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UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF ARIZONA

United States of America,	)	
	)	
Plaintiff,	)	<b>CR 10-00400-PHX-DGC</b>
	)	
vs.	)	Phoenix, Arizona
	)	April 27, 2011
Janice Sue Taylor,	)	
	)	
Defendant.	)	
	)	

**BEFORE: THE HONORABLE DAVID G. CAMPBELL, JUDGE**

**REPORTER'S TRANSCRIPT OF PROCEEDINGS**

**TRIAL DAY 5 (Pages 1010 - 1213)**

Official Court Reporter:  
Patricia Lyons, RMR, CRR  
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Proceedings Reported by Stenographic Court Reporter  
Transcript Prepared with Computer-Aided Transcription

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**A P P E A R A N C E S**

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**I N D E X**

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**P R O C E E D I N G S**

2

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

3

4

08:31:58 5

6

THE COURT: Thank you. Please be seated.

7

Any sign of Ms. Taylor this morning, Ms. Anderson?

8

9

08:32:47 10

MS. ANDERSON: Your Honor, I had a message on my phone a short while ago saying they were stuck in traffic and expected to be here around quarter to 9:00.

11

12

THE COURT: Well, we can't start without her, so I will come back in when she arrives.

13

14

(Recess taken from 8:33 to 8:40. Proceedings resumed in open court outside the presence of the jury.)

08:43:22 15

16

THE COURT: Thank you. Please be seated.

17

Good morning.

18

19

08:43:35 20

21

MS. TAYLOR: Good morning.

THE COURT: Ms. Taylor, I'm going to ask you to be a bit more punctual, if you would. Yesterday morning you were late, and at two or three of the breaks you were out of the room when we were ready to start and we had to go find you. So if you could please make sure you're in here right at the time we set, that would be appreciated.

22

23

24

MS. TAYLOR: Yes, Your Honor.

08:43:49 25

THE COURT: All right.

08:43:49 1 Last night I gave you at the end of the day my  
2 proposed final jury instructions. I've thought about it  
3 overnight, and I don't propose to make any additional changes  
4 to them.

08:44:00 5 Does the Government have any comments on what I  
6 handed out?

7 MR. KNAPP: Your Honor, we still want the income  
8 instruction. We do think it's helpful. We are worried that  
9 without an instruction like that the jury will be left to think  
08:44:14 10 they have to figure out the law on that. But we have no -- so  
11 that's our objection to what is not included in the  
12 instruction, but we have nothing -- no objection to what is  
13 included.

14 THE COURT: Well, I'll tell you my concern, Mr. Knapp.  
08:44:26 15 I had a law clerk search, and he could not find a single  
16 instruction defining income that has been approved in any court  
17 case.

18 The instruction that you proposed is based on the  
19 statute, but leaves out significant parts of the statute,  
08:44:45 20 which is that it only defines gross income in Section 61 and  
21 there are certain exclusions, there are certain exemptions.

22 I haven't figured out how you define income without  
23 getting into a great deal of detail talking about exclusions  
24 and exemptions. I was hoping to find something that's been  
08:45:04 25 approved by the courts but we couldn't find a single case

08:45:08 1 that's approved. We did find a Ninth Circuit case where it  
2 approved the District Court's having instructed the jury on  
3 income but didn't say what the instruction was.

4 So that's what I've wrestled with. I don't know how  
08:45:22 5 to write an instruction that is fully accurate and yet not a  
6 page long and very detailed.

7 If you have thoughts on that, I'm happy to hear them.

8 MR. KNAPP: Your Honor, I understand the dilemma. But  
9 I just -- I do think the jury needs to have some instruction on  
08:45:49 10 income. Otherwise I guess my concern is that the defendant is  
11 going to argue they're supposed to figure out whether this  
12 stuff constitutes income, and that's, I submit, not the jury's  
13 role here.

14 But obviously there's been expert testimony from our  
08:46:04 15 side about how this stuff constitutes -- the income from the  
16 commission -- real estate commissions and also from the land  
17 deals qualifies as income, it's taxable. So I guess, you  
18 know, there's been some factual testimony on it but I'm just  
19 concerned the jury is going to feel like they're going to need  
08:46:23 20 to resolve that legal issue.

21 THE COURT: Okay. I understand that point. Any other  
22 comment on the instructions?

23 MR. KNAPP: No, Your Honor.

24 THE COURT: All right.

08:46:32 25 Ms. Taylor, do you have comments on the instructions?

08:46:36 1 MS. TAYLOR: You didn't put any income in there,  
2 right?

3 THE COURT: I didn't, no. That's what the Government  
4 is asking me to reconsider, whether I should put in a  
08:46:46 5 definition of income.

6 MS. TAYLOR: I agree because income is not defined in  
7 Title 26, and Congress may not define income because the  
8 Constitution does, so I agree with you. Don't put it in.

9 THE COURT: Are you going to argue that what you have  
08:47:00 10 received is not income under the law?

11 MS. TAYLOR: That may come up. I'm not sure if that's  
12 going to be my main events but it may come up as a statement  
13 that Congress may not define income because only Congress  
14 can -- Constitution does.

08:47:28 15 THE COURT: Well, that's an incorrect statement of the  
16 law. You can't argue that. Congress can define income and has  
17 defined income.

18 MS. TAYLOR: Well. Yeah. But -- well, *Eisner versus*  
19 *Macomber* says, you know, that is the constitution's job.

08:47:44 20 THE COURT: I disagree. I don't think that's what the  
21 case says.

22 I understand your position, though, on that. Did you  
23 have any other comments on the instructions?

24 MS. TAYLOR: Not on the instructions.

08:47:55 25 THE COURT: Okay.

08:47:56 1 Does the Government have anything else you want to  
2 raise before we get started?

3 MR. GALATI: Yes, Your Honor. Ms. Taylor told us that  
4 the -- I believe, correct me if I'm wrong, that she's going to  
08:48:06 5 call Jimmy Chisum as a witness this morning. There's no jury  
6 here so I just want to let the Court know, and perhaps we can  
7 talk about it, if necessary, we intend to impeach him with  
8 prior felony convictions. We have the certified copy of the  
9 convictions here, four counts of tax evasion. He just got out  
08:48:26 10 of prison. We're going to ask him these things. If there's  
11 any reason to discuss about it, we'll do that.

12 THE COURT: Were these felony convictions?

13 MR. GALATI: Yes, Your Honor. Four counts of income  
14 tax evasion 26.270- -- 26.7201, 60 months on each count, there  
08:49:36 15 were -- on three of the counts, six months on Count 4. The  
16 date of imposition of judgment was the 27th of November, 2007,  
17 the District Court in the Eastern District of Oklahoma.

18 THE COURT: I assume you're seeking to admit that  
19 under Rule 609?

08:50:21 20 MR. GALATI: Yes, Your Honor. I apologize.

21 THE COURT: What do you view as the probative value of  
22 that evidence, Mr. Galati?

23 MR. GALATI: Well, it's a prior felony conviction,  
24 Your Honor. I mean, presumptively prior felony convictions go  
08:51:24 25 to one's credibility, and certainly tax evasion is a -- since



08:51:29 1 that is a crime of dishonesty, also, that's the second prong  
2 of -- and a reason to use it as impeachment.

3 And thirdly, Your Honor, in this case, again,  
4 harboring ill will toward the IRS and the Government is a --  
08:51:48 5 it's almost an independent basis with regard to bias and  
6 prejudice.

7 THE COURT: All right.

8 Ms. Taylor, do you have thoughts on their impeachment  
9 of Mr. Chisum with that prior conviction?

08:52:04 10 MS. TAYLOR: Yes, Your Honor. He was convicted, but  
11 he's not -- he's not no longer -- I mean, he's out now. He has  
12 paid his price. And he is a -- definitely a person that knows  
13 me and has worked with me, and I think it would be a detriment  
14 for us not to let him testify on my behalf due to the fact that  
08:52:35 15 it would be very prejudicial --

16 THE COURT: Well, the Government is not saying I  
17 shouldn't allow him to testify. They're saying if you call him  
18 to testify, during their cross-examination they intend to bring  
19 out the fact that he's been convicted of tax evasion.

08:52:52 20 MS. TAYLOR: Oh. Yeah. That's okay.

21 THE COURT: All right.

22 Did you have matters that you wanted to raise?

23 MS. TAYLOR: Yes, Your Honor.

24 I'm supposed to stand up, right? Sorry.

08:53:04 25 Do I have to pay for justice here in this court?

08:53:07 1

THE COURT: What?

2

MS. TAYLOR: Do I have to pay for justice?

3

THE COURT: I don't know what you mean.

4

MS. TAYLOR: Like, can I get a free transcript of the

08:53:14 5

trial?

6

THE COURT: Well, are you talking about getting one

7

right now?

8

MS. TAYLOR: Well, when we're through. Whenever.

9

THE COURT: Well, if you qualify as a pro se

08:53:27 10

defendant, then you don't have to pay for the transcript. And

11

the question I'll encounter when we get there is I -- we

12

obviously appointed counsel for you because you were deemed

13

pro se by Judge Murguia or the magistrate judge, I don't know

14

who did that.

08:53:44 15

But a week ago, a little over a week ago, you

16

indicated that you had retained a lawyer. So it looked as

17

though you had some resources to retain a lawyer.

18

So you can certainly order transcripts, but I think

19

what I'll want to do at that point is readdress the question

08:54:02 20

as whether you qualify as a pro se defendant. But if you do,

21

then you don't have to pay for the transcripts.

22

MS. TAYLOR: Yes, Your Honor, because I don't pay for

23

them, I have to borrow all the moneys for this, and I

24

understand that is a big cost. Even my attorney, I didn't pay

08:54:17 25

for that either. It was all donations. Which he didn't come

08:54:21 1 so I didn't owe him nothing.

2 THE COURT: Okay. Do you have another matter you want  
3 to raise this morning?

4 MS. TAYLOR: No, that's all.

08:54:27 5 THE COURT: Tell me what it is you're planning to do  
6 today in terms of your evidence. What witnesses are you going  
7 to be presenting?

8 MS. TAYLOR: I only have Jimmy Chisum to call.

9 THE COURT: And are you going to testify?

08:54:40 10 MS. TAYLOR: No.

11 THE COURT: Okay. So you'll rest, then, after  
12 Mr. Chisum?

13 MS. TAYLOR: Yes.

14 THE COURT: Okay.

08:54:47 15 MS. TAYLOR: Excuse me. Is there a procedure or  
16 something I must do after I rest?

17 THE COURT: No. You just have to say after Mr. Chisum  
18 testifies that you rest. You can say, "The defense rests."

19 MS. TAYLOR: I don't go back up to you and ask  
08:55:01 20 anything?

21 THE COURT: Well, if you have a question, you can.  
22 But you don't have to do that. You can just say you rest,  
23 meaning you're done with your evidence. And then if the  
24 Government has any rebuttal evidence, they'll put that on. And  
08:55:12 25 what we'll then do is go into jury instructions and closing

08:55:16 1

arguments.

2

MS. TAYLOR: Okay.

3

THE COURT: Okay. I'll come back in in about five minutes when the jury is in, and I'm going to keep thinking about this income definition issue.

08:55:25 5

6

(Recess taken from 8:55 a.m. to 9:05 a.m. Proceedings resumed in open court with the jury present.)

7

8

THE COURT: Good morning, ladies and gentlemen. Thank you for being with us this morning. We are going to continue with evidence from Ms. Taylor.

09:05:08 10

11

Ms. Taylor, you have another witness to call?

12

MS. TAYLOR: Yes, I do, Your Honor.

13

THE COURT: And who is that?

14

MS. TAYLOR: J.C. Chisum.

09:05:18 15

16

THE COURT: Okay. Why don't you go ahead and ask him to come in, if you would, please.

17

Sir, would you please come to the front of the courtroom to be sworn as a witness.

18

19

THE COURTROOM DEPUTY: Please state and spell your name for the record.

09:06:17 20

21

THE WITNESS: Jimmy Clayton Chisum. J-I-M-M-Y,

22

C-L-A-Y-T-O-N, C-H-I-S-U-M.

23

**JIMMY CHISUM,**

24

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

25

DIRECT EXAMINATION - JIMMY CHISUM

1 DIRECT EXAMINATION

2 BY MS. TAYLOR:

3 Q Good morning.

4 A Good morning.

09:06:53 5 Q May I call you like I've always called you, J.C., or would  
6 you prefer to be called Mr. Chisum or Jimmy or --

7 A J.C.'s fine with me if it's okay with the Court.

8 THE COURT: It's okay with me.

9 BY MS. TAYLOR:

09:07:08 10 Q J.C., I'd like to let the jury know, you did serve some  
11 prison time; is that correct?

12 A Yes, I'm still on probation.

13 Q And what was you convicted of?

14 A I was convicted of four counts of attempted tax evasion by  
09:07:26 15 the jury in 2005, sentenced in 2006.

16 Q And how much time did you spend?

17 A I spent 44 months in prison. As I say, I'm still on  
18 probation now.

19 Q And you're aware that I also spent some time in prison; is  
09:07:48 20 that correct?

21 A Yes, I'm aware that you were in prison.

22 Q And do you recall how many months that was?

23 A It was a little over two years. I think 27 months, to the  
24 best of my recollection.

09:08:02 25 Q Right. And the reason I spent that, do you recall why that

DIRECT EXAMINATION - JIMMY CHISUM

09:08:08 1 was I was in prison?

2 A Contempt of court.

3 MR. GALATI: Your Honor, lack of foundation.

4 Objection.

09:08:16 5 THE COURT: Overruled.

6 BY MS. TAYLOR:

7 Q I was -- do you have any -- do you have any knowledge as  
8 to -- during this time of knowing me, do you have any knowledge  
9 of anybody telling you about why I was in prison?

09:08:41 10 A Well, I was told that you were in prison for contempt for  
11 failure to turn over records that, as I understand, you didn't  
12 even have possession of because they were in a location the IRS  
13 had already seized.

14 MR. GALATI: Your Honor, objection. Hearsay.

09:09:00 15 THE COURT: Sustained.

16 MR. GALATI: Move to strike that.

17 THE COURT: I will instruct the jury to disregard that  
18 answer.

19 BY MS. TAYLOR:

09:09:09 20 Q Okay. Is it -- have you read any parts of my transcript  
21 when I was in prison? I -- yeah. Have you read any parts of  
22 my transcript when I was in prison?

23 A Just parts. I didn't read the whole record.

24 Q Do you recall reading the part that said why I was in  
09:09:29 25 prison?

DIRECT EXAMINATION - JIMMY CHISUM

09:09:34 1 A I read documents that said you were in for contempt. But  
2 exact details, I don't recall.

3 Q And do you recall me showing you documents of the IRS when  
4 they seized this building at 20 North Gilbert that -- when they  
09:09:56 5 seized that building where my office was at the time?

6 A Yes, I saw seizure documents.

7 Q And so that was what you were relating to previous when  
8 you -- when we discussed that my documents was in the building  
9 that the IRS seized? Is that what you were relating to?

09:10:16 10 A Yes. I had visited you there and knew that your records  
11 were in that building so when it was seized, I presumed the  
12 records were there.

13 Q Right. And I told you that also in e-mails and  
14 conversations; is that correct?

09:10:36 15 A Yes.

16 Q Okay. You said you read some of the documents. Did I not  
17 tell you that I had -- do you recall conversations with me  
18 telling you that I had filed every document that I could  
19 possibly think of to file in my defense to get me out of prison  
09:11:17 20 at that time for turning over -- I was in prison for turning  
21 over my books and records so -- for not turning over my books  
22 and records, which I didn't have. But do you recall me telling  
23 you in e-mails and in conversations that I had turned -- I had  
24 filed a huge amount of documents to try to get out of prison?

09:11:38 25 MR. GALATI: Your Honor, I object. Hearsay.

DIRECT EXAMINATION - JIMMY CHISUM

09:11:40 1 THE COURT: Sustained.

2 BY MS. TAYLOR:

3 Q Do you recall me telling you how I actually got out of

4 prison? What I said that released me?

09:11:55 5 MR. GALATI: Your Honor, calls for hearsay. Object.

6 THE COURT: Sustained.

7 MS. TAYLOR: Wouldn't he have firsthand knowledge if I

8 told him directly?

9 THE COURT: Well, but what you said was an

09:12:11 10 out-of-court statement so that's hearsay. He can't repeat what

11 he heard from you because that's hearsay. That's why I'm

12 sustaining the objection.

13 MS. TAYLOR: If I put something in writing to him

14 he --

09:12:22 15 THE COURT: Still hearsay.

16 MS. TAYLOR: Still hearsay.

17 THE COURT: Yeah.

18 MS. TAYLOR: So all of this stuff in here today that

19 they're presenting is hearsay, too.

09:12:30 20 THE COURT: I don't think they presented anything

21 today.

22 MS. TAYLOR: No. During this trial. All of the

23 documents they presented --

24 THE COURT: Not if it was admitted into evidence as a

09:12:41 25 business record or a certified record. Those are exceptions to



DIRECT EXAMINATION - JIMMY CHISUM

09:12:44 1

the hearsay rule.

2

MS. TAYLOR: Okay.

3

BY MS. TAYLOR:

4

Q All right. Do you share common beliefs with me?

09:12:52 5

A Yes.

6

Q And are many of them concerning the law?

7

A Yes.

8

Q Approximately can you tell the jury when we started -- when

9

we met.

09:13:04 10

A My earliest recollection is 1988 at a law class.

11

Q And over the years has there been many people that has come

12

and -- come to different various meetings that we have shared

13

together and separately to research issues on the law?

14

A Yes. There's been an enormous amount of study over the

09:13:37 15

time and meetings we attended together and information we

16

shared after meetings.

17

Q Were some of these like legal seminars on the Internal

18

Revenue Code and its application to the people?

19

A Probably all but one or two meetings that you and I

09:14:04 20

attended the same meeting were specifically on the Internal

21

Revenue Code and its application.

22

Q Could you briefly describe some of those seminars or

23

classes that we both attended.

24

A Well, some of them are classes that I put on and some were

09:14:19 25

classes that others presented, but basically the whole issue

## DIRECT EXAMINATION - JIMMY CHISUM

09:14:27 1 beginning before we met was the legal application of income tax  
2 under the Constitution, the laws, and the decisions of the  
3 Supreme Court to understand what was happening and look for a  
4 possible remedy.

09:14:51 5 Q Okay. Some of the meetings were held in various different  
6 places that I went to and you went to. We didn't always go to  
7 the same meetings together; is that correct?

8 A No, there were meetings in different locations that I  
9 attended, there were meetings in different locations that you  
09:15:13 10 attended, and then there were times that after those meetings  
11 we would meet and -- either on the phone or in person and talk  
12 about what we learned and what we saw in those meetings.

13 Q Okay. So basically these topics that we were talking about  
14 were all pretty much similar and shared within the group?

09:15:38 15 A Yes.

16 Q We did share handouts and that kind of paperwork back and  
17 forth with each other and really delved into them and -- is  
18 that correct?

19 A Yes. And we got a whole lot better with it after we had  
09:15:58 20 e-mail so it was easier to share.

21 Q What was the basis of these meetings? Applying the law --  
22 the rule of law to overcome overzealous and threatening  
23 enforcement techniques, was that the -- what would you say the  
24 basis --

09:16:13 25 A Well, at first the study was just to understand what was

## DIRECT EXAMINATION - JIMMY CHISUM

09:16:16 1 happening. Later, as the study developed, there were different  
2 methods, different studies on how to deal with what was  
3 happening to combat, as Congress called it, abuses by the IRS  
4 of people's rights.

09:16:35 5 Q Okay. So could you explain what you mean by "the rule of  
6 law."

7 A Well, the --

8 Q Sorry, didn't -- our constitutional system of government is  
9 based on the concept that the law rules and not man by  
09:16:55 10 individual prejudice or opinions. So could you kind of explain  
11 what "the rule of law" means.

12 A Well, the rule of law means that anything that governs or  
13 comes from government as law to affect the rights and the  
14 property of the people must be written down on pieces of paper  
09:17:16 15 in black and white so people can read it and understand it and  
16 know how to apply it.

17 If it's not written down plainly, then it's subject  
18 to interpretation and it becomes an individual opinion and is  
19 no longer the rule of law because the rule of law is based on  
09:17:37 20 what's written down. It starts from the Declaration, Articles  
21 of Confederation. Our Constitution establishes a basis for  
22 all law and all rule in America, and everything has to be  
23 based in law that people can understand.

24 The Supreme Court is the one that --

09:18:08 25 MR. GALATI: Your Honor, I object. I think he

DIRECT EXAMINATION - JIMMY CHISUM

09:18:09 1 answered the question.

2 THE COURT: Sustained. Let's proceed by question and  
3 answer.

4 You should ask the next question, Ms. Taylor.

09:18:18 5 BY MS. TAYLOR:

6 Q Going back to our meetings, so you passed around and we  
7 passed around different literature on different cases that we  
8 talked about. Is that true?

9 A Yes.

09:18:37 10 Q Did you write a newsletter for the group sometimes that I  
11 received?

12 A I wrote a newsletter relating to business and taxes from  
13 1992 to 2005, and most of that time you were on the mailing  
14 list.

09:18:56 15 Q Can you briefly explain the topics that would have been  
16 covered. How faith and law are interlocked because most must  
17 be based solely on truth.

18 A Well, the pursuit of happiness is based in part on the  
19 truth in government. If we distrust our government, then  
09:19:23 20 there's a problem. If our government distrusts us, then  
21 there's a problem.

22 The rule of law and everything being based strictly  
23 in the Constitution gives us a basis where we know how to  
24 resolve disputes and distrust. The whole idea of American law  
09:19:47 25 is that it has to be written plainly, in unambiguous language

DIRECT EXAMINATION - JIMMY CHISUM

09:19:52 1 so people like the jury can understand it.

2 Q So basically we really studied a lot of the Constitution  
3 and a lot of the laws to come to our conclusions of -- perhaps  
4 is this how you came to your conclusion of your stance which  
09:20:31 5 led directly to you be putting in prison?

6 A You know, through my study I formed what the Supreme Court  
7 calls sincerely held beliefs. I really believe that's what the  
8 law says, and I really believe that's what the law means. And  
9 there's a disagreement between those sincerely held beliefs and  
09:20:56 10 what government agents or government attorneys believe about  
11 those same things.

12 But the rule of law, the basis for our beliefs that  
13 we shared in common and we shared with one another is that  
14 when it's written down in law in language we can understand,  
09:21:20 15 that's what it means.

16 When the Supreme Court gives an additional definition  
17 or an additional explanation of, I, for one, am grateful  
18 because the Supreme Court is very good at giving explanations  
19 and guidance on specific topics of law.

09:21:43 20 Q Can you -- do you have a favorite case on income tax?

21 MR. GALATI: Your Honor, I object. Irrelevant.

22 THE COURT: Sustained.

23 BY MS. TAYLOR:

24 Q Did you ever cover the subject of property and one's labor?

09:21:58 25 A Yes. The property and rights to property under the

DIRECT EXAMINATION - JIMMY CHISUM

09:22:01 1 Declaration of Independence --

2 MR. GALATI: Your Honor, I object. The question was,  
3 "Did you ever discuss that?"

4 MS. TAYLOR: No. I said, "Did you ever cover the  
09:22:09 5 subject of property" --

6 THE WITNESS: Yes.

7 MS. TAYLOR: -- "and one's labor when we were  
8 discussing this?"

9 THE WITNESS: Yes.

09:22:14 10 BY MS. TAYLOR:

11 Q Could you elaborate on that.

12 MR. GALATI: Your Honor, I object to the nature of the  
13 question. It's open-ended.

14 THE COURT: I think you need to be more specific in  
09:22:25 15 your question.

16 BY MS. TAYLOR:

17 Q Okay. Could you -- when we were discussing the subject of  
18 the property of one's labor, did you derive -- or did you find  
19 any court cases to back up -- any court cases or law to back up  
09:22:43 20 our final belief system that we came to believe that our labor  
21 is our private property?

22 A Well, I think it was from reading the Supreme Court cases  
23 that we formed that belief or reaffirmed that belief. It was  
24 from study, and there's a whole list of Supreme Court cases.

09:23:09 25 *Eisner versus Macomber* in 1920 recounts and reviews all of

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09:23:15 1 those issues of property and labor in their prior decisions,  
2 and the *Eisner versus Macomber* was one that we studied often to  
3 settle our minds on what we believe.

4 Q So you would say *Eisner versus Macomber* is probably one of  
09:23:37 5 our favorite cases that we relied on because it had so many  
6 other cases in there that it used to back up its decision. Is  
7 that what you're saying?

8 MR. GALATI: Your Honor, I object. The fact that they  
9 studied it, fine. But to the rest of it, I object.

09:23:58 10 THE COURT: On what basis?

11 MR. GALATI: It's irrelevant.

12 THE COURT: This is the issue we wrestled with,  
13 Ms. Taylor. He can certainly testify about the fact that you  
14 studied and about your sincerely held beliefs. But we can't  
09:24:17 15 get into him describing the law for the jury. That's my job.

16 So if you can phrase the question in a way that calls  
17 for his testimony about what you believed, I think it's not  
18 going to be objectionable.

19 BY MS. TAYLOR:

09:24:33 20 Q Was there many more cases in that *Eisner versus Macomber*  
21 that backed up our beliefs?

22 A Yes. It started with *Butchers Union* in 1882 about the  
23 individual rights, and it just followed their whole case  
24 history is what *Eisner and Macomber* did, followed their own  
09:24:57 25 rulings, their own case history. It is very easy to read and

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09:25:01 1 understand, is why that helped with forming beliefs that were  
2 very sincere.

3 Q Did that Supreme Court case ever define income?

4 MR. GALATI: Well, Your Honor, as to the contents of  
09:25:18 5 the case, I object.

6 THE COURT: Sustained.

7 BY MS. TAYLOR:

8 Q Did we study the Sixteenth Amendment?

9 A Yes.

09:25:41 10 Q And can you tell me what we concluded from the Sixteenth  
11 Amendment?

12 A Well, all of the conclusions that we shared in the meetings  
13 and discussed were the conclusions the Supreme Court drew about  
14 the Sixteenth Amendment.

09:25:56 15 MR. GALATI: Well, Your Honor, again, I object to what  
16 the Supreme Court has said about the Sixteenth Amendment.

17 THE COURT: I don't think he testified about that. I  
18 think he testified about conclusions. So the objection is  
19 overruled.

09:26:07 20 BY MS. TAYLOR:

21 Q So in your opinion, did the Sixteenth Amendment change any  
22 of the laws on labor?

23 MR. GALATI: Your Honor, I object. This witness'  
24 opinion about the Sixteenth Amendment is irrelevant.

09:26:35 25 THE COURT: Sustained.



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09:26:36 1 BY MS. TAYLOR:

2 Q In our research, did we come -- did we come to agreement  
3 that what we believed the Sixteenth Amendment to say was that  
4 it was solely based on gain and profit of corporations?

09:27:03 5 A No. That wasn't what we discussed about the Sixteenth  
6 Amendment. We discussed what the Supreme Court said about the  
7 Sixteenth Amendment and followed their guidance.

8 Q And can you tell me what that guidance directed -- which  
9 direction that guidance gave to us.

09:27:23 10 MR. GALATI: Well, Your Honor, I object going into the  
11 substance of a Supreme Court ruling.

12 THE COURT: Sustained.

13 BY MS. TAYLOR:

14 Q Did the Supreme Court -- has the Supreme Court, to your  
09:27:37 15 knowledge, ever ruled concerning labor?

16 A Yes.

17 Q Can you tell me, did they rule that labor is a man's most  
18 sacred property?

19 MR. GALATI: Your Honor, I object, again, we're going  
09:27:53 20 into the substance of a decision.

21 THE COURT: Sustained.

22 BY MS. TAYLOR:

23 Q Can you tell me what they did rule on concerning labor?

24 A The Supreme Court ruled in various cases that --

09:28:13 25 MR. GALATI: Your Honor, I object on the same basis.

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09:28:15 1 THE COURT: Sustained.

2 BY MS. TAYLOR:

3 Q Is it your belief that the federal government cannot tax  
4 labor?

09:28:30 5 MR. GALATI: Your Honor, again, object. This witness'  
6 belief is irrelevant.

7 THE COURT: Sustained.

8 BY MS. TAYLOR:

9 Q Do you have knowledge that it is my belief, have I related  
09:28:41 10 to you that it is my belief that the Supreme Court cannot tax  
11 labor?

12 A It is belief that you have expressed to me that based on  
13 the Supreme Court decisions labor is property not subject to  
14 federal tax.

09:29:12 15 Q Has Congress ever overturned any of these important Supreme  
16 Court cases, to your knowledge, on labor?

17 A No.

18 Q Have they ever -- have they ever given any other definition  
19 than that first by the Supreme Court in *Eisner*?

09:29:35 20 A No.

21 Q When you first taught me about *Eisner* about 1997, was that  
22 repeated quite often in our conversations and studies?

23 A It was such an important part of the belief we shared that  
24 it was often part of conversation, both privately and publicly  
09:30:06 25 in meetings.

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09:30:14 1 Q Have you been -- have you been -- have you -- have you  
2 been -- have you witnessed that IRS agents follow the Supreme  
3 Court decisions?

4 A None that I know of.

09:30:32 5 Q Are agents required by law to follow Supreme Court  
6 decisions?

7 MR. GALATI: Object, Your Honor. Irrelevant.

8 THE COURT: Sustained.

9 BY MS. TAYLOR:

09:30:44 10 Q Have we discussed together, after reading codes and  
11 Internal Revenue Manuals, that both of us believe that IRS  
12 agents are to follow Supreme Court decisions?

13 A Yes, that's common belief.

14 Q And does -- have we actually pointed out in their manuals  
09:31:06 15 where it's not just our belief but it actually says that?

16 A Yes. Both orally and in writing.

17 Q Have we asked -- have you -- and I believe you've gone with  
18 me to some meetings, have you and I both asked the agents to  
19 follow and respect the Supreme Court decisions?

09:31:30 20 A Yes, both orally and in writing.

21 Q What did we get for a response?

22 MR. GALATI: Objection, Your Honor. Hearsay.

23 THE COURT: Sustained.

24 BY MS. TAYLOR:

09:31:45 25 Q Have we been ignored or accused of using frivolous

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09:31:49 1 protester arguments?

2 A Yes.

3 Q Just so the jury understands, you're saying that we've got  
4 about a 30-year history of agents calling Supreme Court  
09:32:08 5 decisions frivolous protester arguments; is that correct?

6 A Yes.

7 Q Have any other government officials say that Supreme Court  
8 decisions are frivolous?

9 MR. GALATI: Object, Your Honor. Irrelevant.

09:32:29 10 THE COURT: Sustained.

11 BY MS. TAYLOR:

12 Q So we have -- have you heard agents use different  
13 definitions than that given by the Supreme Court?

14 MR. GALATI: Object, Your Honor. Irrelevant.

09:32:55 15 THE COURT: Sustained.

16 BY MS. TAYLOR:

17 Q Do you know what a -- what would be a prominent other  
18 definition of income?

19 MR. GALATI: Object, Your Honor. It's irrelevant.

09:33:10 20 THE COURT: Sustained.

21 BY MS. TAYLOR:

22 Q Is everything that comes in usually as the IRS agents claim  
23 in Title -- in Section 61, is everything that comes in to a  
24 person, is that income?

09:33:29 25 MR. GALATI: Your Honor, I object. This witness'

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09:33:31 1 opinion of what's income and what isn't is irrelevant.

