEL BIGLEY

15:45:26 1 study groups?

2 A Yeah, I do. I've been involved with several different  
3 groups. Some associated with trying to reestablish rights of  
4 individuals against our government. One of those is called  
15:45:43 5 "The Lawmen." It was out of Minneapolis, Minnesota.  
6 Minnesota, I think. I'm not sure. And I've looked at other  
7 different organizations, but I've been involved in foreclosure  
8 meetings and looking into foreclosures and the violations on  
9 the law and the court and issues associated with foreclosures  
10 and false documents and things like that, yes.

11 Q Could you explain to the jury of how your discovery of  
12 truth about all of the tax laws started?

13 MR. GALATI: Your Honor, I object. It is irrelevant.

14 THE COURT: Sustained.

15:46:27 15 BY MS. TAYLOR:

16 Q Have you ever represented people before the IRS?

17 A I have.

18 Q In what capacity?

19 A As a representative. Most of the time as power of attorney  
15:46:43 20 for 'em.

21 Q And what has been your experience when you meet with the  
22 IRS employees?

23 MR. GALATI: Object, Your Honor. It's irrelevant.

24 THE COURT: Sustained.

15:46:55 25 MS. TAYLOR: Okay.

DIRECT EXAMINATION - MICHAEL BIGLEY

15:46:56 1 BY MS. TAYLOR:

2 Q Is it your -- in working with me over the last few years,  
3 is it your belief that I am -- my convictions and my beliefs of  
4 the tax laws are -- I firmly believe in them and am embedded in  
15:47:18 5 them?

6 MR. GALATI: Your Honor, I object. Irrelevant. This  
7 witness just said he knows this defendant for two or three  
8 years. That's 2008. Well beyond the charged years.

9 THE COURT: Sustained.

15:47:27 10 BY MS. TAYLOR:

11 Q Well, since you have known me, have I expressed to you  
12 anything other than my sincere belief of how I feel about the  
13 tax laws?

14 MR. GALATI: Same objection --

15:47:48 15 THE WITNESS: No.

16 MR. GALATI: -- irrelevant.

17 THE COURT: Excuse me. When he stands up to object,  
18 please hold off on answering.

19 THE WITNESS: I'm sorry. I didn't understand.

15:47:55 20 THE COURT: That's all right.

21 Objection is sustained.

22 Do you understand the problem, Ms. Taylor? The  
23 problem is you haven't laid the foundation that he can testify  
24 about your beliefs during the tax years in issue. And what  
15:48:05 25 might have happened afterward is drawing an objection from the

DIRECT EXAMINATION - MICHAEL BIGLEY

15:48:09 1 prosecutor that I'm sustaining because you haven't established  
2 that he knew you or talked to you during the years in question  
3 as the other witnesses had.

4 MS. TAYLOR: Oh, I see. Okay.

15:48:21 5 So he's not allowed to say since I've known him my  
6 beliefs?

7 THE COURT: Not if it's just the last two or three  
8 years, as he testified.

9 MS. TAYLOR: Even though I have told him how many -- I  
15:48:33 10 mean, he knows how long it's been.

11 THE COURT: Well, there's some other issues in there.  
12 Maybe what we ought to do is confer for a minute at  
13 sidebar. All right?

14 MS. TAYLOR: Okay.

15:48:46 15 THE COURT: And, members of the jury, if you wish to  
16 stand up while we do that, feel free.

17 (Bench conference as follows:)

18 THE COURT: Okay. Here's the problem, Ms. Taylor. He  
19 can -- the reason I have allowed these other witnesses to  
15:49:13 20 testify is under something called Rule 701 where they have  
21 formed an opinion based on their interaction with you, and I've  
22 allowed them to express that opinion. The only opinion he can  
23 express in terms of having observed you and watched you is what  
24 happened in the last two or three years that you've known him.

15:49:30 25 Now, if you were to ask him, "Didn't I tell you

DIRECT EXAMINATION - MICHAEL BIGLEY

15:49:33 1 during those two or three years that four years earlier I held  
2 this belief," then that is calling for hearsay. That is  
3 calling for him to recount to the jury what you said to him,  
4 and it is hearsay. So that's the problem I see with where you  
15:49:45 5 were going with your question to me, which is: Can I ask him  
6 what I said to him about earlier years.

7 Now, you feel free to talk to Ms. Anderson for a  
8 minute.

9 (The defendant and Ms. Anderson confer.)

15:50:39 10 MS. TAYLOR: Can I ask him if I have ever did anything  
11 recently or showed him any kind of display that my beliefs are  
12 phony, if I've done anything recently that my beliefs are phony  
13 or not on solid foundation?

14 THE COURT: I think what you're asking is can you  
15:51:08 15 elicit from him an opinion about your general trustworthiness,  
16 your general sincerity. I think that's what you're asking.

17 MS. TAYLOR: Um-hmm.

18 THE COURT: What's your response?

19 MR. GALATI: Not relevant. It's not relevant.

15:51:24 20 We're talking about willfulness and sincerity for  
21 belief with regard to paying taxes. What matters is the tax  
22 years. Now it doesn't matter at all.

23 THE COURT: I mean, I have already stated my views on  
24 opinions about tax years. I do think that there is a lack of  
15:51:46 25 foundation.

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15:51:47 1 I do not think that having a witness simply opine  
2 that another person whose credibility is at issue in the case  
3 is truthful is permitted. Let me look at something on that  
4 just for a minute. There's a rule of evidence.

15:52:18 5 MS. TAYLOR: The government's witnesses have --

6 THE COURT: You need to wait for them to come back so  
7 they can hear what you're about to say to me.

8 MS. TAYLOR: Okay.

9 THE COURT: Go ahead and say what you were going to  
10 say?

11 MS. TAYLOR: The government's witnesses have  
12 challenged my credibility and so I'm trying to rebut with this  
13 witness that he -- that I have displayed to him my credibility.

