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Attorney for Exeter Trinity Properties

4 **IN THE UNITED STATES DISTRICT COURT**
5 **DISTRICT OF ARIZONA**

<p>7 UNITED STATES OF AMERICA,</p> <p>8 Plaintiff,</p> <p>9 vs.</p> <p>10 JOSEPH J. LIPARI, EILEEN H. LIPARI and EXETER TRINITY PROPERTIES, 11 L.L.C.,</p> <p>12 Defendants.</p>	<p>No. 3:10-CV-08142 JWS</p> <p>CROSS-MOTION FOR SUMMARY JUDGMENT BY DEFENDANT EXETER TRINITY PROPERTIES, L.L.C.</p> <p>Honorable John W. Sedwick</p>
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13 The Defendant Exeter Trinity Properties, L.L.C., through counsel undersigned,
14 respectfully moves for summary judgment under Rule 56, FRCP, on the issue of fraudulent
15 conveyance and the allegation that this Defendant was the nominee/alter ego of Defendants
16 Lipari. This Motion is supported by the Response of Defendant Exeter Trinity Properties,
17 LLC, to United States' Statement of Material Facts, by the Statement of Facts In Support of
18 Cross-Motion for Summary Judgment by Defendant Exeter Trinity Properties, LLC, and by
19 the Memorandum in Support of: Response to United States' Motion for Summary Judgment
20 and Cross-Motion for Summary Judgment by Defendant Exeter Trinity Properties, L.L.C., all
21 of which are filed concurrently herewith.

22 Dated: December 30, 2011.

23 RESPECTFULLY SUBMITTED,

24 /s/ John Friedeman

25 John Friedeman
5103 E. Thomas Road
Phoenix, AZ 85018
26 Attorney for Exeter Trinity Properties, LLC

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this December 30, 2011, I electronically filed the foregoing with the Clerk of Court and served the following attorney of record using the CM/ECF system:

Charles M. Duffy
P.O. Box 683
Ben Franklin Station
Washington, D.C. 20044-0683

I further certify that on the same day I mailed by U.S. Postal Service the foregoing to the following party who is not represented by counsel.

Joseph Lipari
156 Johnson Hill Drive
Waynesville, NC 28786
Defendant, pro per

/s/ John Friedeman

John Friedeman

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4 **IN THE UNITED STATES DISTRICT COURT**
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<p>7 UNITED STATES OF AMERICA,</p> <p>8 Plaintiff,</p> <p>9 vs.</p> <p>10 JOSEPH J. LIPARI, EILEEN H. LIPARI and EXETER TRINITY PROPERTIES, L.L.C.,</p> <p>11 Defendants.</p>	<p>No. 3:10-CV-08142 JWS</p> <p>MEMORANDUM IN SUPPORT OF:</p> <p>RESPONSE TO UNITED STATES’ MOTION FOR SUMMARY JUDGMENT and CROSS-MOTION FOR SUMMARY JUDGMENT BY DEFENDANT EXETER TRINITY PROPERTIES, L.L.C.</p> <p>Honorable John W. Sedwick</p>
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14 **Introductory Matters.**

15 The government has presented only two issues. First, is that the government
16 seeks judgment on the IRS assessments against the Liparis. Because that issue affects only
17 the Liparis, and they have not presented a defense, judgment for the government is a foregone
18 conclusion.

19 The second issue is whether the government may foreclose on the property in
20 Cottonwood, formerly owned by the Liparis. The government makes two arguments: that the
21 1992 conveyance of that property by the Liparis was fraudulent and that Exeter Trinity
22 Properties, LLC [hereinafter “Exeter”], is the nominee or alter ego of the Liparis.

23 “In reviewing a summary judgment, we must view the evidence in the light most
24 favorable to the non-moving party and draw all possible inferences in its favor.” *Del Madera*
25 *Properties v. Rhodes and Gardner*, 820 F.2d 973 (9th Cir. 1987) The claim of fraud in the
26 instant case centers on the issue of intent, a subjective element that can be difficult to prove.