2 THE COURT: Sustained.

3 BY MS. TAYLOR:

4 Q Have you and I not discussed that it is my belief that --  
09:33:45 5 that the definition of income is not everything that comes in  
6 to one?

7 A Yes. We agree.

8 Q Have you and I discussed that the Internal Revenue Code  
9 when they define income -- that they don't really define  
09:34:14 10 income?

11 A Yes.

12 Q About when did you start talking with me on this subject or  
13 give me information? How long have we held that belief?

14 A Well, the first time we shared information, as I said  
09:34:37 15 earlier, was probably 1988. It was about '92 or '93 that we  
16 had -- began having regular conversations and attending more  
17 meetings together and sharing more beliefs.

18 Q Can you tell me, was there another court case that we  
19 shared where the elements of the crime of tax evasion was very  
09:35:08 20 prominent and spelled out, that we shared together?

21 A The most prominent case would have been Sansone from 1965,  
22 the Supreme Court decision.

23 Q And that gave a 'pecific law for tax and that the real  
24 estate owed from taxable activity must be in deficiency?

09:35:32 25 MR. GALATI: Well, object to the substance of the

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09:35:33 1 case, Your Honor.

2 THE COURT: Sustained.

3 MS. TAYLOR: Okay.

4 BY MS. TAYLOR:

09:35:41 5 Q Have we ever asked for -- to your knowledge, do you know  
6 that I have told you that I have asked for congressmen, along  
7 with you also asking for congressmen, to help us resolve some  
8 of these issues?

9 MR. GALATI: Your Honor, calls for hearsay. I object.

09:35:57 10 THE COURT: Sustained.

11 MS. TAYLOR: Have to rephrase it.

12 BY MS. TAYLOR:

13 Q Have I told you that I have written letters to my  
14 congressmen and asked them to help out in getting a clear  
09:36:10 15 definition of some statutes or laws?

16 MR. GALATI: Same objection, Your Honor.

17 THE COURT: Sustained.

18 MS. TAYLOR: One moment, please.

19 BY MS. TAYLOR:

09:36:58 20 Q Have you seen me or witnessed me writing letters to  
21 Congress asking for 'pecific information on certain tax laws?

22 A You've given me copies of letters that were sent to  
23 Congress, yes.

24 Q Did I send you back my responses saying that there was no  
09:37:28 25 'pecific law to impose a tax on the labor of most Americans?

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09:37:33 1 MR. GALATI: Your Honor, I object to the contents of  
2 the responses she may have gotten from congressmen as being  
3 hearsay.

4 THE COURT: Sustained.

09:37:51 5 BY MS. TAYLOR:

6 Q Have I -- do we -- have you witnessed that -- or do you  
7 have personal knowledge that we've talked about Congress taking  
8 personal steps to abuse -- to eliminate the abuse of IRS  
9 agents?

09:38:25 10 A We've discussed the legislative history of what Congress  
11 has done supposedly for the purpose of eliminating abuse. The  
12 long history of congressional actions from the Privacy Act of  
13 1971 all the way to and including restructuring formats of  
14 1988.

09:38:54 15 Q And has -- have these -- even though these acts have been  
16 passed, do we still feel -- have we expressed to one another  
17 that the IRS is still not abiding by these acts?

18 A Yes. We have discussed it, the abuse continues.

09:39:38 19 Q In 1996, the Taxpayer Bill of Rights, 1997, the Senate --  
20 so it is true that the Senate has discovered that there has  
21 been some abuses and tried to straighten this out by doing a  
22 restructuring and reformat. Is that true?

23 MR. GALATI: Object, Your Honor. Irrelevant.

24 THE COURT: Sustained.  
25

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09:39:53 1 BY MS. TAYLOR:

2 Q Was all of these Privacy Acts and the Tax Simplification  
3 Act of 1986, the Taxpayer Bill of Rights, and all of these  
4 treasury determinations and general tax administration stuff,  
09:40:15 5 was that all given to me in handouts or by e-mail on numerous  
6 occasions?

7 A Yes, it was.

8 Q Are you familiar with *U.S. versus Lanier*?

9 A *Lanier*. 1997. Yes.

09:40:35 10 Q And was it not true that that decision is a great sign of  
11 hope for all we're -- for all of our studies?

12 A Yes, it was.

13 Q And can you tell me why we felt it was such a good hope?

14 MR. GALATI: Your Honor, to the extent the answer  
09:40:55 15 calls for going into the substance of the decision, I object.

16 THE COURT: Sustained to that extent.

17 THE WITNESS: We believed that it would give us  
18 avenues to really find truth of what the law is and does. And  
19 because of that hope of finding that truth and resolving  
09:41:15 20 that -- issues, it was a very important common belief.

21 BY MS. TAYLOR:

22 Q Did we come to the -- do you think -- or did you -- did we  
23 come to a common ground understanding that it's very hard for  
24 the American people to understand the tax code?

09:41:46 25 A Essentially impossible. That's why decisions like *Lanier*



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09:41:51 1 are so important.

2 Q And have other magazines indicated the same thing that we  
3 have read?

4 A We had meetings concerning Wall Street Journal, Forbes  
09:42:09 5 Magazine, the fact that they put out tax returns to a body of  
6 professionals, 100 or 150 lawyers and accountants to prepare  
7 the same return and got widely differing answers.

8 Q So I have indicated to you and you have a sincere belief  
9 that the code poses no duty on the average American?

09:42:42 10 A That's a common belief.

11 Q Are you kind of afraid today about being attacked by the  
12 IRS again for coming here and testifying on my behalf?

13 A No, I just expect it.

14 MR. GALATI: Your Honor --

09:42:56 15 BY MS. TAYLOR:

16 Q Do you feel under duress and threat by coming here?

17 A Nothing they can do can cause me to fear them. I've been  
18 to prison.

19 Q Is there another court case called *U.S. versus Lee* that we  
09:43:20 20 have discussed on the rules of law?

21 A Yes, we discussed *U.S. Lee* and the whole chain that  
22 followed it.

23 Q And what would be that -- would *FCC versus NextWave* in  
24 2'03, is that in that chain or is that a separate one?

09:43:40 25 A Well, *Lee* was shortly after the Civil War, but *FCC versus*

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09:43:46 1 NextWave follows that chain of saying that everyone --

2 MR. GALATI: Your Honor -- Your Honor, object.

3 Getting into the substance.

4 THE COURT: Sustained as to the substance of the case.

09:44:00 5 MS. TAYLOR: He can answer the rest of it?

6 THE COURT: Well, if he can answer the question

7 without talking --

8 MS. TAYLOR: About the substance.

9 THE COURT: -- about the law and describing the law,

09:44:07 10 yes.

11 MS. TAYLOR: So --

12 THE WITNESS: Well, the belief we shared and still  
13 share is that law is words that have exact meanings. And law  
14 is supposed to be readable and understandable, not in class  
09:44:29 15 warfare where one group of attorneys can understand law but the  
16 people cannot.

17 And that class warfare, class difference in the way  
18 law is written and applied is one of those things that is  
19 prohibited. All men are created equal. Not some of them are  
09:44:52 20 privileged and some of them have no rights at all. And the  
21 law is where all of those beliefs come home.

22 When we read the law and we believe the law, that's  
23 what we should be doing. When we read the law and decide it  
24 means something different than what Congress said in their  
09:45:16 25 words, then there's a problem. And we're here because of that

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09:45:23 1 problem. Because you and I believe one way concerning what  
2 the law is and does and must be, and the other privileged  
3 class believes something else.

4 BY MS. TAYLOR:

09:45:39 5 Q And is there case law that we have studied that give us  
6 direction of how the law would apply should there be  
7 discrepancies?

8 A Well, again, the only place that we studied and worked and  
9 believed was in what the Supreme Court said. The Supreme Court  
09:46:07 10 said that if there's disagreement, it has to be resolved in  
11 favor of the rights of the people. And I've never seen that  
12 happen.

13 Q Right. So we -- our firm held belief, yours as well as  
14 mine, basically you know that my firm belief, because I've  
09:46:38 15 relayed this to you many times, that we're kind of like a  
16 minority in our -- in this society?

17 MR. GALATI: Well -- withdrawn, Your Honor.

18 THE WITNESS: Yes. We believe that because we have  
19 studied law and read what the law says and what the Supreme  
09:47:01 20 Court says, that makes us at least peculiar. And I don't think  
21 being peculiar is a bad thing, but it makes it very difficult,  
22 especially for a jury, because we're different.

23 BY MS. TAYLOR:

24 Q Right. Correct. It would make it very difficult for the  
09:47:32 25 average Americans -- not even the jurors, but just the average

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09:47:36 1 Americans, is that not what we believe, to try -- I mean, most  
2 people don't have time to understand and read, they're busy  
3 with their lives. So we have failed in our society a lot, too.  
4 Is it not -- is that our belief?

09:47:52 5 A Yes. We believe that the people have failed to keep check  
6 on their government, to pay attention to what the government's  
7 doing and pay attention to the fact that they're following the  
8 Constitution and the law as it's written.

9 Q And it's safe to say that we also feel, I feel and you  
09:48:13 10 feel, that -- we have relayed this to each other that because  
11 of us not -- it's very hard to stand up against such powers, so  
12 because of this, we're persecuted a lot; is that correct?

13 A Well --

14 MR. GALATI: Your Honor, I object. That is  
09:48:38 15 irrelevant.

16 THE COURT: Sustained.

17 BY MS. TAYLOR:

18 Q Considering -- is there a favorite case that you have that  
19 stands out considering jurisdiction that we have studied?

09:48:59 20 A The most recent case that, again, quotes all of their prior  
21 history from the Supreme Court is *Federal Maritime Commission*  
22 *versus South Carolina State Ports Authority*, and it goes back  
23 and cites the whole --

24 MR. GALATI: Your Honor, again, what it says, I object  
09:49:15 25 to.

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09:49:17 1 THE COURT: Sustained.

2 BY MS. TAYLOR:

3 Q And did you give me these cases to read and to go over?

4 A Yes, I did.

09:49:23 5 Q To stand on for my beliefs. And did I indicate to you that  
6 I understood them and that it was -- my beliefs were in the  
7 same thing that the Supreme Court cases ruled?

8 A Yes, you did.

9 Q Have we ever discussed anything about regulations?

09:49:44 10 A Yes. We've had several seminars and newsletters and  
11 personal communications concerning the need for regulations to  
12 carry the law into effect as ruled by the Supreme Court. We  
13 seem to always go back to the Supreme Court.

14 Q And what particular case was the one that we picked out  
09:50:09 15 that really -- well, it was cut -- which one did we really  
16 study a lot?

17 A We studied *Mirsky* (phonetic) mostly, but *California Bankers*  
18 *Association versus Shultz* is another case in that line of the  
19 need for regulations to explain any ambiguity in the law and  
09:50:37 20 its application.

21 Q Did you read the indictment in my case?

22 A Yes, I did.

23 Q Did it cite any regulations violated?

24 A No, it did not.

09:50:49 25 MR. GALATI: Your Honor, I object. It's irrelevant.

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09:50:52 1 THE COURT: Sustained.

2 BY MS. TAYLOR:

3 Q Did it cite a 'pecific tax due and owing?

4 A No.

09:51:14 5 MR. GALATI: Your Honor, I know I'm late. I move to  
6 strike the last answer. The adequacy of the indictment is a  
7 legal matter for the Court.

8 THE COURT: I'm going to sustain that objection and  
9 instruct the jury to disregard the last answer.

09:51:26 10 BY MS. TAYLOR:

11 Q So does Congress -- do we believe that -- or do you believe  
12 in our studies that we have come to the conclusion that  
13 Congress does have 'pecific limitations in taxation?

14 A Yes, they do.

09:51:55 15 Q And are they -- do they have like -- is their congressional  
16 authority very narrow, narrowly defined?

17 A Yes, it is.

18 Q And what court case really points to that?

19 A The best one on that subject I think was written by Justice  
09:52:18 20 O'Connor, a case called *New York versus United States* that was  
21 very specific and very careful in explaining the limitations on  
22 federal authority based on the Constitution.

23 Q And is it true that she expressly said that the fed- --  
24 well, I guess you just said that. She expressly said that the  
09:52:58 25 federal authority must be expressly delegated in the

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09:53:01 1 Constitution or it does not exist?

2 MR. GALATI: Your Honor, I object to the substance of  
3 the decision.

4 THE COURT: Sustained.

09:53:07 5 BY MS. TAYLOR:

6 Q Okay. Can you relate what you said to -- what we discussed  
7 for the jury of where Congress -- where Congress' authority is  
8 written down.

9 A Congress' specific limitations for taxation -- well, all of  
09:53:28 10 Congress' authority is written in Article I of the Constitution  
11 and specifics sec- -- Article I Section 8 of the Constitution  
12 is a specific listing of Congress' authority. There's about 30  
13 powers to legislate or pass laws, and two of those involved  
14 taxation.

09:53:50 15 Q And are those two concerning the fruits of our labor?

16 A Well, those two concern direct and indirect taxes.

17 Q And is indirect tax -- and indirect tax meaning privileges  
18 and excises tax. Which conclusion did we arrive that that one  
19 was in?

09:54:20 20 A Through our study and the study of the Supreme Court cases  
21 that ruled on the subject, we concluded that the taxation -- or  
22 we come to believe that taxation was about excises and  
23 activities, taxes on activities, not on the person themselves  
24 or on -- directly on the property.

09:54:43 25 Q So neither one of those we have come to the conclusion are

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09:54:46 1 on labor --

2 A Well --

3 Q -- directly?

4 A -- a tax on labor according, again, to the written law as

09:54:55 5 provided by the Secretary of Treasury and regulation relates to

6 taxes on property. And the regulation names labor -- or,

7 excuse me, wage and salary as subjects of direct taxation.

8 Q And is that -- is that on the average American as -- being

9 taxable as on the average American?

09:55:26 10 A No, we don't at this time in America have any laws for

11 direct taxation of individuals.

12 Q One of these -- what does indirect taxes, when that comes

13 into play, how is that -- how have we through our studies

14 determined that that is applied?

09:56:05 15 A Well, the Constitution requires that indirect taxes be

16 applied uniformly throughout the nation. In studying the other

17 laws, regulations, revenue manuals, and Supreme Court cases, we

18 can't find where that is uniform unless we have exact uniform

19 following of the written law. If the rule of law is uniformly

09:56:36 20 followed by every attorney, by every citizen, by every agent,

21 then we have uniformity in taxation. Otherwise we don't have

22 uniformity.

23 Q So it's our belief that not only us must follow the laws

24 that Congress has written for us, but all law abiding -- the

09:57:02 25 government. All the government should follow their laws.



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09:57:05 1 Both -- also, and they shouldn't be allowed to not follow those  
2 laws. Is that our understanding?

3 A We understand that the law as written is specifically what  
4 government agents have taken an oath to support and follow. If  
09:57:24 5 they have taken a specific oath, then any deviation from that  
6 law would be a breach of oath. And we believe and have  
7 discussed many times our beliefs, how can it be uniform when  
8 one agent says one thing and another agent says another and  
9 both of them say they didn't read the law? And those are  
09:57:48 10 experiences we've seen.

11 Q And in the Supreme Court case of *Sansone*, it talks about  
12 the tax indictment must conform exactly to the rule of law. Is  
13 that true?

14 MR. GALATI: Your Honor, object to the substance of  
09:58:11 15 the case.

16 THE COURT: Sustained.

17 BY MS. TAYLOR:

18 Q Have we talked about and studied together about assessments  
19 and collection of taxes?

09:58:28 20 A Yes, we have.

21 Q And where is that carried through in -- as far as law and  
22 regulations and manuals and stuff goes?

23 A Well, the assessment in collection of taxes encompasses all  
24 of those, from the congressional authority of Congress to lay a  
09:58:52 25 tax all the way to the lowest bureaucrat in the IRS to audit or

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09:58:59 1 collect a tax. And everyone must follow the specific written  
2 law. That's what it's written for, is to be followed. The  
3 Congress writes it and the Supreme Court says, yep, they mean  
4 what they said, and they said what they mean.

09:59:13 5 And so our belief and part of our frustration is we  
6 believe that every agent in every part of government must  
7 honestly and sincerely follow the law as written. And we have  
8 a frustration because we can't find one that will admit to  
9 knowing the law much less following it.

09:59:38 10 Q And there's been other topics that we've talked about, they  
11 basically all come back to the declaration in 1776; is that  
12 correct?

13 A Yes.

14 Q And that tells us what the purpose of government and its  
09:59:54 15 limitation is; is that correct?

16 A Yes.

17 Q How many court cases could you say that we probably studied  
18 over our -- the years that we have known each other?

19 A More than 100.

10:00:12 20 Q Did any of those cases that we discussed and you gave me  
21 directly, did they hold my -- do you believe that they hold my  
22 sincerely held beliefs?

23 A Yes, I believe your sincerely held beliefs were formed from  
24 studying the Supreme Court cases along with the law.

10:00:43 25 Q Do you believe that I have willfully tried to evade or not

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10:00:54 1 pay any tax that might be due?

2 MR. GALATI: Your Honor, I object. The witness'  
3 opinion about that is irrelevant.

4 THE COURT: Sustained.

10:01:01 5 BY MS. TAYLOR:

6 Q In mine and your beliefs in studying the law, have we come  
7 to the conclusion that there is no law that makes us liable for  
8 income tax?

9 A Yes, we have that belief.

10:01:23 10 Q And is that based upon all of these Supreme Court cases?  
11 And the Constitution, of course?

12 A Yes, it's based on our study of the law, including those.

13 Q And to our knowledge, have we ever read any court case that  
14 has over -- has any of these court cases that we have read been  
15 overturned out of these positive cases that we have read to  
16 lead us to this belief?

17 A No, because they continue to be cited by the Supreme Court  
18 in new rulings. So they're still using them so they're still  
19 valid.

10:02:08 20 Q In *Lanier*, do you know what it says about disagreeing, if  
21 two people disagree about a law, it imposes no duty? Is that  
22 what it says in *Lanier*?

23 MR. GALATI: Your Honor, I object. Same basis.

24 THE COURT: Sustained.  
25

DIRECT EXAMINATION - JIMMY CHISUM

10:02:31 1 BY MS. TAYLOR:

2 Q What does the Supreme Court say about if I have been  
3 consistent in believing the laws as written and decided in all  
4 of our meetings that we have had together?

10:02:44 5 MR. GALATI: Your Honor, I object. Irrelevant.

6 THE COURT: Sustained.

7 BY MS. TAYLOR:

8 Q In our meetings that we have had together, is the -- has  
9 the Supreme Court said anything to lead you to believe that our  
10 opinions are different than what they have said about tax laws?

10:02:58 11 A No, I don't think our opinions are at all different from  
12 what the Supreme Court has said.

13 Q What happened to that rule of uniformity in your case?

14 A It was ruled frivolous --

10:03:24 15 THE COURT: Excuse me --

16 MR. GALATI: Your Honor, object. Object to the  
17 relevance of that.

18 THE COURT: Sustained.

19 BY MS. TAYLOR:

10:03:40 20 Q So what would happen -- what have we decided that would  
21 happen when the rule of uniformity and taxation that is cited  
22 in the Constitution, when that is not abided by? What happens?  
23 What have we decided happens?

24 MR. GALATI: Your Honor, object. That's irrelevant.

10:04:02 25 THE COURT: Sustained.

DIRECT EXAMINATION - JIMMY CHISUM

10:04:03 1 BY MS. TAYLOR:

2 Q What are our beliefs that we believe when the rule of  
3 uniformity concerning taxation that is cited in the  
4 Constitution, what happens -- what do we believe happens to a  
10:04:23 5 society when that is not abided by?

6 MR. GALATI: Object, Your Honor. Irrelevant.

7 THE COURT: Sustained.

8 MS. TAYLOR: One moment, please.

9 BY MS. TAYLOR:

10:05:13 10 Q Well, in all this testimony you gave me and all this  
11 information and everything else, did we have personal  
12 discussions on the rule of uniformity?

13 A Yes. Numerous ones.

14 Q And what was discussed?

10:05:27 15 A The great importance of uniformity in the law and the way  
16 it's applied.

17 Q So you've been studying a lot longer than I -- just for the  
18 benefit of the jury, you have been studying the law a lot  
19 longer than I, of course, but could you tell them how long?

10:06:00 20 A Well, I started in April of 1981, and I had the luxury of  
21 having a lot of time to dedicate to the study for several  
22 years.

23 Q And after -- do you personally know that I did pay taxes  
24 for certain -- for quite a few years previously in my lifetime?  
10:06:31 25 Did I show you tax -- did I tell you personally that I had paid

DIRECT EXAMINATION - JIMMY CHISUM

10:06:37 1 and show you tax returns that I had filed previously?

2 A You told me about it. I don't remember seeing any returns.

3 Q Okay. After -- do you pay taxes today?

4 A I pay all the tax I legally owe.

10:06:55 5 Q Okay. After paying -- after paying the taxes in my  
6 previous years, did I relate to you that I started researching  
7 and going to -- not only just with you but going to different  
8 colleges, ASU and stuff, and researching further in law books  
9 about this issue?

10:07:28 10 A Yes, I'm aware that you put extensive study into this  
11 subject.

12 Q Has these -- were we made aware that the Supreme Court give  
13 us an example of how to determine our beliefs are sincere?

14 MR. GALATI: Your Honor, object. Going into the  
10:07:52 15 substance of Supreme Court cases on willfulness.

16 THE COURT: Sustained.

17 BY MS. TAYLOR:

18 Q Are you aware of the *Cheek* case?

19 A Yes.

10:08:08 20 Q And were we not -- did we not read in the *Cheek* case --

21 MR. GALATI: Your Honor, object. The Court's going to  
22 instruct on this issue.

23 THE COURT: Sustained.

24 BY MS. TAYLOR:

10:08:26 25 Q You was aware that when I was in jail for all that length

DIRECT EXAMINATION - JIMMY CHISUM

10:08:30 1 of time, I was never given any trial or -- by a jury or any  
2 trial, I was just held in contempt. Is that your belief that  
3 you're aware of?

4 MR. GALATI: Well, Your Honor, object. It's based on  
10:08:46 5 hearsay and it's irrelevant.

6 THE COURT: Sustained.

7 BY MS. TAYLOR:

8 Q Did you personally have knowledge that I was held in  
9 contempt for 27 months without any trial or without any charge,  
10:09:10 10 really?

11 A I was told, but I didn't go to the court to look at the  
12 record.

13 Q Didn't I send you over my summary transcript at one time?

14 A Yes, I received transcripts.

10:09:30 15 Q You're not telling me you didn't read them?

16 A No, I read the transcripts. But I didn't go to the court  
17 to verify the record. So testifying to personal knowledge is  
18 limited.

19 Q I see.

10:09:46 20 But you were aware that I spent more than the two  
21 years in there without having any trial, and I stayed that  
22 time -- the reason I was in there was because of my sincere  
23 beliefs.

24 MR. GALATI: Your Honor, object and move to strike.

10:10:04 25 THE COURT: Sustained. That was, I think, not in the

DIRECT EXAMINATION - JIMMY CHISUM

10:10:06 1 form of a question.

2 BY MS. TAYLOR:

3 Q Is it your belief that I was in there because of my sincere  
4 beliefs?

10:10:15 5 MR. GALATI: Your Honor, object. Irrelevant.

6 THE COURT: Overruled.

7 THE WITNESS: Yes. And we share common beliefs.

8 BY MS. TAYLOR:

9 Q The *Eisner* case that we have mentioned, isn't that an old  
10 case?

11 A Yes. It's 1920.

12 Q Is it obsolete?

13 A No. The Supreme Court still refers to *Eisner* and the  
14 concepts of *Eisner* in other cases, more modern cases, even  
15 referring to the same concepts in *Bowler* in 2008 but directly  
16 citing *Eisner* in *Atlantic Mutual* in 1998.

17 Q Have I related to you that I believe that the Constitution  
18 has not been -- the Constitution has been amended to expand any  
19 other taxing authority than what it was originally?

10:11:35 20 A Yes, we share the belief that the taxing authority has not  
21 been expanded in any way.

22 Q Is there anybody -- do we believe that there's anybody else  
23 that can expand that taxing authority beyond what the  
24 Constitution says and the laws passed by Congress?

10:12:02 25 A No, no one has that authority.



DIRECT EXAMINATION - JIMMY CHISUM

10:12:15 1 Q Have we discussed that -- and it has -- has it been your  
2 and my experience and -- in our teachings and studyings that  
3 the IRS agents do not diligently study the law or the Supreme  
4 Court cases?

10:12:37 5 A That's true. They're not given any incentive to study the  
6 law or Supreme Court cases, and they're not given any  
7 instruction from basically the first few months after they're  
8 hired all the way through their career. They have a few  
9 classes yearly to maintain some level of proficiency but no  
10:12:58 10 diligent study.

11 Q What court case have we talked about that explains about --  
12 well, first of all, it's our firmly held belief that income is  
13 not defined in Title 26; is that correct?

14 A That's correct.

10:13:44 15 Q What -- why do we believe that?

16 A Because of studying the law itself that says the general  
17 term "income" is not defined and by studying the Supreme Court  
18 cases that have ruled on the subject.

19 Q And who does define income to our -- what is our belief the  
10:14:12 20 law body that defines income?

21 MR. GALATI: Your Honor, object to the relevance of  
22 that.

23 THE COURT: Sustained.

24 BY MS. TAYLOR:

10:14:26 25 Q Is it true that even Congress -- is it our belief that even

DIRECT EXAMINATION - JIMMY CHISUM

10:14:31 1 Congress cannot define income because the Constitution does?

2 A No, it's because the Supreme Court previously gave one  
3 definition only.

4 Q And what court case was that?

10:14:45 5 MR. GALATI: Object, Your Honor, on the same grounds.

6 THE COURT: Sustained.

7 BY MS. TAYLOR:

8 Q That was the previous court case we were talking about?

9 A Yes.

10:15:15 10 Q And so we believe that -- you have taught me and we believe  
11 that the Sixteenth Amendment basically has defined income as a  
12 profit or gain and not salary or compensation for labor?

13 MR. GALATI: Your Honor, object to the question as it  
14 goes to the law.

10:15:40 15 THE COURT: Sustained.

16 MS. TAYLOR: Your Honor, can we bring any of these  
17 court cases into -- for the jury can -- can we -- can I bring  
18 them to where the jury can see them or enter them in?

19 THE COURT: Well, not if your purpose is to have the  
10:15:59 20 jury read them to understand the law as you believe it is true.  
21 I'm going to instruct them on the law.

22 MS. TAYLOR: Oh. I understand that, but I just --

23 THE COURT: You need to -- no, you need to focus on  
24 your beliefs.

10:16:10 25 MS. TAYLOR: So they can't look at the court cases?

DIRECT EXAMINATION - JIMMY CHISUM

10:16:12 1 Just the court cases? All right.

2 BY MS. TAYLOR:

3 Q Okay. So it is my -- you believe it is my firm belief that  
4 the Sixteenth Amendment doesn't authorize a tax on labor or  
10:16:33 5 salary?

6 A Yes, I believe that is a sincerely held belief.

7 Q And you believe -- or you -- excuse me, I have to get a  
8 drink of water.

9 This is hard to do because I'm not trained as a lawyer  
10:17:08 10 to know all these questions to ask. It's been very difficult.  
11 It's -- to say the least. Phrasing.

12 You believe or you know -- you have knowledge that my  
13 belief -- that I have acted -- that there is -- I have acted in  
14 good faith?

10:17:44 15 A Yes, you have.

16 Q In my -- in executing my duties toward the government?

17 A Yes, you believe that.

18 Q And you believe that I have shown that I'm not acting in  
19 bad faith with my beliefs?

10:18:03 20 MR. GALATI: Your Honor, I object. It is irrelevant  
21 what -- this witness' opinion of that.

22 THE COURT: Sustained.

23 BY MS. TAYLOR:

24 Q I have indicated to you and we have talked about many times  
10:18:18 25 that good faith on a person's behalf -- in order to show good

DIRECT EXAMINATION - JIMMY CHISUM

10:18:35 1 faith, the opposite of that would be bad faith, and if you  
2 expressed bad faith, that would be directly -- in our feelings,  
3 bad faith would be directly doing something that is right  
4 against the law, that is opposite against the law, that would  
10:19:03 5 be acting in bad faith. Is that what I've -- my beliefs to you  
6 that you believe?

7 MR. GALATI: Your Honor, the witness' beliefs about  
8 bad faith or good faith are irrelevant. Her beliefs about the  
9 tax system might be relevant but I object.

10:19:22 10 THE COURT: Sustained.

11 BY MS. TAYLOR:

12 Q Okay. Have we discussed that there is a difference between  
13 bad faith and good faith?

14 MR. GALATI: Again, Your Honor, object as irrelevant.

10:19:33 15 THE COURT: Sustained.

16 BY MS. TAYLOR:

17 Q Have we discussed that we are not purposely trying to --  
18 that I have told you that I am not purposely trying to evade  
19 any obligations that I would have a duty to follow through?

10:20:03 20 MR. GALATI: Your Honor, again, object to his  
21 characterization of her actions.

22 THE COURT: Overruled.

23 THE WITNESS: I think you have expressed your beliefs  
24 very sincerely to me that you have not broken any law, and  
10:20:19 25 you've carefully studied the law to make sure you weren't

DIRECT EXAMINATION - JIMMY CHISUM

10:20:21 1 breaking any. And because of that study and your beliefs of  
2 what that means, that you did not believe you had a duty that  
3 you violated.

4 MS. TAYLOR: That's what I was trying to say. Wish I  
10:20:39 5 was an attorney. No, I don't. But I wish he was here.

6 THE COURT: Ms. Taylor, next question, please.

7 BY MS. TAYLOR:

8 Q Is it our belief that our right to work is protected and  
9 cannot be taxed?

10:21:14 10 A Yes.

11 Q Do we believe that Congress can tax any privilege it wants  
12 but not a common right or a basic right?

13 A Yes, that's true.

14 Q Is there anybody else out there besides -- it is our belief  
10:21:36 15 that anybody else out there besides Congress has the power to  
16 tax our basic rights?

17 A The only grant of authority in the Constitution for  
18 taxation is the grant to Congress. No other one -- no one else  
19 has any taxing power whatever.

10:22:03 20 Q And is it our belief that the courts tell us that income  
21 tax is an excise tax?

22 MR. GALATI: Your Honor, object. Irrelevant.

23 THE COURT: Sustained.

24 BY MS. TAYLOR:

10:22:34 25 Q And is it our belief, backed up by various different court

DIRECT EXAMINATION - JIMMY CHISUM

10:22:54 1 cases, that the courts have protected my rights from becoming  
2 crimes and any penalty falling upon me for the exercise  
3 thereof?

4 A The Supreme Court has ruled that that is the duty of the  
10:23:12 5 court is to protect your rights, your basic rights, your  
6 God-given rights, your Constitution-protected rights, it is the  
7 duty of the court to protect those from invasion by any other  
8 part of government.

9 Q And is it -- can you tell me what our -- what belief we got  
10:23:53 10 out of the *Federal Crop* case?

11 MR. GALATI: Your Honor, if the question is asking him  
12 what she believes from her reading of the case, I object.  
13 There's no foundation for that.

14 THE COURT: Sustained.

10:24:09 15 BY MS. TAYLOR:

16 Q You and I discussed the *Federal Crop* case several times; is  
17 that correct?

18 A Yes.

19 Q And is it your belief that I believe the same as the words  
10:24:26 20 in there, and what did -- what did we come to the conclusion of  
21 that case?

