

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

3 ROBERT P. VENTRELLA / 006992
4 Assistant Attorney General
5 1275 West Washington Street
6 Phoenix, Arizona 85007-2926
7 Telephone: (602) 542-1719
8 Fax: (602) 542-4273
9 E-Mail: DebtCollection@azag.gov
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
15 Plaintiff,

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

Defendants.

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

DEFENDANT STATE OF ARIZONA
LIST OF WITNESSES AND
DOCUMENTS PURSUANT TO RULE 16
SCHEDULING ORDER AND RULE 26
(a) (3)

21 The State of Arizona ex rel. the Arizona Department of Revenue (“Defendant”),
22 by and through its undersigned counsel, hereby provides the List of Witnesses who
23 may be called at trial and Documents that may be used at trial as directed in the
24 Scheduling Order of filed September 2, 2011 and pursuant to Rule 26 (a) (3) Federal
25 Rules of Civil Procedure:
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WITNESSES

- 1. Nathan Martinez, Administrator –Field Collections
Arizona Department of Revenue
c/o Robert P. Ventrella
Office of the Attorney General
1275 W. Washington, Phoenix, AZ 85007
(602) 542-8374

Mr. Martinez will testify as to the current balance owed and the collection procedures of the department. In the event Mr. Martinez was to become unavailable, another designee of the Department of Revenue would provide such information.

DOCUMENTS

- 1. Assessor information on subject property (see attached printout).
- 2. Quitclaim deed (dated December 18, 2004) signed by W. Austin Reading.
- 3. Arizona DOR Notice of Tax Lien dated January 8, 1997.
- 4. Arizona DOR Notice of Tax Lien dated May 25, 2000.
- 5. Arizona DOR Notice of Tax Lien dated August 30, 2011.
- 6. Clare Reading Power of Attorney Grant to James Reading dated November 4, 2003.
- 7. James Reading Power of Attorney Grant to Clare Reading dated November 4, 2003.
- 8. Clare L. Reading UCC-1 Financing Statement, Security Agreement dated November 9, 2000.
- 9. Filing stated as “Correct Legal Description” signed by Clare and James Reading dated June 19, 2008.

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- 10. Covenant Group International Land Trust document.
- 11. Quit Claim Deed to Fax Group Trust dated June 10, 2005.
- 12. Liens and Judgments previously noticed.
- 13. Any documents provided by any of the parties.
- 14. Notice of Lawful Judicial Location by Affidavit.
- 15. Corrected Statement of Material Facts in Genuine Issue filed May 15, 2008 in TX2007-000479 referring to “the inability to access the equity in our home.”
- 16. BRITS printout(s) from Department of Revenue’s system showing appropriate balances. Updated to be provided for trial.

RESPECTFULLY SUBMITTED this 12th day of March, 2012.

THOMAS C. HORNE
Attorney General

/s/ Robert P. Ventrella
ROBERT P. VENTRELLA
Assistant Attorney General

Copy of the foregoing hand-delivered
this 12th day of March, 2012, to:

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

///

1 Copy of the foregoing mailed
2 this 12th day of March, 2012, to:

3 Mr. Tommy K. Cryer
4 Cryer Law
5 7330 Fern Ave., Ste. 1102
6 Shreveport, LA 71105
7 Attorney for Co-Defendants, James Leslie Reading,
8 Clare L. Reading and Fox Group Trust

9 Mr. Paul Levine
10 McCarthy Holthus Levine
11 8502 E. Via de Ventura, Suite 200
12 Scottsdale, AZ 85258
13 Attorney for Defendant, MidFirst Bank

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

21 _____
22 /s/ Joan McCarthy

23 #2623269:RPV

24
25
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LIST OF EXHIBITS

1. Assessor information on subject property (see attached printout).
2. Quitclaim deed (dated December 18, 2004) signed by W. Austin Reading.
3. Arizona DOR Notice of Tax Lien dated January 8, 1997.
4. Arizona DOR Notice of Tax Lien dated May 25, 2000.
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10. Covenant Group International Land Trust document.
11. Quit Claim Deed to Fax Group Trust dated June 10, 2005.
12. Notice of Lawful Judicial Location by Affidavit.
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EXHIBIT 1



QUICK LINKS ... Home Contacts *Parcel Search: GO

Advanced Search Options

[*Market Overview](#) [*Residential Similar Property Search](#)

No Parcel Number? Use Advanced Search Options.

*(A parcel number is needed to use these Features)

[New Search](#) [Printer Friendly Version](#)

[View GIS Maps](#)

Property Information

Parcel #: 140-07-054 **Subdivision Name:** BROWNMORE ESTATES
MCR #: 13341 **Lot #:** 49
Property Address: 2425 E FOX ST **School Dist:** MESA UNIFIED SCHOOL DISTRICT
 Unknown 85213
Property Description: BROWNMORE ESTATES **Local Jurisdiction:** MESA
Section Township Range: 18 1N 6E **Tax District FAQs**
Associated Parcel:

Owner Information

[View Tax Information](#)

Owner: FOX GROUP TRUST
In Care Of:
Mailing Address: 3638 E SOUTHERN AVE C-105
 MESA AZ 85206 USA
Deed #: 051182405
Deed Date: 8/17/2005

Sales Price: n/a
Sales Month/Year: n/a

Valuation Information

[View Similar Parcels](#)

Tax Year:	2012	2011	2010
Full Cash Value (FCV):	\$105,500	\$115,300	\$134,800
Limited Property Value (LPV):	\$105,500	\$115,300	\$134,800
Notice: The values displayed on this page may not reflect constitutional or statutory adjustments.			
Legal Class:	3	3	3
Assessment Ratio:	10.0%	10.0%	10.0%
Assessed FCV:	\$10,550	\$11,530	\$13,480
Assessed LPV:	\$10,550	\$11,530	\$13,480
Property Use Code:	0131	0131	0131
Tax Area Code:	041000	041000	041000

Additional Component Information (for this parcel)

[Valuation](#) [Characteristics](#) [Commercial Property Overview](#)

New Search Helpful Information:

[recorder](#) [glossary](#) [forms](#)

Disclaimer

The data contained in this database is deemed reliable but not guaranteed. This information should be used for informational use only and does not constitute a legal document for the description of these properties. Every effort has been made to insure the accuracy of this data; however, this material may be slightly dated which would have an impact on its accuracy. The Maricopa County Assessor's Office disclaims any responsibility or liability for any direct or indirect damages resulting from the use of this data.

[Maricopa Home](#) [Legal Information](#) [Privacy/Security Policies](#)

©2008 Maricopa County



EXHIBIT 2

Unofficial Document

When recorded, mail to:

Name: Fox Group Trust

Address: 4448 East Main Street Suite #3, Box 256

City/State/Zip Code:

Mesa, Arizona [85205]

space above this line for Recorder's use

QUITCLAIM DEED

KNOW ALL MEN BY THESE PRESENTS:

That I (we) Corporation-sole of the Regnum Ecclesiasticum: of the Office of the Presiding Regent, of the Covenant Group International, in the Nature of Ecclesia, by the Eleemosynarius, W. Austin Reading, and His Successors, a Corporation Sole hereby release, remise, and forever quitclaim unto Fox Group Trust all right, title and interest (i.e. equity) in that certain Property situated in Maricopa County, State of Arizona, and described as follows:

2425 East Fox Street Mesa, Arizona 85213 AKA

EXEMPT PER ARS 11-1134 B-8

Lot 49, Brownmore Estates According to Book 133 of Maps, Page 41, Recorder of Maricopa County, Arizona

IN WITNESS WHEREOF, I (we) have hereunto set my (our) hand(s) and seal this 18 day of DECEMBER, 2004.