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1 The government has implicitly recognized its burden of proof regarding intent,
2 because its Motion includes numerous references to the character of third parties who
3 interacted with the Liparis. It is respectfully submitted that those references do not constitute
4 evidence of intent by the Liparis. Even if a person is motivated to avoid paying taxes, that is
5 not equivalent to proving intent to defraud the IRS. See *U.S. v. Reyes*, 10-10323 (9th Cir.
6 10-13-2011), which noted the distinction between motive and intent.

7 The validity of the transfer of the Cottonwood property to the Ponderosa Trust is
8 clearly shown by the Liparis' acquiescence when presented with the notice of eviction in
9 2007. They would not have agreed to move from their residence of 18 years, which was free
10 and clear, if they had any right or interest in the property.

11 **Brief Review of the Facts.**

- 12 1. The Liparis purchased the Cottonwood property in 1989.
- 13 2. The Liparis lived in the house from 1989 to November 2007. During that time
14 Joseph Lipari's chiropractic practice and Eileen Lipari's consulting business were located in
15 the house.
- 16 3. On May 14, 1992, the Liparis created the Ponderosa Trust.
- 17 4. On May 14, 1992, the Liparis signed a deed transferring the Cottonwood
18 house into the Ponderosa Trust. This was done for estate planning purposes and the Liparis
19 were permitted to reside in the house for the next 15 years rent free.
- 20 5. The Liparis timely filed their return for 1993 and later contested their tax
21 obligations for that year in Tax Court.
- 22 6. In all of their financial dealings, the Liparis were guided by, and placed blind
23 faith in, Jimmy Chisum. He controlled all of their finances. He directed them to put their
24 house in trust, he created entities through which they operated their businesses and he handled
25 their tax planning and preparation of returns. Their failure to file tax returns for 1994 - 2006
26 was the result of following his advice.

1 7. At the direction of Mr. Chisum, the Cottonwood property was transferred from
2 the Ponderosa Trust to Exeter Trinity Properties, LLC, on September 1, 1999.

3 8. In 2001 the IRS issued the first Assessment against the Liparis for
4 nonpayment of their 1993 taxes.

5 9. In November 2007 the Liparis were “evicted” for failure to pay the property
6 taxes and maintenance for the Cottonwood property. They left without dispute.

7 **Argument.**

8 Exeter may prevail if it demonstrates the weakness in the position of the
9 government. As noted in *Comerica Bank v. Mahmoodi*, 1 CA-CV 08-0771, 229 P.2d 1031, ¶
10 18 (Ariz.App. 5-4-2010) “a motion for summary judgment involves an assertion by a
11 defendant that the plaintiff has insufficient evidence to meet its burden of production at trial.
12 The well-accepted logic of the argument is that because plaintiff cannot establish a prima
13 facie case worthy of submission to a jury, defendant is necessarily entitled to judgment as a
14 matter of law.”

15 In their depositions each of the Liparis were asked why they agreed to put their
16 house into the Ponderosa Trust. Dr. Lipari considered it necessary to protect the property
17 from his daughter, whom he considered to be vicious. Presumably, he did not want her to
18 inherit it.

19 Mrs. Lipari stated that she put the property into the Ponderosa Trust so that it
20 would go to their designated charity after their deaths. In that regard she was relying on Mr.
21 Chisum’s promise to give the house to charity. (Dr. Lipari joined in this reason when he
22 ratified his wife’s statements during her deposition.) Because her comments during her
23 deposition are compelling, they have been quoted at length and are attached as Exhibit “A”.

24 The government claims that a lack of consideration is a “badge of fraud”.
25 However, most trusts are created for estate planning purposes and the question of
26 consideration never arises. In this instance the Liparis had genuine estate planning goals

1 which were to be satisfied by placing the property in trust. Accordingly, consideration is not
2 an issue.

