

1 THOMAS C. HORNE
2 Attorney General
3 Firm Bar No. 14000

4 ROBERT P. VENTRELLA / 006992
5 Assistant Attorney General
6 1275 West Washington Street
7 Phoenix, Arizona 85007-2926
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Attorney for Arizona Department of Revenue
BCE06-3404

10 IN THE UNITED STATES DISTRICT COURT FOR THE
11 DISTRICT OF ARIZONA (PHOENIX DIVISION)

12
13 United States of America,

14 Plaintiff,

15 v.

16 JAMES LESLIE READING; CLARE L.
17 READING; FOX GROUP TRUST;
18 MIDFIRST BANK; CHASE; FINANCIAL
19 LEGAL SERVICES; and STATE OF
ARIZONA,

20 Defendants.

Civil No. 2:11-cv-00698-FJM

ANSWER TO COMPLAINT

21
22 The State of Arizona ex rel. the Arizona Department of Revenue ("Defendant"),
23 by and through its undersigned counsel, hereby files its Answer to the Complaint filed
24 April 8, 2011 by United States of America.
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CAUSE OF ACTION

1. The Defendant admits the allegations contained in paragraphs 1-2 of Plaintiff's Complaint.

JURISDICTION AND VENUE

2. The Defendant admits the allegations contained in paragraphs 3-4 of Plaintiff's Complaint.

IDENTIFICATION OF THE DEFENDANTS

3. As to paragraphs 5-10 of Plaintiff's Complaint, the Defendant has insufficient knowledge to admit or deny the allegations at this time.

4. The Defendant admits the allegations contained in paragraph 11 of Plaintiff's Complaint. On May 25, 2000, the Defendant recorded with the County Recorder of Maricopa County, Arizona, a Notice of State Tax Lien with respect to an assessment against Defendant James L. Reading for tax years 1992, 1993, 1994, and 1995 (Attached hereto as Exhibit 1). On September 3, 2008, the Defendant recorded with the County Recorder of Maricopa County, Arizona, a Judgment with respect to an assessment against Defendants Clare L. Reading and James L. Reading for tax years 1994 and 1995 (Attached hereto as Exhibit 2).

Defendant's May 25, 2000 lien is senior to any after recorded Plaintiff liens (subject to any senior Plaintiff liens against the community property interest of Clare L. Reading) and junior to any Plaintiff liens recorded prior to May 25, 2000. Defendant's September 3, 2008 lien is senior to any after recorded Plaintiff's liens but junior to any liens recorded prior to September 3, 2008. Plaintiff's unsatisfied liens and the recorded judgment are for the same tax years and totals.

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As of June 13, 2011, the total amount of the Defendant's claim is computed as follows:

Lien No.	Tax	Penalty	Interest	Total
0001662	\$6,445.38	\$1,611.34	\$11,615.65	\$19,672.37

IDENTIFICATION OF THE PROPERTY IN QUESTION

5. The Defendant admits the allegations contained in paragraph 12 of Plaintiff's Complaint.

ALLEGATIONS ABOUT THE PURCHASE, AND PURPORTED TRANSFER, OF THE PROPERTY

6. As to paragraphs 13-14 of the Complaint, Defendant admits that there are transactions recorded with the Maricopa County Recorder reflecting the transactions alleged.

TAX AND RELATED ASSESSMENTS MADE AGAINST JAMES L. READING FOR HIS 1993-1995 AND 2008 INCOME TAX YEARS

7. As to paragraphs 15-18 of Plaintiff's Complaint, the Defendant has insufficient knowledge to admit or deny the allegations at this time.

TAX AND RELATED ASSESSMENTS MADE AGAINST CLARE READING FOR HER 1994 AND 1995 INCOME TAX YEARS

8. As to paragraphs 19-22 of Plaintiff's Complaint, the Defendant has insufficient knowledge to admit or deny the allegations at this time.

1 **TAX AND RELATED ASSESSMENTS MADE AGAINST JAMES L READING**
2 **AND CLARE READING FOR THEIR 2000 INCOME TAX YEAR**

3 9. As to paragraphs 23-26 of Plaintiff's Complaint, the Defendant has
4 insufficient knowledge to admit or deny the allegations at this time.

5 **PENALTY ASSESSMENTS MADE AGAINST JAMES L READING FOR HIS**
6 **1997-2000, 2002-2006 AND 2008 TAX YEARS**

7 10. As to paragraphs 27-30 of Plaintiff's Complaint, the Defendant has
8 insufficient knowledge to admit or deny the allegations at this time.

9 **PENALTY ASSESSMENTS MADE AGAINST CLARE READING FOR HER**
10 **1997-2006 AND 2008 TAX YEARS**

11 11. As to paragraphs 31-34 of Plaintiff's Complaint, the Defendant has
12 insufficient knowledge to admit or deny the allegations at this time.

13 **FIRST CLAIM FOR RELIEF**

14 12. As to paragraph 35 of Plaintiff's Complaint, the Defendant incorporates
15 all prior answers.