W. Austin Reading, Presiding Regent Printed Name of Releasor

Signature of Releasor

ACKNOWLEDGMENT

State of California)

County of LA)

On this 18 day of DECEMBER, 2004, before me,

SANG JONG KIM Notary Public, the undersigned Notary Public, personally appeared, W. Austin Reading, known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed the foregoing instrument and acknowledged the same to be his free act and deed.

My Commission Expires: 9-1-2005

Notary Public

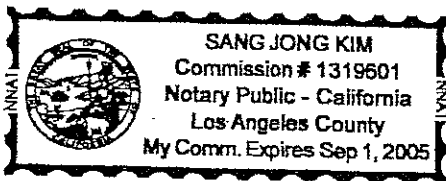


EXHIBIT 3



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

FILED
SECRETARY OF STATE
JAN 8 12 10 PM '97

AB

ID Numbers

READING, JAMES L
2425 E. FOX
MESA AZ 85213

NOTICE OF AMENDED TAX LIEN

For additional information call: PHOENIX: 542-5551 TUCSON: 628-6442

Pursuant to the Arizona Revised Statutes Section 42-1822, 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 42-1821 the Department has a lien against all the property or rights to property belonging to the taxpayer for such unpaid amounts, plus accruing interest. Said lien shall continue in force until released by the Department.

Place of filing: SEC OF STATE

Lien Number: 9618385

KIND OF TAX	TAX PERIOD	UNPAID BALANCE	PENALTY	INTEREST TO:	TOTAL
INCOME	01/88 12/88	135.25	81.15	12/31/1996	346.36
	01/89 12/89	1,742.28	1,045.37	129.96	4,109.87
	01/90 12/90	700.41	420.24	1,322.22	1,590.28
	01/91 12/91	1,243.73	746.23	409.63	2,542.58
					552.62
**AMEND LIEN TO: REMOVE J.L. ADD JAMES L RECORDED WITH SEC OF STATE ON 12/4/96, DKT: 946177					
TOTAL AMOUNT DUE					8,529.09

PAGE 1 OF 1

DATED AT PHOENIX, ARIZONA THIS 3 DAY OF JANUARY 1997

Signature

Title:

COLLECTIONS ADMINISTRATOR

ADDR LR1020 (11/88)

(ADDR 88-1031)

EXHIBIT 4



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

FILED

01118839

MAY 25 P 12:30

SECRETARY OF STATE

READING
2425 E FOX
MESA

JAMES L
AZ 85213

ID Numbers [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: SEC OF STATE

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
PAGE 1 OF 1 TOTAL AMOUNT DUE					41,028.97

DATED AT PHOENIX, ARIZONA THIS 25 DAY OF MAY 2000

Signature *[Handwritten Signature]*

Title: Administrator

ADRR LN1610 (04/00)

(ADRR 66-1003)

EXHIBIT 5



1100027071260
 ARIZONA DEPARTMENT OF REVENUE
 ATTN: Collections Division/Lien Department
 PO BOX 29070
 Phoenix, AZ 85038-9070

MD

SECRETARY OF STATE

2011 AUG 30 AM 2: 25

FILED

201116614748

STATE OF ARIZONA
 Department of Revenue

NOTICE OF STATE TAX LIEN

Pursuant to A.R.S. §42-1152, notice is hereby given that the following named taxpayer owes the Arizona Department of Revenue such unpaid amounts as are herein set forth and that pursuant to A.R.S. §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.

Address:
 2425 E FOX ST
 MESA, AZ 85213

Lien ID: 10086625

Place of Filing: SECRETARY OF STATE

Name(s):
 READING CLARE L

ID Number(s):
 SSN xxx-xx-4550

Tax Type	Date of Assessment	Tax Period End	Liability Number	Tax Balance	Penalty	Interest Thru 08/29/2011	Unpaid Balance of Assessment
IND	12/26/2002	12/31/1994	20041233	\$4,407.93	\$1,101.98	\$8,387.05	\$13,896.96
IND	12/26/2002	12/31/1995	20041232	\$2,037.45	\$509.36	\$3,378.68	\$5,925.49
Total:							\$19,822.45

DATED AT PHOENIX, ARIZONA THIS 29TH DAY OF AUGUST, 2011

Signature: *[Handwritten Signature]*

Title: Administrator

Arizona Department of Revenue
 RCRFR643

Page 1 OF 1

Visit us on the web at <http://www.azdor.gov>

EXHIBIT 6

Unofficial
Document

When recorded mail to:

Name: JAMES READING

Address: 2425 E FOX ST.

MESA AZ 85213

City/State/Zip: _____

this area reserved for county recorder

CAPTION HEADING:

POWER OF ATTORNEY

DO NOT REMOVE

This is part of the official document.

To Whom It May Concern:

I, Clare Louise Reading, hereby grant Power of Attorney on my behalf to: James Leslie Reading. This Power of Attorney is in full effect from this day forward until such time that I issue a notice of termination.

Clare Louise Reading
Clare Louise Reading

Date: Nov 4, 2003

Arizona State, A Republic)
) ss. ACKNOWLEDGMENT
Maricopa county)

I, Ellen K Smith, a Notary Public in and for said county in said state, hereby certify that Clare Louise Reading, whose name is signed to the foregoing conveyance, and who is known to me, Official Document ed by proper identification, acknowledged before me on this day that, being informed of the contents of the conveyance, she executed the same voluntarily on the day the same bears date and also that photocopies of this official acknowledgment are to be deemed as valid as this original without expiration until further notice from Clare Louise Reading.
Given under my hand and seal of office this 4th day of Nov, 2003.

Ellen K Smith
Signature of Notary Public

My Commission Expires:

(seal)

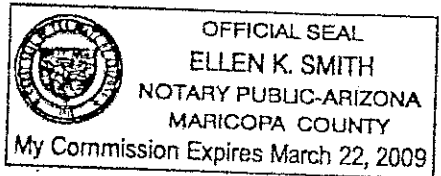


EXHIBIT 7

Unofficial Document

When recorded mail to:

Name: CLARE READING

Address: 2425 E FOX ST

MESA, AZ 85213

City/State/Zip: _____

this area reserved for county recorder

CAPTION HEADING:

POWER OF ATTORNEY

DO NOT REMOVE

This is part of the official document.

To Whom It May Concern:

I, James Leslie Reading hereby grant Power of Attorney on my behalf and in all my affairs to Clare Louise Reading from this day forward.

James Leslie Reading
James Leslie Reading

Date: Nov 4 2003

Arizona state, a Republic)
) ss
Maricopa county)

I, Ellen K Smith, a Notary Public in and for said county in said state, hereby certify that James Leslie Reading, whose name is signed to the foregoing conveyance, and who is known to me, or recognized by proper identification, acknowledged before me on this day that, being informed of the contents of the conveyance, he/she executed the same voluntarily on the day the same bears date and also that photocopies of this official acknowledgment are to be deemed as valid as this original without expiration.