14 THE COURT: Okay. I understand that point. Let me  
15 look at the rule.

16 MS. TAYLOR: Okay.

17 THE COURT: You are referring to 608(a). You probably  
18 don't know that, but you are.

19 MR. GALATI: Judge, we have not elicited an opinion  
15:53:14 20 from any witness concerning their opinion of this defendant's  
21 reputation for truth or voracity or anything like that. They  
22 have testified to what they observed and heard, but there have  
23 been no form of opinion or reputation. We haven't elicited  
24 any --

15:53:38 25 THE COURT: Look at the words "or otherwise" at the

DIRECT EXAMINATION - MICHAEL BIGLEY

15:53:42 1 end of that sentence.

2 MR. GALATI: "Subject to these limitations"?

3 THE COURT: Right at the end of (b). It says, "If the  
4 character of the witness for truthfulness has been attacked by  
15:53:54 5 opinion or reputation evidence or otherwise." You certainly  
6 have been suggesting through your witnesses that --

7 MR. GALATI: Certainly.

8 THE COURT: -- Ms. Taylor has not been forthcoming and  
9 honest in her financial dealings. So I think that's satisfied.  
10 Part of the problem I have is that this is a rule that  
11 specifically concerns the credibility of witnesses. I have  
12 never looked at the case law to see if it applies to defendants  
13 who don't testify.

14 I don't know if you've made a decision yet about  
15 testifying.

16 MS. TAYLOR: Not yet.

17 THE COURT: Not yet.

18 MR. GALATI: I mean, Judge, if Ms. Taylor wants to ask  
19 this witness if he has a general opinion about the truth and  
15:54:34 20 voracity, I don't object. He can say that. At least about  
21 what he knows about her.

22 THE COURT: Ms. Taylor, you didn't hear what  
23 Mr. Galati just said.

24 Go ahead.

15:54:43 25 MR. GALATI: I said if you want to ask this witness,

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15:54:45 1 based on his two or three years of knowing you, he has an  
2 opinion about your truthfulness or voracity, you can ask him, I  
3 don't object. Whether it is admissible or not, I don't object.

4 THE COURT: Well, that's what this rule will allow, if  
15:54:57 5 you were a witness. So I think he's not objecting to it, you  
6 can ask that question. Do you understand the question?

7 MS. TAYLOR: Um-hmm.

8 THE COURT: Okay.

9 MS. TAYLOR: Okay. Thank you.

10 (Bench conference concludes.)

11 BY MS. TAYLOR:

12 Q Although you haven't known me very long -- seems like a  
13 long time. But in that time of knowing me, do you believe that  
14 I'm a truthful and honest person?

15:55:39 15 A Yes, I do.

16 Q And do you believe that I'm standing up for my rights to  
17 the best of my acknowledgment?

18 MR. GALATI: Your Honor, lack of foundation for that.

19 THE COURT: Sustained. On the second question.

15:55:53 20 MS. TAYLOR: Okay.

21 BY MS. TAYLOR:

22 Q Do you believe that I've been very forth-worth and tried my  
23 best -- do you have any reason -- do you have any reason to  
24 believe that I'm a deceitful or untruthful person?

15:56:13 25 MR. GALATI: Your Honor, the opinion -- the opinion is



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15:56:16 1 what is admissible, and he expressed it, so I object to  
2 anything further.

3 THE COURT: I think I'm going to sustain that.

4 You have asked the question that we talked about that  
15:56:25 5 I think is permissible, Ms. Taylor.

6 MS. TAYLOR: Okay. So let's see. I'll go on and ask  
7 some other questions, then.

8 BY MS. TAYLOR:

9 Q You said you represent people, so what has been your  
15:56:38 10 experience when you have represented these people in front of  
11 the IRS?

12 MR. GALATI: Objection, Your Honor. Irrelevant.

13 THE COURT: Sustained.

14 BY MS. TAYLOR:

15:56:57 15 Q Do you happen to -- are you aware in this case the  
16 government is attempting to convict me of the violations of --

17 MS. TAYLOR: Am I allowed to say the codes, what  
18 they're trying to convict me of?

19 THE COURT: Why don't you go ahead and finish the  
15:57:17 20 question and see if it draws an objection. And if so, I'll  
21 rule on it.

22 BY MS. TAYLOR:

23 Q Are you aware in this case the government is attempting to  
24 convict me of a violation on 26 U.S.C. 7201, failure to file,  
15:57:29 25 and 26.7201 attempt to evade or defeat tax?

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15:57:38 1 THE WITNESS: Am I allowed to answer?

2 THE COURT: Yes.

3 THE WITNESS: Yes, I'm very aware of that.

4 BY MS. TAYLOR:

15:57:43 5 Q And have you read these statutes?

6 A I have. I have studied them.

7 Q And what have you found?

8 MR. GALATI: Objection, Your Honor. Irrelevant.

9 THE COURT: Sustained.

15:57:57 10 BY MS. TAYLOR:

11 Q Okay. One time you mentioned a term to me called a  
12 "conditional statute." Can you explain to the jury what your  
13 understanding of a conditional statute is?

14 MR. GALATI: Objection, Your Honor. Irrelevant.

15:58:18 15 THE COURT: Sustained.

16 BY MS. TAYLOR:

17 Q Do you believe 26 U.S.C. 7203 and 7201 are conditional  
18 statutes?

19 MR. GALATI: Object, Your Honor. Irrelevant.

15:58:31 20 THE COURT: Sustained.

21 BY MS. TAYLOR:

22 Q Do you believe that I, in your personal opinion of knowing  
23 me, do you think that I have willfully attempted to do anything  
24 wrong?

15:58:48 25 MR. GALATI: Object, Your Honor. Irrelevant.

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15:58:49 1 THE COURT: Sustained.

