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5
6 **IN THE UNITED STATES DISTRICT COURT**
7 **DISTRICT OF ARIZONA**

8 UNITED STATES OF AMERICA,
9
10 Plaintiff,

11 v.

12 JAMES LESLIE READING, CLARE L.
13 READING, FOX GROUP TRUST,
14 MIDFIRST BANK, CHASE, FINANCIAL
LEGAL SERVICES, STATE OF
ARIZONA,
Defendants,

Case No.: CV-11-698-PHX-FJM

(Assigned to the Hon. Frederick J. Martone)

**DEFENDANT MIDFIRST BANK'S
ANSWER TO COMPLAINT**

15 Defendant, MidFirst Bank ("MidFirst"), by and through its counsel undersigned,
16 for its Answer to the Plaintiff's Complaint, hereby admits, denies and alleges as follows:

17 1. MidFirst denies each and every allegation of the Complaint not
18 specifically admitted herein.

19 2. Answering paragraph 1, upon information and belief, MidFirst admits the
20 allegations contained therein.

21 3. Answering paragraph 2, MidFirst is without sufficient information or
22 knowledge with which to form a belief as to the truth of the allegations contained therein
23 and therefore denies the same.

1 4. Answering paragraphs 3 and 4, upon information and belief, MidFirst
2 admits the allegations contained therein.

3 **IDENTIFICATION OF THE DEFENDANTS**

4 5. Answering paragraphs 5, 6 and 7, MidFirst is without sufficient
5 information or knowledge with which to form a belief as to the truth of the allegations
6 contained therein and therefore denies the same.

7 6. Answering paragraph 8, MidFirst admits the allegations contained therein
8 and affirmatively alleges that it claims an interest in the subject real property by reason
9 of its interest in a Deed of Trust dated March 4, 1993 and recorded on March 30, 1993 at
10 Recorder’s No. 93-185029, which secures a Promissory Note in the original principal
11 sum of \$68,092.00.

12 7. Answering paragraphs 9, 10 and 11, MidFirst is without sufficient
13 information or knowledge with which to form a belief as to the truth of the allegations
14 contained therein and therefore denies the same.

15 **IDENTIFICATION OF THE PROPERTY IN QUESTION**

16 8. Answering paragraph 12, upon information and belief, MidFirst admits
17 the allegations therein.

18 **ALLEGATIONS ABOUT THE PURCHASE, AND**
19 **PURPORTED TRANSFER OF THE PROPERTY**

20 9. Answering paragraphs 13 and 14, MidFirst is without sufficient
21 information or knowledge with which to form a belief as to the truth of the allegations
22 contained therein and therefore denies the same.

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

10. Answering paragraphs 15, 16, 17 and 18, MidFirst is without sufficient information or knowledge with which to form a belief as to the truth of the allegations contained therein and therefore denies the same.

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

11. Answering paragraphs 19, 20, 21 and 22, MidFirst is without sufficient information or knowledge with which to form a belief as to the truth of the allegations contained therein and therefore denies the same.

TAX AND RELATED ASSESSMENTS MADE AGAINST JAMES L. READING AND CLARE READING FOR THEIR 2000 INCOME TAX YEAR

12. Answering paragraphs 23, 24, 25 and 26, MidFirst is without sufficient information or knowledge with which to form a belief as to the truth of the allegations contained therein and therefore denies the same.

PENALTY ASSESSMENTS MADE AGAINST JAMES L. READING FOR HIS 1997-2000, 2002-2006 AND 2008 INCOME TAX YEARS

13. Answering paragraphs 27, 28, 29 and 30, MidFirst is without sufficient information or knowledge with which to form a belief as to the truth of the allegations contained therein and therefore denies the same.

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

14. Answering paragraphs 31, 32, 33 and 34, MidFirst is without sufficient information or knowledge with which to form a belief as to the truth of the allegations contained therein and therefore denies the same.

**FIRST CLAIM FOR RELIEF: REDUCE TAX AND RELATED
ASSESSMENTS MADE AGAINST JAMES L. READING FOR
HIS 1993-1995 AND 2008 INCOME TAX YEARS TO JUDGMENT**

15. Answering paragraph 35, MidFirst incorporates and realleges the allegations of paragraphs 1-14 above, as if fully set forth herein

16. Answering paragraph 36, MidFirst is without sufficient information or knowledge with which to form a belief as to the truth of the allegations contained therein and therefore denies the same.

17. Plaintiff's First Claim for Relief does not seek any affirmative relief against MidFirst and MidFirst prays that no relief be awarded to Plaintiff against MidFirst Bank on its First Claim for Relief.

**SECOND CLAIM FOR RELIEF: REDUCE TAX AND RELATED
ASSESSMENTS MADE AGAINST CLARE READING FOR
HER 1994 AND 1995 INCOME TAX YEAR TO JUDGMENT**

18. Answering paragraph 37, MidFirst incorporates and realleges the allegations of paragraphs 1-17 above, as if fully set forth herein

19. Answering paragraph 38, MidFirst is without sufficient information or knowledge with which to form a belief as to the truth of the allegations contained therein and therefore denies the same.

1 20. Plaintiff's Second Claim for Relief does not seek any affirmative relief
2 against MidFirst and MidFirst prays that no relief be awarded to Plaintiff against
3 MidFirst on its Second Claim for Relief.

4 **THIRD CLAIM FOR RELIEF: REDUCE TAX AND RELATED**
5 **ASSESSMENTS MADE AGAINST JAMES L. READING AND CLARE**
6 **READING FOR THEIR 2000 INCOME TAX YEAR TO JUDGMENT**

7 21. Answering paragraph 39, MidFirst incorporates and realleges the
8 allegations of paragraphs 1-20 above, as if fully set forth herein

9 22. Answering paragraph 40, MidFirst is without sufficient information or
10 knowledge with which to form a belief as to the truth of the allegations contained therein
11 and therefore denies the same.