22 A I don't -- I don't understand your question.

23 Q What did we -- after reading the *Federal Crop* case, what  
24 was the basic element that we derived out of that case?

10:24:51 25 A Well, we believe that our rights are important and that

DIRECT EXAMINATION - JIMMY CHISUM

10:24:56 1 they're not -- rights are not subject to taxation. And that  
2 when anyone attempts to tax a basic right, they're exceeding  
3 their authority. They're going too far.

4 MS. TAYLOR: Okay. Okay. I'll rest for right now.

10:25:21 5 THE COURT: All right. Cross-examination.

6 MR. GALATI: Thank you, Your Honor.

7 C R O S S - E X A M I N A T I O N

8 BY MR. GALATI:

9 Q Mr. Chisum, good morning.

10:25:36 10 A Good morning.

11 Q Mr. Chisum, when did you get out of prison?

12 A I was released to halfway house on October 19th, 2010. And  
13 from halfway house to home confinement on October the 29th.

14 Q I want to talk to you a little bit about some of the things  
10:25:57 15 that Ms. Taylor talked to you about here. She talked to you  
16 about her contempt case, and she asked you if you knew that she  
17 was in prison for 27 months without a trial for failure to turn  
18 over records to the IRS, correct?

19 A Yes.

10:26:14 20 Q Did she tell you that she was in prison because she defied  
21 Judge Bolton's order to turn over records?

22 MS. TAYLOR: Objection, Your Honor.

23 THE COURT: Overruled.

24 THE WITNESS: Yes, I knew that it was a Judge Bolton  
10:26:27 25 order that sent her to court -- to prison for contempt.

CROSS-EXAMINATION - JIMMY CHISUM

10:26:30 1 BY MR. GALATI:

2 Q So she was defying an order by a judge of this court,  
3 correct?

4 A Well, did she have the ability to comply?

10:26:39 5 Q Would you answer my question. You should answer the  
6 questions I ask rather than ones you wish I would ask.

7 A Repeat it, please.

8 MS. TAYLOR: Objection, Your Honor. That's leading  
9 the witness.

10:26:51 10 MR. GALATI: I apologize, Your Honor.

11 THE WITNESS: Repeat it, please.

12 THE COURT: Overruled. Repeat the question, please.

13 BY MR. GALATI:

14 Q She was in prison for 27 months because she defied an order  
10:27:00 15 by a judge of this court that she turn over records to the IRS,  
16 correct?

17 A Yes, that was the contempt.

18 Q And she was told she could be out of prison the moment she  
19 turned over the records, correct?

10:27:15 20 A I wasn't privileged to hear that directly.

21 Q Did you read the transcript?

22 A I read part of the transcript. I don't remember reading  
23 that specific statement. But I -- I would assume that that's  
24 correct.

10:27:26 25 Q Is it not correct she could have turned over the records in



CROSS-EXAMINATION - JIMMY CHISUM

10:27:29 1 the courtroom before she was taken out of the courtroom in  
2 custody and not gone to prison for a single second?

3 MS. TAYLOR: Objection, Your Honor.

4 BY MR. GALATI:

10:27:37 5 Q Isn't that correct?

6 MS. TAYLOR: He's not a legal expert.

7 THE COURT: Overruled.

8 THE WITNESS: I suppose.

9 BY MR. GALATI:

10:27:46 10 Q Do you know Elmer Phillip O'Neil Vild?

11 A Yes, I do.

12 Q Do you know he testified here yesterday?

13 A I was told he testified, yes.

14 Q He billed himself as a trust expert. Do you know that?

10:28:00 15 A Yes.

16 Q And you also consider yourself a trust expert, don't you?

17 A No, sir, I'm out of that business.

18 Q Were you a trust expert before you went to prison?

19 A I was one knowledgeable in trusts, yes.

10:28:16 20 Q The reason I ask you that is, I want to know if you gave  
21 this defendant any advice concerning setting up trusts? Ever.

22 MS. TAYLOR: Object -- objection. Objection, Your  
23 Honor. It's beyond the scope of direct.

24 THE COURT: Sustained.

25

CROSS-EXAMINATION - JIMMY CHISUM

10:28:39 1 BY MR. GALATI:

2 Q Well, could you look at Exhibit 271.

3 THE COURT: It will be handed to you.

4 MR. GALATI: I apologize.

10:28:52 5 It's in evidence, Your Honor.

6 BY MR. GALATI:

7 Q And I just want to ask you this: You said you've known  
8 Ms. Taylor in certain capacities since about 1988, correct?

9 A Yes.

10:29:07 10 MS. TAYLOR: Objection, Your Honor. This is not in  
11 the scope my --

12 THE COURT: Overruled.

13 BY MR. GALATI:

14 Q I'm trying to ask you what capacities you've known her in.

10:29:18 15 MS. TAYLOR: Objection, Your Honor. This was not  
16 brought up.

17 THE COURT: Overruled. You did have him describe the  
18 length of time he's known you.

19 MS. TAYLOR: Isn't he asking about this exhibit?

10:29:28 20 THE COURT: He hasn't asked any questions about that  
21 exhibit yet.

22 THE WITNESS: I testified that we had a common  
23 experience in studying the law and its application, and that  
24 was the relationship that we discussed.

25

CROSS-EXAMINATION - JIMMY CHISUM

10:29:43 1 BY MR. GALATI:

2 Q And that's what I'm asking. What other type of  
3 relationship have you had with the defendant?

4 MS. TAYLOR: Objection, Your Honor.

10:29:51 5 THE COURT: What's the objection?

6 MS. TAYLOR: That's not been brought into evidence. I  
7 mean, it's not been brought up. I didn't ask him that.

8 THE COURT: Overruled.

9 THE WITNESS: I consider Ms. Taylor a cherished  
10:30:04 10 personal friend and an ally. Other relationships --

11 BY MR. GALATI:

12 Q You had a business relationship with her?

13 A Oh. Business relationship, yes, there was a business  
14 relationship.

10:30:23 15 Q Describe that if you would.

16 A I acted as a consultant to provide certain business  
17 assistance to Ms. Taylor.

18 Q What type of assistance?

19 A Well, according to this exhibit, a limited liability  
10:30:43 20 company.

21 Q I'm sorry?

22 A According to this exhibit, a limited liability company. I  
23 think that's correct, isn't it? Oh, no.

24 MS. TAYLOR: Objection, Your Honor. This is beyond  
10:30:53 25 the scope.

CROSS-EXAMINATION - JIMMY CHISUM

10:30:54 1 THE COURT: Overruled. But we have reached the break  
2 point. It's 10:30. We'll break for 15 minutes. We'll excuse  
3 the jury until that time.

4 (Recess taken from 10:31 to 10:48. Proceedings  
10:31:10 5 resumed in open court with the jury present.)

6 THE COURT: You may continue, Mr. Galati.

7 MR. GALATI: Thank you, Your Honor.

8 BY MR. GALATI:

9 Q Mr. Chisum, I was asking you about whether you have

10 something more than just a study group or an interest in the  
11 law relationship with Ms. Taylor. Exhibit 271 is in front of  
12 you, correct?

13 A Yes, sir.

14 Q Did you take a look at it?

15 A Yes, sir.

16 MR. GALATI: And, Your Honor, 271 is in evidence. May  
17 I show the front page to the jury?

18 THE COURT: You may.

19 MS. TAYLOR: Objection, Your Honor. It's beyond the  
10:49:03 20 scope.

21 THE COURT: Overruled.

22 BY MR. GALATI:

23 Q And page 1, this is the articles of incorporation or

24 organization for the National Land Bank, LLC, correct? Is that  
10:49:15 25 what it appears to be to you?

CROSS-EXAMINATION - JIMMY CHISUM

10:49:18 1 A Yes.

2 Q It's got a date of it -- on the front page of February 27,  
3 1995?

4 A Yes, sir.

10:49:24 5 Q And were you associated with Ms. Taylor at that time?

6 A Yes, sir.

7 Q And how would you characterize your relationship at that  
8 time?

9 A Well, the business relationship grew out of the study  
10:49:36 10 relationship and our sincerely held beliefs about the law and  
11 its application.

12 Q So page 2 shows -- down here at the bottom, is that your  
13 signature as the statutory agent for National Land Bank, LLC?

14 A Yes.

10:50:00 15 Q Were you the statutory agent for National Land Bank, LLC?

16 A Yes.

17 Q What was National Land Bank, LLC?

18 A It was a limited liability company. It was created under  
19 the laws of the State of Arizona.

10:50:11 20 Q To do what?

21 A To do whatever National Land Bank decided to do.

22 Q What business was that?

23 A Well, it sounds like land, buying and selling land or  
24 managing land.

10:50:29 25 Q Do you know what it was?

CROSS-EXAMINATION - JIMMY CHISUM

10:50:30 1 A I don't know what you're fishing for.

2 Q When you decided to become the statutory agent for this  
3 entity, did you know what business it was in?

4 A It was formed to begin a business. The statutory agent  
10:50:42 5 is -- posts the sign by state law --

6 Q I didn't ask you that, sir. Do you know what business  
7 National Land Bank, LLC, was going to engage in when you  
8 decided to be the statutory agent?

9 A Real estate and land is all I recall at the time when we  
10:51:09 10 started it.

11 Q When "we" started it, correct?

12 MS. TAYLOR: Objection, Your Honor. That's  
13 irrelevant.

14 THE COURT: Overruled.

10:51:20 15 BY MR. GALATI:

16 Q Would you look at page -- do you have an answer to that?  
17 Is that correct? When "we" started it? Did you misspeak, or  
18 did "we" start the business?

19 A Yeah, it was "we."

10:51:30 20 Q Would you take a look at page 3 where it says Article VIII.  
21 Do you see that?

22 A Yes.

23 Q It says, "The management of the company is reserved to the  
24 members. There are or will be two or more members," and it  
10:51:45 25 lists Sue Taylor and Speck Trust, correct?

CROSS-EXAMINATION - JIMMY CHISUM

10:51:50 1 A Yes.

2 Q Did you have anything to do with Speck Trust?

3 A Probably.

4 Q What might your connection with Speck Trust have been?

10:52:01 5 A I may have written it. I may have been trustee. I don't  
6 remember it off the top of my head. I'm sure you'll remind me.

7 Q And down near the bottom it says that the creator is  
8 Donna L. Chisum. Who is that?

9 A My late wife.

10:52:24 10 Q So if you, as you seem to indicate, created Speck Trust or  
11 a member of Speck Trust, you were a member of National Land  
12 Bank, LLC, correct?

13 A If I was personally the trustee, yes.

14 Q Did you advise at all Ms. Taylor in setting up National  
10:52:51 15 Land Bank, LLC?

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

17 THE COURT: Overruled.

18 THE WITNESS: I'm sure there was some consultation and  
19 some advice, yes.

10:53:03 20 BY MR. GALATI:

21 Q In 1995 you were holding yourself out as a trust expert,  
22 correct?

23 A I don't like the word "expert" but I was a practitioner in  
24 trusts, yes.

10:53:12 25 Q You were setting up trusts for people, correct?

CROSS-EXAMINATION - JIMMY CHISUM

10:53:14 1 A Yes, I did.

2 Q And the purpose of setting up those trusts for people was  
3 to avoid payment of income tax, correct?

4 A No.

10:53:33 5 Q Did you put on seminars providing seminar participants with  
6 specific information and examples of how to set up trusts to  
7 protect their property, assets, and income from taxation?

8 A To protect their property and assets. Wasn't any taxation  
9 to protect from.

10:53:53 10 Q Under your theory?

11 A Under the Supreme Court and the laws of the United States.

12 Q It's true, is it not, that you and Ms. Taylor pick and  
13 choose the laws you seem to agree with or disagree with?

14 A No.

10:54:07 15 Q You tell us there's lots of cases that you told this jury  
16 about concerning the Supreme Court and how they say or don't  
17 say that this or that is legal or illegal, correct?

18 A Yes, there's lots of cases that we studied.

19 Q And they support, you say, your theories, correct?

10:54:27 20 A They support the truth.

21 Q And yet the IRS exists and the federal income tax exists  
22 and the Supreme Court exists, correct?

23 A Yes.

24 Q You talked about government distrust. You distrust the  
10:54:54 25 government, correct?



CROSS-EXAMINATION - JIMMY CHISUM

10:54:56 1 A I love the government. I distrust some of its agents.  
2 Q Some of the courts you distrust, correct?  
3 A Yes.  
4 Q Courts that don't agree with you, correct?  
10:55:06 5 A When a court rules that the Supreme Court is frivolous, I  
6 disagree.  
7 Q You've actually sued tax court judges, haven't you?  
8 A Eight of them.  
9 Q Because you disagreed with them?  
10:55:19 10 A Because they violated the law as written by Congress and  
11 interpreted by the Supreme Court, yes.  
12 Q According to you?  
13 A According to the written law.  
14 Q So when you agree with the court decision, you come in here  
10:55:32 15 and tell the jury about it. When you disagree, you sue the  
16 judges that decided it, correct?  
17 A No. When an inferior judge, a tax court judge, disagrees  
18 with the Supreme Court, I remind him that he is inferior, not  
19 supreme.  
10:55:52 20 Q You were convicted in the United States District Court for  
21 the Eastern District of Oklahoma of four counts of income tax  
22 evasion, correct?  
23 A Yes, sir.  
24 Q A conviction was entered by Judge White of the Eastern  
10:56:07 25 District on November 27, 2007, correct?

CROSS-EXAMINATION - JIMMY CHISUM

10:56:12 1 A Repeat the date.  
2 Q November 27th, 2007.  
3 A Yes, that was the resentencing hearing.  
4 Q After remand, correct?  
10:56:21 5 A Yes.  
6 Q And you were sentenced to 60 months?  
7 A 66.  
8 Q Yeah, 60 on three of the counts and 6 on the fourth,  
9 correct?  
10:56:31 10 A Right.  
11 Q You told us you did 44 months, correct?  
12 A Right.  
13 Q You appealed that, correct?  
14 A Yes.  
10:56:36 15 Q And the convictions were affirmed by an appellate court, a  
16 federal appeals court, correct?  
17 A Yes, through a legal trick.  
18 Q Say that again?  
19 A Through a legal trick. They avoided the issue.  
10:56:50 20 Q You disagreed with their decision, correct?  
21 A No. The appellate court in my case ruled that appeal  
22 wasn't a right, it was a privilege, only available to  
23 attorneys, the special class. That was the ruling of the Tenth  
24 Circuit Court of Appeals.  
10:57:04 25 Q You lost, correct?

CROSS-EXAMINATION - JIMMY CHISUM

10:57:05 1 A I was excluded from appeal.

2 Q You lost, correct?

3 A They ruled with the attorney.

4 Q They ruled in favor of the appellee, the United States

10:57:15 5 Government, correct?

6 A Well, they overturned one portion of the sentence and

7 affirmed the remainder.

8 Q And you told us you are on supervised release, correct?

9 A That's correct.

10:57:28 10 Q And among the conditions there is that you shall not

11 participate in filing of trusts for any person and shall not

12 act as any trustee for any trust during the period of your

13 supervision, correct?

14 A That's true.

10:57:41 15 Q And among the conditions is that you shall not participate

16 in seminars or meetings during which the defendant teaches or

17 presents illegal methods to avoid taxation, correct?

18 A That's true.

19 Q Such as creating trusts and limited liability companies,

10:57:55 20 LLCs, for the purpose of hiding legitimate income from the IRS?

21 MS. TAYLOR: Objection, Your Honor.

22 THE COURT: What's the objection?

23 MS. TAYLOR: He's trying to say that by this document

24 that he is doing something. This document was done in 19 -- 20

10:58:16 25 years ago.

CROSS-EXAMINATION - JIMMY CHISUM

10:58:17 1 THE COURT: What document are you referring to?  
2 MS. TAYLOR: 1995. He's inferring that he's not  
3 following his -- he's not following his probation today by this  
4 document which was created in 1995. That doesn't have any  
10:58:32 5 bearing on the --  
6 THE COURT: Objection overruled.  
7 BY MR. GALATI:  
8 Q You're aware -- you talked a little bit about the 1997 and  
9 1998 assessments against Ms. Taylor, correct?  
10:58:50 10 A I -- the supposed assessments. I've never seen an  
11 assessment.  
12 Q She examined you about her 1997 and 1998 tax situation?  
13 A No.  
14 MS. TAYLOR: Object. Beyond the scope.  
10:59:03 15 THE WITNESS: No, she did not.  
16 THE COURT: Overruled.  
17 BY MR. GALATI:  
18 Q You know that she appealed the determinations in that case,  
19 correct?  
10:59:16 20 A We didn't discuss 1997 and 1998.  
21 Q All right. Fine.  
22 You talked about not being able to understand the law  
23 and I believe implied that that is one of the reasons why  
24 Ms. Taylor is here. I believe you said that, in fact, correct?  
10:59:38 25 Did I remember that correctly?

CROSS-EXAMINATION - JIMMY CHISUM

10:59:40 1 A I don't believe I said Ms. Taylor or myself are incapable  
2 of understanding the law.

3 Q All right. Did Ms. Taylor ever tell you -- did she ever  
4 discuss with you why she thinks she's here, her belief as to  
10:59:55 5 why she thinks she's here?

6 A Yes, we did.

7 Q Did she ever tell you she shouldn't be here because she's  
8 not a citizen?

9 A There are different citizens --

11:00:07 10 Q Let me ask the question. Did she ever tell you that she  
11 thinks she shouldn't be here -- that is, exempt, shouldn't be  
12 charged -- because she's not a citizen? Did she ever tell you  
13 that?

14 A We discussed that issue. Yes.

11:00:26 15 Q So she did tell you that?

16 A I don't remember her saying it in those words that she  
17 wasn't subject because of citizenship.

18 Q Did she tell you she's not subject to taxation because  
19 she's not a citizen of Puerto Rico?

11:00:51 20 A No.

21 Q Did she ever tell you she's not subject to taxation because  
22 she's not a citizen of Washington D.C.?

23 A We discussed a lot of parameters about where taxes apply  
24 and under what conditions. I don't recall any discussions  
11:01:09 25 specifically asking a question or making a statement about

CROSS-EXAMINATION - JIMMY CHISUM

11:01:11 1 Washington D.C.

2 Q Has she ever told you she's not subject to taxation because  
3 she's a church?

4 A No.

11:01:18 5 Q Has she ever told you she's not subject to taxation because  
6 she's taken a vow of poverty?

7 A No.

8 Q You talked about -- something about class warfare and the  
9 privileged class and the privileged class wins and the other  
11:01:34 10 class loses, something like that, correct?

11 A Yes.

12 Q Does the privileged class include somebody that drives an  
13 Escalade, makes 2- or \$300,000 a year, buys a half million  
14 dollar house, earns a \$150,000 commission, a \$72,000  
11:01:52 15 commission? Does that sound like the privileged class to you?

16 A That's not the privilege I referred to.

17 Q Is it part of your commonly held belief that it is  
18 permissible to conceal, deceive, and hide income?

19 A No.

11:02:12 20 Q If someone did those things, would it indicate to you that  
21 their belief is not sincerely held?

22 A If there was income.

23 Q So it depends on how you characterize it. But if you're  
24 concealing it, hiding it, or diverting it, if it's not income,  
11:02:32 25 it's okay?

CROSS-EXAMINATION - JIMMY CHISUM

11:02:33 1 A Define "income." You're asking the question.

2 Q How about money earned on commissions from sales of real

3 estate.

4 A That would be in the list of those things that are in

11:02:49 5 direct taxation under the code, and we don't have any direct

6 taxation in America at this time.

7 Q So it is your sincerely held belief that anybody can sell

8 all the real estate they want and make all the commissions they

9 want and is not subject to taxation?

11:03:08 10 A There's a lot more circumstances that go into that than

11 "anyone."

12 Q You said you were in the business of setting up trusts and

13 you may have advised this defendant about that in the mid-'90s.

14 Did you advise her on setting up any of the trusts that are

11:03:25 15 involved in this case?

16 A I don't know. Possibly all of them.

17 Q Did you ask her to run whatever you may have set up for her

18 by a tax lawyer or a CPA before acting on it?

19 A I told everyone repeatedly they should consult the law and

11:03:45 20 their professionals.

21 Q Professionals like you?

22 A Or professionals like you.

23 Q Did you recommend a CPA for her to go see or a tax lawyer?

24 A No.

11:04:02 25 Q Did she ever tell you she did it?

CROSS-EXAMINATION - JIMMY CHISUM

11:04:03 1 A Never asked her.

2 Q You indicated earlier you pay all the taxes you legally

3 owe; is that correct?

4 A That's correct.

11:04:25 5 Q Does that mean you filed a Form 1040?

6 A I filed every form I legally owe.

7 Q Did you file a Form 1040 this year?

8 A No.

9 Q Did you file any tax forms --

11:04:35 10 A I didn't have any income to file them this year, sir. I

11 was in prison. At 11 cents an hour, we don't make much.

12 Q Do you have any beliefs that are different than

13 Ms. Taylor's?

14 A Regarding income tax?

11:04:53 15 Q Yeah.

16 A I don't think so.

17 Q How many different beliefs do you think you testified to

18 here?

19 A Maybe 40 or 50 out of 10,000.

11:05:06 20 Q In every one you've got the exact same opinion she does?

21 A Every one we discussed here.

22 Q Would you say you have great influence over her?

23 A I hope not.

24 Q Are you her teacher, her mentor, on these subjects?

11:05:26 25 A I was a teacher. There were many. I hope I wasn't a



CROSS-EXAMINATION - JIMMY CHISUM

11:05:31 1 mentor. I was consulted. I was in the business of consulting.

2 Q She attended seminars that you put on?

3 A Yes.

4 Q Are you the one that told her, "You should bury yourself so  
11:05:43 5 deep that you can't find your own assets or your own money"?

6 A No.

7 Q Were you at that seminar with her?

8 A What was the date and time, sir?

9 Q You don't recall that?

11:06:02 10 A I don't remember telling anyone to bury anything.

11 Q All right. You've said that you're aware of the fact that  
12 Ms. Taylor wrote letters to the IRS and didn't get anything  
13 back or whatever, and you've looked at some of the documents  
14 that she sent in and that were returned; is that correct?

11:06:23 15 A Yes.

16 Q Did you get and look at The Truth About Frivolous Tax  
17 Arguments that the IRS published and sent to Ms. Taylor? Have  
18 you seen that?

19 A They probably sent me the same thing.

11:06:39 20 Q And it's a listing of a multitude of commonly made  
21 frivolous tax arguments and the IRS response to them, correct?

22 A That's correct.

23 Q And I asked you about what you were saying about mistrust  
24 of government. From your observations of and discussions with  
11:07:09 25 Ms. Taylor, she distrusts the government, correct?

CROSS-EXAMINATION - JIMMY CHISUM

11:07:14 1 A I think she, like me, distrusts certain agents of  
2 government, not the government itself. The government is the  
3 Constitution and the documents founding it, and we both trust  
4 and rely on those.

11:07:31 5 MR. GALATI: May I have one second, Your Honor?

6 THE COURT: Yes.

7 MR. GALATI: I have nothing further, Your Honor.

8 THE COURT: All right. Redirect, Ms. Taylor.

9 MS. TAYLOR: Your Honor, I have an Exhibit 510. Can I  
11:08:28 10 show that to the witness?

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 J.C., have you seen this document before?

14 A Yes.

11:09:02 15 Q And have we discussed this document?

16 Is this a document that is -- was produced by an  
17 attorney, a well-known attorney?

18 A Yes, it is.

19 Q And --

11:09:20 20 MR. GALATI: Your Honor, we object. We certainly  
21 did -- we did not ask any questions about this document  
22 whatsoever, and it's hearsay, also.

23 THE COURT: Overruled.

24 MS. TAYLOR: It's an exhibit, Your Honor, that I'd  
11:09:32 25 like to get admitted.

REDIRECT EXAMINATION - JIMMY CHISUM

11:09:33 1 THE COURT: So are you moving it into evidence now?

2 MS. TAYLOR: Yes. I'd like to.

3 THE COURT: All right. Mr. Galati.

4 MR. GALATI: Your Honor, it is hearsay. It discusses  
11:09:40 5 cases. It's irrelevant and it's hearsay.

6 THE COURT: Objection is sustained.

7 MS. TAYLOR: So I can let it in?

8 THE COURT: No, you can't. I'm sustaining the  
9 objection.

11:09:52 10 MS. TAYLOR: Okay. On what grounds is that, why I  
11 can't bring it in? It's an exhibit.

12 THE COURT: Well, you have to have -- you have to be  
13 able to get an exhibit in under the rules of evidence. And I  
14 sustained the objection on relevancy grounds, on hearsay  
11:10:06 15 grounds, and because it purports to describe the law for the  
16 jury.

17 MS. TAYLOR: Well, the IRS has a frivolous book that  
18 they put out.

19 THE COURT: It has not been placed in evidence in this  
11:10:20 20 case, Ms. Taylor.

21 MS. TAYLOR: Well, this would just show -- it purports  
22 their theories and what has actually been studied and found.

23 THE COURT: I understand. The objection is sustained.

24 MS. TAYLOR: All right.

25

REDIRECT EXAMINATION - JIMMY CHISUM

11:10:37 1 BY MS. TAYLOR:

2 Q The prosecutor said to you that I defied a judge's order.  
3 Is it not true that everybody that gets thrown in jail defies  
4 some kind of order?

11:11:00 5 MR. GALATI: Object, Your Honor. Irrelevant.

6 THE COURT: Overruled.

7 MS. TAYLOR: Um --

8 THE COURT: You've asked the question. I overruled  
9 the objection. He can answer.

11:11:09 10 THE WITNESS: No, not everyone who is thrown in jail  
11 has defied some order. Contempt is usually for defying an  
12 order, and that's where the contempt statute is different from  
13 others that require trial on the issue.

14 BY MS. TAYLOR:

11:11:27 15 Q Okay. Wasn't it true that the order that I was given was  
16 to bring in books and records, and didn't I discuss with you  
17 that I did bring in what books and records that I had but they  
18 were asking for books and records that were seized by the IRS  
19 and I no longer had control of?

11:11:57 20 MR. GALATI: Your Honor, calls for hearsay. Object.

21 THE COURT: Sustained.

22 BY MS. TAYLOR:

23 Q Also, the prosecutor has said that -- he tried to allude to  
24 the fact that there was something dishonest or some kind of a  
11:12:32 25 bad intent or something for you to be a statutory agent on an

REDIRECT EXAMINATION - JIMMY CHISUM

11:12:39 1 LLC. Is -- to your knowledge, is it a crime to be an agent on  
2 an LLC?

3 A No. It's provided for in state law.

4 Q And just because you have formed trusts, is that also a  
11:13:01 5 legal -- is it legal for you to form trusts or to have a trust  
6 of your own?

7 A According to the Supreme Court, contracting in trust form  
8 or other forms is a natural right that people inherently own,  
9 and the -- Article I of the Constitution prohibits government  
11:13:23 10 from interfering with that kind of contract relationship.

11 Q Yes. And is that -- is it not -- is it true that he tried  
12 to say that the Supreme Court cases that you and I had studied  
13 and relied on were not -- did not have the highest quality of  
14 law of the land, that they're not superior law of the land? Is  
11:14:01 15 it true that the Supreme Court cases that we have relied on are  
16 the law of the land?

17 A No, the law passed by Congress is the law of the land. The  
18 Supreme Court decisions are only their explanation of the  
19 application of the law passed by Congress. Most frequently,  
11:14:23 20 the Supreme Court would look at whether or not a law passed by  
21 Congress is constitutional. But if there's any ambiguity in  
22 the law, then the Supreme Court will explain how to deal with  
23 that ambiguous language or how to overcome any confusion that  
24 it causes.

11:14:48 25 And in order to make -- to uphold -- as we talked

## REDIRECT EXAMINATION - JIMMY CHISUM

11:14:54 1 about earlier, to uphold the constitutionality of the  
2 Sixteenth Amendment, the Supreme Court said Congress can have  
3 only one definition. And I can't tell you what it is.

4 Q Okay. This LLC that he was referring to that I had for the  
11:15:17 5 National Land Bank, LLC, is it a crime for you to be an --  
6 let's see, you were an agent on it, for your wife to sign on  
7 that, also? Is there any illegal activity of creating that  
8 and -- for a business?

9 A No. That's the provisions of state law.

11:15:45 10 Q Okay.

11 A We simply followed the law.

12 Q All right. And this document that he's talking about was  
13 created back in '95 and has sent -- since then wound up and  
14 been terminated. So you have no connection to that anymore.

11:16:04 15 Is that true?

16 A That's true.

17 Q And -- let's see. So you are not breaking any laws with  
18 your probation or anything on that order because this was done  
19 way back when and it's been done away with to where you're  
11:16:25 20 not -- you're not breaking any laws?

21 A As a convicted felon, I jokingly refer to myself as a  
22 socialist slave. But I'm a good socialist slave. I'm very  
23 cooperative with my jailors, I'm very courteous to the courts,  
24 and I follow all the regulations I'm given by probation where I  
11:16:52 25 am now.

REDIRECT EXAMINATION - JIMMY CHISUM

11:16:56 1 Q Okay. And you also indicated that you have lost some  
2 cases, and he seemed to try to give the ind- -- to make it --  
3 let's see, what's the word I want to say. To convince the jury  
4 that you had anger or you were mad or that you thought that  
11:17:30 5 this -- because you lost this case -- just because you lost  
6 this case that you were angry and mad.

7 Does that -- I mean, are you -- when you lose a  
8 case -- a lot of people can lose a case. Or when you lost your  
9 case, does it necessarily mean that you lost that case because  
11:17:55 10 of a -- of your beliefs and your rights, or is it mostly  
11 because of difference of opinions between the courts and what  
12 your belief is, and could those be arbitrarily decided against  
13 you for -- with a law that perhaps is not valid?

14 THE COURT: You lost me on that question, Ms. Taylor.

11:18:22 15 MS. TAYLOR: I lost myself, too.

16 THE WITNESS: Start over.

17 THE COURT: Try again on that one.

18 BY MS. TAYLOR:

19 Q Could that -- just because you lose a case, does that  
11:18:33 20 mean -- maybe it was not -- it was not ruled exactly on -- to  
21 the letter of the law?

22 A The cases that the attorney referred to, I think I answered  
23 the Tenth Circuit Court of Appeals ruled that appeal was a  
24 privilege, not a right. And substituted an attorney for my  
11:19:03 25 petition. And the attorney filed a brief that said he believed

## REDIRECT EXAMINATION - JIMMY CHISUM

11:19:09 1 all my arguments were frivolous. So the attorney's belief is  
2 that other privileged class I referred to earlier, his  
3 difference of opinion overruled in that court.

4 The other cases he brought up about me suing the tax  
11:19:26 5 court judges is fully within my right. The tax court judges  
6 were all protected. They never had to answer anything under  
7 judicial immunity. They're not even justice department  
8 officials. They're off in the legislature somewhere. But  
9 they still get judicial immunity.

11:19:48 10 Q Right. So these frivolous responses and -- the frivolous  
11 responses from the government against you is typical of what  
12 the government usually does, they just stamp everything  
13 frivolous, and whether it is -- whether it's -- whether the law  
14 is in your favor or not -- well, if it's not, of course they're  
11:20:18 15 going to jump on it. But if the law is in your favor, they  
16 have a tendency to say "frivolous" if they want it to go in  
17 their favor. Is that --

18 A Well, the importance of a Supreme Court is that we're  
19 supposed to have --

11:20:32 20 MR. GALATI: Your Honor, I object. That's totally  
21 nonresponsive to what was asked.