2 MS. TAYLOR: I just asked, "do anything wrong." I  
3 didn't go back in years.

4 THE COURT: I sustained the objection.

15:58:59 5 MS. TAYLOR: Okay.

6 BY MS. TAYLOR:

7 Q Can you give an example to the jury where the IRS uses the  
8 common definition rather than the legal definition of "income"?

9 MR. GALATI: Object, Your Honor. Irrelevant.

15:59:23 10 THE COURT: Sustained.

11 MS. TAYLOR: Can he give any definitions as to his  
12 opinion of what, like, anything means or --

13 THE COURT: Well, as we've talked about at length, you  
14 can't ask witnesses to give their opinions or their views of  
15 the law.

16 MS. TAYLOR: Okay. Well, it wasn't a law; it was just  
17 a word.

18 THE COURT: I think it was directed at the law.

19 BY MS. TAYLOR:

16:00:06 20 Q Do you know why you're here today?

21 A Yes. I thought I was going to give testimony about my  
22 experience with the IRS and the, I guess what -- I'm not quite  
23 sure what word to put on it, but basically the lack of training  
24 or their capability to even understand their own procedures.

16:00:29 25 Q Do you -- do you have any testimony which would be relevant

DIRECT EXAMINATION - MICHAEL BIGLEY

16:00:35 1 to my case today?

2 A I believe I do, yes. If I'm allowed to explain it.

3 MR. GALATI: We object, Your Honor. We need a  
4 question.

16:00:48 5 THE COURT: You need to ask a question. You just  
6 can't ask him to state what he thinks is relevant. You to have  
7 ask the questions, Ms. Taylor.

8 MS. TAYLOR: I thought I did.

9 THE COURT: Well, you did. You asked him if he had  
16:00:58 10 anything to say that was relevant. You need to ask him the  
11 specific questions.

12 BY MS. TAYLOR:

13 Q Do you have any testimony which is relevant to my case that  
14 you could tell the Court today?

16:01:11 15 MR. GALATI: Object, Your Honor. Again, that's an  
16 open-ended question and we object.

17 THE COURT: Sustained.

18 BY MS. TAYLOR:

19 Q Do you have any -- do you have any testimony about -- have  
16:01:28 20 you ever been involved in any cases like mine before?

21 A Not exactly like this, no.

22 Q Have you been involved in tax cases before?

23 A Yes.

24 Q Could you elaborate on that a little bit?

16:01:47 25 MR. GALATI: Object, Your Honor. Irrelevant.

DIRECT EXAMINATION - MICHAEL BIGLEY

16:01:49 1 THE COURT: Sustained.

2 BY MS. TAYLOR:

3 Q Do you have any firsthand experience with dealing with the  
4 IRS?

16:01:57 5 A I do. I have lots of firsthand experience. I, myself, am  
6 going through issues with the IRS.

7 Q Do you care to elaborate on that?

8 A I would love to.

9 MR. GALATI: Your Honor, I object. It's irrelevant.

16:02:09 10 THE COURT: Sustained.

11 BY MS. TAYLOR:

12 Q In your experience dealing with the IRS employees, what  
13 have you found?

14 MR. GALATI: Your Honor, I object to the whole line of  
15 questioning, Your Honor. It's irrelevant.

16 THE COURT: Sustained.

17 BY MS. TAYLOR:

18 Q I understand you recently represented a client at a  
19 collection due process hearing regarding some issues; is that  
20 correct?

21 A That's correct.

22 MR. GALATI: Your Honor --

23 THE COURT: Hold on a minute. When he stands, don't  
24 answer until I rule on the objection.

16:02:49 25 MR. GALATI: Same objection. It's irrelevant.

DIRECT EXAMINATION - MICHAEL BIGLEY

16:02:51 1 THE COURT: Sustained.

2 MR. GALATI: And I would ask that the answer be

3 stricken.

4 THE COURT: I will instruct the jury to disregard the

16:02:57 5 last answer.

6 MS. TAYLOR: Can he personally tell a little bit about

7 his experience with the IRS?

8 THE COURT: Would you like to talk about this at

9 sidebar? That way you can ask me questions, Ms. Taylor.

16:03:12 10 MS. TAYLOR: Okay.

11 THE COURT: All right.

12 If you want to stand up again, ladies and gentlemen,

13 feel free to do that. In fact, I'll tell you what. Why don't

14 we go ahead and take a break. We'll resume in about 15

16:03:23 15 minutes. We'll excuse the jury at this time.

16 (The jury panel exited the courtroom at 4:03 p.m.)

17 THE COURT: Please be seated.

18 We can do it here since the jury's not in the

19 courtroom, Ms. Taylor. You don't have to come to sidebar.

16:04:05 20 You wanted to ask me a question, Ms. Taylor.

21 MS. TAYLOR: Yes. I want to know if he could -- if he

22 could tell his experience with the IRS.

23 THE COURT: That's not relevant to your case,

24 Ms. Taylor. How is it that you think it's relevant?

16:04:23 25 MS. TAYLOR: Well, because he has --

DIRECT EXAMINATION - MICHAEL BIGLEY

16:04:26 1 THE COURT: You need to step over to the mike so we  
2 can hear you more clearly.

3 MS. TAYLOR: He has expressed to me that he has had  
4 some grave concerns that I've had. They relate similarly to  
16:04:44 5 mine in interaction with the IRS. And so I was just going to  
6 ask him to kind of collaborate that.

7 THE COURT: That testimony, however earnestly felt by  
8 and you and by the witness, is not relevant to the charges  
9 against you in this case. It is not relevant to the elements  
16:05:01 10 that the government needs to prove.

11 MS. TAYLOR: Okay.

12 THE COURT: Did you have other questions?

13 MS. TAYLOR: Let me see.

14 THE COURT: Any other questions, Ms. Taylor?

16:05:47 15 MS. TAYLOR: No, not at this time.