16 13. As to paragraph 36 of Plaintiff's Complaint, the Defendant has
17 insufficient knowledge to admit or deny the allegations at this time.

18 **SECOND CLAIM FOR RELIEF**

19 14. As to paragraph 37 of Plaintiff's Complaint, the Defendant incorporates
20 all prior answers.

21 15. As to paragraph 38 of Plaintiff's Complaint, the Defendant has
22 insufficient knowledge to admit or deny the allegations at this time.

23 **THIRD CLAIM FOR RELIEF**

24 16. As to paragraph 39 of Plaintiff's Complaint, the Defendant incorporates
25 all prior answers.

26 17. As to paragraph 40 of Plaintiff's Complaint, the Defendant has
insufficient knowledge to admit or deny the allegations at this time.

FOURTH CLAIM FOR RELIEF

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2 18. As to paragraph 41 of Plaintiff's Complaint, the Defendant incorporates
3 all prior answers.

4 19. As to paragraph 42 of Plaintiff's Complaint, the Defendant has
5 insufficient knowledge to admit or deny the allegations at this time.

FIFTH CLAIM FOR RELIEF

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7 20. As to paragraph 43 of Plaintiff's Complaint, the Defendant incorporates
8 all prior answers.

9 21. As to paragraphs 44 of Plaintiff's Complaint, the Defendant has
10 insufficient knowledge to admit or deny the allegations at this time.

SIXTH CLAIM FOR RELIEF

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12 22. As to paragraph 45 of Plaintiff's Complaint, the Defendant incorporates
13 all prior answers.

14 23. As to paragraphs 46-49 of Plaintiff's Complaint, the Defendant has
15 insufficient knowledge to admit or deny the allegations at this time.

16 24. Defendant again affirmatively alleges that Defendant's liens are subject
17 to priorities as described in paragraph 4 above.

SEVENTH CLAIM FOR RELIEF

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19 25. As to paragraph 50 of Plaintiff's Complaint, the Defendant incorporates
20 all prior answers.

21 26. As to paragraphs 51-52 of Plaintiff's Complaint, the Defendant has
22 insufficient knowledge to admit or deny the allegations at this time.

SEVENTH CLAIM FOR RELIEF

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24 27. As to paragraph 53 of Plaintiff's Complaint, the Defendant incorporates
25 all prior answers.

26 28. As to paragraphs 54-66 of Plaintiff's Complaint, the Defendant has

1 insufficient knowledge to admit or deny the allegations at this time.

2 **AFFIRMATIVE DEFENSES**

3 29. Defendant's liens have priority as described in paragraph 4 above.

4 30. Defendant reserves the right to set forth additional affirmative defenses
5 that appear in Rules 12(b) and 8(c) of the Federal Rules of Civil Procedure that
6 conform to evidence revealed by disclosure and discovery.

7 WHEREFORE, the Defendant requests that this Court:

8 A. Determine that Defendant has valid liens against co-Defendants, James
9 Leslie Reading and Clare L. Reading.

10 B. That the Defendant's liens are senior to certain of the Plaintiff's liens as
11 described in paragraph 4 above.

12 C. That the Defendant be awarded its costs and other such relief as is just
13 and proper.

14 D. Grant such further relief as the Court may deem proper.

15
16 Respectfully submitted this 15th day of June, 2011.

17 THOMAS C. HORNE
18 Attorney General

19
20 /s/ Robert P. Ventrella
21 ROBERT P. VENTRELLA
22 Assistant Attorney General
23
24
25
26

1 Copy of the foregoing hand-delivered
2 this 15th day of June, 2011, to:

3 Frederick J. Martone
4 401 E. Washington Street
5 Suite 130, SPC 1
6 Phoenix, AZ 85003-2118
7 Presiding Judge

8 Copy of the foregoing mailed
9 this 15th day of June, 2011, to:

10 Tommy K Cryer
11 Cryer Law
12 7330 Fern Ave., Ste. 1102
13 Shreveport, LA 71105
14 Attorney for Co-Defendants

15 Mr. Charles Duffy
16 US Dept of Justice
17 Tax Division
18 P.O. Box 683
19 Ben Franklin Station
20 Washington, DC 20044 0683
21 Attorney for Plaintiff

22 _____
23 /s/ Linda Lutz

24 #1967088:RV
25
26

EXHIBIT 1



ARIZONA DEPARTMENT OF REVENUE
P.O. BOX 29070 PHOENIX AZ 85038

Unofficial Document

00

READING
2425 E FOX
MESA

JAMES L
AZ 85213

ID NUMBER [REDACTED]

NOTICE OF TAX LIEN

For additional information call: PHOENIX: (602) 542-5551 TUCSON: (520) 628-6442

Pursuant to the Arizona Revised Statutes Section 42-1152, Notice is hereby given that the above named taxpayer owes the Arizona Department of Revenue such unpaid amounts as are herein set forth and that pursuant to Section 42-1151 the Department has a lien against all the property or rights to property belonging to the taxpayer for such unpaid amount, plus accruing interest. Said lien shall continue in force until released by the Department.