22 THE COURT: Well, I think you need to reask the  
23 question. I was struggling with what you were asking, so I  
24 can't tell if it's responsive. Why don't you ask it again,  
11:20:44 25 Ms. Taylor.



REDIRECT EXAMINATION - JIMMY CHISUM

11:20:46 1

MS. TAYLOR: Okay.

2

BY MS. TAYLOR:

3

Q Well, the prosecutor said that these answers back and stuff

4

were frivolous to you and so -- or they answered back with

11:20:59 5

frivolous. That was the question. The answers that came back

6

to you were frivolous. Is that typical of a government agency

7

to just answer you back frivolous letters?

8

MR. GALATI: Your Honor, object. It's irrelevant.

9

THE COURT: Sustained.

11:21:22 10

MS. TAYLOR: Well, I know he said something -- can I

11

have them read back what he said about frivolous?

12

THE COURT: You mean go back to the cross-examination

13

transcript at this point?

14

MS. TAYLOR: Right.

11:21:33 15

THE COURT: No.

16

BY MS. TAYLOR:

17

Q Okay. I know he was -- there was something that came up

18

about him saying that you filed frivolous -- did he say you filed

19

frivolous returns?

11:21:44 20

A No.

21

Q Did he say the government filed back frivolous returns to

22

you?

23

A No.

24

Q Did you say they filed back frivolous returns to you?

11:21:54 25

MR. GALATI: I'll be happy to tell Ms. Taylor what I

REDIRECT EXAMINATION - JIMMY CHISUM

11:21:55 1 asked.

2 THE COURT: Go ahead, Mr. Galati.

3 (Defendant and government counsel confer.)

4 BY MS. TAYLOR:

11:22:31 5 Q Okay. So he was just saying that the government sends back  
6 frivolous documents, and that you had received some of those?

7 A He said that the government has a document called Frivolous  
8 Arguments that they send people who ask them questions, or who  
9 challenge them. And that's the document he was referring to.

11:22:54 10 Nothing more.

11 MS. TAYLOR: Well, Your Honor --

12 THE WITNESS: It's a piece of paper, and it's not in  
13 evidence.

14 MS. TAYLOR: Well, Your Honor, this is the document  
11:23:04 15 that he has that says about -- The Truth About Frivolous Tax  
16 Arguments, and this is the one that says The Real Truth About  
17 Frivolous Arguments --

18 THE COURT: And, Ms. Taylor --

19 MS. TAYLOR: -- so why can't I enter that?

11:23:15 20 THE COURT: Ms. Taylor, neither one of them are in  
21 evidence.

22 MS. TAYLOR: Oh. This one's not in evidence either?

23 THE COURT: No, it's not.

24 MS. TAYLOR: Oh. So he just talked about it? But he  
11:23:22 25 didn't --

REDIRECT EXAMINATION - JIMMY CHISUM

11:23:23 1

THE COURT: That's right.

2

MS. TAYLOR: I thought it was in evidence, I'm sorry.

3

BY MS. TAYLOR:

4

Q Okay. So these frivolous letters, that you have received some in the past?

11:24:11 5

6

A Yes.

7

Q And I have received some, also, I'm sure that you're aware of. And do you feel that they answer you with your truth -- with your questions that you have asked them? If -- do you feel that they have given you an honest and complete answer or just sent back a frivolous document?

11:24:31 10

11

12

A Never on any occasion have I received an honest and complete answer. I get -- you get form letters, pass-the-buck letters, we-don't-answer-questions letters, anything you say against us is frivolous. And many of these quotes in those letters are directly opposite what the Supreme Court has ruled and what Congress has written in laws, and I don't think anyone has the authority to overrule Congress or the Supreme Court.

11:24:52 15

16

17

18

19

Q Okay. The government was very adamant about trying to point out that just because I earned a living and was able to drive around in what they alluded to a nice car -- is there any law that you know that makes a person not have the right to work and earn a living?

11:25:27 20

21

22

23

24

A Exactly the opposite. All the law supports your right to work at any occupation you choose, earn as much money as you

11:26:01 25

REDIRECT EXAMINATION - JIMMY CHISUM

11:26:05 1 can, and enjoy the benefits of that money. The law also in  
2 Supreme Court decisions guarantee that right as part of your  
3 pursuit of happiness spoken of in the Declaration of  
4 Independence. It takes different things to make different  
11:26:23 5 people happy.

6 Q And he mentioned that you were involved, I believe, in the  
7 trust that's been brought up that they have presented in this  
8 case. I'm not sure if you answered -- how did you answer that?

9 A I said I probably had involvement in all of them at one  
11:26:55 10 time.

11 Q Well, I think that needs to be clarified a little bit  
12 because the trust that he's bringing up in this case, current  
13 case, to the years 2'03 to 2'06, to my knowledge, I don't  
14 believe that you have any --

11:27:12 15 MR. GALATI: Your Honor, I object --

16 BY MS. TAYLOR:

17 Q I could cull those out and see if you're familiar with  
18 them.

19 THE COURT: You need to ask a question, Ms. Taylor.

11:27:20 20 MS. TAYLOR: Okay. I know how to do it now.

21 BY MS. TAYLOR:

22 Q Are you familiar with a trust called Burning Bush  
23 Ministries?

24 A I've heard the name.

11:27:28 25 Q Did you have any creation or anything to do with that?

REDIRECT EXAMINATION - JIMMY CHISUM

11:27:32 1 A No.

2 Q Did you advise the people that are involved in that? Did  
3 you give any advice? Did you tell them how to create it or  
4 have any -- did you have anything to do with it?

11:27:49 5 A The only thing that could be related would be that that  
6 apparently came after our other conversations and other  
7 consulting. But in the actual trust, I don't think I had any  
8 involvement.

9 Q Okay. They're alluding to another trust called McBride  
11:28:10 10 Musical Ministries. Do you recall having anything to do with  
11 that? I'm not sure of the year that that started. I think --  
12 but do you recall having anything --

13 A This is the first time I heard that name when you asked me  
14 the question.

11:28:28 15 Q Okay. The other trust -- oh. Were you -- were you saying  
16 about the trust or the corporate sole?

17 THE COURT: Ms. Taylor, you need to ask the witness  
18 questions.

19 MS. TAYLOR: Oh. I'm sorry.

11:28:44 20 BY MS. TAYLOR:

21 Q These -- these -- the ones I have just given you, I'm  
22 sorry, they're corporation soles. Have you ever had anything  
23 to do with those corporation soles?

24 A No.

11:28:55 25 Q There's another corporation sole that is called Herbal

REDIRECT EXAMINATION - JIMMY CHISUM

11:29:00 1 Institute -- Herbal Research Institute. Have you had anything  
2 to do with that?

3 A No.

4 MS. TAYLOR: And one moment, please. One moment,  
11:29:11 5 please.

6 BY MS. TAYLOR:

7 Q I'm not sure of all of the trusts because he didn't  
8 'pecifically name them, but I believe the trust in question are  
9 from years 2'03 to 2'06, which is my case. One of the trusts I  
11:30:51 10 think he was alluding to was called C.G. Hilltop. Are you  
11 familiar with that?

12 A No.

13 Q Were you familiar with an Herbal Land Trust?

14 A I don't think so.

11:31:14 15 Q Are you --

16 A I was familiar with a lot of land trusts but I don't have  
17 the list memorized.

18 Q Okay. To your knowledge, you have not had anything to do  
19 with any trusts that would be involved in this case from the  
11:31:30 20 years 2'03 to 2'06?

21 A Probably not.

22 Q I just wanted to clarify that because I didn't want you to  
23 get in trouble for anything that he's trying to --

24 THE COURT: Ms. Taylor, you just need to ask  
11:31:45 25 questions, please.

REDIRECT EXAMINATION - JIMMY CHISUM

11:31:47 1 MS. TAYLOR: All right.

2 BY MS. TAYLOR:

3 Q So we've established that you didn't -- you don't disagree  
4 with the -- with any of the rulings of the land of the -- of  
11:32:17 5 the law of the land as long as they're legal, come from the  
6 Constitution, or Supreme Court cases; is that correct?

7 A That's true.

8 Q And these Supreme Court cases that we have relied on in the  
9 past are something that everybody can rely on?

11:32:40 10 A I hope so.

11 Q And the Constitution, also, the people can rely on?

12 A We must.

13 Q Yes. We must.

14 And is it true that the Constitution is -- our rights  
11:33:00 15 in the Constitution are being deprived by the people more and  
16 more every day?

17 MR. GALATI: Your Honor, I object. It's irrelevant.

18 THE COURT: Sustained.

19 BY MS. TAYLOR:

11:33:15 20 Q Okay. Is it against the law for anybody to take a vow of  
21 poverty?

22 A No, it's encouraged in law.

23 Q Is it also encouraged in religion?

24 A Yes.

11:33:31 25 Q Is it kind of a commandment from our Lord?

REDIRECT EXAMINATION - JIMMY CHISUM

11:33:35 1 A I don't recall any commandment about being broke.

2 Q Well, not -- I didn't mean it that way.

3 Is it a commandment from our Lord to be humble and not  
4 to be -- that's not a question. Sorry.

11:33:52 5 He said that -- the prosecutor tried to say that I was  
6 claiming that I was not a U.S. citizen to you. That -- and  
7 you -- I -- have I ever portrayed that to you?

8 A You and I have discussed there's a difference in  
9 citizenship in the Constitution and in the laws. To say that  
11:34:28 10 you're not a U.S. citizen, I don't recall that.

11 Q But there is a difference between being a U.S. citizen and  
12 maybe a U.S. citizen of America?

13 A There's --

14 Q United States citizen of America.

11:34:44 15 A There is a difference in being a citizen of one of the  
16 several states and as a result of that state citizenship being  
17 a part of the federal citizenship. The other citizenship is  
18 based on being born or naturalized in the federal territory  
19 itself, and therefore it's slightly different because it  
11:35:08 20 doesn't rest from a state sovereignty. That is the slight  
21 difference. And it is a jurisdictional thing that's too much  
22 about what the Supreme Court says.

23 Q So basically there are two kinds of citizens?

24 A Yes.

11:35:26 25 Q And those being --



REDIRECT EXAMINATION - JIMMY CHISUM

11:35:29 1 A Essentially right and privilege. Some are citizen by  
2 right, coming from the states, natural born in the states.  
3 Some are privilege of a grant of citizenship by government.  
4 Q Would that take into the Fourteenth Amendment citizenship?  
11:35:53 5 A The Fourteenth Amendment was an enormous grant of  
6 citizenship and a wonderful grant of citizenship to a whole  
7 class of people that had been slaves.  
8 Q And he, the prosecutor, said that -- that I was trying to  
9 conceal -- or alluded to the fact that I was trying to conceal  
11:36:30 10 any kind of income that I might earn or any kind of moneys I  
11 might have. Is it -- to your knowledge, have I ever tried to  
12 conceal or -- have I parked my car around the block and walked  
13 up to see you, or have I ever tried to conceal anything that --  
14 like my car, what I'm driving?  
11:36:58 15 A Not to my knowledge. I don't see any concealing, and we've  
16 discussed being open and honest many, many times. That open  
17 honesty is the best policy. And if you start trying to hide  
18 things, you always get caught and it always bites you.  
19 Q And we've already discussed that it's not a crime or a sin  
11:37:32 20 or something that should be held against a person for having a  
21 nice car?  
22 THE COURT: I think you've covered that territory,  
23 Ms. Taylor.  
24 MS. TAYLOR: Okay. Sorry.  
11:37:42 25 BY MS. TAYLOR:

REDIRECT EXAMINATION - JIMMY CHISUM

11:37:59 1 Q So basically you have no ill feelings towards the  
2 government?

3 A I said before I respect the government. I love the  
4 constitutional form of republic government that this nation's  
11:38:13 5 created on. But I have some dislike and some disbelief of  
6 certain agents within the government who declare they're not  
7 subject to the law.

8 Q And we all believe -- or you and I believe that there are  
9 agents that sometimes don't adhere to the law?

11:38:38 10 A That's what Congress has said many times and the Senate had  
11 hearings on that led to the relationship -- or the new law  
12 called Restructuring and Reform Act of 1998 was the fact that  
13 there were agents within government that were exceeding their  
14 authority.

11:38:54 15 MR. GALATI: Your Honor, the question was what do they  
16 believe, not what Congress has said or done. I object.

17 THE COURT: Sustained.

18 BY MS. TAYLOR:

19 Q Well, in a nation this size, is it expect -- is it your  
11:39:14 20 belief in a country this size that we are all -- that there's  
21 always going to be some bad apples found in every organization?

22 MR. GALATI: Your Honor, this witness' belief is  
23 irrelevant. I object.

24 THE COURT: Sustained.

25

REDIRECT EXAMINATION - JIMMY CHISUM

11:39:27 1 BY MS. TAYLOR:

2 Q But it's our duty as citizens to try and uphold the law,  
3 and is it -- do you believe it's our duty as citizens to try  
4 and uphold the law in all of its aspects?

11:39:41 5 A It is also the citizens' duty to hold the government  
6 accountable. The people delegate the authority to government  
7 and own it and control it. It's the duty of the people to see  
8 that the government stays within the bounds of the Constitution  
9 and the law and as it is interpreted by the Supreme Court.

11:40:02 10 That's our duty.

11 Q Yes. And that's a hard job to do today, isn't it?

12 A Great opportunities abound.

13 Q So -- one moment, please.

14 We had -- you still have that book up there with you?

11:41:30 15 A Yes.

16 Q In this book here it talks about there being inferior  
17 courts and superior courts, and you and I have both studied  
18 about the difference about them; is that correct?

19 A Yes.

11:41:57 20 Q Could you elaborate on what an inferior court is?

21 MR. GALATI: Your Honor, I object. That's beyond the  
22 scope of cross-examination.

23 THE COURT: Sustained.

24 MS. TAYLOR: Okay.

25

REDIRECT EXAMINATION - JIMMY CHISUM

11:42:05 1 BY MS. TAYLOR:

2 Q In this book we have discussed many of the statutes that  
3 are passed by Congress and that we have relied on. Did you  
4 notice in this book, when we were reading it, the IRS's -- or  
11:42:35 5 whoever printed this, I guess it was the IRS, their parts are  
6 very, very tiny for a person to read?

7 MR. GALATI: Your Honor, I object. It's beyond the  
8 scope of cross. I didn't talk about that book at all.

9 THE COURT: Sustained.

11:42:55 10 BY MS. TAYLOR:

11 Q In this book it talks about --

12 THE COURT: Ms. Taylor, can you approach for a minute,  
13 please?

14 (Bench conference as follows:)

11:43:19 15 THE COURT: Ms. Taylor, you've been at this redirect  
16 for over a half hour now, and it looks like you're starting to  
17 flip through a very long document to ask this witness questions  
18 about things the document says. It's a document I've already  
19 said you couldn't admit into evidence. And you've made it  
11:43:34 20 through two pages, and it looks like you're starting to turn  
21 through them and ask him questions about that. Is that your  
22 intent?

23 MS. TAYLOR: I was only going to pick out a few of the  
24 things that we had talked about in there.

11:43:45 25 THE COURT: Okay. Well, there weren't any questions

REDIRECT EXAMINATION - JIMMY CHISUM

11:43:48 1 asked during cross-examination about the book you're referring  
2 to, which I think is The Truth About The Truth, right?

3 MS. TAYLOR: Yeah.

4 THE COURT: There were no questions asked about that  
11:43:57 5 during cross-examination.

6 MS. TAYLOR: No, but there were some frivolous  
7 arguments that he brought up in his letters that it kind of  
8 talks about that in there.

9 THE COURT: I don't know what you're referring to.

11:44:08 10 MS. TAYLOR: Well, it kind of talks about the letters  
11 that they send out to you that are frivolous that he brought  
12 up.

13 THE COURT: Well, but what the book says is not in  
14 evidence, and you can't get it into evidence in effect by  
11:44:21 15 asking him if you and he talked about a portion of it and then  
16 describing it. It looks like you're trying to describe to the  
17 jury what's in the book, and it's not in evidence and you can't  
18 get it into evidence through those kinds of questions.

19 MS. TAYLOR: I wasn't trying to get it into evidence.  
11:44:35 20 I was just trying to talk -- discuss it with him.

21 THE COURT: Yeah, you are trying to get the points  
22 out. My concern is that we've had this witness on the stand  
23 for two hours and 45 minutes. We've covered a lot of  
24 territory. You've been at this redirect for a half hour, and I  
11:44:47 25 don't want to spend another half hour with you flipping through

REDIRECT EXAMINATION - JIMMY CHISUM

11:44:50 1 that book asking him things that I'm going to sustain an  
2 objection on because the book is not in evidence.

3 MS. TAYLOR: Okay.

4 THE COURT: So I just want you to understand that we  
11:45:04 5 shouldn't spend time doing that because I'm going to sustain  
6 any objection where you in effect ask him to describe what is  
7 in the book. And it looked to me like we were headed down a  
8 long road, and I wanted to cut that off so we could get this  
9 witness done before lunchtime.

11:45:18 10 MS. TAYLOR: Okay. I'll try to wind down.

11 THE COURT: Do you have other subjects you need to  
12 cover on your redirect?

13 MS. TAYLOR: I don't think very many more.

14 THE COURT: Okay.

11:45:28 15 MR. GALATI: May I consult with them for a second?

16 THE COURT: Sure.

17 (Bench conference concludes.)

18 (Defendant and advisory counsel confer.)

19 MS. TAYLOR: Okay. I apologize for taking all that  
11:46:31 20 time.

21 THE COURT: That's fine.

22 BY MS. TAYLOR:

23 Q I think that we probably see, just in looking back at my  
24 notes -- so I think I've established -- I've gone over the  
11:47:08 25 things that the prosecutor has redirected on you. And in

REDIRECT EXAMINATION - JIMMY CHISUM

11:47:13 1 closing I'd just like to have you tell the jury again what --  
2 what you and I have discussed as far as my sincere belief of  
3 the tax laws. My -- my and your views that we have received  
4 from these court cases.

11:47:39 5 MR. GALATI: Your Honor, I object. Asking the witness  
6 to say it again is not the purpose of redirect. It's beyond  
7 the scope.

8 MS. TAYLOR: Okay.

9 THE COURT: Go ahead.

11:47:50 10 MS. TAYLOR: I'm sorry. I didn't mean for --

11 THE COURT: That's okay. If you're simply asking him  
12 to confirm the sincerity of your belief, is that what -- was  
13 that the question?

14 MS. TAYLOR: Right. Um-hmm.

11:47:59 15 THE COURT: You can ask that question.

16 MS. TAYLOR: Okay.

17 THE WITNESS: I believe your -- I'm convinced that  
18 your beliefs are entirely sincere and based on diligent study  
19 of a lot of cases and a lot of law.

11:48:17 20 MS. TAYLOR: Well, if you ever decide to teach  
21 anything again, I think you should maybe teach court procedure.

22 THE WITNESS: Not if I can avoid it.

23 THE COURT: Are you done, Ms. Taylor?

24 MS. TAYLOR: That's all.

11:48:30 25 THE COURT: Thanks, Mr. Chisum. You can step down.

11:48:33 1 All right. Ms. Taylor?

2 MS. TAYLOR: Yes.

3 THE COURT: Anything further?

4 MS. TAYLOR: One moment.

11:49:05 5 Defense rests her case now.

6 THE COURT: Okay. Any rebuttal evidence from the  
7 Government?

8 MR. GALATI: No, Your Honor.

9 THE COURT: Okay.

11:49:12 10 Members of the jury, we've reached the end of the  
11 evidence in the case. The two things that remain to be done  
12 before you deliberate will be for me to give you instructions  
13 and for us to hear closing arguments from the parties.

14 There are a couple of legal issues I need to wrap up.  
11:49:29 15 So we're going to go ahead and let you go to lunch. I have an  
16 hour-long meeting at lunch from noon until 1:00. We may have  
17 a few issues after the lunch hour. So with your indulgence,  
18 we're going to break until 1:15 so we can get all of that  
19 taken care of. When you come back, we'll do the instructions  
11:49:48 20 and the closing arguments. Please remember not to discuss the  
21 case. We'll excuse the jury at this time.

22 (The jury exited the courtroom at 11:49. Proceedings  
23 resumed in open court outside the presence of the jury.)

24 THE COURT: Please be seated.

11:51:03 25 Okay. Let's talk about a couple of matters.



11:51:08 1 Ms. Taylor, after we concluded our discussion this morning  
2 just before we brought in the jury, when I went back into  
3 chambers about the time the jury was being brought in, Lisa  
4 brought back to me 32 pages of proposed jury instructions that  
11:51:25 5 apparently you handed to Lisa after we concluded our early  
6 morning discussion. I don't know if you gave copies of these  
7 to the prosecutors.

8 MS. TAYLOR: I gave them a copy. He looked at them.

9 THE COURT: I've had time to look over these during  
10 the break today and also somewhat here on the bench, and it's  
11 my conclusion that every one of these is either already covered  
12 by the instructions that I have given you, or is unnecessary,  
13 or is an incorrect statement of the law. So I'm not going to  
14 give any of these 32 pages of proposed instructions.

11:52:07 15 Go ahead.

16 MS. TAYLOR: Can you -- can you give me a -- can you  
17 write down which ones are wrong for me or give me a --

18 THE COURT: Well, no, because this was handed in right  
19 after we started this morning, and it's in addition to about 50  
11:52:24 20 pages of instructions you've already proposed that I've  
21 declined to give. I'm on record as declining it.

22 Now, what you can do is, if you want to file these,  
23 you can get them in the docket, and I'm on record as saying  
24 I'm not going to give them. You will then be permitted to  
11:52:41 25 appeal my decision not to give these instructions. But you'll

11:52:44 1 need to get them into the docket rather than just hand them to  
2 me because otherwise they're not going to be in the record.

3 MS. TAYLOR: Okay.

4 THE COURT: So you can file them, you know, today or  
11:52:52 5 tomorrow. Just notice of instructions handed to the Court on  
6 the last day of trial or something like that. And I'm on  
7 record denying them so you'll be able to appeal my decision  
8 denying them.

9 MS. TAYLOR: Okay. Thank you.

11:53:04 10 THE COURT: Just one second.

11 All right. Counsel and Ms. Taylor, after the  
12 testimony this morning and considering what the Government  
13 objected to earlier with respect to an income instruction,  
14 I've concluded that I should give an instruction on the issue  
11:53:43 15 of income.

16 So I have the proposed instruction here, and I'm  
17 going to ask Lisa to give it to you. Why don't you look over  
18 it over the lunch hour, and we'll come back at 1:00. And if  
19 you have objections to it, I'll be happy to hear your  
11:53:57 20 objections at that point.

21 I also thought this morning that we should, as I have  
22 in other cases where the -- one of the parties is pro se, give  
23 an instruction on that issue. Let me read you the instruction  
24 I'm proposing to give and see if you have any concern about  
11:54:16 25 it. It would be the following:

11:54:19 1 The defendant has decided to represent herself in  
2 this trial and not use a lawyer. She has a right to do that.  
3 Her decision has no bearing on the merits of this case, and it  
4 should have no effect on your consideration of the case.

11:54:34 5 MR. GALATI: No objection, Your Honor.

6 THE COURT: Ms. Taylor?

7 MS. TAYLOR: Well, Your Honor, I do object to that  
8 because it was never my intention to represent myself. I was  
9 kind of forced into this.

11:54:47 10 THE COURT: Well, we've been over that ground at  
11 length, Ms. Taylor. You had months to get a lawyer, and were  
12 told you had to get one, and you didn't until just before  
13 trial, and so -- and you chose to represent yourself. So I  
14 don't agree with you on that.

11:55:01 15 You weren't forced into this. You had from  
16 September 1st to retain a lawyer. You twice told the Court  
17 you had one lined up. You never came forward with him. You  
18 were warned repeatedly that you had to get somebody in time  
19 for trial and you didn't do it.

11:55:17 20 MS. TAYLOR: Well, I tried. I just -- I mean, I have  
21 no control over competent counsel, when they can come and when  
22 they can't.

23 THE COURT: You have competent counsel sitting at your  
24 left elbow and you have had throughout this case, and we've  
11:55:29 25 offered repeatedly for you to be represented by Ms. Anderson

11:55:32 1 and you've declined to do that.

2 MS. TAYLOR: Ms. Anderson is not a tax attorney.

3 THE COURT: Well --

4 MS. TAYLOR: That's not competent counsel.

11:55:39 5 THE COURT: If you're disagreeing with what the  
6 instruction is, that you don't think you decided to represent  
7 yourself, I'm overruling that because you clearly have. My  
8 question is, do you have an objection to my telling the jury  
9 that the fact that your representing yourself should not have  
11:55:54 10 any bearing on the merits of the case and should not affect  
11 their consideration?

12 MS. TAYLOR: Well, if you -- whether you tell them or  
13 whether you don't tell them -- whether I have an objection or  
14 not, are you still going to tell them?

11:56:10 15 THE COURT: If I overrule your objection, yes. I'm  
16 finding out if you -- I understand you object to the first  
17 sentence that says you've chosen to represent yourself. What  
18 I'm trying to find out is, do you have an objection to anything  
19 else? I'll read it again if you want me to.

11:56:23 20 MS. TAYLOR: Would you, please.

21 THE COURT: Sure.

22 The defendant has decided to represent herself at  
23 this trial and not use a lawyer. She has a right to do that.  
24 Her decision has no bearing on the merits of this case and it  
11:56:34 25 should have no effect on your consideration of the case.

11:56:37 1 I don't want them ruling against you because you  
2 didn't have a lawyer or ruling for you because you didn't have  
3 a lawyer. The issue should be irrelevant in their  
4 consideration, and that's what I'm trying to say in this  
11:56:52 5 instruction.

6 MS. TAYLOR: Well, one moment, please.

7 THE COURT: All right.

8 (The defendant and advisory counsel confer.)

9 MS. TAYLOR: Can you take out that first sentence? Or  
11:57:20 10 can you take out any part of it or -- because how can I  
11 represent myself. I am myself.

12 THE COURT: Do you have a problem with any other  
13 portion of the instruction?

14 MS. TAYLOR: I think I would just object to it all,  
11:57:39 15 Your Honor, at this time.

16 THE COURT: Okay. That's fine.

17 All right. I'm going to give the instruction. I  
18 think it's appropriate in this case.

19 But I'll have Lisa hand you the income instruction so  
11:58:00 20 you can look at that. That's longer. I want you to have a  
21 chance to look at that.

22 So we'll come back at 1:00, this group. I may be a  
23 few minutes late because that meeting goes right to 1:00 but  
24 I'll get in here just as soon as it's over. But if you could  
11:58:17 25 be here at 1:00, I would appreciate it. We'll bring the jury

11:58:20 1 in at 1:15. I'm going to instruct the jury at that point so  
2 they'll have the jury instructions before the argument.

3 Mr. Knapp, how long do you think your closing  
4 argument is?

11:58:28 5 MR. KNAPP: I would guess about 30 to 40 minutes, Your  
6 Honor.

7 THE COURT: All right.

8 MR. KNAPP: I didn't time it but I think that's about  
9 right.

11:58:35 10 THE COURT: 30 or 40 minutes?

11 MR. KNAPP: Yes, Your Honor.

12 THE COURT: Ms. Taylor, how long do you think your  
13 closing argument is?

14 MS. TAYLOR: How long do I get?

11:58:42 15 THE COURT: Well, you don't get all afternoon.

16 MS. TAYLOR: Well, this is pretty serious charges  
17 here, and I certainly don't want to go to jail so I want to  
18 cover a lot of things. I don't know how long it's going to  
19 take me to talk to them.

11:58:58 20 THE COURT: Well, I'm going to give you an hour for  
21 your closing argument. So you're going to have to get it done  
22 in an hour or less. All right?

23 MS. TAYLOR: I don't get any more than that?

24 THE COURT: I'll warn you when you're getting within  
11:59:11 25 10 minutes of it. I'm not just going to say, "Stop talking and

11:59:15 1 sit down." I'll warn you. But I think an hour is more than  
2 enough time for you to say what needs to be said in closing  
3 argument. The Government will then get a brief rebuttal  
4 because they have the burden of proof. But brief.

11:59:28 5 MS. TAYLOR: How long --

6 THE COURT: Five minutes. He said he'd take 30 to 40  
7 minutes in his opening argument and the rebuttal will be 5 to  
8 10 minutes at the most.

9 One last point. You probably already know this,  
11:59:43 10 Ms. Taylor, but in the closing argument you are entitled to  
11 argue. You know, in the opening I kept telling you that you  
12 can't argue yet, you've got to talk about what the evidence is  
13 going to show. You can argue in closing.

14 But what you can argue to the jury about is what came  
11:59:57 15 into evidence. What the witnesses said. That's what you can  
16 argue about. You cannot use the argument as an opportunity  
17 for you to testify when you've declined to testify. So in  
18 other words, you can't stand up in argument and say to the  
19 jury things that you didn't say in testimony.

12:00:17 20 Now, if Mr. Chisum said them or another witness says  
21 them, fair game. You can argue about them. But I just want  
22 you to understand, because I don't want to be interrupting  
23 you, that it is not an opportunity for you to testify to the  
24 jury or to state facts or beliefs that have not come into  
12:00:35 25 evidence through other witnesses. Do you understand that?

12:00:39 1 Was that an answer? I couldn't hear you.

2 MS. TAYLOR: Yes.

3 THE COURT: Anything else we need to address before we  
4 break?

12:00:50 5 MR. GALATI: Just briefly, Your Honor. You just said  
6 to Ms. Taylor -- we have the same concerns that you were just  
7 discussing. You said, "I," that is you, "don't want to be  
8 interrupting you," Ms. Taylor, if she's arguing outside the  
9 evidence. We don't want to be interrupting her either, and did  
12:01:04 10 you mean to say you would interrupt her if she did it? And we  
11 don't have to?

12 THE COURT: Well, I'm assuming I would be interrupting  
13 when you object.

14 MR. GALATI: So you want us to object?

12:01:14 15 THE COURT: If you think it is inappropriate, yeah.  
16 I'm not counsel for the Government. So unless you object I'm  
17 not going to jump in.

18 MR. GALATI: You're not going to say anything if we  
19 don't object?

12:01:23 20 THE COURT: Right.

21 MR. GALATI: All right. Thank you very much.

22 MS. TAYLOR: Does that mean I get to object to them,  
23 too?

24 THE COURT: Sure. Yeah. If you think they're arguing  
12:01:30 25 things that are not in evidence, you absolutely can object.



12:01:34 1 Anything else we need to address before we break?

2 MR. KNAPP: I do -- no. We can take it up after the  
3 break, Your Honor.

4 THE COURT: Okay. We'll plan to see you at 1:00.

12:01:45 5 Remember to come grab these instructions on income.

6 (Recess taken from 12:01 to 1:02. Proceedings resumed  
7 in open court outside the presence of the jury.)

8 THE COURT: Thank you. Please be seated.

9 Okay. Counsel for the government, do you have any  
10 comments or objections on the income instruction?

11 MR. KNAPP: No, Your Honor.

12 THE COURT: All right.

13 Ms. Taylor, how about you?

14 MS. TAYLOR: Yes, Your Honor. Just a minute.

13:02:57 15 Yes, Your Honor. I object to this because it's not  
16 giving the simple definition of income. It's kind of  
17 deceitfully instructing the jury that it is gross income, and  
18 gross income and income are one in the same, which they are  
19 not. And it's defining the word "income" with the word "gross  
13:03:29 20 income," which it's not separating them. And it's not a clear  
21 and distinct definition of income, in my opinion.