Given under my hand and seal of office this 4th day of Nov, 2003.

Ellen K Smith
Notary Public

My Commission Expires:

Unofficial Document

(seal)

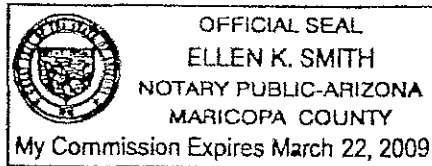


EXHIBIT 8

Unofficial Document

When Recorded, Return to:

CLARE L. READING
2425 East Fox Street
MESA, ARIZONA 85213

CAPTION HEADING: UCC-1 Financing Statement, Security Agreement
And Definitions And Glossary of Terms

ADDENDUM:

Commercial Security Agreement and

Definitions And Glossary of Terms

To Original Filing # 00-0715120 Recorded 9/18/00

DO NOT REMOVE

This is part of the official document

Addendum to **Commercial Security Agreement: Page 1: Collateral**
recorded in Document # 00-07151~~20~~₁₂₀ on 9/18/00:

Add at Line 18: **1st Automobile Registration: Make: Chevrolet; Model: S-10 Truck; Year: 1989; Vin I.D. No. #: 1GCCS19Z6K8127841; Place of Registration: Town or City: N/A; County: Maricopa; State: Arizona; Name of Owner: SPARTAN ORGANIZATION; Title No.: N/A; Registration: Record No.: 05860607; Plate No.: 4CF-825; 2nd Automobile Registration: Make: Oldsmobile; Model: Cutlass Ciera LS; Year: 1988; Vin I.D. No. #: 2G3AJ5135J2377673; Place of Registration: Town or City: N/A; County: Maricopa; State: Arizona; Name of Owner: AQUARIUS ORGANIZATION; Title No.: N/A; Registration: Record No.: 05741006; Plate No.: NXB953;**

Add at Line 46: **ORGANIZATIONS: AQUARIUS ORGANIZATION; SPARTAN ORGANIZATION; URANUS ORGANIZATION; CASTLE DIGS ORGANIZATION.**

Addendum to **“DEFINITIONS and GLOSSARY OF TERMS:**
At Line 42 Change **“Indemnity”** to read: Unofficial Document

means a collateral contract or assurance by which one person engages to secure another against an anticipated loss or to prevent him from being damaged by the legal consequences of an act or forbearance on the part of one of the parties or of some third person. *See Nat'l. Bank of Tifton v. Smith*, 142 Ga. 663, 83 S.E. 526, 528 L.R.A. 1915B, 116. *See also* Black's Law Dictionary, 7th ed.

Dated: November 9, 2000

CLARE L. READING
CLARE L. READING, ORGANIZATION
This is the actual and original signature
of the Debtor.

Clare L. Reading
Clare Louise Reading
Signature of Secured Party(ies) or Assignee

EXHIBIT 9

Unofficial Document

When recorded mail to:

Fox Group Trust
4448 E. Main St., Ste 3, Box 256
Mesa, AZ 85205

SPACE ABOVE THIS LINE FOR RECORDER'S USE

THE DOCUMENT executed and recorded this day is to

CORRECT PROPERTY LEGAL DESCRIPTION

as previously and incompletely recorded in the Official Records of Maricopa County Recorder - Helen Purcell - Document Recording No. 2005-0782892 on 06/10/05 at: 10:19 A.M. (copy attached).

The correct Legal Description of the Property is:

Lot 49 Brownmore Estates, A Subdivision of a Portion of the NW1/4 NE1/4
Section 18, T. 1N., R. 6E., G.&S.R., B.&M., Maricopa County, Arizona

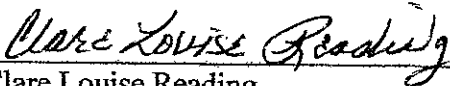
as so described on United States Government Land Patent No. 700128 granted by President Woodrow Wilson on the 23rd day of July, 1919, "to Amanda B. Melson and to her heirs and assigns forever; as directed by the Act of Congress approved August 30, 1890 (26 Stat. 391)"; and "to secure ... in connection with said land and water rights, a lien prior and superior to all other liens, claims, or demands whatsoever upon the lands herein and hereby described and conveyed ... is expressly reserved" (Certified copy attached).

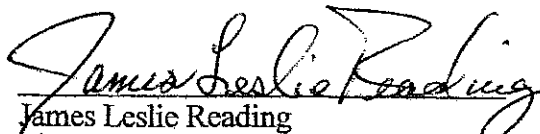
Also attached by reference: \$150,000.00 Homestead Exemption per:

Arizona Revised Statutes - Title 33 - Property
Chapter 8 - Homestead and Personal Property exemption
Article 1 - Homesteads and Homestead Exemption
Sections 33-1101 - 33-1105

I declare under penalty of perjury under the laws of the United States of America pursuant to Title 28 § 1746(1) that the foregoing is true and correct to the best of my knowledge, understanding and belief and that this is my true and correct signature.

All rights retained without recourse.


Clare Louise Reading

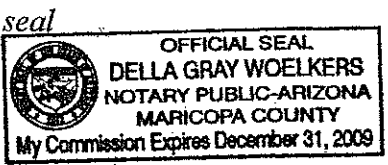

James Leslie Reading

VERIFICATION

Arizona State, a Republic)
) ss.
Maricopa County)

The foregoing instrument was acknowledged before me this 19 day
of June, 2008, by Clare Louise Reading and James Leslie Reading, personally
known to me.

Della Gray Woelkers My Commission expires: 12/31/2009
Signature of Notary Public



Unofficial Document

Phoenix 03644

4-1048 B

The United States of America,

To all to whom these presents shall come, Greeting:

WHEREAS, the Act of Congress approved August 9, 1912, entitled "An Act providing for patents on reclamation entries, and for other purposes," provides—

"That every patent and water-right certificate issued under this Act shall expressly reserve to the United States a prior lien on the land patented or for which water right is certified, together with all water rights appurtenant or belonging thereto, superior to all other liens, claims or demands whatsoever for the payment of all sums due or to become due to the United States or its successors in control of the irrigation project in connection with such lands and water rights."

And it is further provided:

"That no person shall at any one time or in any manner, except as hereinafter otherwise provided, acquire, own or hold irrigable land for which entry or water-right application shall have been made under the said reclamation Act of June seventeenth, nineteen hundred and two, and Acts supplementary thereto and amendatory thereof, before final payment in full of all installments of building and betterment charges shall have been made on account of such land in excess of one farm unit as fixed by the Secretary of the Interior as the limit of area per entry of public land or per single ownership of private land for which a water right may be purchased respectively, nor in any case in excess of one hundred and sixty acres, nor shall water be furnished under said Acts nor a water right sold or recognized for such excess; but any such excess land acquired at any time in good faith by descent, by will, or by foreclosure of any lien may be held for two years and no longer after its acquisition; and every excess holding prohibited as aforesaid shall be forfeited to the United States by proceedings instituted by the Attorney General for that purpose in any court of competent jurisdiction; and this proviso shall be recited in every patent and water-right certificate issued by the United States under the provisions of this Act."