16 THE COURT: Let me ask you a quick question. When  
17 we're through with this witness, what else do you have? I'm  
18 trying to look ahead at scheduling.

19 MS. TAYLOR: I don't have any more witnesses today.

16:06:05 20 THE COURT: Well, then you're done with your case; is  
21 that right?

22 MS. TAYLOR: No, I'm not. I wanted to recall.

23 THE COURT: You're going to what?

24 MS. TAYLOR: I wanted to recall Votaw.

16:06:26 25 THE COURT: Okay. How long do you think that will

DIRECT EXAMINATION - MICHAEL BIGLEY

16:06:28 1 take?

2 MS. TAYLOR: I don't know.

3 THE COURT: When you're done with Agent Votaw, what  
4 else do you have? I'm trying to think ahead for when we're  
16:06:36 5 going to be done with this so I can figure out when I need to  
6 get you final jury instructions and tell you-all when to be  
7 ready for closing arguments, et cetera.

8 MS. TAYLOR: Okay. I had -- I have two more witnesses  
9 that are -- I have to call tonight and see if they're going to  
16:06:55 10 come. They may not come, but I will know that tonight.

11 THE COURT: Okay. If they do come, they need to be  
12 ready to go as soon as you're done with Agent Votaw, if he's  
13 your last witness.

14 MS. TAYLOR: They won't be here today.

16:07:08 15 THE COURT: Well, I don't think we're going to get  
16 through with Mr. Bigley and Agent Votaw today. I mean, if we  
17 do, I'll let us break for the day. But my point is, they can't  
18 come tomorrow afternoon. They need to be here --

19 MS. TAYLOR: Right.

16:07:20 20 THE COURT: -- to get the next testimony done. And  
21 obviously you then need to decide if you're going to testify as  
22 well, because that will be part of your case also.

23 MS. TAYLOR: Right.

24 THE COURT: If these witnesses come, do you have a  
16:07:32 25 sense for how long they'll take tomorrow?



DIRECT EXAMINATION - MICHAEL BIGLEY

16:07:36 1 MS. TAYLOR: Probably no longer than maybe what we've  
2 done today, so I would say maybe -- what have we done --

3 THE COURT: So they'll be similar to the witnesses  
4 you've had today?

16:07:48 5 MS. TAYLOR: Um-hmm.

6 THE COURT: Yes?

7 MS. TAYLOR: Yes, sir.

8 THE COURT: Okay.

9 Well, it sounds as though with Agent Votaw and with  
16:07:53 10 those witnesses, we're going to be done sometime tomorrow  
11 morning. If you testify, it will take a little bit longer.  
12 But it sounds to me like your case is going to be done before  
13 noon tomorrow. Do you have any reason to disagree with that?

14 MS. TAYLOR: I imagine that could be correct.

16:08:10 15 THE COURT: At this point, does the Government intend  
16 to have any rebuttal evidence?

17 MR. GALATI: No, Your Honor.

18 THE COURT: Okay.

19 All right. Well, what we're going to need to do is  
16:08:18 20 make sure that you're prepared for closing arguments tomorrow.  
21 So when you come tomorrow morning, we'll get through the rest  
22 of the evidence and then we'll go into closings; so just make  
23 sure you prepare on that, because that will happen tomorrow.

24 MS. TAYLOR: Okay.

16:08:33 25 THE COURT: Okay. Let's go ahead and take a

DIRECT EXAMINATION - MICHAEL BIGLEY

16:08:34 1 ten-minute break. I don't want to keep the jury waiting too  
2 long. Why don't we be back in here at 20 after and we'll go as  
3 long as we can or conclude at five o'clock, if we get to that  
4 point today.

16:08:49 5 Thanks.

6 (Recess taken from 4:08 p.m. to 4:22 p.m. Proceedings  
7 resumed in open court with the jury present.)

8 THE COURT: Thanks for your patience, members of the  
9 jury. We took a little longer in the break addressing issues  
16:25:33 10 that we needed to, and that's why we were a little late getting  
11 started again.

12 Go ahead, Ms. Taylor.

13 MS. TAYLOR: That's all the questions I have of him  
14 right now.

16:25:42 15 THE COURT: Okay.

16 Cross-examination?

17 MR. GALATI: Briefly, Your Honor.

18 C R O S S - E X A M I N A T I O N

19 BY MR. GALATI:

16:25:46 20 Q Mr. Bigley, good afternoon.

21 A Good afternoon.

22 Q Mr. Bigley, you testified that in the two or three years  
23 you have known Ms. Taylor, you have been able to form an  
24 opinion about her reputation for truth and voracity; is that  
16:26:01 25 correct?

CROSS-EXAMINATION - MICHAEL BIGLEY

16:26:02 1 A Yes, that's correct.

2 Q And you expressed that opinion here, correct?

3 You expressed that opinion here, correct?

4 A That she was truthful, yes.

16:26:09 5 Q Have you ever talked to Dolpha Larsen about the defendant?

6 A No.

7 Q Have you ever talked to Robbin Barbour about the defendant?

8 A No.

9 MR. GALATI: I don't have any further questions.

16:26:22 10 THE COURT: All right.

11 Any redirect, Ms. Taylor?

12 R E D I R E C T E X A M I N A T I O N

13 BY MS. TAYLOR:

14 Q Do you pay taxes now, Mike?

16:26:58 15 MR. GALATI: Your Honor, beyond the scope. I object.

16 THE COURT: Sustained.

17 Remember, Ms. Taylor, your redirect is limited to the

18 scope of what was covered during cross-examination.

19 MS. TAYLOR: Oh. Only what they asked?

16:27:08 20 THE COURT: Right.

21 MS. TAYLOR: Oh. Okay.

22 THE COURT: There wasn't much, I know. But that's the

23 rule on redirect, is you get an opportunity to inquire into the

24 topics they cover on cross.