3 What makes this case different, and what gives the appearance of fraud, was the
4 Liparis' blind faith in Mr. Chisum. Both of the Liparis were adamant in their unreserved trust
5 in him. For example, when asked if he and his wife would do what Mr. Chisum requested,
6 Dr. Lipari stated: "Yes, and to the letter. I mean to the ultimate - to - like God was in the deal
7 with us." (See Joseph Lipari depo at 12: 17-19) Mrs. Lipari reaffirmed her trust in Mr.
8 Chisum many times during her deposition, such as when asked if she would do whatever he
9 told her to do and she responded "Absolutely." (See Eileen Lipari depo at 12:13)

10 An example of their trust in Mr. Chisum was their expectation they could
11 continue to live in their house, even though the trust agreement made their use of the home
12 discretionary with the trustee.

13 A primary tenant of fraud is intent, and the government has presented no
14 evidence of a fraudulent intent by the Liparis. They may have been naive, gullible or
15 unaware, but they were not dishonest when they put their house in trust.

16 Because they ran their businesses out of the Cottonwood property, the Liparis
17 took deductions for expenses related to the house. The government now argues that those
18 deductions show the Liparis believed they owned the house, notwithstanding the deed to the
19 Ponderosa Trust. However, a review of the depositions of the Liparis and their tax returns
20 show they did not understand the law.

21 First, it should be noted that the Liparis' income tax returns for 1994 - 2007 were
22 all filed in 2007. It is respectfully submitted that documents created in 2007 have little
23 probative value on the issue of fraudulent intent in 1992, when the deed was signed.

24 The tax returns for 1994 - 2007 all reflect the income the Liparis received from
25 their business activities. The return for 1994 includes a Schedule C for Dr. Lipari's
26 chiropractic practice and each return for 1995 and thereafter includes two Schedules C, one

1 for the business of Dr. Lipari and one for Mrs. Lipari's business. The government argues that
2 these deductions show the Liparis believed they still owned the house. However, including
3 expenses in Schedule C merely shows that the Liparis believed their business expenses could
4 be properly deducted, which seems to be a reasonable conclusion, since the income they were
5 reporting was used to pay those expenses. Those deductions do not equate to a claim of
6 ownership.

7 In every year for 1994 and thereafter the Liparis included Form 8829 in their
8 returns, to deduct expenses for business use of their home. The government again claims that
9 this is evidence that the Liparis believed they owned the house. However, Form 8829 is very
10 general when it references "each home you used during the year". It puts no other limitations
11 on homes that may be used for this deduction. It was reasonable for the Liparis to deduct
12 expenses relating to their home which was used by their businesses, regardless of whether
13 they owned, rented or lived there rent free. Those deductions do not equate to a claim of
14 ownership.

15 The government may be objecting to the deductions because the expenses
16 deducted were actually paid by the business entities (DD Trust and Morningstar Int'l, PLLC)
17 created for the Liparis by Mr. Chisum. However, from the perspective of the Liparis, they
18 could claim the deductions because they were funding those business entities. In their view it
19 was actually their money being spent. This evidences merely an error in tax law, not a claim
20 of ownership in the Cottonwood property.

21 Form 8829 also permits taking depreciation, which does equate to a claim of
22 ownership. However, the Liparis were inconsistent in taking depreciation. For years 1994 -
23 1998 they did not claim depreciation, then for years 1999 -2002 they did claim depreciation,
24 but for 2003 - 2007 they again did not claim depreciation. What does this tell us? It is
25 respectfully submitted that this inconsistency merely shows the Liparis did not understand
26 what they were doing. If any factual conclusion can be made, it is that they knew they did not

1 own the home and should not depreciate it - otherwise, they would have taken depreciation
2 from the beginning, and would not have abandoned the deduction once they started taking it.