And WHEREAS, it appears from a Certificate of the Register at Phoenix, Arizona,

that Amanda B. Nelson is,

said Act, entitled to a patent for the Farm Unit "B", according to the farm unit plat, or ^{under the provisions of} the northwest quarter of the northeast quarter of Section eighteen in Township one north of Range six east of the Gila and Salt River Meridian, Arizona, containing forty acres,

according to the Official Plat of the Survey of the said Land, on file in the General Land Office:

NOW KNOW YE, That the UNITED STATES OF AMERICA, in consideration of the premises, and in conformity with the several Acts of

6-3785

700128

4-1048 R

Congress in such case made and provided, HAS GIVEN AND GRANTED, and by these presents DOES GIVE AND GRANT, unto the said
Amanda B. Nelson

and to **her** heirs, the Tract above described, together with the right to the use of water from the **Salt River Valley**

Reclamation Project as an appurtenance to the irrigable lands in said tract; TO HAVE AND TO HOLD
 the same, together with all the rights, privileges, immunities, and appurtenances, of whatsoever nature, thereunto belonging, unto the said

Amanda B. Nelson

and to **her** heirs and assigns forever; subject to any vested and accrued water rights for mining, agricultural, manufacturing, or other purposes, and rights to ditches and reservoirs used in connection with such water rights, as may be recognized and acknowledged by the local customs, laws, and decisions of courts; but excepting, nevertheless, and reserving unto the United States, rights of way over, across, and through said lands for canals and ditches constructed, or to be constructed, by its authority, all in the manner prescribed and directed by the Act of Congress approved August 30, 1890 (26 Stat., 391). To secure payment to the United States, or its successors in the ownership or control of the works constituting and appertaining to the said reclamation project, of all sums due or to become due the United States or its successors in control of said reclamation project in connection with said land and water rights, a lien prior and superior to all other liens, claims, or demands whatsoever upon the lands herein and hereby described and conveyed, upon all water rights thereto appurtenant, and upon the right to receive and use water from the reservoirs and canals of said reclamation project, is expressly reserved

Unofficial Document

IN TESTIMONY WHEREOF, I **Woodrow Wilson,**

President of the United States of America, have caused these letters to be made Patent, and the Seal of the General Land Office to be hereunto affixed.

GIVEN under my hand, at the City of Washington, the **TWENTY-THIRD**

(SEAL)

day of **JULY** in the year of our Lord one thousand

nine hundred and **NINETEEN** and of the Independence of the

United States the one hundred and **FORTY-FOURTH.**

By the President:

Woodrow Wilson

By

E. D. Bouldin, Assistant Secretary

S. W. Samar
 Recorder of the General Land Office.

RECORD OF PATENTS: Patent Number. **700128**

SCAN

Unofficial Document

Bureau of Land Management
Eastern States
430 Boston Boulevard
Springfield, VA 22165

MAY 30 2008

certify that this is a true copy
of the official record on file

Patricia H. Tzgh
Authorized Signatory

EXHIBIT 10

Unofficial Document

When Recorded, Return to:

Clare Louise Reading, Administrator and James Leslie Reading, Trustee-in-Trust c/o 2425 East Fox Street Mesa, Arizona 85213

COVENANT GROUP INTERNATIONAL LAND TRUST

This Declaration of Trust and Trust Agreement known as Covenant Group International Land Trust, dated this ___ day of _____, 2003, is to certify that Clare Louise Reading, Administrator and James Leslie Reading as Trustee-in-Trust ("Trustee") hereunder, are about to take title to the following described land(s), to wit:

See ATTACHMENT "A", as if fully set forth herein

When the Trustee has taken title to the above described land, or to any other lands or real estate, as Trustee hereunder, it will hold it for the uses and purposes and upon the trusts herein set forth. The following named beneficiary:

Corporation-sole of the Regnum Ecclesiasticum: of the Office of the Presiding Regent, of the Covenant Group International, in the Nature of Ecclesia, by the Eleemosynarius, W. Austin Reading, and His Successors, a Corporation Sole

shall be entitled to the earnings, avails, and proceeds of said lands or real estate, whichever the case may be, pursuant to the respective interests herein set forth, to wit:

Article I -- Rights of Beneficiaries

IT IS UNDERSTOOD AND AGREED between the parties hereto, and by any person or persons who may become entitled to an interest under this trust, that the interest of a beneficiary hereunder shall consist solely of a power of direction regarding title of said property and to manage and control said property as hereinafter provided, and the right to receive the proceeds from rentals and from mortgages, sales, or other disposition of said property, and that such a right in the avails of said property shall be deemed to be personal property, and may be assigned and transferred as such; that in case of death of any beneficiary hereunder during the existence of this trust, such right and interest hereunder shall, except as herein otherwise specifically provided, pass to his or her executor or administrator, and not to his or her heir(s) by law; and that no beneficiary now has, and that no beneficiary at any time shall have the right, title, or interest in or to any portion of said land or real estate as such, either legal or equitable, but only an interest in the earnings, avails, and proceeds as aforesaid. The death of any beneficiary hereunder shall not terminate the trust nor in any manner affect the powers of the Trustee hereunder. No assignment of beneficial interest hereunder shall be binding on the Trustee until the original or a duplicate of the assignment is lodged with the Trustee and accepted by the Trustee; and every assignment of beneficial interest hereunder, the original or duplicate of which shall not have been lodged with and accepted by the Trustee, shall be void as to all subsequent assignees or purchases without notice.

Article II -- Limited Rights and Obligations of Trustee

Nothing contained in this agreement shall be construed as imposing an obligation on the Trustee to file an income, profit, or other tax reports or schedules, it being expressly understood that the beneficiaries from time to time will individually make all such reports, and pay any and all taxes, required with respect to the earnings, avails, and proceeds of said lands or real estate or growing out of their interest under this trust agreement.

The Trustee and/or any Co-Trustee(s) has the right to do any and every thing necessary and prudent to carry out the instructions of the Beneficiary(ies) and the intent and purpose of the trust, including but not limited to banking, dealing with the title of the trust property, and managing and controlling trust property and its crops and improvements; and either Trustee or a Co-Trustee individually can bind the trust.

The Trustee at her/his sole discretion has full authority to encumber property(ies), and re-convey property(ies), without need of any further authorization. The Trustee and/or any Co-Trustee(s) have full authority to assign general and/or limited Power(s) of Attorney for property/trust, as said Trustee would deem prudent, to an individual, Trust, or any other artificial entity.

Article III -- Trustee's Right to Reimbursement

In the event the Trustee shall make advances of money pursuant to this trust or shall be made a party to litigation because of holding title to said lands or real estate, or in connection with this trust, or in the event the Trustee shall be compelled to pay any sum of money because of his position with this trust, whether because of breach of contract, injury to person or property, fines or penalties under any law or otherwise, the beneficiaries hereunder do hereby jointly and severally agree that they will on demand pay to the Trustee, all such disbursements or advances or payment made by the Trustee, together with an additional six (6) percent for the use of the trust's money or the Trustee's money, and reimbursement for expenses, including reasonable attorney's fees unless trustee has been proven to have acted outside his authority or in violation of laws regarding his ^{Unofficial Document} contract rights and duties; and that the Trustee shall not be called upon to convey or otherwise deal with the trust property until all of said disbursements, payments, advances, and expenses made or incurred by the Trustee shall have been fully paid. However, nothing herein contained shall be construed as requiring the Trustee to advance or pay out any money because of this trust or to prosecute or defend a legal proceeding involving this trust or its property or interest thereunder unless it shall be furnished with funds sufficient therefore or be satisfactorily indemnified in respect thereto.