16:27:22 25 MS. TAYLOR: So I can't ask him anything else?

REDIRECT EXAMINATION - MICHAEL BIGLEY

16:27:25 1 THE COURT: Not outside the scope of the cross.  
2 MS. TAYLOR: Well, I guess we're through, Mike.  
3 THE COURT: All right. Thanks.  
4 You can step down. Thank you, sir.

16:27:39 5 THE COURT: All right. Ms. Taylor, your next witness?

6 MS. TAYLOR: Agent Votaw.

7 THE COURT: All right. Agent Votaw, you are still  
8 under oath, so you can come directly back to the witness stand.

9 And while he's doing that, members of the jury, we're  
16:27:53 10 going to go to five today; and we'll break right at five just  
11 to make sure we get done on the schedule I told you we would.

12 **DAVID VOTAW,**

13 recalled as a witness herein, after having been previously  
14 sworn or affirmed, was examined and testified as follows:

15 D I R E C T E X A M I N A T I O N

16 BY MS. TAYLOR:

17 Q Hi.

18 A Hello.

19 Q We were talking the other day, and you said that -- that  
16:29:14 20 you were one of the agents -- you're the only agent, I guess,  
21 right, that is investigating me as far as a special agent?

22 A I'm the lead case agent, yes.

23 Q The lead case agent. And were you in -- were you in the  
24 grand jury room also?

16:29:36 25 A Yes.

DIRECT EXAMINATION - DAVID VOTAW

16:29:38 1 Q And were you -- did you just testify in the grand jury  
2 room? Was that your main purpose of being there?

3 A I was called before the grand jury to testify, yes.

4 Q Right. And when you was in there with the grand jury, did  
16:30:05 5 you -- did you give them any testimony in my favor?

6 A I don't recall.

7 Q So everything you said to the grand jury was against me?

8 A I was just stating the facts.

9 Q So there was -- do you recall if the prosecutors or anybody  
16:30:29 10 else gave any exculpatory evidence on my behalf?

11 MR. KNAPP: Objection. Relevance.

12 THE COURT: Sustained.

13 BY MS. TAYLOR:

14 Q How long have you worked for the IRS, did you say?

16:30:50 15 A Almost seven years.

16 Q Seven years. Okay.

17 And I'm going to ask you the same question I asked the  
18 other ones. Do you have -- where does -- where does your check  
19 come from?

16:31:03 20 A I believe it's from the Department of Agriculture.

21 Q Okay. And would you have any reason why the IRS would pay  
22 you a check from the Department of Agriculture?

23 A My understanding is that that's -- some of the agencies  
24 receive the -- their checks are processed by the Department of  
16:31:21 25 Agriculture for efficiency.

DIRECT EXAMINATION - DAVID VOTAW

16:31:24 1 Q That's the only reason that you've ever heard, is because  
2 it's for efficiency?

3 A That's all I've ever heard.

4 Q Do you know if the Internal Revenue has their own bank  
16:31:38 5 account where they write checks their own self? The Internal  
6 Revenue Agency. I'm sorry.

7 A I don't.

8 Q Have you ever seen a check come out of the Internal Revenue  
9 agency?

16:31:51 10 A No.

11 Q Have you -- do you -- have you ever had to get a rule book  
12 or a law book or anything from the agricultural department and  
13 follow any of their rules or laws?

14 A No.

16:32:12 15 Q Have you ever questioned why your check came from the  
16 agriculture?

17 A I think I mentioned it offhand once to someone, and that  
18 was the reason I was given. It was just part of -- the  
19 efficiency was to -- that that's why the checks were written by  
16:32:29 20 the Department of Agriculture.

21 Q Because of efficiency?

22 A That's correct.

23 Q Okay.

24 Have -- to your knowledge, does the Internal Revenue  
16:32:45 25 Service ever write checks or have a bank account of their own?

DIRECT EXAMINATION - DAVID VOTAW

16:32:54 1 A Not that I'm aware of.

2 Q Doesn't that seem a little odd to you?

3 A No.

4 Q If you had a company -- if you had a company of your own  
16:33:09 5 and you hired employees and you had a totally different,  
6 unrelated company pay your employees, wouldn't that seem a  
7 little odd?

8 A If the U.S. Government was a company, you're saying?

9 Q Like if you had a company and you had employees and you  
16:33:36 10 had -- say you had a dog parlor and you had an ice cream  
11 company pay your dog parlor's employees their wages. Would  
12 that seem a little odd to you?

13 MR. KNAPP: Objection. Relevance.

14 THE COURT: Sustained.

16:34:00 15 BY MS. TAYLOR:

16 Q Have you seen your checks?

17 A My -- you're saying my checks from the government?

18 Q Right?

19 A Yes.

16:34:14 20 Q And on the emblem on them, do they say "United States  
21 Treasury," or do they say "Department of Treasury"?

22 MR. KNAPP: Objection. Relevance.

23 THE COURT: Sustained.

24 BY MS. TAYLOR:

16:35:06 25 Q Are you -- do you currently -- do they provide classes for

DIRECT EXAMINATION - DAVID VOTAW

16:35:12 1 you to take periodically to update your position?

2 A Yes, we have classes we take periodically, yes.

3 Q When was the last class you took?

4 A Well, we're supposed to have one a couple weeks ago, but

16:35:28 5 due to the furlough scare, it got postponed; so I think it's

6 coming up here in the next couple weeks.

7 Q And in those classes, do they teach you statutes?

8 A They teach us all sorts of things relating to my job.

9 Q Do they 'pecifically teach you the statutes in the code?

16:35:51 10 A Again, in general, yes.

11 Q Can you tell me what statutes they cover?

12 A Not specifically, no.

13 Q Are they related to, for instance, firearms and guns and

14 that sort of thing?