Place of filing: MARICOPA

Lien Number: 0001662

KIND OF TAX	TAX PERIOD	UNPAID BALANCE	PENALTY	INTEREST TO:	TOTAL
INCOME	01/92-12/92	3,062.16	1,837.30	06/30/2000 2,391.98	7,291.44
	01/93-12/93	3,174.34	1,904.61	2,110.40	7,189.35
	01/94-12/94	7,638.30	4,582.99	4,098.03	16,319.32
	01/95-12/95	5,096.30	3,057.79	2,074.77	10,228.86
TOTAL AMOUNT DUE					41,028.97

PAGE 1 OF 1

DATED AT PHOENIX, ARIZONA THIS 25 DAY OF MAY 2000

Signature

Title: Administrator

EXHIBIT 2

RETURN TO
HELP

Unofficial
Document

When recorded mail to:

TERRY GODDARD
Arizona Attorney General
Civil Division
Tax, Bankruptcy & Collection
Section
1275 W. Washington
Phoenix, AZ 85007-2926
ATTN: RLaTondress/TBC

DOCUMENT COVER SHEET

CAPTION HEADING: Judgment

DO NOT REMOVE

This is part of the official document.

BCE06-3404

289685.rl: Recorder Cover Sheet

20080786454

FILED

9-3-2008 4:40 PM
MICHAEL K. JEANES, Clerk

By *S. Brown*
S. Brown, Deputy

1 TERRY GODDARD
 Attorney General
 2 Firm Bar No. 14000
 3
 4 MARC A. D'AMORE / 019728
 DAVID J. DIR / 003606
 5 MIRAL A. SIGURANI / 022697
 STEPHEN D. BALL / 021663
 6 Assistant Attorneys General
 1275 West Washington Street
 7 Phoenix, AZ 85007-2926
 Telephone 602-542-1719
 8 Email: DebtCollection@azag.gov
 9 Attorneys for Plaintiff

IN THE SUPERIOR COURT OF THE STATE OF ARIZONA

IN THE ARIZONA TAX COURT

13 STATE OF ARIZONA, *ex rel.*, ARIZONA
 DEPARTMENT OF REVENUE, Unofficial Document No. TX2007-000479

Plaintiff,

vs

JUDGMENT

16 CLARE L. READING and JAMES L.
 17 READING, individually and as husband and
 wife,

Defendants.

20 This matter having come before this Court pursuant to Plaintiff's Motion for
 21 Summary Judgment, the response and reply thereto and argument thereon, if any, and
 22 good cause appearing;

23 IT IS HEREBY ORDERED granting Plaintiff's Motion for Summary Judgment
 24 against Clare L. Reading and James L. Reading, and each of them, as follows:
 25

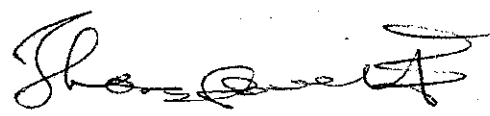
1. For taxes in the amount of \$6,445.38;

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- 2. For penalties in the amount of \$1,611.34;
- 3. For interest through June 30, 2008 in the amount of \$9,531.26 pursuant to A.R.S. § 42-1123;
- 4. For interest from July 1, 2008, pursuant to A.R.S. § 42-1123 until paid in full; and,
- 5. For after accruing costs.

DONE IN OPEN COURT: September 2, 2008



 JUDGE OF THE SUPERIOR COURT

BCE06-3404
236133:DC

Unofficial Document

The foregoing instrument is a full, true and correct copy of the original on file in this office.

Attest September 3 2008
MICHAEL K. JEANES, Clerk of the Superior Court of the State of Arizona, in and for the County of Maricopa.

By Sheryl Brown Deputy

20080786454

<p>When Recorded Return To:</p> <p>TERRY GODDARD Attorney General Civil Division/ Tax, Bankruptcy & Collection Section 1275 West Washington Phoenix, Arizona 85007- 2926 ATTN: RLaTondress/TBC</p>	<p>Maricopa County Recorder 111 S. Third Avenue Phoenix, AZ 85003</p>
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JUDGMENT DEBTOR INFORMATION

Judgment Debtor(s) last known address:
Clare L. Reading
2425 E. Fox St.
Mesa, AZ 85213-5320 Unofficial Document

Judgment Debtor(s) address of receipt of summons:
N/A

Judgment Debtor(s) date of birth:	N/A
Judgment Debtor(s) Drivers License No.	N/A
Judgment Debtor(s) SS#:	N/A
Judgment Balance:	\$17,587.98

Creditor Address:
Terry Goddard Attorney General Marc A. D'Amore 019728 Assistant Attorney General 1275 West Washington Phoenix, Arizona 85007-1298 (602) 542-1719

County Recorder
Information Statement
Pursuant to A.R.S. §33-967(A)