Article IV -- Limit of Trustee's Obligation Regarding Litigation

In the event the Trustee is served with process or notice of legal proceedings or of any other matter concerning the Trustee or the trust property, the sole duty of the Trustee in connection therewith shall be to forward the process or notice by first class mail to the person designated herein as the person to whom inquiries or notices shall be sent or, in the absence of such designation, to the beneficiaries. The last address appearing in the records of the Trustee shall be used for such mailings.

The beneficiaries of this trust do hereby covenant and agree to hold the Trustee harmless and to indemnify the Trustee against any and all claims against the Trustee in his capacity as Trustee, made by a third party, including all expenses which may be incurred by the Trustee including but not limited to attorney's fees and court costs and costs related to his defense.

Article V -- Duty or Right of Purchaser

It shall not be the duty or right of the purchasers of trust property or any part thereof to see to the application of the purchase money paid therefor; nor shall any one who may deal with the Trustee be required or privileged to inquire into the necessity or expediency of any act of the Trustee, or of provisions of this instrument.

Article VI -- Trust Not Required to Be Recorded

It is not required of the Trustee to place this trust agreement on record in the Recorder's Office of the County in which the land is situated, or elsewhere; however, in the event this agreement is recorded, such recording shall not be considered as notice of the rights of a person named hereunder, derogatory to the title or powers of the Trustee.

Article VII -- Resignation of the Trustee

The Trustee may at any time resign by sending by registered mail a notice of his intention to do so to each of the then-beneficiaries hereunder, at his or her address last known to the Trustee. Such resignation shall become effective ten (10) days after the mailing of such notice(s) by the Trustee.

Article VIII -- Appointment of New Trustee

In the event of the resignation, removal, a successor or successors may be appointed by the beneficiary(s), and the Trustee shall thereupon convey the trust property to such successor(s) in trust. A new Trustee may be appointed at any time on the written direction of the beneficiaries holding a majority of beneficial interest in the trust.

Article IX -- Conveyance of Real Property to Beneficiaries

In the event that no successor in trust is named as above provided within ten (10) days after mailing of such notice by the Trustee, then the Trustee may convey the trust property to the beneficiaries in accordance with their respective interests hereunder, and the deed of conveyance may be recorded or registered, as the case may be, by the Trustee; or the Trustee may at his option, file a bill for appropriate relief in a court having jurisdiction over the trust property.

Article X -- Lien Rights of Trustee

The Trustee notwithstanding such resignation shall continue to have a first lien on the trust property and the earnings, avails, and proceeds of said ^{Unofficial Document} lands or real estate, for his costs, expenses, and attorney's fees for his reasonable reimbursement.

Article XI -- Vesting in New Trustee

Every successor Trustee and/or Co-Trustee appointed hereunder shall become fully vested with all the estate, properties, rights, powers, trusts, duties, and obligations of its, his, her, or their predecessor.

Article XII -- Limitations of Trustee's Authority to Act

It is understood and agreed by the parties hereto and by any person or man who may hereafter become a party hereto, that the Trustee will deal with said land or real estate only when authorized to do so in writing, and that notwithstanding changes in the beneficiaries hereunder, he will on written direction of the beneficiaries holding a majority of the beneficial interest in the trust at the time, make deeds for, or otherwise deal with the title to said lands or real estate, provided however, that the Trustee shall not be required to enter into any personal obligation or liability in dealing with said lands or real estate nor to make itself liable for damages, costs, expenses, fines, nor penalties, or to deal with the title so long as money is due to it hereunder. Otherwise, the Trustee shall not be required to inquire into the propriety of any such direction, and shall be held harmless and free of liabilities by beneficiaries or third parties for following such direction.

Article XIII -- Duty Regarding Casualty Insurance

The Trustee shall have no duty to provide fire insurance, or extended coverage covering improvements upon all or any party of the trust property. If the beneficiaries fail to provide liability insurance, if it is required by the Trustee, the Trustee may advance money for payment of such insurance, and sums thus advanced or expended shall have a first lien on the trust property and its earnings, avails, and proceeds;

provided, however, that nothing herein shall be construed to create an obligation on the part of the Trustee to obtain such liability insurance.

Article XIV -- Fee to Trustee

The Trustee shall receive for his/her services in accepting this trust and in taking title hereunder, the honorarium sum of Fifty Dollars (\$50.00 US); and the same sum for each year for holding title payable on the first day after each anniversary of the original execution of this trust, so long as property remains in this trust, and he shall receive reasonable honorarium for special services which may be rendered by her/him hereunder, or for taking and holding any other property which may hereafter be deeded to her/him hereunder, which fees, charges, or other payment, the beneficiaries hereunder jointly and severally agree to pay.

IN TESTIMONY WHEREOF, the Trustee now executes this Declaration of Trust and Trust Agreement on this 9 day of JUNE, 2003.

ACCEPTED BY: James Leslie Reading, trustee-in-trust
James Leslie Reading, Trustee-in-Trust for Covenant Group International Land Trust

ACCEPTED BY: Clare Louise Reading, Admin.
Clare Louise Reading, Administrator

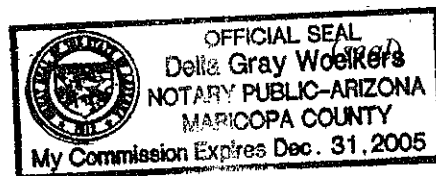
Arizona state, A Republic)
) ss
Maricopa county)

Unofficial Document **ACKNOWLEDGMENT**

For the purpose of verification of signature, I the undersigned Notary Public, on this 9th day of June, 2003, being commissioned in the county noted above, do declare the ones known to me to be, or who proved to me to be Administrator and Trustee-in-Trust of Covenant Group International Land Trust did execute this document before me.

Della Gray Woelkers
Notary Public

My Commission expires 12/31/2005



SCHEDULE A

Property Legal Description:

2425 East Fox Street
Mesa, Arizona 85213

AKA:

Lot 49, Brownmore Estates, According to Book 133 of Maps,
Page 41, Recorder of Maricopa County, Arizona

Unofficial Document

When recorded, mail to:
 Name: Clare Louise Reading, ADMN. and James Leslie Reading, Trustee-in-Trust
 Address: 1/2 2425 EAST FOX STREET
 City/State/Zip Code: Mesa, Arizona 85213

Space above this line for Recorder's use

QUITCLAIM DEED

KNOW ALL MEN BY THESE PRESENTS:

That I (we), Clare Louise Reading, Administrator and James Leslie Reading, Trustee-in-Trust, the undersigned, for the consideration of Ten Dollars (\$10.00), and other valuable considerations, do hereby release, remise, and forever quitclaim unto Corporation sole of the Regnum Ecclesiarum: of the Office of the Presiding Regent of the Covenant Group International, in the Nature of Ecclesia, by the Electio syndicus, W. Austin Reading, and his Successors, a Corporation Sole, all right, title and interest in that certain Property situated in Maricopa County, State of Arizona, and described as follows:

2425 EAST FOX STREET
Unofficial Document
MESA, ARIZONA 85213

AKA:

LOT 49, BROWNMORE ESTATES,
ACCORDING TO BOOK 133 of Maps,
PAGE 41, RECORDER of MARICOPA COUNTY, ARIZONA

IN WITNESS WHEREOF, I (we) have hereunto set my (our) hand(s) and seal this 9th day of JUNE, 2003.