22 And it says in many Supreme Court cases that -- how  
23 income is to be defined. And it also, even in that *Eisner and*  
24 *Macomber* thing, let's see, and the Sixteenth Amendment it also  
13:04:05 25 says that -- you know, it defines income as separate from

13:04:09 1 corporate profits and gain. And it says it's an excise  
2 taxable activity.

3 So it is combining so many things in here that are  
4 not really clear. It talks more of gross income than it does  
13:04:26 5 income, and it talks about taxable income. But it doesn't  
6 define income anywhere in this document, 'pecifically the word  
7 "income."

8 THE COURT: All right. Any other objection?

9 MS. TAYLOR: I think that's it.

13:04:45 10 THE COURT: Okay. All right. Thank you.

11 The instruction, which is Instruction 25 for the  
12 record, is taken -- the first sentence is taken from 26 United  
13 States Code Section 61. It is a direct quotation of that  
14 section. The rest of the first paragraph are taken from Ninth  
15 Circuit and Supreme Court cases. The specific Ninth Circuit  
16 cases include *The Commissioner of Internal Revenue versus*  
17 *Duncan*, 500 F.3d 1065, Ninth Circuit, 2007.

18 The last sentence of the first paragraph also is  
19 taken from 26 United States Code Sections 101, et seq. There  
13:05:08 20 are several of them that deal with excluded items.

21 The adjusted gross income paragraph is taken from 26  
22 United States Code Section 62 in the case of *Biehl*, B-I-E-H-L,  
23 *versus Commissioner of Internal Revenue*, 351 F.3d 982. That  
24 is a Ninth Circuit case from 2003.

13:06:02 25 The last sentence is taken from 26 United States Code

13:06:06 1 Section 63 and also from the Ninth Circuit case of *Butchko*,  
2 B-U-T-C-H-K-O, *versus Commissioner of Internal Revenue*, 638  
3 F.2d 1214. That is a 1981 decision of the Ninth Circuit.

4 I am going to do a bit of a wording change in the  
13:06:30 5 last sentence. I'm going to take out the word "the" and the  
6 words "listed above." So it will read, "Taxable income means  
7 gross income minus either itemized deductions or a standard  
8 deduction."

9 MS. TAYLOR: Your Honor.

13:06:46 10 THE COURT: Yes, ma'am.

11 MS. TAYLOR: Why are you not using Supreme Court  
12 rulings instead of Ninth Circuit court rulings when they're all  
13 available?

14 THE COURT: These Ninth Circuit cases are consistent  
13:06:55 15 with Supreme Court rulings, and the Ninth Circuit is the  
16 controlling court of appeals for this court. So it's binding  
17 law upon this court.

18 MS. TAYLOR: It's not United States Supreme Court  
19 cases? Do they not trump any circuit -- I mean, does not --

13:07:08 20 THE COURT: They do.

21 MS. TAYLOR: -- the United States court cases trump  
22 any circuit court cases?

23 THE COURT: They do. But this instruction is not  
24 inconsistent with Supreme Court cases.

13:07:18 25 MS. TAYLOR: Well, it doesn't apply to me. These --

13:07:26 1 in these instances, I don't believe that the adjusted gross  
2 income or taxable income applies to me, the sections that they  
3 come out of, and it does not define income for what income is.

4 THE COURT: I understand that objection and that  
13:07:45 5 objection is on the record. I disagree with it, and so I'm  
6 going to give the instruction as I've modified it.

7 MS. TAYLOR: I still object.

8 THE COURT: Okay. That's fine. You are certainly  
9 entitled to do that.

13:07:59 10 MS. TAYLOR: Okay.

11 THE COURT: Anything else the government wishes to  
12 raise before we bring the jury in in a few minutes?

13 MR. KNAPP: Your Honor, one thing on the instructions,  
14 on Instruction Number 7, this is the one about what is in  
15 evidence. I would ask the Court to amend it slightly so it  
16 says, "Arguments or statements by the lawyers" --

17 THE COURT: Actually, I was going to do that. I  
18 appreciate you bringing that up. That's, by the way, now going  
19 to become Instruction Number 6. We'll bring you the clean set.  
13:08:31 20 Because I've taken out the instruction that applies if the  
21 defendant testifies. And she isn't. But I've changed --  
22 wherever the instruction refers to "attorneys," I'm going to  
23 say, "attorneys and Ms. Taylor," since obviously she's making  
24 arguments and asking questions.

13:08:48 25 MR. KNAPP: And, Your Honor, is the Court going to

13:08:50 1 give the jury a written set of instructions?

2 THE COURT: Yes.

3 MR. KNAPP: And then finally, I think you've already  
4 stated your practice on this, but I would request -- to avoid  
13:09:02 5 having us objecting to -- at closing, I would ask the Court to,  
6 I guess, remind the defendant now about the limits of closing  
7 argument, and I would encourage the Court to gently redirect  
8 her if she goes into inappropriate areas because I don't want  
9 to be jumping up and objecting during her closing argument.

13:09:22 10 THE COURT: Well, I understand your request,  
11 Mr. Knapp. I don't think I need to remind Ms. Taylor. I told  
12 her before lunch, and I think she understands it. But, you  
13 know, there may be places where I won't agree with your view  
14 that she's straying away from the evidence.

13:09:41 15 And I don't think if -- I mean, obviously if  
16 Ms. Taylor is, in my view, going way out of bounds in a way  
17 that would prejudice the trial, then I will say something even  
18 if you don't object. But for the most part I'm going to rely  
19 upon you to object if you think something in the argument is  
13:09:55 20 inappropriate, and for her to object if she thinks something  
21 in your argument is inappropriate.

22 I know you don't like interrupting another objection  
23 but I don't think it is appropriate for me -- I'm sorry. You  
24 don't like interrupting another party's argument, but I don't  
13:10:08 25 think it's appropriate for me as the judge to assume your

13:10:11 1 responsibility, or Ms. Taylor's, of objecting.

2 MR. KNAPP: I understand, Your Honor. I don't think  
3 we have anything further.

4 THE COURT: All right.

13:10:18 5 Ms. Taylor, did you have anything else you wanted to  
6 raise before closing arguments?

7 MS. TAYLOR: Yes, Your Honor. I would like to raise  
8 Rule 29 motion again. Insufficient evidence to sustain  
9 conviction.

13:10:34 10 THE COURT: Okay. The same motion you made at sidebar  
11 after the government's case in chief. For the reasons I stated  
12 before, I'm going to deny the motion. I think there is enough  
13 evidence to go to the jury.

14 MR. KNAPP: There is one other issue --

13:10:46 15 MS. TAYLOR: I object --

16 MR. KNAPP: Sorry.

17 MS. TAYLOR: Sorry.

18 THE COURT: That's fine.

19 MR. KNAPP: Your Honor, there's one other issue that  
13:10:50 20 relates to the exhibits. It doesn't need to be raised now,  
21 it's not in the instructions, but it is about the certification  
22 sheets contained in some of the exhibits. Do you mind if I  
23 address it?

24 THE COURT: No. Let's raise it now. We've got a  
13:11:01 25 couple of minutes before 1:15.

13:11:04 1 MR. KNAPP: There's some case law about whether the  
2 certifications themselves are testimonial and, you know,  
3 violative of the confrontation clause. So I raise it because  
4 if the defendant would like, we're more than happy to go  
13:11:16 5 through the exhibits -- I think it is probably the right thing  
6 to do, is go through the exhibits, pull out those certification  
7 sheets before they actually go back to the jury room with the  
8 jury because it is the underlying exhibit that was introduced  
9 into evidence.

13:11:27 10 Alternatively, if Ms. Taylor doesn't object to the  
11 inclusion of the certification sheets, there's no problem.  
12 But I want to raise that and say we're happy to pull those  
13 off.

14 THE COURT: Ms. Taylor, do you understand that issue?

13:11:39 15 MS. TAYLOR: No. I didn't quite catch that.

16 THE COURT: Some of the exhibits I admitted under Rule  
17 902 were based on a certificate that was attached to it from a  
18 custodian of records certifying they were true. I think what  
19 Mr. Knapp is saying is that as those exhibits are marked behind  
13:11:56 20 Lisa, they include that certificate as well as the document  
21 that was certified.

22 The question we're putting to you, he's putting to  
23 you, is do you want that certificate removed so that the only  
24 thing in the exhibit that goes to the jury is the document  
13:12:11 25 that was certified, rather than the certificate, or is it all

13:12:15 1 right with you if the certificate remains a part of the  
2 exhibit?

3 MS. TAYLOR: So if I'm understanding it correctly,  
4 he's asking if I want the certificate that they put in there  
13:12:27 5 with any documents in any files to be removed or left in?

6 THE COURT: Right.

7 MS. TAYLOR: Why would -- I would want the  
8 certificates to be removed because they're not verified under  
9 oath.

10 THE COURT: Okay. I'm not sure that's the correct  
11 basis but you're certainly entitled to object to them not being  
12 included. And I think in light of that case law we probably  
13 should have you remove them before they go back to the jury.

14 MR. KNAPP: Yes, Your Honor.

15 THE COURT: I would ask you to do that quickly after  
16 we send the jury back because obviously they may be waiting for  
17 the exhibits, and while we do that they're going to be waiting.

18 MR. KNAPP: Yes, Your Honor.

19 THE COURT: All right.

20 Did you have anything else, Ms. Taylor, you wanted to  
21 raise?

22 MS. TAYLOR: Can we do this tomorrow so I'm not so  
23 rushed to judgment?

24 THE COURT: No. We need to do it this afternoon.

25 MS. TAYLOR: Okay. I don't consent to that but



13:13:29 1 nothing else to raise.

2 THE COURT: Okay. If either you, Ms. Taylor, or  
3 either you, Mr. Knapp, wants to have that black lecturn over,  
4 you can pull it over so you're facing the jury. Just make sure  
13:13:40 5 that the mike is positioned so that you're still speaking into  
6 it. And I'll come back in when we get the jury in the room.

7 Yes, ma'am.

8 MS. TAYLOR: Did you ever answer my question about the  
9 transcript?

13:13:53 10 THE COURT: I think I did. I mean, what I said was  
11 that I still need to make a determination that you're a pro se  
12 defendant.

13 MS. TAYLOR: At the end?

14 THE COURT: Yeah.

13:14:02 15 MS. TAYLOR: Okay. Yeah. I remember.

16 THE COURT: So let's address that after we're done  
17 with the trial.

18 MS. TAYLOR: Okay. Um-hmm.

19 THE COURT: Okay. I'll come back in when the jury is  
13:14:09 20 here.

21 (Recess taken from 1:14 to 1:19. Proceedings resumed  
22 in open court with the jury present.)

23 THE COURT: Thank you. Please be seated.

24 Welcome back, members of the jury. As I indicated to  
13:20:02 25 you before we broke for lunch, we are now going to give you

13:20:09 1 some jury instructions, and after I give you the jury  
2 instructions, then we'll hear the closing arguments from the  
3 parties.

4 Members of the jury, now that you have heard all the  
13:20:25 5 evidence, it is my duty to instruct you on the law which  
6 applies to this case. A copy of these instructions will be  
7 available in the jury room for you to consult.

8 It is your duty to find the facts from all the  
9 evidence in the case. To those facts you will apply the law  
13:20:43 10 as I give it to you. You must follow the law as I give it to  
11 you whether you agree with it or not. And you must not be  
12 influenced by any personal likes or dislikes, opinions,  
13 prejudices, or sympathy. That means that you must decide the  
14 case solely on the evidence before you. You will recall that  
13:21:03 15 you took an oath promising to do so at the beginning of the  
16 case.

17 In following my instructions, you must follow all of  
18 them and not single out some and ignore others; they are all  
19 equally important. You must not read into these instructions  
13:21:19 20 or into anything I may have said or done any suggestion as to  
21 what your verdict -- as to what verdict you should return.  
22 That is a matter entirely up to you.

23 The indictment is not evidence. The defendant has  
24 pleaded not guilty to the charge. The defendant is presumed to  
13:21:41 25 be innocent and does not have to testify or present any

13:21:45 1 evidence to prove innocence. The government has the burden of  
2 proving every element of the charge beyond a reasonable doubt.

3 A defendant in a criminal case has a constitutional  
4 right not to testify. No presumption of guilt may be raised  
13:22:03 5 and no inference of any kind may be drawn from the fact that  
6 the defendant did not testify.

7 Proof beyond a reasonable doubt is proof that leaves  
8 you firmly convinced that the defendant is guilty. It is not  
9 required that the government prove guilt beyond all possible  
13:22:23 10 doubt. A reasonable doubt is a doubt based upon reason and  
11 common sense and is not based purely on speculation. It may  
12 arise from a careful and impartial consideration of all the  
13 evidence or from a lack of evidence.

14 If after a careful and impartial consideration of all  
13:22:42 15 the evidence you are not convinced beyond a reasonable doubt  
16 that the defendant is guilty, it is your duty to find the  
17 defendant not guilty.

18 On the other hand, if after a careful and impartial  
19 consideration of all the evidence you are convinced beyond a  
13:22:58 20 reasonable doubt that the defendant is guilty, it is your duty  
21 to find the defendant guilty.

22 The evidence from which you are to decide what the  
23 facts are consists of the sworn testimony of any witness, the  
24 exhibits which have been received into evidence, and any facts  
13:23:17 25 to which the lawyers and Ms. Taylor have stipulated.

13:23:22 1 In reaching your verdict you may consider only the  
2 testimony and exhibits received into evidence. Certain things  
3 are not evidence and you may not consider them in deciding  
4 what the facts are. I will list them for you:

13:23:36 5 First, arguments and statements by the lawyers and  
6 Ms. Taylor are not evidence. What they have said in their  
7 opening statements, closing arguments, and at other times is  
8 intended to help you interpret the evidence, but it is not  
9 evidence. If the facts as you remember them differ from the  
13:23:54 10 way the lawyers and Ms. Taylor state them, your memory of them  
11 controls.

12 Second, questions and objections by the lawyers and  
13 Ms. Taylor are not evidence. Parties have a duty to object  
14 when they believe a question is improper under the rules of  
15 evidence. You should not be influenced by the question, the  
13:24:11 16 objection, or the Court's ruling on it.

17 Third, testimony that has been excluded or stricken  
18 or that you have been instructed to disregard is not evidence.  
19 You must not -- and must not be considered.

13:24:31 20 In addition, some testimony and exhibits may have  
21 been received only for a limited purpose.

22 Counsel and Ms. Taylor, I don't recall any  
23 limited-purpose exhibits. Do you recall any?

24 MR. KNAPP: Your Honor, only the 404(b) evidence I  
13:24:47 25 suppose.

13:24:47 1 THE COURT: But there's a separate instruction on  
2 that.

3 MR. KNAPP: Right.

4 THE COURT: Ms. Taylor, do you recall any?

13:24:53 5 I don't think we admitted any for a limited purpose.  
6 All right. I'm going to go ahead and just strike that last  
7 sentence from the instructions so it's not confusing.

8 Fourth, anything you may have seen or heard when the  
9 court was not in session is not evidence. You are to decide  
10 the case solely on the evidence received at the trial.

11 Evidence may be direct or circumstantial. Direct  
12 evidence is direct proof of a fact, such as testimony by a  
13 witness about what that witness personally saw or heard or  
14 did. Circumstantial evidence is indirect evidence. That is,  
15 it is proof of one or more facts from which you can find  
16 another fact.

17 You are to consider both direct and circumstantial  
18 evidence. Either can be used to prove any fact. The law  
19 makes no distinction between the weight to be given to either  
13:25:48 20 direct or circumstantial evidence. It is for you to decide  
21 how much weight to give to any evidence.

22 In deciding the facts in this case you may have to  
23 decide which testimony to believe and which testimony not to  
24 believe. You may believe everything a witness says or part of  
13:26:07 25 it or none of it.

13:26:09 1 In considering the testimony of any witness, you may  
2 take into account the witness' opportunity and ability to see  
3 or hear or know the things testified to; the witness' memory;  
4 the witness' manner while testifying; the witness' interest in  
13:26:27 5 the outcome of the case, if any; the witness' bias or  
6 prejudice, if any; whether other evidence contradicted the  
7 witness' testimony; the reasonableness of the witness'  
8 testimony in light of all the evidence; and any other factors  
9 that bear on believability.

13:26:46 10 The weight of the evidence as to a fact does not  
11 necessarily depend on the number of witnesses who testify.  
12 What is important is how believable the witnesses were and how  
13 much weight you think their testimony deserves.

14 You are here only to determine whether the defendant  
13:27:06 15 is guilty or not guilty of the charges in the indictment. The  
16 defendant is not on trial for any conduct or offense not  
17 charged in the indictment.

18 A separate crime is charged against the defendant in  
19 each count. You must decide each count separately. Your  
13:27:25 20 verdict on one count should not control your verdict on any  
21 other count.

22 You have heard testimony that the defendant made a  
23 statement. It is for you to decide whether the defendant made  
24 the statement, and, if so, how much weight to give to it. In  
13:27:42 25 making those decisions, you should consider all of the

13:27:45 1 evidence about the statement, including the circumstances  
2 under which the defendant may have made it.

3 You have heard evidence that the defendant committed  
4 other acts not charged here. You may consider this evidence  
13:28:01 5 only for its bearing, if any, on the question of the  
6 defendant's intent, motive, plan, knowledge, willfulness, or  
7 absence of mistake, and for no other purpose.

8 You have heard testimony from persons who, because of  
9 education or experience, were permitted to state opinions and  
13:28:24 10 the reasons for those opinions. Such opinion testimony should  
11 be judged like any other testimony. You may accept it or  
12 reject it and give it as much weight as you think it deserves  
13 considering the witness' education and experience, the reasons  
14 given for the opinion, and all the other evidence in the case.

13:28:43 15 Certain charts and summaries have been admitted in  
16 evidence as Exhibit 148. Charts and summaries are only as  
17 good as the underlying supporting material. You should,  
18 therefore, give them only such weight as you think the  
19 underlying material deserves.

13:29:03 20 Other charts and summaries were shown to you in order  
21 to help explain the evidence in the case. These charts and  
22 summaries were not admitted in evidence and will not go into  
23 the jury room with you. They're not themselves evidence or  
24 proof of any facts. If they do not correctly reflect the  
13:29:23 25 facts or figures shown by the evidence in the case, you should

13:29:26 1 disregard these charts and summaries and determine the facts  
2 from the underlying evidence.

3 The defendant has decided to represent herself in  
4 this trial and not to use a lawyer. She has a right to do  
13:29:41 5 that. Her decision has no bearing on the merits of this case  
6 and it should have no affect on your consideration of the  
7 case.

8 This is a criminal case brought by the United States  
9 government. The government charges the defendant with four  
13:30:02 10 counts of tax evasion in violation of 26 United States Code  
11 Section 7201, and four counts of willful failure to file a tax  
12 return in violation of 26 United States Code Section 7203.

13 The charges against the defendant are contained in  
14 the indictment. The indictment is simply the description of  
13:30:25 15 the charges made by the government against the defendant. It  
16 is not evidence of anything.

17 The defendant has pled not guilty to the charges and  
18 is presumed innocent unless and until proven guilty beyond a  
19 reasonable doubt. The defendant has the right to remain  
13:30:42 20 silent and never has to prove innocence or present any  
21 testimony.

22 The indictment charges that the offenses were  
23 committed on or about certain dates. Although it is necessary  
24 for the United States to prove beyond a reasonable doubt that  
13:30:58 25 the offenses were committed on dates reasonably near the dates



13:31:03 1 alleged in the indictment, it is not necessary for the United  
2 States to prove that the offenses were committed precisely on  
3 the dates charged.

4 The defendant is charged in Counts 1 through 4 of the  
13:31:18 5 indictment with attempting to evade and defeat the assessment  
6 of tax for calendar years 2003 to 2006 respectively, in  
7 violation of Section 7201 of Title 26 of the United States  
8 Code. In order for the defendant to be found guilty of these  
9 charges, the government must prove each of the following  
13:31:41 10 elements beyond a reasonable doubt with respect to each count:

11 First, the defendant owed more federal income tax for  
12 the calendar year charged in each count than was declared due  
13 on her income tax return for that year.

14 Second, the defendant knew that more federal income  
13:32:01 15 tax was owed than was declared due on her income tax return  
16 for that year.

17 Third, the defendant made an affirmative attempt to  
18 evade or defeat the assessment of income tax for that year.

19 And, fourth, in attempting to evade or defeat the  
13:32:20 20 assessment of the additional tax for that year, the defendant  
21 acted willfully.

22 The defendant is charged in Counts 5 through 8 of the  
23 indictment with willful failure to file an income tax return  
24 for the years 2003 to 2006 respectively, in violation of  
13:32:42 25 Section 7203 of Title 26 of the United States Code. In order

13:32:46 1 for the defendant to be found guilty of that charge, the  
2 government must prove each of the following elements beyond a  
3 reasonable doubt with respect to each count.

4 First, the defendant was required to file a return  
13:32:59 5 for the year charged in the count.

6 Second, the defendant failed to file an income tax  
7 return for that year as required by Title 26 of the United  
8 States Code.

9 And, third, in failing to do so, the defendant acted  
13:33:15 10 willfully.

11 In order to prove that the defendant acted willfully,  
12 the government must prove beyond a reasonable doubt that the  
13 defendant knew the federal tax law imposed a duty on her and  
14 the defendant intentionally and voluntarily violated that  
15 duty.

16 A defendant who acts on a good faith misunderstanding  
17 as to the requirements of the law does not act willfully even  
18 if her understanding of the law is wrong or unreasonable.  
19 Nevertheless, merely disagreeing with the law does not  
13:33:49 20 constitute a good faith misunderstanding of the law because  
21 all persons have a duty to obey the law whether or not they  
22 agree with it.

23 Thus, in order to prove that the defendant acted  
24 willfully, the government must prove beyond a reasonable doubt  
13:34:05 25 that the defendant did not have a good faith belief that she

13:34:09 1 was complying with the law.

2 An act is done knowingly if the defendant is aware of  
3 the act and does not act through ignorance, mistake, or  
4 accident. You may consider evidence of the defendant's words,  
13:34:26 5 acts, or omissions, along with all the other evidence, in  
6 deciding whether the defendant acted knowingly.

7 The government need not prove the specific amount of  
8 the tax due for each calendar year alleged in the indictment.

9 A failure to act is not an attempt to evade one's  
10 assessment or payment of taxes. But any affirmative act, the  
11 likely effect of which would be to mislead or to conceal one's  
12 tax liability or assets, is an attempt to evade taxes.

13 For income tax purposes, gross income means all  
14 income from whatever source derived, including, but not  
15 limited to, compensation for services, including fees,  
16 commissions, fringe benefits, and similar items; gross income  
17 derived from business; gains derived from dealings in  
18 property; interest; rents; royalty; dividends; alimony and  
19 separate maintenance payments; annuities; income from life  
13:35:44 20 insurance and endowment contracts; pensions; income from  
21 discharge of indebtedness; distributive share of partnership  
22 gross income; income in respect of a decedent; and income from  
23 an interest in an estate or trust. Gross income includes  
24 wages.

13:36:05 25 Some items are excluded from gross income such as

13:36:09 1 certain death benefits, gifts and inheritances, interest on  
2 state and local bonds, contributions to the capital of a  
3 corporation, exclusion of gain from sale of a principal  
4 residence, and other items not relevant here.

13:36:25 5 Adjusted gross income means, in the case of an  
6 individual, gross income minus deductions such as trade and  
7 business deductions, losses from sale or exchange of property,  
8 deductions attributable to rents and royalties, and others.

9 Taxable income means gross income minus either  
13:36:49 10 itemized deductions or a standard deduction.

11 When you begin your deliberations, you should elect  
12 one member of the jury as your foreperson. That person will  
13 preside over the deliberations and speak for you here in  
14 court. You will then discuss the case with your fellow jurors  
13:37:10 15 to reach an -- to reach agreement if you can do so. Your  
16 verdict, whether guilty or not guilty, must be unanimous.

17 Each of you must decide the case for yourself, but  
18 you should do so only after you have considered all the  
19 evidence, discussed it fully with the other jurors, and  
13:37:29 20 listened to the views of your fellow jurors. Do not be afraid  
21 to change your opinion if the discussion persuades you that  
22 you should. But do not come to a decision simply because  
23 other jurors think it is right.

24 It is important that you attempt to reach a unanimous  
13:37:48 25 verdict, but of course only if each of you can do so after

13:37:52 1 having made your own conscientious decision. Do not change an  
2 honest belief about the weight and effect of the evidence  
3 simply to reach a verdict.

4 Because you must base your verdict only on the  
13:38:07 5 evidence received in the case and on these instructions, I  
6 remind you that you must not be exposed to any other  
7 information about the case or to the issues it involves.

8 Except for discussing the case with your fellow  
9 jurors during your deliberations, do not communicate with  
13:38:24 10 anyone in any way and do not let anyone else communicate with  
11 you in any way about the merits of the case or anything to do  
12 with it.

13 This includes discussing the case in person, in  
14 writing, by phone, or electronic means, via e-mail, text  
13:38:41 15 messaging, or any Internet chat room, blog, website, or other  
16 feature. This applies to communicating with your family  
17 members, your employer, the media or press, and the people  
18 involved in the trial.

19 If you are asked or approached in any way about your  
13:39:00 20 jury service or anything about this case, you must respond  
21 that you have been ordered not to discuss the matter and to  
22 report the contact to the Court.

23 Do not read, watch, or listen to any news or media  
24 accounts or commentary about the case or anything to do with  
13:39:15 25 it. Do not do any research such as consulting dictionaries,

13:39:19 1 searching the Internet, or using other reference materials,  
2 and do not make any investigation or in any other way try to  
3 learn about the case on your own.

4 The law requires these restrictions to ensure that  
13:39:32 5 the parties have a fair trial based on the same evidence that  
6 each party has had an opportunity to address. A juror who  
7 violates these restrictions jeopardizes the fairness of these  
8 proceedings, and a mistrial could result that would require  
9 the entire trial process to start over. If any of you is  
13:39:54 10 exposed to any outside information, please notify me  
11 immediately.

12 Some of you have taken notes during the trial.  
13 Whether or not you took notes, you should rely on your own  
14 memory of what was said. Notes are only to assist your  
13:40:09 15 memory. You should not be overly influenced by the notes.

16 The punishment provided by the law for this crime is  
17 for the Court to decide. You may not consider punishment in  
18 deciding whether the government has proved its case against  
19 the defendant beyond a reasonable doubt.

13:40:31 20 A verdict form has been prepared for you. We think  
21 it is very straightforward. There's simply a blank to write  
22 in either "guilty" or "not guilty" next to each of the eight  
23 counts in the indictment, and then a place at the end to date  
24 it and for the foreperson to sign it. But whoever the  
13:40:50 25 foreperson is, when you sign it, please sign it with your

13:40:53 1 juror number, not your name, because this, again, will become  
2 a public document at some point.

3 After you have reached unanimous agreement on a  
4 verdict your foreperson will fill in this form, sign and date  
13:41:07 5 it, and advise the Court that you are ready to return to the  
6 courtroom.

7 If it becomes necessary during your deliberations to  
8 communicate with me, you may send a note out through the  
9 bailiff -- we will swear two bailiffs in a moment -- signed by  
10 your foreperson or by any one or more other members of the  
11 jury, again, using your juror numbers, not your name. No  
12 member of the jury should ever attempt to communicate with me  
13 except by a signed writing. And I will respond to the jury  
14 concerning the case only in writing or here in open court.

13:41:40 15 If you send out a question, I will consult with the  
16 lawyers and Ms. Taylor before answering it, which may take  
17 some time. You may continue your deliberations while waiting  
18 for the answer to any question.

19 Remember that you are not to tell anyone, including  
13:41:56 20 me, how the jury stands, numerically or otherwise, on the  
21 question of the guilt of the defendant until after you have  
22 reached a unanimous verdict or have been discharged.

23 All right. With those instructions, we will now move  
24 into closing argument.

13:42:17 25 Mr. Knapp, you may proceed.

13:42:20 1 MR. KNAPP: Thank you, Your Honor.

2 THE COURT: It might actually reach onto the black  
3 lecturn if you pull on it. I think. Some have been able to do  
4 that before.

13:42:59 5 MR. KNAPP: Hopefully that will work.

6 Good afternoon. This is a case about concealment.  
7 My name is Jim Knapp. I'm an Assistant U.S. Attorney, and my  
8 purpose for getting up here is to try and explain to you how  
9 some of the witnesses you've heard from over the course of the  
13:43:15 10 last week and a half and some of the documents that have been  
11 admitted into evidence and may be shown on the screen in front  
12 of you, how that fits into the case, how it explains the case,  
13 and also how it applies to the Judge's instructions you were  
14 just given.

13:43:28 15 Some of the evidence in this case is very  
16 straightforward. As you know, this is a criminal tax case  
17 with eight counts. There are four counts of tax evasion, it's  
18 called evasion of assessment, and four counts of failing to  
19 file a tax return. And each -- there's a count for each of  
13:43:49 20 those for the years 2003, 2004, 2005, and 2006.

21 When I say the evidence, some of it is  
22 straightforward, I'm going to walk you through some of that.  
23 I'm going to start with the failure-to-file charges because  
24 that is a little easier to explain at the beginning.

13:44:06 25 Here are the -- and again, you've been instructed on



13:44:08 1 the elements. I encourage you to consult with the paper copy  
2 you're going to get of the jury instructions when you get back  
3 in the room, but I'm going to put some information up on the  
4 screen to help me explain some of this to you.

13:44:20 5 First, the defendant was required to file a return.  
6 You've heard from Revenue Agent Bradley that the requirement  
7 to file a return is statutory. It is based on a minimum  
8 income threshold that she testified was around \$10,000 for  
9 Ms. Taylor, the defendant. But that also, if you're  
13:44:38 10 self-employed, you have to file one even if you only make over  
11 \$400.

12 You know just based on the summary chart that has  
13 been admitted into evidence as Exhibit -- Government's Exhibit  
14 148, Agent Votaw's summary chart, you know just based on the  
13:44:55 15 exhibits in evidence, which detail the commissions from  
16 different land deals, that Ms. Taylor earned enough real  
17 estate commissions for each of these years to trigger the  
18 reporting requirements, to trigger the requirement to file a  
19 tax return. So that is straightforward.

13:45:10 20 The second element -- and I say "element." Those are  
21 things you need to decide when you're deciding these charges.  
22 We talk in terms of elements, and I'll try to avoid that  
23 language.

24 But the second thing you need to decide for this --  
13:45:25 25 for these charges is whether the defendant failed to file a

13:45:29 1 tax return by the deadline. Again, you heard from Revenue  
2 Agent Bradley that the deadline comes around about April 15th  
3 every year.

4 You also heard from the IRS custodian, she was one of  
13:45:41 5 the first witnesses in the case, who testified she  
6 authenticated a number of tax records that are in evidence,  
7 and some of those records confirm that the defendant did not  
8 file tax returns for any of those years, 2003, '4, '5, '6, by  
9 the deadline.

13:45:56 10 The third element, the third thing you need to  
11 consider is whether the defendant acted willfully. And I'm  
12 going to take that up in a couple minutes because I'm going to  
13 try and hit the easy stuff first.

14 Moving on to the tax evasion charge, evasion of  
13:46:11 15 assessment, I have summarized -- and again, I encourage you to  
16 look at the actual -- listen to the instructions the Judge  
17 gave you, you'll get a copy of those for the jury room. I've  
18 tried to summarize them here.