16:36:13 15 A I'm not sure I understand your question.

16 Q Well, are they related to income taxes directly, or are

17 they related to firearms and guns and ammunition and tobacco?

18 Liquor? What -- aren't you a special agent?

19 A I am.

16:36:35 20 Q So isn't special agents' particular job under the firearms

21 and guns and tobacco?

22 A Not that I'm aware of.

23 Q Isn't that what the code description of the special agent

24 is?

16:36:53 25 A I'm not sure.



DIRECT EXAMINATION - DAVID VOTAW

16:36:55 1 Q I thought you just told me that you -- they taught you the  
2 code.

3 A I said they taught us things relating to my job.

4 Q Such as?

16:37:06 5 A Well, specifically in the last couple weeks -- we didn't  
6 have the training, but I don't know what this training --  
7 there's some areas that they're going to cover and -- but about  
8 seven years ago, when I did start, we had about six months  
9 worth of training.

16:37:22 10 Q Was that training in the law?

11 A There was some law, yes.

12 Q Or was it mostly in a different -- like an investigative  
13 field, how to go out and investigate?

14 A Both.

16:37:33 15 Q So would you say it would be -- would it be fair to say  
16 that they may give you more application law of what to do in  
17 the field than they would be teaching you about the actual law?

18 A I recall about an even amount.

19 Q But you don't recall the law that describes -- the section  
16:38:02 20 particularly that describes what a special agent is in the  
21 code?

22 A I don't recall.

23 Q You don't recall that it refers to alcohol, tobacco, and  
24 firearms?

16:38:11 25 A No.

DIRECT EXAMINATION - DAVID VOTAW

16:38:12 1 Q As a special agent?

2 A No.

3 Q Do they teach you IRM manual?

4 A I'm aware of the Internal Revenue Manual, yes. They talk  
16:38:32 5 about it. They talked about -- we're instructed about it in  
6 our initial training, yes.

7 Q But they don't 'pecifically say what procedures in there  
8 you're supposed to follow?

9 A In the initial training, they talk about procedures and  
16:38:50 10 application and investigative techniques. So in general, yes.

11 Q And they give that to you once a year? Once every five  
12 years? What?

13 A That training was almost seven years ago for me.

14 Q And in seven years, you have not received any more training  
16:39:11 15 on the code or the law?

16 A I can't recall any specific training relating to a specific  
17 code or law, no.

18 Q So who directly tells you what it is you're supposed to be  
19 doing and what not to violate or what to do? I mean, do you  
16:39:36 20 have a supervisor that comes and says, this is your job and in  
21 this job, blah, blah, blah, this is what you're to do? Or do  
22 they require you -- that's one question. Too many questions.

23 Do you have a supervisor that comes to you and says,  
24 this is your duty to do this? Do they explain that under the  
16:40:06 25 code or the law, this is what you're supposed to do, how you're

DIRECT EXAMINATION - DAVID VOTAW

16:40:11 1 supposed to handle it?

2 A I don't know what you mean by that question, but I do have  
3 a manager, and I keep him informed regarding my cases; and he  
4 has oversight over the cases and informs upper management how,  
16:40:28 5 you know -- the progression of my cases. So there's a dialogue  
6 there.

7 Q Um-hmm.

8 But they don't teach you anything 'pecifically in the  
9 law, the statutes? Like you haven't had any -- any -- seven  
16:40:42 10 years ago you said that you had a few classes that -- you had a  
11 class that taught a little bit about the code. You're not  
12 required to go back and take any tests or anything after a  
13 certain amount of years?

14 MR. KNAPP: Objection. Relevance.

16:41:00 15 THE COURT: Sustained.

16 BY MS. TAYLOR:

17 Q You're not required to keep up on the code?

18 MR. KNAPP: Objection. Relevance.

19 THE COURT: Sustained.

16:41:11 20 BY MS. TAYLOR:

21 Q Who's to keep you in check other than your manager?

22 A His manager.

23 Q And your case manager -- your case manager never relates  
24 any code laws to you or statutes?

16:41:33 25 MR. KNAPP: Objection. Relevance.

DIRECT EXAMINATION - DAVID VOTAW

16:41:34 1 THE COURT: Sustained.

2 MS. TAYLOR: Well, Your Honor, I'm trying to lay a  
3 foundation here that whether he's abiding by the laws or he's  
4 just abiding by somebody else's authority telling him the job  
16:41:50 5 to do.

6 THE COURT: I sustained the objection, Ms. Taylor.

7 BY MS. TAYLOR:

8 Q So when you're out doing your job, you mentioned digging  
9 through trash cans and finding paperwork. Do you ever -- do  
16:42:29 10 you ever go to the lengths of finding out who the trash can  
11 belongs to?

12 A Yes.

13 Q And in the instance of digging through this trash can, you  
14 said you found some paperwork on me. Who did that trash can  
16:42:45 15 belong to?

16 A I believe it was the city of Casa Grande.

17 Q So are you allowed to go into the city of Casa Grande's  
18 trash cans and get -- dig through them?

19 A Yes.

16:43:03 20 Q And what authority give you -- how do you get that  
21 authority to do that? Do you have to ask permission for it?  
22 Do you just do it?

23 MR. KNAPP: Objection. Relevance.

24 THE COURT: Sustained.

25

DIRECT EXAMINATION - DAVID VOTAW

16:43:13 1 BY MS. TAYLOR:

2 Q Well, I believe you said that that was my trash can, and  
3 now you just said it was the city of Casa Grande's trash can.

4 THE COURT: You need to ask a question, Ms. Taylor.

16:43:25 5 BY MS. TAYLOR:

6 Q Do you want to retract the statement that it was my trash  
7 can?

8 A Now you're asking who owns it. I don't think you paid for  
9 it, but your trash was in the trash can. Maybe I misspoke.