3 Once again, it must be emphasized that preparation of returns in 2007 says little
4 about a person's intent 15 years earlier in 1992. Any errors in their tax returns are merely
5 evidence of ignorance, not fraud. If there has been any fraud, it was in taking depreciation for
6 four years.

7 The government argues that the Liparis' continued use of the property, after they
8 deeded it to the Ponderosa Trust, and without paying rent, is a badge of fraud. However, the
9 Court is asked to take judicial notice of the fact that there is nothing unusual about trustors
10 continuing to live in a house they have put into trust. It is a commonplace occurrence and it
11 was clearly intended and anticipated by the Liparis when they signed the deed (as
12 demonstrated by Section H in the trust agreement). The government argues both that the
13 Liparis did not receive consideration for the house and that they lived there without paying
14 rent. It is submitted that the government is trying to argue both sides of the same coin, since
15 not paying rent is consideration. The truth is that part of the consideration for putting the
16 house in trust was not having to pay rent, and that was how the Liparis viewed it.

17 Section H of the Ponderosa Trust (Exhibit 1 to Exeter's Statement of Facts)
18 permitted the Liparis to continue to live in the house, so long as they maintained and
19 protected it. Although their right to occupy the house was discretionary with the trustee, the
20 fact is that they lived in the house so long as they could maintain it, until November 2007.

21 A trustor's continued use of the property is especially common in situations
22 involving estate planning. Although the conduct of third parties may prevent realization of
23 the Liparis' estate plans, their depositions, which are uncontradicted, demonstrate that the
24 transfer to the trust was, in fact, part of their estate plans.

25 The timing of events shows that the Liparis did not intend to defraud the IRS.
26 They signed the deed and created the Ponderosa Trust on May 14, 1992. For 1993 they

1 timely filed their taxes and the government has alleged no impropriety in connection with that
2 return. That filing, which would have occurred about two years after signing the deed, is
3 inconsistent with the government's theory. If the Liparis were intending to defraud the IRS,
4 they should have stopped filing returns in 1993. The Liparis did fail to file their 1994 return,
5 which was due April 15, 1995. However, there is a gap of almost three years between putting
6 the Cottonwood property in trust and failing to file the 1994 return. There is no evidence to
7 suggest the Liparis engaged in such long range planning to commit fraud.

8 In addition, the key fact in this case is that the Liparis did actually deed away
9 their home. After the home was put in trust their rights were limited to their benefits under
10 Section H of the trust - the trustee, in her sole discretion, could let them stay there if they
11 maintained it and protected it. Beyond that they never treated it as their property, with the
12 possible exception of four tax returns filed in 2007.

13 The fact that the Liparis believed they no longer owned the home (i.e., that the
14 deed was not a "sham" transaction) is proven by nine separate statements to that effect which
15 are listed in Exeter's Statement of Facts, ¶ 7. However, nothing could be more persuasive on
16 this point than the fact that in 2007 the Liparis, when faced with Exeter's demand that they
17 vacate, concurred and simply moved away. If they believed they had ANY interest in the
18 house, they would have objected, or asked for more time, or consulted an attorney or gone to
19 court, or done something to prevent Exeter from forcing them out. The truth is that they did
20 none of those things, for the reason that they believed they had no interest in the house.

21 There cannot be a fraudulent transfer when the transfer was genuine and in good
22 faith. The issue is not whether a reasonable man believes the Liparis made a good decision
23 when they put the house in trust. The issue is whether it was a "sham" transaction, and the
24 evidence is overwhelming that the Liparis understood they were putting the Cottonwood
25 property in an irrevocable trust and that they no longer had any beneficial interest in it, other
26 than the option to reside in it with the Ponderosa trustee's consent.

1 During their depositions the government suggested to each of the Liparis that the
2 proceeds from a sale of the house should be used for their benefit. However, neither of them
3 expects any benefit from a sale, although they would have liked to have their tax obligations
4 reduced. Once again, the evidence clearly shows that the Liparis believed the transfer into
5 trust was irrevocable and was a legitimate transaction.