19 First thing to consider is whether the defendant did  
13:46:25 20 not declare all the taxes she owed on her return. Again, you  
21 know that she didn't file a return for those years by the  
22 deadline. So -- and then ultimately you also heard testimony  
23 that six months after being charged in this case she filed  
24 returns for some of these years. They're in evidence,  
13:46:44 25 Exhibits 80 through 82.

13:46:46 1 But on those returns, which were filed six months  
2 after the charges, years after the deadline, she claimed zero  
3 income, zero taxes. So what you need to figure out is whether  
4 there was more than zero tax owed.

13:47:00 5 And that is another easy thing to figure out because  
6 you've heard from Revenue Agent Bradley, and she testified to  
7 some calculations that she did in this case. She testified  
8 about how she did a conservative estimate of the taxes due and  
9 owing for these years. And what she meant by "conservative  
13:47:21 10 estimate," as she testified, was that she was very careful on  
11 what to include as income, but very generous in the way she  
12 applied deductions or other things that could reduce the tax  
13 liability in her calculations.

14 And even after that conservative calculation of taxes  
13:47:39 15 due and owing, you heard that for one year there was hundreds  
16 of thousands of dollars of taxes due and owing, and the lowest  
17 year there were only a couple thousand dollars of taxes due  
18 and owing under the conservative estimate. But for every year  
19 there were taxes due and owing.

13:47:56 20 And, again, you can look just to the exhibits in  
21 evidence that show -- that detailed the real estate  
22 commissions that the defendant earned to know that that not  
23 only triggered the filing requirement but resulted in a  
24 taxable -- taxes due and owing for those years.

13:48:12 25 Second, the defendant knew she owed more in taxes.

13:48:17 1 Well, she put zeros on the return. That should tell you  
2 something. Especially in light of the fact that it's pretty  
3 clear that she made these real estate commissions. You can  
4 look at the exhibits and walk through them. It's been  
13:48:30 5 explained through some of the testimony. Additional evidence  
6 of her knowledge will be shown when I talk about willfulness  
7 in a little bit.

8 And then I want to talk about, like I said,  
9 willfulness in a few minutes. That is an element, that's a  
13:48:47 10 thing you need to decide for both -- for all the charges in  
11 the case. And finally what separates a failure to file from a  
12 tax evasion is this affirmative act taking some affirmative  
13 step, some action to defeat the assessment of taxes. I will  
14 go through some of those later.

13:49:10 15 Many of the same actions that I submit are evidence  
16 of the defendant's willfulness will also be affirmative acts,  
17 but again, I'll detail some with specificity. And just know  
18 that, as you've been instructed, the affirmative act can be  
19 anything. It doesn't need to be a crime in itself. Any act  
13:49:27 20 that's used to conceal assets or taxes, a taxable income, can  
21 qualify.

22 Moving on to some more good news. The tax code is  
23 not on trial in this case. You don't have to know the tax  
24 code. You don't have to like the tax code. There are debates  
13:49:45 25 going on probably right now in Washington D.C. about taxes.

13:49:50 1 There are probably debates going on across kitchen tables  
2 across America about taxes; just like people have debates  
3 about the immigration laws or the drug laws or a multitude of  
4 other laws. And you don't need to decide those laws today.

13:50:05 5 The Judge decides the law. You decide the facts. Even if  
6 people disagree about the laws, they're still required to  
7 follow them.

8 Another piece of good news. This is not a tax  
9 collection case. This is a criminal case. It is not a tax  
13:50:23 10 collection case. You heard from some witnesses who are  
11 involved in collections of debts. Here you do not need to  
12 decide how much exactly, the precise amount that the defendant  
13 owed, how much she made as income, or how much she made in any  
14 particular -- how much she made in any particular year.

13:50:45 15 As I've explained, you need to show -- you need to  
16 find that she has enough to trigger the filing requirements.  
17 You need to find that she has maybe a dollar of tax liability  
18 for the four charged years. But you don't need to come to an  
19 absolute number.

13:51:00 20 And I raise that because you've heard evidence in  
21 this case and you'll see documents -- you've already seen  
22 documents about the different ways that the defendant has  
23 hidden her assets and her income. And I'll walk you through  
24 some of those.

13:51:14 25 For example, you've heard about the C.G. Hilltop 40.

13:51:19 1 This was a raw land deal where you heard from Elaine  
2 Schroeder, who I believe she said first got involved in real  
3 estate when she was 16 years old, how she was approached by  
4 the defendant to purchase the property for a wealthy client.

13:51:37 5 You also heard from Michael Mendoza who ultimately  
6 bought the property from Ms. Taylor as the agent.

7 The property was held in this title of C.G. Hilltop  
8 40. You see on the screen here Exhibits 274 and 275. The  
9 exhibits I'll be talking about, the things I'll be showing  
13:51:55 10 you, are in evidence. You can look at them when you get back  
11 to the room.

12 274 and 275 are the business cards that Elaine  
13 Schroeder got when she was selling the property, and the  
14 "for-sell" sign with the same phone number is the sign that  
13:52:11 15 went up on the property after it was purchased by the C.G.  
16 Hilltop 40.

17 Now, you also saw evidence about how when this  
18 property was sold to Mr. Mendoza, significant money went to --  
19 the proceeds of the sale went to Burning Bush Ministries. On  
13:52:29 20 the screen here are exhibits -- pages from Exhibit 157, those  
21 are bank records for Burning Bush Ministries, and it shows a  
22 600- and a \$700,000 check, both of which were deposited into  
23 the Burning Bush Ministries' account.

24 One of them's directed to R.J. McBride as trustee of  
13:52:47 25 the C.G. Hilltop 40 Trust, another one as R.J. McBride trustee

13:52:52 1 of the Burning Bush Ministries; but both of them were  
2 deposited in the Burning Bush Ministries' account as well as,  
3 as you've heard, and as I'll talk about a little bit later,  
4 the \$72,000 commission check that the defendant diverted into  
13:53:05 5 that account.

6 And on the right-hand side of the screen you see one  
7 of the first pages in that exhibit, which is the signature  
8 card page. It shows that the defendant had signature  
9 authority on that account as Suzi McBride.

13:53:24 10 Now, I start this off because it's a way to move into  
11 the discussion of the concealment, the hiding of assets, that  
12 are both affirmative acts of evasion and also the real  
13 evidence of willfulness in this case in that the defendant  
14 knew exactly what she was doing.

13:53:41 15 But I also highlight it because, like I said, this is  
16 a tax -- this is not a tax collection case. You don't need to  
17 decide whether the defendant, you know, only used a portion of  
18 the funds in that account or whether she split it, how much  
19 she split with Mr. McBride or others. That's not what you  
13:54:00 20 need to decide here today.

21 Again, you need to decide whether she made enough for  
22 the -- to trigger the filing requirements and, you know,  
23 greater than zero tax liability. The rest of the evidence  
24 just goes to show the way that these properties, these bogus  
13:54:16 25 trusts, all of these transactions were structured to hide her

13:54:19 1 income and assets.

2 Moving on to Peace Pipe, LLC, this is another entity,  
3 bank account, that you've heard about during the course of the  
4 trial. I'm showing you a document from Exhibit 151. This is  
13:54:37 5 around page 82. I say "around" because I don't know if you'll  
6 be able to find it easily in the documents back in the jury  
7 room. But look through it, it's around there.

8 This is a deposit memorandum, and there was testimony  
9 about this from Agent Votaw about how commission checks were  
13:54:53 10 deposited into this Peace Pipe account. These were the  
11 defendant's real estate commission checks. She was acting as  
12 National Land Bank, and there are commission checks deposited  
13 into the Peace Pipe account, not her National Land Bank  
14 account.

13:55:07 15 Just so we're clear, there are multiple accounts that  
16 are in evidence, bank records that are in evidence. One of  
17 them is a National Land Bank account, and part of the evidence  
18 you've seen during the course of the trial and part of the  
19 evidence that you can look again at when you retire to your  
13:55:22 20 deliberations is that these different accounts were used  
21 sometimes to divert the money from National Land Bank.

22 Now, again, you saw that not only were the  
23 commission checks going in, but there was money coming out.

24 This is a -- I'm sorry, this is a transfer going into Peace  
13:55:42 25 Pipe from National Land Bank, I forgot to mention this. This



13:55:45 1 is \$25,000 from the National Land Bank account going into the  
2 Peace Pipe account. Okay. So in addition to commission  
3 checks being deposited, there's a transfer of funds going into  
4 that same Peace Pipe account. Then there's money coming out.

13:56:00 5 This is what -- this is also from the same  
6 Exhibit 151, which is the Peace Pipe bank records. This is a  
7 check -- this is one check for \$28,000 written to herself,  
8 signed by the defendant and written to Sue Taylor in 2003.

9 You've also seen -- and Agent Votaw testified about  
13:56:24 10 this, it's a little hard to see, this is also in Exhibit 151,  
11 this is around page 243. This is a check to a jeweler out of  
12 that Peace Pipe account; again, signed by the defendant.

13 So she's using that account. She has her own  
14 checking account. She has a National Land Bank account. And  
13:56:43 15 she has other assorted accounts that she uses to divert the  
16 income into or hold assets and then use them for personal  
17 purchases, either writing herself checks or purchasing  
18 jewelry.

19 There was also some testimony about the Tate Road  
13:57:04 20 residence; testimony that this was the residence of Ron and  
21 Suzi McBride. You heard from Azenith Larson, as nice as can  
22 be, who got up here on the witness stand and explained how Ron  
23 and Suzi McBride approached her to purchase the house. It was  
24 about a half million dollar house on a hill in Casa Grande.  
13:57:26 25 \$250,000 due at closing and another \$200,000 due six months

13:57:31 1 later. So nearly a half million dollars paid out in a short  
2 period of time.

3 You've heard evidence that some of the -- some of the  
4 money for that account came from the National Land Bank  
13:57:47 5 account. That's, again, the defendant's brokerage. The money  
6 used to purchase or pay for that Tate Road residence, some of  
7 it came from the National Land Bank account.

8 What you're seeing on the screen is in Exhibit 150,  
9 that is the National Land Bank bank records, which shows a  
13:58:05 10 checking debit memorandum for \$90,000 out of that account to  
11 purchase a cashier's check with the last numbers 4339, and  
12 down below you see the actual cashier's check.

13 Agent Votaw said he couldn't figure out where the  
14 rest of the money came from, but he knows that these come from  
13:58:24 15 the National Land Bank bank records, and at least a portion of  
16 it was taken directly out of that real estate brokerage  
17 account to pay for the defendant's residence on Tate Road.

18 You also heard -- just to corroborate this, you also  
19 heard from Azenith Larson that she went to the house on a  
13:58:47 20 social visit. She saw the house. She walked through, and she  
21 saw the newly redecorated music room. She saw the home office  
22 in that residence.

23 When it came time to pay the remainder of the  
24 purchase price, she called up Suzi McBride. She called up the  
13:59:04 25 defendant and said, "Hey, the money is coming due." And the

13:59:06 1 defendant said, "I'll have to gather the money, give me  
2 another week." And that's when -- I believe the witness  
3 testified it was about May of 2004 when this extra \$200,000  
4 was paid off. And you see that this check at least was from  
13:59:19 5 that same timeframe.

6 Now, again, maybe one of you will get sort of, you  
7 know, hung up on one of the accounts or one of the trusts  
8 named in some of these documents or one of the properties that  
9 we've been talking about during the course of trial; hung up  
13:59:42 10 in the sense that you're not really sure what percentage of it  
11 the defendant controls or owns.

12 You listened to Revenue Officer Jerry Carter. He  
13 testified about how a homeless man had been named on the title  
14 for one of the properties. You don't need to figure out a  
14:00:03 15 full accounting of how much of these properties the defendant  
16 owns. Again, you have enough just from the real estate  
17 commissions to know about the tax requirements and the tax  
18 liability. The information about the properties goes to the  
19 affirmative acts of evasion and willfulness.

14:00:30 20 And that brings me to what I think is probably one of  
21 your most important instructions in this case. And, again, I  
22 encourage you to read the instructions when you get back to  
23 the jury room. I hope you, you know, listened to it when the  
24 Judge was instructing you.

14:00:45 25 But there is an instruction on what willfulness

14:00:47 1 means. It says -- and I hope I'm quoting it. Willful means  
2 that the defendant knew -- or approximately quoting it. The  
3 defendant knew federal tax law imposed a duty on her and that  
4 the defendant intentionally and voluntarily violated that  
14:01:01 5 duty.

6 And here's a really important part of this. A  
7 defendant who acts on a good faith misunderstanding as to the  
8 requirements of the law does not act willfully. Nevertheless,  
9 merely disagreeing with the law does not constitute a good  
14:01:14 10 faith misunderstanding of the law because all persons have a  
11 duty to obey the law, whether they agree with it or not.

12 We've talked about that before. That's the promise  
13 we all keep as citizens, that we will comply with the law  
14 whether we like it or not; whether it is a tax law or a drug  
14:01:30 15 law or any other kind of law.

16 And the point of this instruction is, it's not a  
17 crime to make a mistake on your taxes. If you make an honest  
18 mistake on your taxes about, you know, "I thought I could  
19 write this off as a deduction," something like that, that's  
14:01:51 20 not a crime.

21 But it's no excuse to say, "I didn't like that law."  
22 It's no excuse to say, "I disagree with that law. I think  
23 it's unconstitutional. I've gone back and read some other  
24 paperwork, and I think it shouldn't be written that way."

14:02:07 25 That's no excuse. The question in this case that you're going

14:02:11 1 to have to decide, you're the fact finders, is whether this  
2 was a willful act by defendant or whether it was an honest  
3 mistake.

4 And part of that evidence is just going to be the  
14:02:25 5 defendant's own history with taxes. In general terms she, as  
6 you know, is a sophisticated businesswoman. She has been  
7 running her real estate brokerage. This is a brokerage that  
8 is engaging in sizable land transactions, and she's making  
9 good money at that business. And you can consider that when  
14:02:48 10 you consider whether she knew what she was supposed to be  
11 doing.

12 You can also consider her past actions to determine  
13 whether she's aware of her tax obligations. For example, one  
14 of the first witnesses you heard from in the case was Bob  
14:03:02 15 Martin, a CPA, who testified about how the defendant came to  
16 them to prepare some taxes. Obviously that is probative of  
17 whether -- that tells you something about whether the  
18 defendant knew she had to file taxes.

19 Another thing that tells you something about whether  
14:03:15 20 she had to file taxes is Exhibits 5 and 6. These are just two  
21 of the tax records that are in evidence that you can look at  
22 when you go back there. They may be a little hard to  
23 understand without the witness walking through them.

24 But you heard from IRS custodian Kris Morgan. She  
14:03:33 25 was, again, one of the first witnesses. She got up on the

14:03:36 1 witness stand and she tried to explain what some of these  
2 codes mean in the different exhibits. At the very least you  
3 can look at Exhibits 5 and 6 and see that these portions of  
4 the exhibits, according to Kris Morgan, tell her that there  
14:03:51 5 was a return filed claiming some numbers and claiming some  
6 taxes due.

7 Now, you also heard from Ms. Morgan that those  
8 numbers weren't accurate. They ultimately -- the defendant  
9 was ultimately examined, audited down the road, more taxes  
14:04:10 10 were assessed. For one of the years you see the adjusted  
11 gross income was \$310,000. So the point isn't that she made  
12 accurate tax returns in those years. The point is she made  
13 tax returns. And, again, that tells you something about  
14 whether she made a mistake about whether she had to file tax  
14:04:27 15 returns.

16 That is really what you have to decide here. Was it  
17 an honest mistake about whether she didn't think she had to  
18 file tax returns or claim any income? I submit the evidence  
19 just right there tells you the answer is no. It was not a  
14:04:43 20 mistake. It was on purpose.

21 There is other evidence as well. For example, you  
22 have heard from Kathy Lilly of the Arizona Department of  
23 Revenue. She's a custodian for the Department of Revenue.  
24 And she -- her testimony was very brief but she said that  
14:05:01 25 Exhibits 171 and 172 are the 1997 and 1998 state tax returns

14:05:07 1 for the defendant. And she said that she checked the records.  
2 There are no records of state tax returns for these same  
3 years, 2003, 2004, 2005, 2006. This is not an issue about the  
4 IRS or about federal law. This is just the defendant deciding  
14:05:26 5 that she did not want to file taxes anymore.

6 You also heard from, again, IRS custodian Kris  
7 Morgan, who confirmed that National Land Bank, the brokerage,  
8 hadn't filed any tax paperwork for those years either; hadn't  
9 filed any of its own returns.

14:05:46 10 So, again, at some point she just decided she didn't  
11 want to pay taxes. She -- you heard from Gerry Ricke, her old  
12 boyfriend, about how she took him to seminars, one was in the  
13 Caribbean, and how Gerry Ricke told her this sounded illegal  
14 as hell, those were his words. And how one of the speakers  
14:06:05 15 said he buried his assets so deeply even he couldn't find  
16 them.

17 And I want to ask you if that sounds familiar when  
18 you consider the evidence in this case, the testimony and the  
19 documents, all the trusts and all the arguments about who owns  
14:06:22 20 what and whether it's that homeless guy who owns the property  
21 or whether, you know, it's Burning Bush Ministries or C.G.  
22 Hilltop 40 or something else.

23 Remember Jerry Carter's testimony about how he had to  
24 dig all the way down through all those records and transfers of  
14:06:36 25 deeds to utility payments and cashier's checks used for

14:06:40 1 property tax payments to try and figure out who really owned  
2 the property at 20 North Gilbert. And -- and once after they  
3 had filed some liens and they ultimately had to levy the  
4 property, had to take it away and sell it, who showed up to  
14:06:54 5 complain? It was the defendant. The defendant complained,  
6 while simultaneously saying, "It's not my property."

7 So I'm going to talk about the defendant's -- I'm  
8 going to really talk a lot about the dishonesty in the way that  
9 the defendant conducted business, the way she structured these  
14:07:22 10 deals, the way she either -- held herself out to other  
11 professionals she was dealing with, the things she did to her  
12 family, or the way she dealt with the IRS.

13 And when I talk about the dishonesty, I just want to  
14 remind you, this is not a popularity contest. You don't make  
14:07:41 15 your decisions about whether you like people or you dislike  
16 people. Evidence about dishonesty in this case goes to show  
17 whether the defendant knew exactly what she was doing. Okay?  
18 Whether she was burying these assets to avoid taxes or whether  
19 this was just, you know, all a simple misunderstanding.

14:08:04 20 I also want to note -- you've been instructed on this  
21 but it bears repeating. The stuff that I say, the stuff that  
22 the defendant says when she gets up here and talks to you, this  
23 is not evidence. The evidence is the stuff that comes out of  
24 that box. The things the witnesses say as well as the exhibits  
14:08:17 25 that have been admitted into evidence, that is what you can



14:08:20 1 consider, and I encourage you to do that.

2 Now, first of all, the defendant was not being honest  
3 with -- in her professional dealings. You heard from Patrick  
4 Gleason. He was the fellow who was buying up the property from  
14:08:35 5 what he thought was Circle G. The -- Circle G at Ocotillo was  
6 the name of the development.

7 He thought he had purchased it from Circle G. But  
8 when he was up on the witness stand looking through some of the  
9 documents, and this is in Exhibit 197, it was actually R.J.  
14:08:51 10 McBride, the trustee of some trust, he was purchasing the  
11 property from.

12 The defendant was the real estate agent on the deal,  
13 and he was led to believe she was -- that he had to go to her  
14 because she was the designated broker for these deals. But he  
14:09:04 15 thought he was buying it from Circle G. Turns out he's not.

16 When she bought -- when the defendant bought the C.G.  
17 Hilltop 40 from Elaine Schroeder, again, the defendant claimed  
18 it was for a wealthy client. This is the raw land deal.  
19 That's not true. You heard evidence about, you know, whether  
14:09:29 20 there's a wealthy client behind the defendant.

21 You also heard from Azenith Larson -- again, I already  
22 talked about this but I'll circle back -- about who she thought  
23 she was selling her home to, Ron and Suzi McBride. And then  
24 when she was asked on the witness stand to take a look through  
14:09:46 25 the paperwork and see if their names appear anywhere in that

14:09:49 1 paperwork, and it doesn't; instead it is MMM, McBride Musical  
2 Ministries.

3 She even titled property in her sister, Dolpha  
4 Larsen's name, even though Dolpha Larsen said, "I don't want  
14:10:04 5 you doing that." And Dolpha Larsen testified that she only  
6 found out about this because she happened to be at defendant's  
7 business address at a time when some mail was coming there  
8 addressed to Dolpha Larsen.

9 She found out about it. She went back and found out  
14:10:16 10 that there had been a handful of properties that this had  
11 happened on. And she confronted the defendant after trying to  
12 get her name off these properties, and the defendant said, "I  
13 can put my name -- put your name on whatever property I want.  
14 I can put people's names on whatever property I want."

14:10:31 15 And that's what she's done, the evidence shows  
16 consistently in this case. She's put properties in different  
17 names, many different trusts that you'll see -- that you have  
18 seen and you will see if you take another look at some of these  
19 exhibits. And she's doing it to try and hide her connection to  
14:10:49 20 the property.

21 Agent Votaw testified about how he found over 30  
22 entities, trusts or other entities, in which Ms. Saunders,  
23 which is the defendant's daughter, or Mr. McBride, which is her  
24 boyfriend, where they served as a trustee.

14:11:07 25 You also heard from Agent Votaw about the difficulties

14:11:10 1 trying to get those documents from Ms. Saunders and  
2 Mr. McBride, the documents to figure out who really owns the  
3 properties. And when he got the documents, he still was of the  
4 opinion they were not complete.

14:11:27 5 You've also seen the diversion of -- I'll talk about  
6 that in a moment.

7 First of all, these trusts, let's talk about the  
8 trusts. Are these trusts legitimate? Well, it depends on what  
9 you mean by that. But for tax purposes it means nothing, you  
14:11:47 10 heard that from Revenue Agent Bradley.

11 And you know from Ms. Morgan that there were no tax  
12 filings for these years reporting the income on these trusts.  
13 You heard from Ms. Morgan that there were no tax filings for  
14 C.G. Hilltop 40 Trust, McBride Musical Ministries, Herbal  
14:12:20 15 Research Institute, or Burning Bush Ministries during the years  
16 that we're talking about, 2003 through 2006.

17 You've heard from Revenue Agent Bradley that even if  
18 these are nonprofits, that they would still need to file  
19 returns. And you heard from defendant's own witness, from  
14:12:37 20 Mr. Vild, Mr. O'Neil Vild, that the trusts are taxed when a  
21 property is sold, that the trusts have to file information  
22 returns, and that the beneficiaries of the trusts have to pay  
23 taxes. So money is going into these things and is not being  
24 reported out for anybody.

14:12:55 25 Ms. Morgan testified briefly about EINs, and those are

14:13:02 1 identifiers that businesses can apply for to conduct business,  
2 conduct business with the IRS. And there are exhibits in the  
3 record, Exhibits 49, 51, and 55, which have records of the  
4 application for the EIN for some of these entities.

14:13:18 5 Exhibit 49 shows that McBride Musical Ministries was  
6 established March of 2003. Exhibit 51 shows that Herbal  
7 Research Institute was established May of 2003. And September  
8 of 2004 -- shows that Burning Bush Ministries was established  
9 September of 2004.

14:13:37 10 Now, each of those incidentally -- and I'm going to  
11 talk about affirmative acts of evasion, I promise you I will.  
12 I'll do it in a little bit. Each of those can be an  
13 affirmative act of evasion, the creation of it. Because as  
14 you've seen in the evidence, even those EINs were used to  
14:13:50 15 conceal the ownership of the properties.

16 And I want to show you some records from Government's  
17 Exhibit 257. This is for C.G. Hilltop 40. I've blown up a  
18 portion of it. Trustee Ron McBride. This is in 2004 -- it's  
19 records relating to C.G. Hilltop 40 Trust, and it's got a  
14:14:16 20 number on here ending in 3020, this trust identification  
21 number. That number is actually the number assigned to Burning  
22 Bush Ministries.

23 I'm sorry. I misspoke. That number is actually  
24 assigned to McBride Musical Ministries. You see on the bottom  
14:14:35 25 right of the page here, that is Exhibit 49. You have that in

14:14:38 1 evidence. You can look at that. You see where it says primary  
2 name line, McBride Musical Ministries. Up in the top left  
3 corner it says, BMFOLE, and then it has a string of numbers.  
4 Those numbers match.

14:14:53 5 So on the trust paperwork being submitted in  
6 connection with the real estate deals, they're claiming it's an  
7 identifier for one trust when really it's a different entity.  
8 It's McBride Musical Ministries.

9 And then there's a third entity at play because the  
14:15:07 10 proceeds from this deal actually go to Burning Bush Ministries.  
11 And, again, no tax filing. You'll see the proceeds in  
12 Exhibit 157 if you want to look at that. Over a million  
13 dollars in proceeds.

14 That was not the only time this was done. For  
14:15:25 15 example, in Exhibit 215, I'm going to show you some pages out  
16 of that. This is for Highway 260 Land Trust. This is a deal  
17 in 2006. And you see, again, some of the paperwork in the  
18 escrow file, the real estate -- the file for the real estate  
19 transaction, when it gets completed, shows that the Highway 260  
14:15:46 20 Land Trust has -- is the transferor, and that the U.S. taxpayer  
21 identification number is, and then a string of numbers ending  
22 in 6766; starts with 77. If you look at Exhibit 55, that's  
23 Burning Bush Ministries.

24 That's the record that Ms. Morgan explained is the  
14:16:07 25 application for the EIN. No tax filings afterward, but the

14:16:11 1 application for the EIN, and that's the same EIN as what was  
2 listed as the Highway 260 Land Trust identifier.

3 So, again, even when they applied for these numbers,  
4 these identifiers, they were just used to conceal.

14:16:27 5 You can also consider -- when you consider the  
6 defendant's willfulness, whether she knew what she was doing,  
7 whether this was on purpose, whether this was intentional, or  
8 whether it was all a big mistake, you can consider her own  
9 history with the IRS, her own feelings toward the IRS.

14:16:46 10 And perhaps the easiest way to look at that is in  
11 Exhibit 84. This is a letter that Revenue Agent Bradley spoke  
12 about. She talked about how she was conducting an audit, an  
13 examination for tax years 2001 through 2003, and she wasn't  
14 getting a whole lot of information out of Ms. Taylor, out of  
14:17:09 15 the defendant.

16 So she tried to get some bank records, and in  
17 response, she got a copy of a letter that was purportedly  
18 written to the banks, a couple different banks. There's two  
19 exhibits in the record for two different banks that say  
14:17:21 20 basically the same thing. And in those letters, signed by the  
21 defendant at the bottom, she calls the IRS the world's largest  
22 terror organization.

23 And then toward the bottom of the letter she  
24 threatened the bank. She says, "Please do not force me to take  
14:17:43 25 legal actions against you to protect my rights." Okay.

14:17:49 1 Again, this was after the defendant had met with  
2 Cheryl Bradley in February of 2004; it was February 12th of  
3 2004. And Revenue Agent Bradley testified about how the  
4 defendant claimed at that time she didn't own a home; she lived  
14:18:05 5 in a motor home. Again, you know that's not true. You know  
6 it's not true because you heard from Azenith Larson who just  
7 sold her a home. She sold her a home in the fall of 2003, and  
8 she paid off the rest of it in May of 2004.

9 You also know it's not true because when Azenith  
14:18:21 10 Larson took a tour through that home and commented on the nice  
11 new furniture in there, said, "Oh. Look at this, you know,  
12 that's nice stuff." The defendant told her she had to buy all  
13 new furniture because her other furniture was in her other  
14 house in Chandler. So that's at least two homes.

14:18:39 15 Now, the defendant also said she had no assets. You  
16 know that's not true. You can look at the bank records.  
17 Certainly there are assets in the National Land Bank account.  
18 There are also assets in these multitude of other accounts  
19 being used to hide her income and assets.

14:18:56 20 The defendant listed off -- I'm sorry. Agent Bradley  
21 listed off a number of trusts. The defendant said none were  
22 hers. Agent Bradley asked about banking, and the defendant  
23 challenged her and said, "That's for you to find out." Okay.  
24 This is not an honest mistake.

14:19:16 25 You heard from Jerry Carter, the revenue officer, that

14:19:19 1 when the defendant came to meet with him, it wasn't, you know,  
2 a quest for information. She wasn't trying to figure anything  
3 out. She was trying to object. She was just trying to raise  
4 issues and disagree.

14:19:37 5 I want to talk a little bit about the tax returns. I  
6 want to go back to them. Exhibits 80 through 82 are the 2003,  
7 2004, and 2005 tax returns filed last fall, six months  
8 approximately after the charges in this case. Again, these are  
9 filed under penalty of perjury. You can see it on the  
14:19:54 10 document. That's what Ms. Morgan explained.

11 And these documents say zero income. Not only do they  
12 say zero income -- and you know that's not true. I mean, you  
13 can look through the exhibits in the record that show she's  
14 making commissions.

14:20:07 15 And you can just -- if you want, you can do one-stop  
16 shopping, look at Exhibit 148 in the record. That's the chart.  
17 Again, it depends on other exhibits in evidence so I encourage  
18 you to look at those if you have any concerns about it. But  
19 you know she was making income. You know it was more than  
14:20:23 20 zero, and she claimed zero income.

21 And I'll just note, by the way, you've been instructed  
22 on what gross income means. It is a very broad concept. Take  
23 a look at that if you have any questions.

24 Not only was -- were the statements on the return  
14:20:39 25 false, but attached to the return, and Ms. Morgan testified



14:20:43 1 about this, were 1099s and there weren't any -- you'll see that  
2 there aren't any for the National Land Bank brokerage but there  
3 are some for -- a couple dollars here and there from perhaps  
4 dividends or whatever else. The amounts are not important.

14:21:00 5 The source is not important.

6 But what you can look at is the 1099 itself, you see  
7 that -- well, first of all, the year looks a little funny.

8 You'll see that a little better in the actual exhibit. And  
9 you'll see they've been zeroed out. There's some objections

14:21:18 10 below here you can look at on the exhibit. But they've been  
11 zeroed out.

12 And you heard Ms. Morgan explain this is not something  
13 prepared by the taxpayer. This is prepared by, in this case --  
14 supposed to be prepared by International Paper, whoever they

14:21:32 15 are. And in fact, they filed 1099s. And what I'm showing in  
16 the bottom right corner of the screen is the information

17 return. It is also in evidence. Shows that \$5. Okay. \$5.

18 Not a big deal. The big deal is she lied. She falsified a  
19 1099, and she lied on the tax returns.

14:21:59 20 Now, the tax system unfortunately, or perhaps  
21 fortunately, depends on the truthfulness and the honesty of the  
22 taxpayers. You've heard how long it can take to unravel some  
23 of this stuff when people are not truthful and not honest.

24 You've heard from Revenue Officer Carter about how long it took  
14:22:17 25 him to figure out these assets and who really owned them.

14:22:22 1           You've heard from Agent Votaw about how long it took  
2 him to go, you know, one by one trying to put together all  
3 these commissions, add them all up, because he had to go to the  
4 real estate office and then track it back to the bank records  
14:22:36 5 and back to the real estate office. He couldn't -- there was  
6 no one-stop shopping for him. He couldn't just go to one place  
7 because the National Land Bank brokerage didn't include all of  
8 them. They had been diverted to other entities.

9           One last thing I want to mention on dishonesty is --  
14:22:56 10 you heard from Janice Weaver yesterday. Janice Weaver is the  
11 one who has been in banking for 30-plus years. She talked  
12 about the currency transaction report. The requirements of  
13 that are not important to you. The numbers on that transaction  
14 are not important to you. What's important is that, again, the  
14:23:16 15 defendant lied. She lied to conceal her money.