16:43:42 10 Q You said that it was my trash can and my house, if I recall  
11 right.

12 THE COURT: You need to ask a question, Ms. Taylor.

13 BY MS. TAYLOR:

14 Q You have positive proof that that's my trash can?

16:44:03 15 MR. KNAPP: Objection. Misstates the testimony, and  
16 relevance.

17 THE COURT: Sustained on relevance.

18 MS. TAYLOR: Well, Your Honor, I'm trying to lay a  
19 foundation here that I wasn't even around at the time that he  
16:44:17 20 was looking through trash cans.

21 THE COURT: Ms. Taylor, no evidence came in on the  
22 basis of that. I refused to admit the exhibit.

23 MS. TAYLOR: Okay.

24 THE COURT: That's why this questioning is not  
16:44:27 25 relevant.

DIRECT EXAMINATION - DAVID VOTAW

16:44:28 1 MS. TAYLOR: Okay.

2 BY MS. TAYLOR:

3 Q Well, you have stated on the record that that house on Tate  
4 is mine. Do you have any factual evidence to prove that?

16:44:42 5 A Yes.

6 Q And what would that factual evidence be? Factual evidence.

7 A What do you mean by --

8 Q Factual, firsthand, personal knowledge.

9 A I was going to talk about who sold that to you, but that's  
16:44:56 10 not your definition of factual. But I have seen you and Ron  
11 come out of the house quite often.

12 Q Have you seen us come out of other places?

13 A Yes.

14 Q Because a person comes in and out of a house once in a  
16:45:13 15 while, does that mean that I own the house?

16 A No. But I was just trying to see if you had any relation  
17 to the house, and you coming out of the house led me to believe  
18 that it just wasn't some house in Casa Grande; that you were  
19 affiliated with that house.

16:45:34 20 Q I come out of a lot of houses. Maybe you haven't seen them  
21 all. But just because I come in and out of houses, does that  
22 mean it's mine?

23 A Not necessarily.

24 Q So your statement that that house belonged to me is -- you  
16:45:50 25 want to retract that?

DIRECT EXAMINATION - DAVID VOTAW

16:45:52 1 A No.

2 Q So if you don't retract it, then do you have firsthand,  
3 factual knowledge that you can back that up, that statement up?

4 A Yes, I believe so.

16:46:07 5 Q You have firsthand, factual knowledge; firsthand, personal  
6 knowledge?

7 A That you own the house?

8 Q Right.

9 A Yes. I saw you and Ron leaving there quite often.

16:46:23 10 Q Just because a person leaves a house doesn't mean that you  
11 have firsthand knowledge.

12 A That's true.

13 It just corroborated the testimony that your mom said  
14 you lived there, that your friends said you lived there, that  
16:46:37 15 other business associates said you lived there; so I was just  
16 seeing if that was the case or, like you said, you could have  
17 maybe just been coming out of there as an accident or have  
18 something unrelated. But I went and for my own eyes, the  
19 factual evidence I saw, that that was --

16:46:57 20 Q Have you ever seen any paperwork that actually states that  
21 that house is in my name?

22 A No, unfortunately.

23 Q Unfortunately, did you say?

24 A I was looking to find something, because I could say that  
16:47:10 25 you had the house; but on paper there is nothing that has you

DIRECT EXAMINATION - DAVID VOTAW

16:47:14 1 on the -- on the deed.

2 Q Then you have no factual proof that that is any -- that  
3 that house could be anything other than maybe a sanctuary,  
4 maybe a rental. Maybe I go visit there sometimes. You have no  
16:47:29 5 factual knowledge of anything other than that; is that true?

6 A I don't have any factual evidence of when you bought the  
7 House. I wasn't there.

8 Q Okay.

9 MS. TAYLOR: That's all for right now.

16:47:48 10 THE COURT: All right.

11 Cross-examination?

12 MR. KNAPP: Thank you, Your Honor.

13 C R O S S - E X A M I N A T I O N

14 BY MR. KNAPP:

16:47:57 15 Q Agent Votaw, Ms. Taylor just asked you about whether you  
16 knew there was a sanctuary on that property on Tate Road. Did  
17 you ever see any evidence there was a operating church out of  
18 there?

19 A No.

16:48:08 20 Q And, again, what sort of records have you looked through?  
21 Who have you talked to to try and figure out these kinds of  
22 things in this case? And I don't want you to testify to about  
23 what people have said out of court. I just want you to tell me  
24 what you did to try and figure it out.

16:48:20 25 A Looked at public records and, in general, spoke to people



CROSS-EXAMINATION - DAVID VOTAW

16:48:26 1 who would be -- who would have knowledge of that.

2 Q You interviewed people that haven't actually been called --  
3 well, let me just -- withdraw that.

4 Let me just ask you: Have you ever found any evidence  
16:48:41 5 that there is an operating church out of the Tate Road  
6 residence called Burning Bush Ministries or McBride Musical  
7 Ministries or anything else?

8 A No.

9 MR. KNAPP: No further questions, Your Honor.

16:48:57 10 THE COURT: Any redirect, Ms. Taylor?

11 MS. TAYLOR: One moment.

12 R E D I R E C T E X A M I N A T I O N

13 BY MS. TAYLOR:

14 Q I think in our last conversation that you indicated that  
16:50:15 15 Ron or Desi, my daughter, couldn't invest in these properties  
16 on their own. Was that you that --

17 MR. KNAPP: Objection. Beyond the scope of cross.

18 THE COURT: Sustained.

19 This is redirect, so it needs to be limited to the  
16:50:33 20 scope of the cross.

21 MS. TAYLOR: Okay.

22 BY MS. TAYLOR:

23 Q He said about the sanctuary that you didn't have any  
24 evidence that it was a sanctuary. That was the question?

16:50:44 25 A I believe so.