12 23. Plaintiff's Third Claim for Relief does not seek any affirmative relief
13 against MidFirst and MidFirst prays that no relief be awarded to Plaintiff against
14 MidFirst on its Third Claim for Relief.

15 **FOURTH CLAIM FOR RELIEF: REDUCE PENALTY**
16 **ASSESSMENTS MADE AGAINST JAMES L. READING FOR**
17 **HIS 1997-2000, 2002-2006 AND 2008 INCOME TAX**
18 **YEARS TO JUDGMENT**

19 24. Answering paragraph 41, MidFirst incorporates and realleges the
20 allegations of paragraphs 1-23 above, as if fully set forth herein

21 25. Answering paragraph 42, MidFirst is without sufficient information or
22 knowledge with which to form a belief as to the truth of the allegations contained therein
23 and therefore denies the same.

1 26. Plaintiff's Fourth Claim for Relief does not seek any affirmative relief
2 against MidFirst and MidFirst prays that no relief be awarded to Plaintiff against
3 MidFirst on its Fourth Claim for Relief.

4 **FIFTH CLAIM FOR RELIEF: REDUCE PENALTY**
5 **ASSESSMENTS MADE AGAINST CLARE READING FOR**
6 **HER 1997-2006 AND 2008 INCOME TAX YEARS TO JUDGMENT**

7 27. Answering paragraph 43, MidFirst incorporates and realleges the
8 allegations of paragraphs 1-26 above, as if fully set forth herein

9 28. Answering paragraph 44, MidFirst is without sufficient information or
10 knowledge with which to form a belief as to the truth of the allegations contained therein
11 and therefore denies the same.

12 29. Plaintiff's Fifth Claim for Relief does not seek any affirmative relief
13 against MidFirst and MidFirst prays that no relief be awarded to Plaintiff against
14 MidFirst on its Fifth Claim for Relief.

15 **SIXTH CLAIM FOR RELIEF: FOX GROUP TRUST IS A**
16 **NOMINEE/ALTER EGO OF JAMES L. AND CLARE READING**

17 30. Answering paragraph 45, MidFirst incorporates and realleges the
18 allegations of paragraphs 1-29 above, as if fully set forth herein

19 31. Answering paragraphs 46, 47, 48 and 49, MidFirst is without sufficient
20 information or knowledge with which to form a belief as to the truth of the allegations
21 contained therein and therefore denies the same.

22 32. Plaintiff's Sixth Claim for Relief does not seek any affirmative relief
23 against MidFirst and MidFirst prays that no relief be awarded to Plaintiff against
24 MidFirst on its Sixth Claim for Relief.

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**SEVENTH CLAIM FOR RELIEF: TO SET
ASIDE A FRAUDULENT CONVEYANCE**

33. Answering paragraph 50, MidFirst incorporates and realleges the allegations of paragraphs 1-32 above, as if fully set forth herein

34. Answering paragraphs 51 and 52, MidFirst is without sufficient information or knowledge with which to form a belief as to the truth of the allegations contained therein and therefore denies the same.

35. Plaintiff's Seventh Claim for Relief does not seek any affirmative relief against MidFirst and MidFirst prays that no relief be awarded to Plaintiff against MidFirst on its Seventh Claim for Relief.

**EIGHTH CLAIM FOR RELIEF: TO FORECLOSE
FEDERAL TAX LIENS AGAINST THE PROPERTY**

36. Answering paragraph 53, MidFirst incorporates and realleges the allegations of paragraphs 1-35 above, as if fully set forth herein

37. Answering paragraph 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65 and 66, MidFirst is without sufficient information or knowledge with which to form a belief as to the truth of the allegations contained therein and therefore denies the same.

38. As and for its affirmative defenses, MidFirst alleges that it holds a security interest in the subject real property by reason of its interest in a Deed of Trust dated March 4, 1993 and recorded on March 30, 1993 at Recorder's No. 93-185029, which is superior to any interest of the Plaintiff herein.

WHEREFORE, MidFirst Bank prays that the Court determine that MidFirst Bank's interest in the Deed of Trust dated March 4, 1993 and recorded on March 30, 1993 at Recorder's No. 93-185029 has priority over all other liens and encumbrances of

1 the Plaintiff and Defendants herein, including any Judgment in favor of the Plaintiff, and
2 that if the Court orders that the subject property be sold that any amounts due and owing
3 to MidFirst be declared senior to and with priority to any other interest of the Plaintiff
4 and Defendants herein, and that before any payments are made to any of the other
5 parties in this matter, that MidFirst Bank be made whole for all of the amounts it is
6 owed, including, but not limited to, all principal, accrued and ongoing interest, escrow,
7 advances, late fees and all other sums secured by the Deed of Trust, and its damages,
8 including its costs and attorneys' fees.

9 DATED this 26th date of July, 2011.

10 **McCARTHY ♦ HOLTHUS ♦ LEVINE**

11
12 By: /s/ Paul M. Levine
13 Paul M. Levine
14 8502 E. Via de Ventura, Suite 200
15 Scottsdale, Arizona 85258
16 *Attorneys for Defendant MidFirst Bank*

15 **ORIGINAL** of the foregoing
16 electronically filed this 26th day
17 of July, 2011 with the Clerk of
18 the United States District Court
19 District of Arizona

18 By: /s/ Shawna R. Leland
19 Shawna R. Leland