6 The government has repeatedly argued that the Liparis' advisors, such as Mr.
7 Chisum, his wife Donna Chisum and Mr. Wilde, may have given them bad advice and
8 perhaps they did not have the Liparis' best interests at heart. Certainly, much of the advice
9 the Liparis received, such as how to prepare and file their tax returns and the suggestion that
10 the house be put in trust, did not work out for them. In fact, the Liparis now regret their
11 association with Mr. Chisum - Mrs. Lipari testified that she now believes Mr. Chisum's
12 intention had been to take away her home. However, following bad advice, without an intent
13 to defraud, is not fraud.

14 To some extent the government may be arguing guilt by association, suggesting
15 that if the Liparis were acquainted with tax evaders, then they must have intended to defraud
16 the IRS. However, it is self-evident that the Liparis' intent cannot be measured by the
17 conduct or beliefs of third parties. It is equally clear that the government's characterizations
18 of third parties, and the derogatory comments about them, are based largely on conjecture and
19 are not proof. Even comments from judges in other litigation (in which these defendants were
20 not parties) are not proper evidence in this litigation.

21 The government has suggested that the Liparis may have claims against those that
22 have advised them and perhaps a claim for ownership of the house against Exeter. Those
23 possibilities need not be addressed, because the government is not seeking relief on any
24 grounds except the issue of whether the Liparis' transfer of the Cottonwood property to the
25 Ponderosa Trust was fraudulent. The question of whether the Liparis have claims against
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1 third parties is beyond the scope of this litigation. However, it is likely that any such claims,
2 if they ever existed, are now lost through waiver or laches.

3 A.R.S. § 44-1004(A)(1) requires “actual intent” to defraud. The evidence shows
4 that the IRS was not even a factor in the decision to transfer the Cottonwood property into
5 trust. The Liparis were following the advice of their financial advisor with the intention of
6 promoting their estate plan. Liparis did not intend to defraud the IRS.

7 A.R.S. § 44-1004(B) identifies the primary factors, or badges, of fraud. None of
8 them are applicable:

9 The transfer was to a trustee, not to an insider.

10 The Liparis did not retain control of the house. They did retain possession, but it was
11 discretionary with the trustee, and the eviction proved that the trustee’s discretion was
controlling.

12 The transfer was recorded and was not concealed.

13 The Liparis had not been sued or threatened prior to the transfer. In fact, there is no
14 evidence that the Liparis owed any back taxes when they made the transfer.

15 The transfer was significant, but their ongoing businesses had much more value.

16 The Liparis did not abscond.

17 The Liparis concealed nothing.

18 The value of the transfer included the free rent the Liparis enjoyed for 15 years plus
19 the subjective value of their estate plan. The fact that their estate plan might not
succeed was not known when they made the transfer.

20 The Liparis were not insolvent at the time of the transfer, nor were they rendered
insolvent by the transfer.

21 The transfer did not occur before or after a substantial debt was incurred.

22 The transfer did not involve a lienor.

23 Accordingly, the transfer was not fraudulent under A.R.S. § 44-1004(A)(1). See also Dr.
24 Lipari’s discussion of these factors in his Affidavit, Exhibit 10 to Exeter’s Statement of Facts.

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1 It should be noted that the government is not alleging that the transfer of the
2 Cottonwood property caused the Liparis to become insolvent or that they would no longer
3 have a significant income. Thus, A.R.S. § 44-1004(A)(2)(a) is not relevant.

4 The only remaining argument available to the government is under A.R.S. § 44-
5 1004(A)(2)(b), which the government has referred to as constructive fraud. However, in
6 Arizona the statute requires that: a transfer be made without receiving reasonably equivalent
7 value and the debtor “[i]ntended to incur, or believed or reasonably should have believed that
8 he would incur, debts beyond his ability to pay as they became due.” The government’s claim
9 fails on two accounts:

10 1. The Liparis did receive equivalent value because they enjoyed free rent for 15
11 years. Also, they were able to create an estate plan, which itself had subjective value. Of
12 course, in 1992 they did not know that the estate plan might fail.