Clare Louise Reading, Administrator
 Printed Name of Releasor
James Leslie Reading, TRUSTEE-IN-TRUST
 Printed Name of Releasor

Clare Louise Reading, Admin.
 Signature of Releasor
James Leslie Reading
 Signature of Releasor

Printed Name of Witness (if required by State Laws)

Signature of Witness (if required by State Laws)

ACKNOWLEDGMENT
(States Other Than California)

State of Arizona)
County of Maricopa)

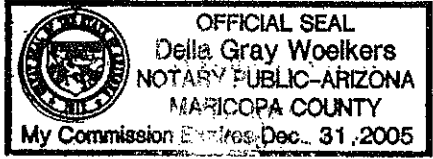
ss.

On this 9th day of June, 2003, before me, the undersigned Notary Public, personally appeared CLARE Louise Reading

James Leslie Reading, known to me to be the individual(s) who executed the foregoing instrument and acknowledged the same to be his(her)(their) free act and deed.

My Commission Expires: 12/31/2005

Della Gray Woelkers
Notary Public



If acknowledged in the State of Florida, complete section(s) below:

(Releasor) Personally Known (or) Produced Identification

If applicable, Type of Identification Produced: _____

(Co-Releasor) Personally Known (or) Produced Identification

If applicable, Type of Identification Produced: _____

Unofficial Document

ACKNOWLEDGMENT
(State Of California)

State of California)
County of _____)

ss.

On this _____ day of _____, _____, before me, _____

_____, the undersigned Notary Public, personally appeared,

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is(are) subscribed to the attached instrument and acknowledged to me that he(he)(she)(they) executed the same in his(her)(their) authorized capacity(ies), and that by his(her)(their) signature(s) on the instrument, the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public

EXHIBIT 11

Unofficial Document

When recorded mail to:

Name: FOX GROUP TRUST

Address: 4448 E MAIN ST. STE 3
Box 256

City/State/Zip: MESA, AZ 85205

this area reserved for county recorder

CAPTION HEADING:

DO NOT REMOVE

This is part of the official document.

PER INSTRUCTIONS OF COUNTY ASSESSOR

When Recorded, Return To:)
)
Fox Group Trust)
4448 E. Main St., Ste. 3)
Box 256)
Mesa, AZ 85205)

OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL
2005-0782892 06/10/05 10:19
1 OF 1

PALUMBO

SPACE ABOVE THIS LINE FOR RECORDER'S USE

QUIT CLAIM DEED

Grantors: James Leslie Reading and Clare Louise Reading, husband and wife, do by these presents hereby release, convey and assign forever all of their right, title and interest, including all warranties of title to which they are entitled with respect to such interest, in and to that certain real property located in Maricopa County, Arizona State to the Grantee:

FOX GROUP TRUST

being described as the following:

Lot 49, Brownmore Estates, According to Book 133 of Maps, Page 41, Recorder of Maricopa County, Arizona AKA 2425 East Fox Street, Mesa, Arizona 85213

Unofficial Document

SUBJECT TO: Existing Mortgage and Home Equity Loans, Property Taxes, Rights of Way and Easements of Record.
EXEMPT PER ARS 11-1134(0)(0).

James Leslie Reading
by: Clare Louise Reading

James Leslie Reading

Clare Louise Reading

Clare Louise Reading

Arizona State, a Republic)
) ss.
Maricopa County)

The foregoing instrument was acknowledged before me this 10 day of June, 2005, by Clare Louise Reading, who is personally known to me.

Della Gray Woelkers My Commission Expires: 12/31/2005
Signature of Notary Public

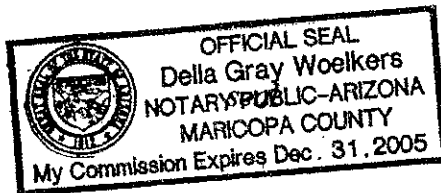


EXHIBIT 12

Unofficial Document

Requested by:
James L. Reading
In Comity Inter gentes
WILL PICK UP

Arizona)
) ss
Maricopa county)

MESA2 2 OF 2

NOTICE OF LAWFUL JUDICIAL LOCATION BY AFFIDAVIT

I, Clare L. Reading, of lawful age and competent to make this affidavit, having personal information regarding this statement, affirm and Declare the following:

Notice is hereby given, that from this day until such time as facts to the contrary shall be made apparent by amending this Notice by Affidavit, this Private Christian lives on the land in Maricopa county in the country of Arizona, and does not reside inside the United States (as referenced in 26 USC 7701(a)(39)), nor in the District of Columbia, nor in the State of Arizona, nor any other United States government subdivision; but can be found in the Third judicial district, a geographic location within the physical boundaries of Arizona. Affiant is not a citizen/subject of the United States and has not entered a contract with the United States government that would made this Affiant liable for a tax in its venue. Government officials and their agents do not have Affiant's consent to assert and impose foreign jurisdiction for enforcement of summons and jurisdiction of courts for the purpose of Title 26 USC, nor for other national schemes and agendas. Affiant's proper post location is:

c/o 2425 East Fox Street
Third judicial district
Mesa, Arizona

The statements made herein are true, correct, materially complete, and not meant to mislead.
FURTHER AFFIANT SAYTH NAUGHT.

Subscribed, sealed and affirmed this 13th day of the SIXTH month, Nineteen hundred and Ninety-Six A.D. in Maricopa county, Arizona.

Clare L. Reading

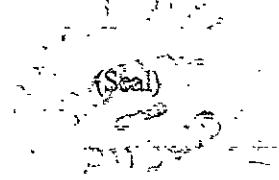
L.S.

Clare L. Reading

Arizona)
) ss
Maricopa county)

ACKNOWLEDGMENT

For the purpose of verification of signature, on the 13 day of June 1996, before me the undersigned, a Notary in and for the State of Arizona, personally appeared Clare L. Reading, known to me to be, or who satisfactorily proved to me to be the above signator, whose name is subscribed in the attached instrument.



Donna N. Hoff

Notary Public
My Commission Expires Jan. 14, 1997

EXHIBIT 13

MICHAEL K. JEANES, CLERK
BY *A. James* DEP
FILED

08 MAY 15 PM 5:02

1 Clare Louise Reading and
2 James Leslie Reading, Defendants
3 c/o 2425 East Fox Street
4 Mesa, Arizona [Post Code: 85213]
5 Phone: (480) 064-0199

6 **IN THE SUPERIOR COURT OF THE STATE OF ARIZONA**
7 **IN THE ARIZONA TAX COURT**

8	STATE OF ARIZONA, ex rel., ARIZONA)	Case No.: TX2007-000479
9	DEPARTMENT OF REVENUE)	CORRECTED STATEMENT OF
10	Plaintiff,)	MATERIAL FACTS IN GENUINE ISSUE
11	vs.)	
12	CLARE L. READING and JAMES L.)	
13	READING, individually and as husband and)	
14	wife,)	
15	Defendants)	
16)	

17
18 COMES NOW THE Defendants Clare L. Reading and James L. Reading, Pro se, and
19 present the following corrected facts in support of their concomitantly full motion opposing
20 Plaintiff's Motion for Summary Judgment:

21 On May 7, 2008 this Honorable Court ordered the withdrawal of William J. Curosh, Esq.
22 (003775).

23 Since Defendants, Clare Louise Reading and James Leslie Reading, are now in the
24 position of Pro Se and not schooled in the law, we request leave of Court not to be held to the
25 same professional standards as that of learned attorneys. Defendants have made every endeavor

1 to consult professional attorneys, and books regarding the law, as well as 'law help' sites on the
2 Internet.