16           She walked in to negotiate this check. When asked for  
17 some information to do the proper reporting the banks are  
18 required to do, she lied. She said she had no social security  
19 number. She had no driver's license. You know that's not  
14:23:38 20 true. She knew her social security number in the '90s when she  
21 was filing returns. She knew it last fall when she was filing  
22 returns.

23           And you know that her -- the driver's license issue is  
24 just not true. There are records in evidence, 165 and 166,  
14:23:54 25 those are her DMV records, shows that she had a license during

14:23:58 1 this period of time. You also heard Ms. Weaver testify about  
2 how she saw the defendant drive away in what she thought was a  
3 Cadillac Escalade.

4 So the defendant has not been honest in her  
14:24:10 5 professional dealings. She's not been honest with her family.  
6 She's not been honest with the IRS. It's this concealment and  
7 dishonesty that is the best proof of willfulness.

8 Again, you can look -- you can look just to her past  
9 tax filing activity and conclude from there. You could find  
14:24:29 10 just from that that these actions were willful; that she was  
11 doing it and then she stopped doing it. It's not because she  
12 made a mistake. It's because she disagreed or she didn't want  
13 to pay. Or whatever. But it's not an honest mistake.

14 But, again, it's the concealment and dishonesty that  
14:24:46 15 really I hope you find will be the best evidence to determine  
16 whether her actions were willful.

17 I want to talk briefly about the affirmative acts of  
18 evasion, as I promised. Again, this is what separates tax  
19 evasion from just failing to file. There has to be some  
14:25:01 20 affirmative act. You can't just base tax evasion on not doing  
21 anything at all.

22 And we've gone through here, you know, diverting an  
23 account -- a commission check to an account can be an  
24 affirmative act. Applying for this EIN identifier can be an  
14:25:16 25 affirmative act. Using it improperly can be an affirmative

14:25:20 1 act. It doesn't need to be a crime in itself.

2 The tax returns you have in Exhibits 80 through 82 for  
3 2003, 2004, and 2005, that were filed last fall, those all can  
4 be affirmative acts, and they can be affirmative acts for the  
14:25:34 5 tax years charged. So, for example, Exhibit 80 is the tax  
6 return for 2003. That can be an affirmative act for the tax  
7 year 2003.

8 I just want to walk through a couple of them. First  
9 of all, what I'm showing you is Exhibit 222 in evidence. This  
14:26:00 10 shows the defendant diverting her commission checks to Herbal  
11 Research Institute for the closing costs on a land deal.  
12 That's Herbal Research Institute.

13 Here's a letter you'll find in that file that says  
14 that she -- that National Land Bank and defendant as the broker  
14:26:15 15 for that National Land Bank was applying the commission due to  
16 the closing costs for the client Herbal Research Institute.  
17 You know from Exhibit 155 the defendant has signature authority  
18 on that account as well. You also know the defendant wrote  
19 multiple checks to "cash" from that account, including this one  
14:26:35 20 in 2005 for \$41,000.

21 Another -- I'll just say it because we already talked  
22 about it. Another affirmative act for 2003 is actually the  
23 2005 Bank of America letter, where she called the IRS the  
24 world's largest terror organization, because it was in response  
14:26:55 25 to an examination of tax year 2003.

14:26:57 1 Again, it's kind of confusing but the affirmative acts  
2 are lined up, not necessarily with -- they are -- oftentimes,  
3 you know, if an event happened in 2005, it applies to 2005.  
4 But it can also be an affirmative act for a different tax year  
14:27:13 5 depending on what's at stake. I don't know if that -- I hope  
6 that makes sense to you. But -- because the examination was  
7 for 2003, the letter issued in 2005 would be an affirmative act  
8 for that prior year. Just like the tax returns filed last fall  
9 are affirmative acts for years prior.

14:27:36 10 Affirmative acts for 2004. You heard from Agent Votaw  
11 about his summary chart, again, Exhibit 148. That has only  
12 26,000 -- a little over \$26,000 in commissions listed for that  
13 year. I believe it is the lowest year in the chart. It is  
14 still enough to trigger, you know, the filing requirements.  
14:27:52 15 It's still enough to trigger the tax liability.

16 But Agent Votaw also explained -- this is not in  
17 evidence, but he explained to you how he then, after just  
18 computing the numbers based on the real estate records in  
19 evidence, the commission checks from the actual escrow files  
14:28:09 20 that are in evidence, he calculated it up to \$26,000.

21 And then he went back to the National Land Bank  
22 account, or other bank accounts, and tried to come up with a  
23 more accurate calculation of the deposits into those accounts;  
24 and what he came up with is over \$268,000. Okay. That is for  
14:28:33 25 2004.

14:28:35 1           There are other affirmative acts for 2004 but I  
2 highlight this one because this is something that she did  
3 throughout the charged years, is she used the National Land  
4 Bank brokerage account to dump these commission checks into,  
14:28:50 5 knowing that she had control over it. She had control over the  
6 brokerage and the account and wouldn't be filing any tax  
7 returns. So there would be no reporting out to the IRS about  
8 how much money she was making.

9           You heard from Janice Weaver about how her husband  
14:29:05 10 coincidentally works in real estate and gets the 1099, the  
11 statement -- the year-end statement of his income from his  
12 brokerage. Well, this was her brokerage. And the affirmative  
13 act for 2004, as well as other years, was her affirmatively  
14 depositing these checks into this brokerage, having the checks  
14:29:22 15 written to that brokerage so there would be no reporting.

16           For 2005, Exhibit 158 is the Weaver transaction I  
17 mentioned, the negotiation of the checks. That, too, is an  
18 affirmative act, as well as the assignment of her commission  
19 checks to Burning Bush Ministries, another entity where she has  
14:29:46 20 authority over.

21           And, again, this -- what we're showing on the screen  
22 here is Exhibit 257, the assignment of funds to Burning Bush  
23 Ministries. And you have in evidence in Exhibit 157 the  
24 Burning Bush Ministries' account, you have the actual -- the  
14:30:01 25 check from Fidelity National Title. And if you're looking to

14:30:09 1 follow up, it is at approximately page 229 in Exhibit 157.

2 Finally, for 2006 there's a negotiation of a cashier's  
3 check -- I'm sorry, a commission check for -- I'll show you the  
4 name and the date and amount. \$151,000 in 2006. Agent Votaw  
14:30:37 5 testified about this one. He explained how this coding at the  
6 bottom near the signature showed him that this was a commission  
7 check negotiated for cash. It was negotiated in an account he  
8 didn't -- that wasn't otherwise tied to her so there would be  
9 no trace. This is the same thing that Janice Weaver spoke  
10 about.

11 A commission check, rather than depositing it in her  
12 own account, where there would be, you know, a statement to  
13 back it up, she would take it to another bank, for example, the  
14 Fidelity National Title's bank, and negotiate it there. Just  
15 like she did with Janice Weaver. She wasn't a customer of that  
14:31:11 16 bank. She took a check there to negotiate it, hoping to not  
17 create a record.

18 I'm almost done. I wanted to talk to you very briefly  
19 about this Legal Research Society. You heard some of the  
20 witnesses -- well, one witness this morning and a couple from  
21 yesterday about their society, their Legal Research Society.  
22 And the one common thread I hope you picked up on throughout  
23 that is they have tax problems, and they don't like the taxes  
24 and they have disputes with the tax laws.

14:31:53 25 Again, you know, a dispute, that's fine. That's

14:32:00 1 everyone's right as a citizen to have disputes about the law,  
2 and you can petition Congress and all the rest. But you have  
3 to judge their credibility. And they sort of mouthed the words  
4 that defendant put in them about how her disagreements with the  
14:32:20 5 law are sincere. Okay?

6 Now, first of all, you can judge their credibility on  
7 that. There was one witness in particular, Mr. Webb, who when  
8 pressed said, well, he never really had detailed conversations  
9 with her about her views on the tax laws, but he still felt her  
14:32:37 10 views were sincere, whatever they were.

11 You can -- as the Judge instructed you, you can  
12 consider many different things when you're judging a witness'  
13 credibility. You can believe everything they say or you can  
14 believe nothing they say. That is entirely up to you.

14:32:54 15 I would just note that even if it's sincere, a sincere  
16 disagreement does not count as an honest mistake. Okay?  
17 That's the crucial distinction here.

18 Again, I want to mention it again, the instruction on  
19 willfulness, it's about whether someone made a good faith  
14:33:12 20 mistake about their obligations under the law versus a sincere,  
21 perhaps, disagreement with the law, whether it's constitutional  
22 or otherwise.

23 You heard information about how these people disagree  
24 with the tax laws. And in many ways it's a disagreement in  
14:33:35 25 search of a justification. It's in search of a reason. It's



14:33:39 1 in search of a principle. Because you've heard talk about  
2 whether the treasury department was part of the Puerto Rican  
3 government and whether only federal agents are taxed and  
4 whether there is a sanctity of labor or whether the Sixteenth  
14:33:52 5 Amendment has some effect on it. Whether the Fair Debt  
6 Practices Act applies to any of this. Whether any of this  
7 stuff is constitutional.

8 Those are not mistakes about the law, those are  
9 disagreements about the law. And there's a very clear  
14:34:04 10 difference. When you allege something is unconstitutional, you  
11 know exactly what the law says, you just don't like it and you  
12 can say it's unconstitutional.

13 The hiding of the assets and the income is what the  
14 defendant has done, and that is not something you do if you  
14:34:22 15 have questions about the law. It's not something you do if you  
16 have an honest misunderstanding about the law. It is what a  
17 tax cheat does. And that's what the evidence here shows.

18 There's more evidence you heard, again, from the box,  
19 from the witness stand, or from the exhibits. I encourage you  
14:34:41 20 to think back over your memories of the testimony and look  
21 through as many exhibits as you want during your deliberations.  
22 And when you're done, I ask you to find the defendant guilty on  
23 all counts. Thank you.

24 THE COURT: All right. Thank you, Mr. Knapp.

14:34:56 25 We're going to go ahead and take a 15-minute break

14:34:59 1 before Ms. Taylor's argument. So we will adjourn until 10  
2 minutes to the hour. Please don't discuss the case yet. We  
3 will come back and hear those arguments, and then you'll be  
4 able to deliberate. We'll excuse the jury.

14:35:40 5 (Recess taken from 2:35 to 2:52. Proceedings resumed  
6 in open court with the jury present.)

7 THE COURT: Thank you. Please be seated.

8 Members of the jury, before we begin with  
9 Ms. Taylor's argument, you recall I mentioned to you during  
14:52:38 10 the instructions that we would be swearing two bailiffs.  
11 Nancy Johnson, who is one of them, my judicial assistant, has  
12 another matter she needs to be attending to in the next hour,  
13 so she won't be here at the close of argument, so I'm going to  
14 go ahead and swear her and Lisa as bailiffs.

14:52:58 15 If you would come forward, please, and raise your  
16 right hands.

17 (Two bailiffs sworn.)

18 THE COURT: Okay. Good. That's taken care of. So  
19 now we'll go back to argument.

14:53:29 20 Ms. Taylor, you may proceed with your closing  
21 argument.

22 MS. TAYLOR: Ladies and gentlemen of the jury --

23 THE COURT: Excuse me. Ms. Taylor, you need to have  
24 that mike down in front of you, if you can. We can't hear you.  
14:54:08 25 There's a way to bend it or turn it away from you just so

14:54:12 1 you're speaking into it.

2 MS. TAYLOR: Is that better?

3 THE COURT: That's much better. Thank you.

4 MS. TAYLOR: Ladies and gentlemen of the jury, I want  
14:54:25 5 to thank you for your time and attention during this trial.

6 I want to bring your attention to a few things which  
7 I believe are important for you to understand. I'll probably  
8 read a lot of this because my memory is not good enough to go  
9 over all of these items one by one, so please excuse me for  
14:54:48 10 that.

11 The government's case against me is based on  
12 presumption and fact -- and not facts or evidence. Plus it  
13 wasn't based on first-hand knowledge. Nobody swore under oath  
14 or penalty of perjury that any of the statements that they  
14:55:08 15 made or that they gathered were first-hand knowledge, which I  
16 know that they did gather a lot of information that they  
17 believe that puts a bad light on me. My belief is entirely  
18 different, as I will go over some of these items with you.

19 I believe that the other side failed to provide the  
14:55:48 20 correct facts or evidence because they weren't verified  
21 mainly. They were just a lot of hearsay documents. Even when  
22 I questioned them and asked them if they had any 'pecific laws  
23 they could point to that would challenge any of the things I  
24 was asking them, none of them had any 'pecific laws. None of  
14:56:14 25 them had any 'pecific codes. They were all very, very vague.

14:56:20 1           And as you all know -- I don't know what all your  
2 positions are in life, but surely in your job if you're called  
3 upon by somebody in your job to disclose what your job  
4 description is and where it comes from and where the -- like,  
14:56:49 5 for instance, if you worked for Wal-Mart and you were out  
6 doing some other things that Wal-Mart did not have you hired  
7 for, they could call you on the spot and say, you know, "This  
8 doesn't fall in our guidelines."

9           In this instance they have never proven to you or to  
14:57:14 10 this Court that they have a certain procedure to follow.  
11 Well, they say they have a procedure to follow but they don't  
12 tell you what it is because they don't know their own self.  
13 They just have their own bosses tell them, you know, "This is  
14 your duty, you're going to do this today," or whatever.  
14:57:35 15 That's how they go about it.

16           They don't take the time to examine the law or look  
17 at the law and see if what they're doing against another  
18 individual is a correct statute to follow or a correct code to  
19 follow.

14:58:06 20           A good example of the prejudice of this Court against  
21 me is that I have entered in -- and I'm sure you've seen  
22 numerous examples and pages of documents that I asked to be  
23 presented, and they were all denied. As you were denied also  
24 to maybe look up anything on your own. And it does leave a  
14:58:36 25 little bit of suspicion why --

14:58:39 1 MR. KNAPP: Objection, Your Honor. Improper argument.

2 THE COURT: I'm going to grant some leeway on this  
3 sort of thing, Mr. Knapp.

4 Go ahead.

14:58:52 5 MS. TAYLOR: I would think that it would leave a  
6 little bit of suspicion in your mind as to maybe them not  
7 thinking that you were capable of making decisions within the  
8 law or maybe that you were not capable of understanding the  
9 law. Which I think probably you are. And it just raises a  
14:59:24 10 little bit of -- it should raise a little bit of doubt in your  
11 mind of why you were told not to delve in or look into any of  
12 these situations yourself.

13 Which you know or should know that you are supposed  
14 to be the fourth branch of our judicial system. You have more  
14:59:46 15 power than the Judge. You have more power than any of us in  
16 here because you're independent. You can make the decisions  
17 on anything that you happen to look up. You can make  
18 decisions on your own. You are not limited.

19 And I think we're all dumbed down so much in society  
15:00:10 20 today that we think everybody else is going to make the  
21 decisions for us. Everybody else out there is going to tell  
22 us what we can and can't do.

23 And unfortunately, the juries have been told this,  
24 also. But it's not true. You have a lot of power. And  
15:00:33 25 you're an independent branch to where you can override what

15:00:40 1 the Judge says, you can go along with him, you can do  
2 basically whatever you want because that is what our  
3 Constitution put in place.

4 Because we was getting away from tyranny, getting  
15:01:00 5 away from the king being oppressive over us, and we declared  
6 our independence. And one of the reasons we do that was  
7 because they had their thumb on us like this. And I mean,  
8 they were very abusive in those days.

9 And I'm not saying our government is abusive in these  
15:01:19 10 days because they're not to the point of where they were in  
11 the beginning of time. However, our government, when we broke  
12 away, they decided to never let that happen again. They  
13 didn't want us to ever go back to where we would become under  
14 somebody else's thumb.

15:01:49 15 That's why they created the jury system. And that's  
16 why you folks have more power out there than anybody in this  
17 whole courtroom. You're supposed to be the independent source  
18 that takes all into consideration and stand between the  
19 government and the people. And that is your great -- that is  
15:02:14 20 your great duty, is to stand between the people and the  
21 government.

22 If you think that the government is being unfair on  
23 one side or you're not being able to hear the things that you  
24 should be able to hear. And if you think that you should be  
15:02:31 25 able to have laws told to you or you should be able to read

15:02:39 1 laws on your own, you certainly should be able to.

2 THE COURT: Excuse me, Ms. Taylor. They have to  
3 follow my instructions.

4 MS. TAYLOR: I understand.

15:02:47 5 THE COURT: I have instructed them not to look at  
6 anything outside of the evidence in this case and to follow the  
7 instructions as I give it to them -- given it to them. So  
8 please tailor your argument in light of that requirement.

9 MS. TAYLOR: Okay. I just wanted you to know that.

15:03:05 10 As I was telling you, that simple fact that you have  
11 to go under somebody else's complete control should -- you  
12 should be able to ask your government, you know, why they  
13 don't want you to read the laws. Why they don't want you to  
14 be able to understand them. Are they afraid you can't  
15 interpret them? These kind of things make slaves out of  
16 people.

17 You've heard that the will of the people is the  
18 written law. And when this Court won't allow you to see the  
19 written law other than by the other side, it's accepting -- or  
15:04:22 20 substituting his will over the will of the people.

21 THE COURT: Ms. Taylor, you need to argue about the  
22 evidence that was presented during the case.

23 MS. TAYLOR: You've been telling me to do foundation  
24 all this time.

15:04:34 25 THE COURT: Do you understand what I said?

15:04:35 1 MS. TAYLOR: Yes.

2 THE COURT: Okay.

3 MS. TAYLOR: Here you have a large government bringing  
4 forth this case against me with unlimited amounts of resources  
15:05:04 5 and money to defend and with -- and contrary to what you've  
6 been presented here, I have made money in the past. I don't  
7 deny that. But it's my right to make money. There's no law  
8 that says any of us can't make money.

9 And it's my firm belief that the money you make are  
15:05:31 10 the fruits of your labor, and you're entitled to keep that. I  
11 have found no law that says that I am liable to have to pay  
12 over to the government. So it's my firm belief that I am not  
13 one required because I have not found any law, and the  
14 government has not shown me any law, although I've asked them  
15:06:03 15 numerous times. Numerous times.

16 The evidence that I brought in to show and to be --  
17 so you all can see it was denied. Why does the government  
18 keep denying a person to bring forth evidence in their favor  
19 unless they know that you might be able to read it and  
15:06:35 20 understand my side. It's pretty hard to fight a negative.  
21 It's very, very hard to fight a negative.

22 And some people say that to argue the law is so  
23 sophisticated and complex for the normal person that the  
24 average person can't understand it. I disagree with that. I  
15:07:09 25 believe, you know, it may be complex, but I think that you can



15:07:13 1 sit down and certainly find out if the law applies to you.  
2 It's not that hard to do.

3 You may have to go through a lot of time spent, which  
4 I have spent years and years of studying this and trying to  
15:07:32 5 find out if I'm a person liable. I have asked the IRS  
6 numerous times. I've gotten no answers except for frivolous  
7 letters back stating that everyone is required and blah, blah,  
8 blah. They don't ever cite the law. And we're not a nation  
9 of men, we're a nation of laws.

15:08:12 10 A lot of people get discouraged when they're getting  
11 into the code books like -- this is the IRS code book right  
12 here.

13 May I just bring it up? I'm not going to read  
14 anything off of it.

15:08:33 15 This is the IRS code book that I've had with me  
16 for -- for years, and I have studied it. And as you can see,  
17 it's a huge book.

18 Now, I ask -- I ask the government agents here if  
19 they had studied the laws in that book and most of them  
15:09:00 20 didn't. They just glanced over it. They said they don't  
21 know. So how do we know that they are following the law? How  
22 do we know that -- you heard them say if they want to -- if  
23 they want to come after somebody's property or their house,  
24 they don't have any law to hold them back from that.

15:09:24 25 And I'm sure -- I don't know, but I presume that each

15:09:31 1 and every one of you, if you don't have a family member, you  
2 probably have heard of somebody that they have come after, and  
3 you wonder about it. And I don't know whether you actually  
4 asked them, "What kind of law are you using to come after me?  
15:09:54 5 Am I liable for that law? Does that law apply to me?" But  
6 I'm sure that probably you've thought of it or somebody that  
7 you know has gone maybe through that.

8 A lot of you may not have time, you know, to study.  
9 I was fortunate. I did take the time to study. I did take  
15:10:19 10 the time to look it up.

11 And it's my heart-felt feeling that there is no law  
12 that makes me liable for the fruits of my labor. There's no  
13 law that makes any American, in my belief, other than, as you  
14 have heard from testimony, that federal employees are  
15:10:42 15 required, and that's a privilege. Corporations are also. But  
16 a regular Jane Doe American person, the fruits of your labor  
17 are God-given inalienable rights.

18 Sometimes when we get -- and I get discouraged, too,  
19 by reading this huge book here because there's parts of it  
15:11:18 20 that actually intentionally use common words that we think  
21 mean one thing, and then when you go back -- and they don't  
22 'pecifically put the exact definition of it, maybe right by  
23 the chapter that they're talking about.

24 So you may have to turn a couple pages before -- and  
15:11:41 25 maybe even go to another section, as is with the income tax

15:11:46 1 laws and the alcohol, tobacco, and firearms. They have a  
2 tendency to intertwine them. So you don't really get the  
3 definitions until you maybe turn a couple pages, and then you  
4 find out legal terms are different than common terms.

15:12:12 5 What we think are common terms of languages comes to  
6 find out that in legalese it means something totally different  
7 a lot of the times. So that's confusing to us. But if you  
8 take the time to just read the definitions, you'll understand  
9 it a lot better.

15:12:42 10 So all through this trial I haven't been permitted to  
11 show you what any of those words mean. I haven't been able to  
12 show you -- I haven't been able to give the books to you or  
13 give you any of that. It's not my position. That is the  
14 Judge's call on that.

15:13:15 15 But there's a term called color of law, and I believe  
16 that most of the courts today are acting under color of law.  
17 Color of law is the appearance, the semblance, without the  
18 substance of legal right. It could be considered the misuse  
19 of power possessed by virtue of state and made possible only  
15:13:43 20 because it's clothed with authority of the statute. But  
21 actually it's not really the law. So they call it color of  
22 law.

23 Even in this case here it's very unlikely that I can  
24 bring forth any legal arguments. Well, I can't. But you have  
15:14:08 25 heard me go over my witnesses about Supreme Court cases. For

15:14:17 1 anybody to take a Supreme Court case lightly, I think is  
2 ludicrous. These are the top people in our nation that's  
3 passing down these laws, and they hold almost as much weight  
4 as the Constitution.

15:14:38 5 And I believe that they -- I believe that they  
6 have -- we are to adhere to them. We're to adhere to these  
7 laws. Yet there's not a 'pecific law that hits us on the head  
8 and tells us, yes, you have to abide by this.

9 If you -- you know, in your homes and stuff if you  
15:15:11 10 let your weeds grow, you have the guy over from the city there  
11 immediately saying, "Hey, get this lawn mowed," you know. And  
12 you challenge him and say, "Hey, why do I have to mow my lawn,  
13 you know? How can you come over here and tell me I got to mow  
14 my lawn?" He'll whip out on the spot a code and show you this  
15:15:29 15 code. And if you don't get it done, you'll get fined.

16 But these agents have not done that. They have not  
17 whipped out any code. They have talked about them. It's  
18 here, it's there, it's somewhere. But when I ask, "What code,  
19 what statute, particularly nails me down and makes me a person  
15:15:53 20 liable for the income tax on my fruits and labor," did any of  
21 you hear them give me one? I certainly didn't.

22 Got all these court cases in here that I can't talk  
23 about so I keep flipping these pages.

24 As you heard earlier from the testimony, you heard  
15:16:38 25 testimony from my sisters that -- which was very emotional for

15:16:43 1 me. There are times I'm sure that you've all had issues  
2 perhaps with loved ones. There's been discrepancies. It  
3 doesn't mean that I don't love them or whatever.

4 But you've heard the testimony of my one sister that  
15:17:08 5 actually turned me in for a reward. Was that an alternative  
6 motive? Was she coerced into doing that? I don't know. I  
7 don't know. But I don't think that's right for anybody to get  
8 paid to give information. And it saddens me. It does sadden  
9 me.

10 You have heard about my other sister, which saddens  
11 me more because -- and I didn't re-call her because I love  
12 her, and I did not want to bring her back in here and be  
13 subject to what I'm subject to because this is very, very  
14 nerve wracking. Excuse me a minute, please.

15:18:23 15 And I could have, I could have put her on the stand  
16 and brought forth proof to show that --

17 MR. KNAPP: Objection. Facts not in evidence.

18 THE COURT: Please confine your argument to what was  
19 placed in evidence, Ms. Taylor.

15:18:38 20 MS. TAYLOR: Wasn't that in evidence?

21 THE COURT: Well, you were about to say what you could  
22 have shown. You have to talk about what was shown.

23 MS. TAYLOR: Well, her testimony -- and I contradicted  
24 her testimony. I did tell her that I could bring her back in  
15:19:05 25 here, and I did have proof, but I decided that -- not to do

15:19:13 1 that because basically I'm not a vengeful person.

2 I think the Bible says, "Vengeance is mine, saith the  
3 Lord." So I didn't try to prove that point. But I think that  
4 it may have had cleared up some issues at that time. We  
15:19:38 5 were -- I was having ill health and --

6 MR. KNAPP: Objection. Facts not in evidence.

7 THE COURT: Again, please confine your argument to  
8 what was placed in evidence, Ms. Taylor.

9 MS. TAYLOR: I did say that in evidence.

15:19:53 10 THE COURT: Well, no, you didn't testify about your  
11 ill health.

12 MS. TAYLOR: Well, I asked her -- wasn't I having --  
13 "Wasn't I having bad health at that time?" And she said,  
14 "Yes."

15:20:05 15 THE COURT: All right. I had forgotten that. If  
16 that's the case, you can go ahead and make that argument.

17 MS. TAYLOR: Okay. I'll get off of that because  
18 that's kind of emotional.

19 Of course this whole thing is emotional. If I go to  
15:20:19 20 jail, it's very emotional. And as you know, my test- -- my  
21 witness this morning, we went over that. I did spend some  
22 time in jail. And I'm 67 years old. A person my age  
23 normally, I would think, would not spend a day in jail if they  
24 had to and certainly would not spend any time in jail or want  
15:21:01 25 to go back to jail and take the risk of going to jail unless

15:21:11 1 you firmly believed what you're standing for is the truth.  
2 And sometimes we have to stand on what we believe.

3 I had opportunities to take plea bargains, but when  
4 you get to the point where you have to lie on a plea bargain,  
15:21:34 5 I couldn't do that. I just couldn't sign it.

6 And surely it would have gotten me out of being here  
7 today. It would have gotten me down the road with probably  
8 some other kind of restrictions, but I just could not sign it  
9 because it was a lie. I firmly believe in my beliefs that I'm  
15:22:00 10 not a person required to file income taxes on the fruits of my  
11 labor. And because of that, I would have had to plead guilty  
12 to a felony and admit that I was guilty, and I wasn't.

13 So the prosecution has attempted to present that --  
14 they've made this big thing out of trusts, that they're  
15:22:42 15 illegal. You have heard my -- two of my witnesses say that  
16 there's nothing illegal about trusts regardless of who makes  
17 them.

18 I have had trusts in the past. I don't know if any  
19 of you have, but the Constitution gives us the right to  
15:23:06 20 contract, and all trusts are is a contract. That's all they  
21 are. They have a few elements -- excuse me. They have a few  
22 elements that have to be followed in the trust. I'm not a  
23 trust expert so I'm not going to go over that, but they're  
24 certainly not illegal. They've been around since the  
15:23:28 25 beginning of time. They've been around since Biblical times.

15:23:44 1 And for someone to say your trust is illegal or  
2 anybody's trust is illegal is certainly just an opinion that  
3 would probably have to be brought in to be analyzed by maybe  
4 an arbitrator or some sort of person to -- that could settle  
15:24:04 5 an issue if it came to that point.

6 With the Constitution giving us the right to  
7 contract, it's even one of our inherent rights, I don't  
8 believe that there's anything illegal in trusts. It's just an  
9 agreement between the individuals.

15:24:29 10 And I don't believe that the government has the right  
11 to call them bogus. I don't believe that they have the right,  
12 especially if they haven't even seen them. Most of the trusts  
13 they're talking about they haven't even seen. So I don't know  
14 what gives them the right to say that you can't contract  
15:24:54 15 amongst yourself with another -- in any kind of a contract,  
16 whether it be a trust, whether it be an LLC, whether it be a  
17 corporation. These are all entities that people uses every  
18 day.

19 I hope that you did notice that not one of my  
15:25:27 20 exhibits got admitted. Not one. While the Government pursued  
21 all of theirs that they wanted in. I'm not experienced enough  
22 to keep 'em out, I guess, but they got them in, and everything  
23 that I asked to be put into evidence so you folks could see,  
24 they didn't allow it.

15:25:55 25 Fortunately, they did -- they did put in an exhibit I



15:26:08 1 wanted to put it in, but they put it in for me, and it is  
2 Exhibits 80, 81, and 82. Now, these are my tax -- recent tax  
3 years that I brought up and filed for 2'03 to 2'06.

4 Previously I had not been a filer. But I filed  
15:26:42 5 these, and I did it because I had just gotten out of jail and  
6 I did not want to go back to jail for any amount of reasons.  
7 But I filed these.

8 And you are going to get to take these in there to  
9 your deliberation room. And I want you to -- the government  
15:27:09 10 skipped over these. They want you to just skip over them.  
11 Just look at them and skip 'em over. Just see that I filed  
12 zero returns.

13 I urge you, please don't do that. Don't skip over  
14 these files. I want you to look at them because I put a  
15:27:29 15 verified affidavit in these in each one of them. It explains  
16 my position.

17 I signed under penalty of perjury. And thank God  
18 that the government got it in for evidence because I would  
19 have never been allowed to. I signed under penalty of perjury  
15:27:53 20 on the second page. That means that what I put in here is my  
21 firm belief. And it means everything that's in here is my  
22 firm belief. And nobody can rebut it. It's my belief. Not  
23 only is it my belief, it tells you exactly why I believed it.  
24 Exactly.

15:28:22 25 There's a form called 8275, it's a government form.

15:28:30 1 It's a disclosure statement that you can file with your 1040s  
2 or whatever, and it -- first of all, let me back up a little  
3 bit. I filed this form because I didn't want to go back to  
4 jail, and I knew that they were pressing me because I had not  
15:28:55 5 filed.

6 So I tried to make a compromise where I would not be  
7 lying but I would come into compliance with what they needed.  
8 So my belief of zero returns is still my belief because I did  
9 not earn taxable income. And you will notice on the third  
15:29:28 10 page, I believe it's 591 where my signature is.

11 Can I show these? You just --

12 THE COURT: Yes, you can.

13 MS. TAYLOR: Okay.

14 You will notice my signature is on this. Can you see  
15 at all? Can you see this? If you will look down underneath  
16 my signature, I wrote in there. That is not a standard  
17 writing that goes in these forms. I wrote in there, "Without  
18 the U.S. all rights reserved." I also wrote next to the date  
19 right here, "Your occupation," I put, "Private sector,  
15:30:45 20 verified Form 8275." I was not afraid to verify my  
21 statements.

22 And I did not get called on it. The government never  
23 brought them up one time. They never asked any questions  
24 because for them to ask questions, I would be able to talk. I  
15:31:10 25 would be able to tell you why. So we're going to go to 8275.