13 2. The Liparis’ tax returns for 1994, and thereafter, show that they earned more than
14 sufficient funds to pay their debts as they came due, including their income taxes. Because
15 they had the “ability” to pay their taxes, subsection (A)(2)(b) does not apply.

16 The government’s claim for fraudulent transfer is founded on A.R.S. § 44-1004.
17 Because it cannot be proven that the Liparis had the requisite intent, the government’s Motion
18 for Summary Judgment must be denied and the Cross-Motion for Summary Judgment by
19 Defendant Exeter must be granted.

20 The government has also alleged that Exeter is the nominee or alter ego of the Liparis.
21 The government acknowledges that its argument is “muddied” by the eviction. It is
22 respectfully submitted that the eviction proves that Exeter was not holding the property for the
23 benefit of the Liparis. It has now been four years since the eviction occurred and the Liparis
24 have not received anything from Exeter and the Liparis have had to find replacement housing.
25 In addition, the Liparis have made no claims against Exeter. There is no reasonable basis for
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1 arguing alter ego - the Liparis could not have been evicted had they not deeded away their
2 interest in 1992.

3 To employ a “reverse piercing” theory, as the government seeks to do here, “[t]he
4 factors relevant to a finding of alter ego include, but are not limited to: 1. Whether the
5 individual is in a position of control or authority over the entity. . . .” *Towe Antique Ford*
6 *Foundation v. I.R.S.*, 999 F.2d 1387, 1391 (9th Cir. 1993). However, there is no evidence the
7 Liparis controlled either the Ponderosa Trust or Exeter - the evidence is that they had no
8 control. Therefore, the alter ego theory must fail.

9 The government has supported its position by the claim that a continuing interest in the
10 house is shown by the Liparis having been allowed to use the house and their tax deductions.
11 However, it has already been demonstrated that the trustee of the Ponderosa Trust (and later
12 the manager of Exeter) had the sole discretion to allow the Liparis to use the house, and then
13 only if the Liparis maintained it and protected it. The force of that clause (see Section H in
14 the Ponderosa trust agreement) was proven by the eviction.

15 Regarding the tax deductions, it is submitted that tax returns filed 15 years after the
16 fact are scant evidence of the Liparis’ intent when the transfer was made. That in 2007 the
17 Liparis might have been desperate to reduce their tax obligations shows nothing about their
18 intent when they signed the deed. The deductions for business expenses seem logical, and in
19 her deposition Mrs. Lipari clearly believed her right to claim them. As to the depreciation of
20 the house, the inconsistency (claiming the deduction in only four out of fourteen years) shows
21 that the decision to take depreciation was based on either a misunderstanding of tax law, or
22 possibly an intention to reduce taxes by taking an unjustified deduction. The tax returns filed
23 in 2007 have nothing to do with proving an interest in the property. In addition, there is no
24 evidence that the Liparis claimed any improper deductions in their timely filed 1993 return.

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1 **Conclusion.**

2 It is submitted that for purposes of establishing intent one must look to the conduct of
3 the Liparis in the time-frame of the transfer - May 14, 1992. The evidence shows:

4 1. The Liparis relinquished all interest and control in the Cottonwood property,
5 notwithstanding that the trustee, in her sole discretion, permitted them to continue to live
6 there.

7 2. The Liparis intended that the property pass to their chosen charity and not to Dr.
8 Lipari's daughter.

9 3. Rather than defy the IRS, the Liparis filed their 1993 income taxes.

10 The government's claim is based entirely on conduct that occurred years after the deed
11 to the Ponderosa Trust was signed. All available evidence indicates that when they
12 transferred the Cottonwood property the Liparis had no intent to defraud the IRS.