16:50:45 1 Q Do you have any evidence that it is not a sanctuary?

2 A Yes.

3 Q You have evidence? Have you been inside?

4 A I've not.

16:50:59 5 Q Have you seen anything that would give you any indication  
6 that it would -- it might not be a sanctuary?

7 A No.

8 Q So it could be a sanctuary?

9 A It's possible.

16:51:15 10 Q And what is your definition of a sanctuary?

11 A Someplace to take refuge.

12 Q Like, what do you mean by "refuge"?

13 A What do you mean by "sanctuary"?

14 Q What do I mean by "sanctuary"?

16:51:37 15 A Right.

16 Q Well, sanctuary in my world is a religious place, and you  
17 could take refuge in it, in a religious environment. I'm not  
18 supposed to say statements. So I'm supposed to ask you  
19 questions.

16:51:55 20 Right?

21 So in the essence that a sanctuary is a place where  
22 somebody would go for rest, relaxation, prayer, those kinds of  
23 things, you don't have any personal knowledge that that place  
24 could not be used for that purpose?

16:52:22 25 A That's correct.

16:52:25 1 Q Okay. So just because you see me and Ron go in and out of  
2 there, there could be other people goes in and out of there  
3 that you don't see, right?

4 A Sure.

16:52:38 5 Q And you really don't know what they go there for?

6 A I've never seen anyone else go in besides and you Ron.

7 Q Do you sit there 24/7?

8 A I've been out there quite a bit.

9 Q Well, quite a bit, and you haven't never seen anybody else  
16:52:54 10 there?

11 A No.

12 Q Well, would that mean that just because you hadn't seen  
13 them, that people weren't there or that they come at other  
14 times when you're not there?

16:53:07 15 A No.

16 Q Okay.

17 MS. TAYLOR: That's all, Your Honor.

18 THE COURT: All right. You can step down.

19 Ms. Taylor --

16:53:19 20 MS. TAYLOR: Yes.

21 THE COURT: -- do you have any other witnesses today?

22 MS. TAYLOR: Not today.

23 THE COURT: All right.

24 We're going to go ahead and break for the day at this  
16:53:28 25 point, members of the jury. We will plan to start at

16:53:30 1 nine o'clock tomorrow. Look forward to seeing you then.

2 Please remember not to discuss the case or do any research of  
3 any kind. We'll see you in the morning. Thank you.

4 (The jury exited the courtroom at 4:53 p.m.

16:53:37 5 Proceedings resumed in open court outside the presence of the  
6 jury.)

7 THE COURT: Please be seated.

8 All right. Counsel and Ms. Taylor, Lisa has handed  
9 you what are almost my final jury instructions. We still have  
16:54:14 10 both of the instructions in there for if the defendant does  
11 testify and does not testify, so one of those will need to  
12 come out. I have taken out a number of the Government's  
13 proposed instructions that were in my last set concluding that  
14 they were not necessary.

16:54:26 15 I am of a mind to add to this set an instruction of  
16 the meaning of income. But before I do that, I want to look  
17 at the Ninth Circuit law on that; so I may add that by  
18 tomorrow morning, in which event I'll have it for you when you  
19 come in. But otherwise this is the set that the jury will be  
16:54:43 20 given.

21 Now, I wanted you to have it for purposes of  
22 preparing your closing argument.

23 So tomorrow, Ms. Taylor, you may have two additional  
24 witnesses; is that right?

16:54:54 25 MS. TAYLOR: I may have.

16:54:55 1 THE COURT: And then you may testify; you're going to  
2 make that decision as well.

3 Please remember it will be important to be ready to  
4 go when we start at nine. We're not going to be able to wait.  
16:55:05 5 We want to get those witnesses on. And if the Government has  
6 any rebuttal evidence, we'll hear it at that point.

7 I think I'm going to instruct the jury before  
8 closings, meaning that I'll read these instructions to the  
9 jury before you do your closing arguments. That way they'll  
16:55:21 10 have the instructions in mind when you make your closing  
11 arguments.

12 Do you have any questions, Ms. Taylor, about closing  
13 arguments? Obviously, Ms. Anderson can fill you in on that,  
14 but do you have any questions you wanted to --

16:55:33 15 MS. TAYLOR: I have a question about the jury  
16 instructions. Could I submit one in the morning to you if I  
17 have a couple?

18 THE COURT: What is it on? Is it one of the ones  
19 you've already submitted to me?

16:55:44 20 MS. TAYLOR: You denied all of those. So I was just  
21 going to do maybe a shorter one.

22 THE COURT: Well, sure. I mean, if you want to bring  
23 one in in the morning, I'll be happy to look at it.

24 MS. TAYLOR: All right.

16:55:54 25 THE COURT: Let's plan to get together at 8:30, as we

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have been doing.  
Are there any other matters we need to talk about today?  
MR. GALATI: No, Your Honor.  
THE COURT: Anything from you, Ms. Taylor?  
MS. TAYLOR: No, Your Honor.  
THE COURT: Okay. We'll see you in the morning.  
Thank you.  
(End of transcript.)

\* \* \* \* \*

C E R T I F I C A T E

1  
2  
3 I, PATRICIA LYONS, do hereby certify that I am duly  
4 appointed and qualified to act as Official Court Reporter for  
16:56:08 5 the United States District Court for the District of Arizona.  
6

7 I FURTHER CERTIFY that the foregoing pages constitute  
8 a full, true, and accurate transcript of all of that portion  
9 of the proceedings contained herein, had in the above-entitled  
16:56:08 10 cause on the date specified therein, and that said transcript  
11 was prepared under my direction and control, and to the best  
12 of my ability.  
13

14 DATED at Phoenix, Arizona, this 24th day of July,  
16:56:08 15 2011.  
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16:56:08 20 s/ Patricia Lyons, RMR, CRR  
21 Official Court Reporter  
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