3 In reference to the January 2, 2003 Arizona Department of Revenue Exhibit A, "RE:
4 NOTICE OF PROPOSED ASSESSMENT" Jules Wallace states: "I determined that you
5 underpaid your tax liability for the tax year shown above [1994]. Under authorization of Federal
6 Law, Internal Revenue Code Section 6103(d)(1)k I obtained information from the Internal
7 Revenue Service."

8 Mr. Wallace had relied upon information that was:

9 1) incorrect, false, possibly fraudulent and 2) hearsay and unverifiable as
10 explained below:

11 1. Beginning on at least March 20, 1995, Internal Revenue Service employee, Rebecca
12 Sexton, File Examiner, issued erroneous, incorrect (i.e., false) statements regarding Defendant
13 Clare Louise Reading for Tax Years 1993, 1994 and 1995. (See Exhibit A).

14 2. On Page 1 of Exhibit A, IRS File Examiner, Rebecca Sexton includes information she
15 had been unable to interpret and apparently applied it as "income", making a \$500 error in her
16 the transfer of figures on her own form, "LISTING OF INFORMATION RETURNS".

17 3. On Page 2 of Exhibit A IRS File Examiner, Rebecca Sexton, transfers false
18 information regarding STOCKS AND BONDS in the amount of \$84,167 and DIVIDENDS in
19 the amount of \$2,061 to Form 4549-CG "Income Tax Examination Changes" (See Exhibit A
20 Page 3) and begins using a "Tax Table" to calculate "taxable income" in the amount of \$80,966
21 with "Additional taxes" of \$21,915.

22 4. On April 14, 1995, IRS File Examiner, Rebecca Sexton, continues to base calculations
23 of "taxable income" on the false STOCK AND BONDS adjustment of "+84,167". [See Exhibit
24 A].

25

1 5. On April 14, 1995, IRS File Examiner, Rebecca Sexton, continues by making a "Code
2 888 Change in Adjusted Gross Income 86,228" and "Code 886 Change in Taxable Income
3 80,966" on an examination paper to be "attached to Form 5344" based on the original false
4 figures from the misinterpreted "Information Returns". All other "Income Adjustments subject
5 to Social Security Tax and to Medicare Tax are correct at "0". [See Exhibit A].

6 6. Included in this same "File Examination Report" on March 28, 2000, IRS File
7 Examiner, Rebecca Sexton, in the "1994 EXPLANATION OF THE ESTIMATED TAX
8 PENALTY" [See Exhibit A] calculated:

9 "Line 1. Total corrected tax liability, Form 4549, line 11	23,243.00
10 Line 4. 90% of line 1	20,918.70
11 Line 5. Prior year tax liability	0.00
12 Line 6. The smaller of line 4 or 5 (as adjusted)	20,918.70"

13 IRS File Examiner, Rebecca Sexton, then proceeded to calculate "payment due dates for the
14 Estimated Payment Required", and "Previous and Remaining Underpayments and Penalties
15 totaling \$90,110.65. This figure is based on the erroneous figure transferred from the original
16 "Information Return". Defendants Clare Louise Reading and James Leslie Reading request that
17 Exhibit A Pages 9 through 18 be examined where it will be proven that Defendants actually
18 suffered a *loss* in both 1993 and 1994.

19 It is respectfully requested that this Honorable Court take notice, as any third grade
20 student would, that of \$20,918.70 and \$0.00, \$0.00 is the *smaller* figure.

21 It is also pointed out that IRS File Examiner, Rebecca Sexton, is correct is listing on Line
22 5. "Prior year tax liability 0.00".

23 7. That IRS File Examiner, Rebecca Sexton, possibly made an excusable math error by
24 determining that 20,918.00 is *smaller* than 0.00 is exposed as a fraudulent and deliberate
25 calculation, as she performs the same maneuver again See Exhibit A]:

1	"1. Total corrected tax liability, Form 4548, line 11	12,489.00
2	4. 90% of line 1	11,240.10
3	5. Prior year tax liability	0.00
4	6. The <i>smaller</i> of line 4 or 5 (as adjusted)	11,240.10"

5 Just as for 1994, IRS File Examiner, Rebecca Sexton then proceeds to calculate
6 "Estimated Penalties" and "Payment Dates" - ALL based on misinterpretation of the original
7 "Information Return(s)" and deliberate miscalculation of what would be legitimately, lawfully
8 owed,

9 It is pointed out to this Honorable Court that IRS File Examiner, Rebecca Sexton was
10 once again correct when she wrote, "5. Prior year tax liability 0.00".

11 8. Finally, IRS File Examiner, Rebecca Sexton, determines "CONCLUSIONS" of these
12 "EXAMINATION WORKPAPERS" wherein she states:

13 "TP has income from dividends (\$59.00) under community property laws. Therefore an
14 adjustment is needed to increase dividend income." [See Exhibit A]. How and under what
15 authority does an IRS File examiner make an adjustment to "increase dividend income"?

16 The last "CONCLUSION" made by IRS File Examiner, Rebecca Sexton, is the notation
17 of a false and fraudulent statement: "During the tax year TP sold stock. Under the community
18 property laws taxpayer's (*sic*) share of stock sale is 11,934. TP declined to participate in the
19 audit process and therefore basis of stock cannot be determined at this time."

20 Neither Defendant "declined" to participate in the audit process. It was not made clear to
21 us that we *could* participate.

22 9. These false figures have plagued Defendants for years, causing much defamation in
23 the public record and in our neighborhood and community, as well as damage to our career and
24 the inability to access the equity we have built up in our home. These misinterpretations and
25 fraudulent calculations were the basis of the Arizona Department of Revenue coercing the Desert

1 Schools Federal Credit Union to convert over \$5,000.00 from our bank account to them on Nov.
 2 3, 2004, which was an illegal Levy and Seizure, as it had no lawful basis. Actual papers to be
 3 subpoenaed as the Discovery process continues.

4 Defendants, Clare Louise Reading and James Leslie Reading were denied due process of
 5 law guaranteed them by the Constitutions of both the United States of America and Arizona, as
 6 we had no opportunity to be heard.