15:31:23 1 8275, if you'll look at the first part up here, it  
2 gives you six different code sections, and it tells you what  
3 each one of them stand for in the code that they charge taxes  
4 on.

15:31:46 5 If you will notice the Number 1 is normal tax,  
6 estate, and gift tax.

7 Number 2 is social welfare and government personnel  
8 taxes, employment taxes.

9 I have put zeros by those because if you were to go  
15:32:04 10 in and read these code sections on this side over here  
11 where -- the 1, 2, and CFR parts, if you go in and you read  
12 those, you would see they don't apply to me. And probably  
13 they don't apply to you either.

14 Number 3 -- 3, miscellaneous excise taxes, gambling.

15:32:30 15 Number 4, alcohol, tobacco, firearms, certain other  
16 excises.

17 Number 5, procedure and administration; penalties,  
18 property seizure, forfeiture, lien, and levy.

19 Number 6, custom duties, import, export, special  
15:32:48 20 classes.

21 There's no place in there that shows a 1040 form.  
22 There's no place in there that shows what a 1040 form stands  
23 for, which, in fact, it does stand for gift tax, so I guess  
24 you could put it under gift tax, Number 1. But is gift tax  
15:33:10 25 income? I think not.

15:33:15 1 Part II. This is where my verified affidavit  
2 addresses all of these classes, and it tells you and it  
3 meets -- it tells you what they go to, and it also tells you  
4 as a private sector non-federally privileged subject, I do not  
15:33:35 5 collect or receive income created or acquired from a federal  
6 source.

7 If you do study the laws, you'll find that federal  
8 source people are required to pay income tax.

9 Number 2. It says, I do not receive federal wages,  
10 welfare, benefits, or entitlements. I am not eligible to  
11 claim tax benefits of legislative grace privileges. My  
12 verified correcting statements constitute credible evidence of  
13 personal, direct grace privileges -- oops, I missed that.  
14 Firsthand knowledge of the facts, IRC, and it gives the code  
15:34:16 15 number there. I am not a federally protected class of  
16 employee. That's what that particular statute applies to.

17 Number 3. I am not engaged in Internal Revenue  
18 taxable activities, events, commodities, or property. It is  
19 not my intent or desire to delay or interfere with Internal  
15:34:39 20 Revenue tax laws. I am not eligible for federal unapportioned  
21 capitation taxes.

22 Number 4. I have no existing IRS or federal  
23 contractual debt, obligation, or liability for Internal  
24 Revenue income taxes, use taxes, excise taxes, or other  
15:35:02 25 special taxes. I am not eligible for procedures and

15:35:05 1 administration under 26 U.S.C., 26 CFR, and IRC. I know those  
2 are a lot of code things that you folks may not have seen or  
3 heard of. But this is tax law, or part of it.

4 Number 5. I have acted in good faith to state my  
15:35:24 5 position of non-federal and non-Internal Revenue tax  
6 liability, non-federal status, and non-federal standing, which  
7 is adequately disclosed herein with verified facts, credible  
8 evidence, rule of law, and a reasonable basis for my  
9 non-frivolous position and non-fraudulent filing.

10 Number 6. I possess no federal grant -- can you hear  
11 me okay? I possess no federal grant or privilege -- of  
12 privilege to engage in government-regulated imports, exports,  
13 or manufacturing. I do not possess, own, maintain, or have  
14 access to federal government property or government  
15 obligations. I am not eligible for IRS Subtitle E collection,  
16 assessment, penalty, interest, offset, seizure, levy,  
17 forfeiture, or lien enforcement under 27 CFR, which is  
18 alcohol, tobacco.

19 See, if you read these, it goes back up here, and it  
15:36:33 20 will tell you what they refer to. Under 27 CFR.

21 The next page goes into more of my verification. Can  
22 you read that? Is it too little? I can zoom.

23 At the top you'll notice it says, Verified Affidavit  
24 of Material Facts and Credible Evidence Regarding Reasonable  
15:37:08 25 Basis for Non-Frivolous Position and Non-Fraudulent Filing by

15:37:13 1 Janice Sue Taylor. Me.

2 This has not been rebutted. It's not been rebutted  
3 by anybody that's been sent it in, and I haven't heard  
4 anything from anybody, but we'll get to that in a minute.

15:37:27 5 The affiant, Janice S. Taylor, being of sound mind  
6 and over the age of consent hereby states on and for the  
7 record that this verified affidavit of truth is made of  
8 affiant's own free will. Attached -- affiant has acted in  
9 good faith to state the legal and lawful position of  
10 non-federal tax liability, non-federal status, and non-federal  
11 standing, which is adequately disclosed herein with verified  
12 facts, the rule of the law, credible evidence, and a  
13 reasonable basis for said position.

14 This is affiant's sworn testimony and reasonable  
15 cause standard with verified credits -- credible relevant  
16 evidence pertaining to affiant's qualification to correct bad  
17 third-party data that was fraudulently reported on information  
18 and returns and income statements and/or an internal request  
19 for return of private property that was non-consensually and  
20 erroneously withheld, then wrongfully transmitted to IRS in  
21 anticipation of a tax liability that did not exist. Authority  
22 cites following fact statements, otherwise codes, regulations,  
23 delegation orders, and the like are included to clarify the  
24 statement application.

15:38:59 25 Affiant has direct personal first-hand knowledge of

15:39:03 1 facts set forth herein as the laws relate to affiant for any  
2 given federal tax imposed by federal Internal Revenue laws.  
3 Declarations of material fact are as follows for the years  
4 2'03 to 2'09.

15:39:20 5 THE COURT: Ms. Taylor, excuse the interruption. I  
6 indicated I would give you a time alert. You've used about 45  
7 minutes so far.

8 MS. TAYLOR: I've used 45 minutes?

9 THE COURT: Yes.

15:39:32 10 MS. TAYLOR: I didn't think we came back --

11 THE COURT: You started at 2:53.

12 MS. TAYLOR: Well, 2:53?

13 THE COURT: Um-hmm.

14 MS. TAYLOR: I guess I'll have to read a little bit  
15 faster. If I don't get through, ladies and gentlemen, you're  
16 allowed to take this into the deliberation room, and I  
17 encourage you to read as much as you can of it so that you have  
18 a good understanding of where our -- what my beliefs are and  
19 what the code tells you.

15:40:06 20 It goes on to explain the different -- my position.  
21 I will go down here to Number 10. Affiant did not receive  
22 contrary evidence by the Secretary in regard to any of the  
23 sworn correcting information statements such as Form 4852 or  
24 1099s, 1098s, 5498Ks, that constitute the Secretary's direct  
15:40:38 25 personal first-hand knowledge of the facts which constitute

15:40:42 1 credible evidence as used in this IRS book here. I did not  
2 receive anything from the Secretary, which you are required  
3 to, or the delegate.

4 Affiant did not receive notice from a district  
15:40:54 5 director of an IRS district or the Assistant Commissioner of  
6 Internal Revenue requiring affiant to keep books, records, and  
7 to file returns for any of the eight classes of taxes  
8 administered by the IRS pursuant to these different letters  
9 that it relates to in here.

10 Affiant did not receive a signed, procedurally  
11 lawful -- and this is very important, lawful assessment of  
12 federal taxes.

13 Because you have heard here through this trial that  
14 one of the witnesses here has worked for the IRS for over 20  
15:41:30 15 years, never heard what the word "assessment" meant; never  
16 knew what the word "assessment" meant; never knew there was  
17 any assessment officers. And this code right here tells you  
18 that there are. And I have some other codes in here and some  
19 other information about that, too. But in our own -- I'll get  
15:41:50 20 to that in a minute.

21 So Number 11, the district director or an IRS  
22 district -- of an IRS district or the Assistant Commissioner  
23 of Internal Revenue requiring affiant to keep books, records,  
24 and to file returns for any of the eight classes of tax  
15:42:12 25 administered by the IRS pursuant to Letter 978 and others that



15:42:19 1 it says there.

2 Affiant did not receive a signed procedurally lawful  
3 assessment of taxes, penalties, or interest thereon, which you  
4 have to have an assessment before you have a liability.

15:42:34 5 Affiant did not receive certified notice and demand  
6 for payment of federal taxes subsequent a procedural lawful  
7 assessment pursuant to IRC Section 6303 and 26 CFR 301.6303.

8 Affiant is not an employee of a federal government  
9 instrumentality, agency, or subdivision thereof.

15:42:59 10 Affiant did not receive federal wages.

11 And it goes on down to the end. This one here at the  
12 end, this is the last page -- and I do encourage you to read  
13 all of this when you're in there. The ones I'm skipping over,  
14 please do take time because this is my life. This is my  
15 belief. This is what I have relied on. I encourage you to  
16 read it at least. Please. Please read it.

17 Before you make any decisions because -- how would  
18 you feel if you sent me to jail and you skipped over these,  
19 and then you suddenly came back and read them and said, "You  
15:43:47 20 know, I sent an innocent woman to jail." How would you feel?

21 The one thing over here on the last page, it goes  
22 into a lot of things, telling you that -- he's not going to  
23 probably give me very much more time it sounds like. You  
24 limiting my defense?

15:44:11 25 THE COURT: I indicated I'd give you a full hour for

15:44:13 1 your argument, Ms. Taylor.

2 MS. TAYLOR: They had more than an hour.

3 THE COURT: Actually they didn't. They used 55  
4 minutes.

15:44:20 5 MS. TAYLOR: Okay.

6 The main thing is the verification. Down at the  
7 bottom, after all these numbers here, you have seen that I  
8 have verified it. Affiant verifies, certifies, and affirms  
9 without the United States -- the reason the wording "without  
10 the United States" is used there is because in the code there  
11 are two penalty clauses and --

12 MR. KNAPP: Objection. Facts not in evidence.

13 MS. TAYLOR: Okay.

14 THE COURT: Sustained.

15:44:57 15 MS. TAYLOR: Okay. That you'll have to look up on  
16 your own.

17 I do express 'pecific reservation of rights,  
18 respectfully presented, explicitly reserving all of affiant's  
19 natural law rights as a private sector, non-governmental  
20 privileged, and non-governmentally connected sentient under  
21 contract law of affiant's divine creator without prejudice and  
22 without recourse to affiant.

23 Affiant does not consent to a compelled performance  
24 under any contract that affiant did not enter knowingly,  
15:45:33 25 voluntarily, and intentionally. Affiant does not accept the

15:45:37 1 liability of the benefits or privileges on any unrevealed  
2 contract or commercial agreement. Which we are in commerce  
3 and that's what that relates to.

4 So if you could please read these when you go in  
15:45:57 5 there, I would appreciate it, because it says more probably  
6 about my statements and my beliefs than I could have got in  
7 any other way. I haven't been able to get anything else in  
8 any other way. And I imagine if the government knew that,  
9 they probably wouldn't have allowed it to come in either. And  
10 that is the -- I filed that for all of those years.

11 Going back to -- a few more things I have here.  
12 Okay, gone over that. Gone over that.

13 If you think that -- so I'm sure you've noticed the  
14 prosecution would not allow in my things, my witnesses really  
15 to share a lot of their opinions with you. We had to be very  
16 careful of what we said, how they were brought in.

17 Does this mean, you know, that the government  
18 witnesses are more qualified than my witnesses that I brought  
19 in? They like to discredit them. And make us sound that  
15:47:34 20 because we like to research the law and find out the truth  
21 that my witnesses were not more credible than theirs, when  
22 theirs couldn't even tell you what law they were operating  
23 under. So whose got the most credibility here?

24 One of the prosecution witnesses claimed under oath  
15:47:57 25 that 26 U.S.C. 6012 requires me to file a tax return. Yet the

15:48:05 1 Court will not allow you to see this statute, find out for  
2 yourself, or read it. Why? You know, could it be that it  
3 does not say what it claims? Or who is hiding what here? Who  
4 is concealing what from whom?

15:48:22 5 Maybe it says something else. Maybe one of those  
6 conditional statutes require a certain condition to be met  
7 before that statute applies. Well, you're only told just to  
8 believe what they tell you. Why?

9 I asked those witnesses where's any person made  
15:48:48 10 liable for any tax. You know, it was. Did they tell me? No,  
11 they couldn't tell me. And it says 'pecifically any person  
12 liable for any tax shall make a return or statement according  
13 to the forms and regulations prescribed by who? The  
14 Secretary.

15:49:10 15 However, did one government witness provide the  
16 regulation or the statute that makes a person liable? Do you  
17 remember the testimony from Jerry Carter, when I asked him the  
18 statute that made me liable? He danced around this question  
19 without providing an answer.

15:49:34 20 Do you think the IRS revenue officer, any agent or  
21 debt collector that's been working for the IRS 20 years or  
22 more, wouldn't he be able to point to that statute and tell  
23 me, "Here it is, Mrs. Taylor. Look at this. This is it." He  
24 didn't. And none of the others have either.

15:50:00 25 I'm sure probably you're hearing more and more about

15:50:03 1 people that are challenging the IRS. Do you know why I think  
2 they're challenging them? We have a great resource. The  
3 Internet. The Internet is out there. People are wising up.  
4 They're able to read it there. They don't have to -- they can  
15:50:14 5 do it in their homes. They don't have to go to the ASU, like  
6 I had to do. And, you know, it's a great source. And a lot  
7 of people are wising up and learning the laws and learning  
8 they've been duped. It's not fun to learn that you've been  
9 duped by your own government.

15:50:39 10 Mrs. Bradley said that income is everything that  
11 comes in. How can income be everything that comes in when you  
12 can't even define the word "income"? At least Congress had --  
13 at least we haven't been able to define it except for through  
14 Congress and the Supreme Court cases.

15:51:15 15 By now you probably figured out that there must be  
16 something inherently wrong with this picture. It can't be all  
17 me the bad guy when the other side is not offering any  
18 opinion -- they're not offering anything except opinions.  
19 They're not standing on statutes. They're not coming out and  
15:51:40 20 saying, "Hey, here it is, black and white, you know. You got  
21 to abide by it."

22 So it -- they can point the finger at me, which they  
23 have, tried to make me look like a horrible person. I am  
24 somewhat of a personal person. I am not a person that has  
15:52:04 25 ever liked to brag about anything that I have, or I've not

15:52:08 1 liked to brag about my lifestyle. I'm a very private person.

2 I don't normally, as a rule, even -- I don't like to  
3 boast. I don't like to -- I'm just more -- a lot of people  
4 like to talk about a lot of things, and I'm just more of a  
15:52:32 5 private person. I don't brag about, you know, what kind of  
6 car I drive. I don't brag about what kind of money I might  
7 have.

8 I figure that is a private issue. It's something  
9 that we're all entitled to. And if you like to talk about it,  
15:52:48 10 fine. But I just never have. And I know that some of the  
11 elements here I'm going to have to get into those before very  
12 long.

13 THE COURT: You're almost at an hour, Ms. Taylor.

14 MS. TAYLOR: Well, Your Honor, this is a very serious  
15:53:07 15 thing. This is my life. I can go to jail for 20 years, you  
16 know, and I believe --

17 MR. KNAPP: Objection, Your Honor.

18 MS. TAYLOR: -- I should have the right --

19 MR. KNAPP: Objection --

15:53:16 20 THE COURT: Ms. Taylor, you've got to -- excuse me.  
21 You've got to stop making references to going to jail or for  
22 how long.

23 MS. TAYLOR: Well, that's the truth.

24 THE COURT: The jury doesn't have any decision to make  
15:53:24 25 on that score, and nobody else has made a decision on that

15:53:26 1 score. You need to stick to the evidence in this case. Now,  
2 if you need additional time, I will give you an additional ten  
3 minutes. But you're at an hour right now.

4 MS. TAYLOR: All right. So, again, I'm being limited  
15:53:41 5 in my defense. And I object to that, Your Honor. I am being  
6 limited in my defense.

7 THE COURT: You have ten minutes, Ms. Taylor.

8 MS. TAYLOR: Okay. Rather than go over what the  
9 agents did and what they didn't prove -- they have stated a lot  
15:54:07 10 of things here that they have not proven. It's all just been  
11 presumption and not proof, not anything that -- as we've gone  
12 over that before, so I'm going to kind of try and go over  
13 that -- something else here.

14 It is my firm belief that, you know, you have to have  
15:54:35 15 an obligation in order to -- or a duty in order to evade  
16 something. In your Instructions Number 19 you will see it  
17 says, Defendant is charged in Counts I through IV of the  
18 indictment with attempting to evade and defeat the assessment  
19 of tax.

15:54:57 20 I asked where the assessment was. How can you defeat  
21 or evade something that you've never been given? It doesn't  
22 make sense. There's been no assessment given to me. And I  
23 asked Ms. Bradley, "Are you giving me an assessment?" Never  
24 heard of that word. Well, it's in Instruction Number 19.  
15:55:21 25 This Court has heard of it. So it has to be a law somewhere.

15:55:27 1 So then it goes on to the second paragraph. First,  
2 the defendant owed more federal income tax for the calendar  
3 years. Okay. Right there. Owed more. How could I owe more  
4 if I had never been given an assessment in the first place?  
15:55:48 5 It doesn't make sense. How can you owe if there is no  
6 assessment?

7 Second, the defendant knew that more federal income  
8 tax was owed. That's a key word right there. That I knew.  
9 How do they know that I knew? How was I -- what was I told?  
15:56:14 10 How do I know -- how do they know what my mind believes and  
11 says? How do they know that?

12 They don't. They only are presuming that everybody  
13 thinks like they think. They are not -- they don't know  
14 what's in my mind. They don't know what I have studied. And  
15:56:37 15 so how -- the defendant -- it says, second, the defendant knew  
16 that more federal income tax was owed than was declared.

17 Well, I declare the only paper that I knew that  
18 applied to me -- which is these documents right here that  
19 you're going to be able to look at. I was never assessed. So  
15:57:06 20 how could I know?

21 Third, the defendant made an affirmative attempt to  
22 evade the assessment. How could I evade -- how could I make  
23 an affirmative attempt to evade something I had never been  
24 given? I had never been given an assessment. The word --  
15:57:31 25 they -- you have all witnessed there's never been an



15:57:33 1 assessment given to me.

2 And what Ms. Bradley figured out was just a  
3 calculation on a piece of paper. It was not an assessment  
4 done by law. You have to do things by law. You have to  
15:57:45 5 follow the rule of the law.

6 And fourth, in attempting to evade or defeat the  
7 assessment that I did that willfully. How could I possibly do  
8 something willfully that I had never been given? That's going  
9 to be some things you're going to have to think about.

15:58:15 10 I'm a firm believer and I hope that you folks do take  
11 into consideration my firm beliefs that I stand in -- what I  
12 believe in regardless of what the government accuses me of,  
13 what kind of proof or -- not even proof. What kind of things  
14 that they throw at me.

15:58:40 15 They still have never once said I am liable for the  
16 income tax. Not once. And they have never given me an  
17 assessment. So am I guilty? How can you be guilty when you  
18 haven't been given those things? And by law they have to give  
19 them to you.

15:59:11 20 So I imagine -- I could go on but I imagine my time  
21 is up. Huh?

22 THE COURT: You have five more minutes if you want it.

23 MS. TAYLOR: Oh. Okay.

24 So willfulness is a big thing in this case. And they  
15:59:35 25 have to prove that I had a legal duty, which they've not

15:59:40 1 proved that I had a legal duty. And they have not proved that  
2 I had an obligation under the tax laws. And they have not  
3 proven that I -- they have not proven that I have -- did any  
4 of these acts willfully.

16:00:03 5 It's not -- it's not a crime to have many different  
6 bank accounts. It's not a crime to put money in and out of  
7 your bank accounts. That's what banks are for. Everybody  
8 goes to banks and puts money in and out of them. That's not a  
9 crime. It's not a crime to have money. So -- and it's not a  
16:00:31 10 crime to be able to buy things with your money.

11 And to say that I'm hiding assets. I haven't -- I  
12 haven't hidden any assets that I know of. And especially when  
13 I haven't been given any laws that tell me that I have to show  
14 every single thing, and I have to -- I have -- there's -- in  
16:01:03 15 fact, in here you'll see that there's a code in here that even  
16 tells you that you don't have to show your books and records  
17 unless the Secretary of the Treasury asks for them.

18 So please take that into consideration and read it.  
19 It was the only thing that got into evidence that maybe you  
16:01:24 20 can get a different view of my perspectives. And I hope that  
21 you vote me innocent because I surely don't want to go back to  
22 jail at my age. It's not a pretty thing. Wasn't a pretty  
23 thing when I was there. And to be sent to jail for standing  
24 on --

16:01:48 25 MR. KNAPP: Objection, Your Honor. References to

16:01:51 1

punishment --

2

THE COURT: I think she's wrapping up, Mr. Knapp.

3

MS. TAYLOR: And to be sent to jail for your firm

4

beliefs and convictions in the law and for somebody not telling

16:02:05 5

you or pointing out that you're wrong, I think is a crime. I

6

think it's a crime to send somebody to jail for standing on

7

their firm beliefs and abiding by the law as they see it.

8

So I thank you very much. And I'm sorry to keep you

9

here because I'm sure if you had any other choice, you

16:02:32 10

wouldn't want to be here. But I appreciate it. And please

11

take into consideration to looking at these documents.

12

Thank you.

13

THE COURT: All right. Thank you, Ms. Taylor.

14

Mr. Knapp, rebuttal?

16:02:46 15

MR. KNAPP: Yes, Your Honor. Thank you.

16

MS. TAYLOR: Where do I put the documents?

17

THE COURT: You can keep those. We've got the

18

exhibits up here.

19

MR. KNAPP: Good afternoon. I'll try and be brief.

16:03:13 20

MS. TAYLOR: Five minutes. I'm going to look at the

21

clock.

22

MR. KNAPP: The first thing I want to talk about is

23

this Exhibit 80 that Ms. Taylor showed and read to you. We

24

actually -- you'll recall that we actually talked about that

16:03:26 25

document with Ms. Morgan, the IRS custodian. I'm going to show

16:03:32 1 you the page again. This is, again, from Exhibit 80.

2 Says Disclosure Statement. And at the top it says,  
3 "Do not use this form to disclose items or positions that are  
4 contrary to Treasury regulations."

16:03:53 5 Ms. Morgan explained what the purpose of this form  
6 is, is to give additional explanation if you're going to claim  
7 a charitable donation or something like that that might raise  
8 some questions to the IRS. This is not an opportunity to trot  
9 out disagreements with the tax laws.

16:04:13 10 Ms. Morgan also explained that some of these  
11 positions taken lower down in the document and that  
12 Ms. Taylor, the defendant, has read to you are known as  
13 frivolous arguments.

14 And Ms. Morgan had been the coordinator for the  
16:04:33 15 frivolous filer department for approximately ten years, 1992  
16 through 2002. She explained she's very familiar with a lot of  
17 these arguments, and they triggered correspondence and  
18 sometimes penalties to the filers.

19 And you also heard Ms. Morgan testify that the  
16:04:50 20 defendant -- in fact, looking from the records, and these are  
21 in Exhibits 42 -- that the defendant got those notices saying  
22 that these kinds of arguments are frivolous back in 2001.

23 This is filed, again, last fall after the charges in  
24 this case. And I want you to ask yourself -- well, I want you  
16:05:17 25 to ask yourself, when the defendant keeps saying she has been,

16:05:20 1 you know, sending things to the IRS and getting no response.  
2 You heard about the responses she's been getting: Responses  
3 like assessments of tax, accuracy penalties, liens, other  
4 warnings. She just didn't get the responses she wanted.

16:05:35 5 There's a very big difference between getting no response and  
6 not getting the response you want.

7 Also, the comment about trusts. There's nothing --  
8 this is a tax case, in essence. So regardless of what you  
9 think of the legality of the trusts that the defendant put  
16:06:00 10 together, the big question is whether by putting them in  
11 trusts was she hiding them? By putting them in trusts was she  
12 attempting to avoid taxation?

13 The answer is yes. The evidence shows the answer is  
14 yes. Because even her own witness, again, says that just  
16:06:15 15 putting it in a trust doesn't mean you don't have to file  
16 returns or pay taxes on it. You still do. So it's not about  
17 the legality of the trusts. It's about whether those trusts  
18 were used as a way to evade taxes.

19 Similarly the comments about assessments. The  
16:06:32 20 testimony from Ms. Bradley was that she was not sure what the  
21 title Assessment Officer was. She had never heard that  
22 before.

23 Assessments did come up during the course of the  
24 case. There had been assessments of tax for prior years. You  
16:06:46 25 heard about how Agent -- Revenue Officer Carter had to levy

16:06:49 1 some assets after there had been assessments in 1997 and 1998.

2 And what Ms. Taylor, the defendant, had been doing  
3 here is trying to avoid, trying to evade, trying to prevent or  
4 defeat the assessment of tax for the charged years. You heard  
16:07:04 5 calculations from Revenue Agent Bradley about what she thought  
6 the tax may look like, but she can't make an assessment; not  
7 until the defendant cooperates.

8 I also want to note on this same document down here,  
9 Number 5 says, "I have acted in good faith."

16:07:28 10 Again, this is filed after the charges in this case.  
11 You heard about -- well, during the argument, it's been argued  
12 that the defendant has done quite a bit of research about the  
13 tax laws. I would note it is probably no coincidence that her  
14 focus has been on the tax laws rather than the zoning laws or  
16:07:45 15 the Environmental Protection Agency regulations or copyright  
16 laws or some other arcane area of the law.

17 The tax laws are, you know, involved with money. And  
18 it's no surprise that people don't like to pay taxes. That's  
19 not a shocker. But I submit that's the -- that's the reason  
16:08:09 20 for the focus on the tax laws.

21 And think to yourself, if defendant has done so much  
22 research on the tax laws, do you think she's done a little  
23 research on the possible defenses, on maybe the jury  
24 instructions?

16:08:24 25 This phrase "good faith belief" that's come up during

16:08:27 1 the course of the testimony, when the witnesses were asked to  
2 confirm, you know, "Are my beliefs in good faith and sincere?"  
3 Think to yourself whether that was -- whether that in itself  
4 was in good faith.

16:08:42 5 And then finally I just want to note that, again, the  
6 most powerful evidence in this case that you can look to to  
7 figure out whether the defendant knew what she was doing,  
8 whether she did it on purpose, whether she was concealing  
9 things, is the hiding of the assets.

16:09:01 10 Again, defendant's own witness, this was Mr. Chisum,  
11 who testified this morning, one of his last comments was, "If  
12 you start trying to hide, you always get caught. It always  
13 bites you." And it did.

14 Thank you, Your Honor.

16:09:17 15 THE COURT: All right. Thank you, Mr. Knapp.

16 All right. Ladies and gentlemen of the jury, you  
17 have received the instructions. Lisa will take you back to  
18 the jury room. Feel free to take your notes with you. The  
19 exhibits will be organized and sent back to you along with a  
16:09:31 20 copy of the jury instructions.

21 But before we do that, we do need to draw the number  
22 of one of you who will be designated as the alternate so that  
23 there will be 12 of you to deliberate. So I'm going to ask  
24 Lisa to draw a number from the box, please.

16:09:56 25 THE COURTROOM DEPUTY: Juror Number 14.

16:10:01 1 THE COURT: Juror Number 14, before you leave, let me  
2 ask you to do something, please. We want to excuse you with  
3 our thanks. But I'm going to ask you not to talk to anybody  
4 about this case for this reason: We anticipate the other 12  
16:10:13 5 jurors will be able to deliberate to a conclusion in the case.  
6 But if it so happens during the deliberation that a health  
7 problem or a home problem calls one of them away, we're going  
8 to have to call you back to deliberate with them. And it will  
9 be very important in the meantime you haven't talked to anybody  
16:10:29 10 about the case or done any research. So if you can kind of not  
11 do that for a couple of days, that will preserve our ability to  
12 call you back if you need to be called back.

13 If, you know, on Thursday or Friday you want to know  
14 if you're free to talk to people about the case, just call our  
16:10:44 15 office here, and we'll tell you if the deliberations are  
16 concluded, and at that point you'll be released from that  
17 admonition.

18 But thank you very much for the time you have spent  
19 here in trial and the attention you've paid to the evidence.  
16:10:54 20 We'll go ahead and excuse you at this time. Yeah, you can  
21 leave your notes there. That's great.

22 Do you have things in the jury room you need to  
23 collect?

24 JUROR: Yes.

16:11:04 25 THE COURT: Yeah, go ahead and just -- either way



16:11:06 1 around and grab your things in the jury room. Let me just ask  
2 Lisa a question here.

3 (The Court and the courtroom deputy confer.)

4 THE COURT: Okay. We'll go ahead and excuse the jury  
16:11:28 5 to deliberate at this time.

6 (The jury exited the courtroom at 4:11. Proceedings  
7 resumed in open court outside the presence of the jury.)

8 THE COURT: Please be seated.

9 All right. Government counsel and Ms. Taylor, will  
16:12:02 10 you all please make sure that you give Lisa a contact number  
11 where we can call you on a cell phone. That way, if we get a  
12 jury question or when we get a verdict, we'll be able to get  
13 ahold of you and get you back here to the courtroom.

14 What I think I'm going to do is let them deliberate  
16:12:21 15 until 5:00 and then let them go home for the evening, assuming  
16 they want to. I suppose it's conceivable they could get in  
17 there and decide they want to go home now and start in the  
18 morning. If that happens, we'll let you know.

19 But otherwise we need to get those certificates  
16:12:41 20 pulled out of the exhibits, if you can help Lisa do that, so  
21 we can get the exhibits into the jury room.

22 MR. KNAPP: Yes, Your Honor.

23 THE COURT: I would appreciate that.

24 Are there any other issues we need to address?

16:12:54 25 MR. KNAPP: I don't believe so, Your Honor.

16:12:55 1 THE COURT: Anything from you, Ms. Taylor?

2 MS. TAYLOR: No. Not at this time.

3 THE COURT: Okay. Just leave your contact information  
4 and we'll be able to get in touch with you. Thank you.

16:13:11 5 (Recess taken from 4:13 to 4:28. Proceedings resumed  
6 in open court with the jury present.)

7 THE COURT: Be seated, please.

8 All right. Members of the jury, Lisa has indicated  
9 you'd like to go home for the night and get started tomorrow  
16:29:43 10 morning. That's fine. Let me just remind you, again, tonight  
11 please don't talk to people about the case or do any research  
12 on your own.

13 Have you all agreed on when you're meeting tomorrow?

14 JUROR: 9:00.

16:29:54 15 THE COURT: 9:00.

16 Let me ask this: Those of you who gather here, as  
17 you gather, please don't start talking about the case until  
18 all of you are present because it is important that everybody  
19 hear everybody else's comments. So if you could just wait  
16:30:06 20 until you have all 12 here and then you can get going on your  
21 deliberations.

22 Anything else we need to address before we excuse the  
23 jury?

24 MR. KNAPP: No, Your Honor. Thank you.

16:30:17 25 THE COURT: Anything from you, Ms. Taylor?

16:30:20 1

MS. TAYLOR: No, Your Honor.

2

THE COURT: Okay. Just come in to the jury room

3

tomorrow morning, and when you have a full quorum, get started.

4

We won't bring you in here. We'll just let you get going on

16:30:28 5

your deliberations.

6

Okay. Have a good night. Thank you.

7

(End of transcript.)

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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  
16:30:47 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  
16:30:47 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,  
16:30:47 15 2011.  
16  
17  
18  
19

16:30:47 20 s/ Patricia Lyons, RMR, CRR  
21 Official Court Reporter  
22  
23  
24  
25