13 The government also presented a nominee/alter ego argument. Because the transfer of
14 the Cottonwood property was not fraudulent, the nominee argument is not relevant. However,
15 the nominee theory would fail because the Liparis had no control over the owner of the
16 Cottonwood property.

17 The government has also discussed possible legal consequences of the actions of Mr.
18 Chisum and Mr. O'Neil. However, their conduct is not relevant to a determination of whether
19 the Liparis committed fraud. Therefore, those comments need not be addressed.

20 For the foregoing reasons, it is requested that the Cross-Motion for Summary
21 Judgment by the Defendant Exeter Trinity Properties, LLC, be granted and that the
22 government's Motion for Summary Judgment be denied.

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1 Dated: December 29, 2011.

2 RESPECTFULLY SUBMITTED,

3 /s/ John Friedeman

4 John Friedeman
5 5103 E. Thomas Road
6 Phoenix, AZ 85018
7 Attorney for Exeter Trinity Properties, LLC

8 CERTIFICATE OF SERVICE

9 I HEREBY CERTIFY that on this December 30, 2011, I electronically filed the
10 foregoing with the Clerk of Court and served the following attorney of record using the
11 CM/ECF system:

12 Charles M. Duffy
13 P.O. Box 683
14 Ben Franklin Station
15 Washington, D.C. 20044-0683

16 I further certify that on the same day I mailed by U.S. Postal Service the foregoing to
17 the following party who is not represented by counsel.

18 Joseph Lipari
19 156 Johnson Hill Drive
20 Waynesville, NC 28786
21 Defendant, pro per

22 /s/ John Friedeman

23 _____
24 John Friedeman
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U.S. v. Lipari and Exeter Trinity Properties
No. 3:10-CV-08142 JWS

EXHIBIT "A"
to Cross-Motion for Summary Judgment by Exeter

Portion of Deposition of Eileen Lipari

Page 52

10 Q So basically you transferred the Cottonwood
11 residence, and the mortgage, a lot of it was
12 already paid down by now. You probably had
13 equity of like 90,000, hundred thousand
14 dollars in the house, something like that, and
15 you didn't get anything in return?

16 A I got the ten dollars and the certificates
17 that showed that it was put into a trust,
18 because it was going to go to charity. So I
19 assumed that those certificates were the thing
20 that the charity would use to get the
21 ownership. I don't really know.

22 Q What about the equity, the 90,000 or how much
23 equity you had in the house at this time; and
24 I'm talking about Exhibit 13? At the time,
25 the date of this warranty deed, didn't you

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1 have any qualms about – you know, did you
2 have any qualms about giving away \$90,000 of
3 equity?

4 A I didn't think about it. I thought we were
5 giving it to charity. I thought that after
6 our death, this would create a scholarship
7 fund, and I was okay with that because we
8 weren't giving it to anyone else.

9 Q So Jimmy Chisum said he was going to give it
10 to charity?

11 A Yes, he promised us he would.

12 Q Which charity?

13 A Originally it was supposed to be a scholarship
14 fund for people who studied chiropractic at
15 Logan College of Chiropractic in Missouri.
16 That's where my husband graduated from
17 college, from chiropractic college, was Logan.
18 And he wanted to create a scholarship fund for
19 students that would study the Palmer technique
20 of chiropractic. And Mr. Chisum said if we
21 created a letter of wishes, that upon our
22 death that he would see to it that that
23 scholarship fund was created and run.

24 Q And did you believe him?

25 A Yes. I did.

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Page 54

1 Q Did you and your husband talk about it?
2 A Yes, we did.
3 Q What was the content of your conversations
4 with your husband?
5 A Well, we just talked about the fact that we
6 were going to do this. And we were in
7 agreement as to what was going to happen to
8 the property after our death. So we sat there
9 and said well, what kind of charity can we
10 give it to. So we started looking at
11 alternatives and possibilities, and that's
12 when we came up with – that was the
13 discussion over what it was finally going to
14 be.