7 As will be seen in separate Motions and Memoranda in Support, to follow, and as the
 8 Discovery process continues, Defendants Clare Louise Reading and James Leslie Reading knew
 9 that they had never received "income" or "community income" and, therefore, never had "gross
 10 income", "adjusted gross income" nor "taxable" income. We wanted to verify whatever Arizona
 11 Department of Revenue employee, Jules Wallace, could be referring to as the basis for his
 12 "Proposed Assessment" and could not reply to him until we had obtained the facts. Therefore,
 13 via Registered Mail # RR89905040US on January 9, 2003 we requested the actual Assessment(s)
 14 from Arizona Department of Revenue Director, Mark L. Killian. To back up this request, by
 15 Certified Mail (Return Receipt) # 7000 1670 0000 0889 6918, also on January 9, 2003, we
 16 requested the Assessment(s) from the Internal Revenue Service for comparison. [See Exhibit B].
 17 Regrettably, no Assessment was received from the Arizona Department of Revenue nor the
 18 Internal Revenue Service because none had actually been made, or it would have been produced
 19 upon request.

20 10. The Internal Revenue Service refuses to accept the truth that Defendants, Clare
 21 Louise Reading and James Leslie Reading, have not received "income" of any kind, as defined
 22 by the United States Supreme Court in *Southern Pacific Co. v. Lowe*, 247 U.S. 330 (1918 - five
 23 years after the 16th Amendment was deemed to have been ratified) when the High Court stated:

24 "We must reject in this case, as we have rejected in cases arising under the
 25 Corporation Excise Tax Act of 1909 (*Doyle v. Mitchell Brothers Co., ante*, 247

1 U.S. 179, and *Hays v. Gauley Mountain Coal Co.*, ante, 247 U.S. 189), the
2 broad content[i]on submitted in behalf of the government that all receipts - -
3 everything that comes in - - are income within the proper definition of the term
4 "gross income," and that the entire proceeds of a conversion of capital assets, in
5 whatever form and under whatever circumstances accomplished, should be treated
6 as gross income."

7 The Internal Revenue Service and the Arizona Department of Revenue have been
8 misapplying the law. They have been taxing "money", not "income", as defined many times by
9 the U.S. Supreme Court.

10 That no "income" of any kind had been received by Defendant Clare Louise Reading was
11 reiterated to Arizona Department of Revenue employee, Jules Wallace, on May 7, 2003.

12 On April 25, 2003, with no production of the Assessment(s) requested on January 9, 2003
13 and no factual rebuttal to prove that Defendant, Clare Louise Reading, ever did receive "gross
14 income", Arizona Department of Revenue employee, Jules Wallace, states in writing:

15 "You have not provided any information that will change the audit figures. You have
16 not provided any information to show that the IRS changed their initial assessment.

17 There are no changes possible at this time," [See Exhibit C].

18 Are Defendants to believe that because we can not prove the *negative* that erroneous
19 and/or fraudulent figures produced by the inept IRS File Examiner, Rebecca Sexton, as proven
20 above to show no "income" received and, therefore, no "income tax" liability actually creates a
21 *lawful* income tax liability, as the Arizona Department of Revenue would have this Honorable
22 Court believe? An early *Maxim of Law* is that "the law requires nothing impossible". Is the
23 Arizona Department of Revenue to be granted judgment in their favor for refusing to accept the
24 truth and merely repeating their baseless and unproven claim (foundationally based on false
25 figures collected by the Internal Revenue Service)?

CORRECTED STATEMENT OF FACTS Page 6 Of 10 Clare Louise Reading and James Leslie Reading
IN GENUINE ISSUE

1 **"The taxpayer must be liable for the tax. Tax liability is a condition precedent to the**
2 **demand. Merely demanding payment, even repeatedly, does not cause liability."**

3 *Bothke v. Terry*, 713 F.2d 1405, at 1414 (1983).

4 Defendants, Clare Louise Reading and James Leslie Reading, are concerned that some
5 "administrative procedure" which may include repeated presentment of a 'claim' even if
6 erroneous or fraudulent, [as noted in "Bothke" above] without answer on a supplied or accepted
7 "form" within an "administrative deadline" may somehow translate into a claim that is "deemed"
8 legitimate or "lawful" when it is in *no way* based on fact. If this is to be the judgment by this
9 Honorable Court, Defendants require full disclosure of "findings of fact and conclusions of law"
10 for use in their appeal.

11 Defendants pray this Honorable Court will not uphold the merely repeated but unproven
12 claims of the Arizona Department of Revenue that insists on relying upon known mistakes,
13 deliberate or otherwise, made by IRS File Examiner, Rebecca Sexton.

14 Defendants request that this Honorable Court uphold all of Defendants' inalienable rights
15 guaranteed by the Constitution for the United States of America and the Arizona Constitution,
16 and also honor and find in favor of "the whole truth and nothing but the truth, so help us, God"
17 regarding all parties concerned in this instant matter.

18 11. On November 9, 2006, a letter was addressed to "C READING" stating that an
19 "Amount Due" to the Arizona Department of Revenue was \$15763.01. The Letter from the
20 Office of the Attorney General, Terry Goddard, stated: "In order to prevent further action being
21 taken against you, please remit payment in full or contact the undersigned within ten days."

22 The Arizona Department of Revenue is acting on the mere presumption that "C
23 READING" had received "income" in some form which remains hearsay at best and also
24 remains unproven.

25

1 Based on mere presumption - and relying upon the misinterpretation and/or fraudulent
2 calculations of IRS File Examiner, Rebecca Sexton (as noted extensively above), the Arizona
3 Department of Revenue not only makes an unsupported and improvable claim for payment of
4 "income tax" *non-existent* and *not owed*. The Arizona Department of Revenue filed a "non-
5 expiring" claim with "C READING" named as their "Debtor" in a "Never Expires" **NOTICE** of
6 State Tax Lien **based on not one provable fact**. The blatant stubbornness of the Arizona
7 Department of Revenue is a major contention: reiterated here as in *Bothke* above:

8 "The taxpayer must be **liable** for the tax. Tax liability is a condition precedent to the
9 demand. Merely demanding payment, even repeatedly, does not cause liability."

10 **Bothke v. Terry, 713 F.2d 1405, at 1414 (1983).**

11 Defendants Clare Louise Reading and James Leslie Reading have never received
12 "income" and demand that the Arizona Department of Revenue be held accountable by this
13 Honorable Court to prove that they did.

14 The Arizona Department of Revenue has never proven their claim, even asked to,
15 formally, more than once. Continuing to send statements for payment does not constitute "true
16 liability" according to the statutes as written by Congress (or as adopted by the Arizona
17 Legislature). [*See* Exhibit D]. Before there can be an "income tax", there has to be "income"
18 and there also must be "liability". The Arizona Department of Revenue has proven none of these
19 essential elements of their claim.

20 On January 16, 2008 Defendants Clare Louise Reading and James Leslie Reading
21 recorded in the Public Record the results of the final exhaustion of Administrative Process for
22 formal "Notice and Demand for Verified Assessment" for the years 1993, 1994 and 1995 [*See*
23 Exhibit A-I]. Over a period of 30 days (with a "halfway reminder"), the Arizona Department of
24 Revenue was unwilling / unable to provide Defendants with a verified assessment for the years
25

CORRECTED STATEMENT OF FACTS Page 8 of 10 Clare Louise Reading and James Leslie Reading
IN GENUINE ISSUE

1 1993, 1994 and 1995. Since the Arizona Department of Revenue has the burden of proof, this
2 "administrative procedure" has proven that there is no Verified Assessment.

3 12. prior to the above "administrative procedure" to obtain the "verified
4 assessment" Jules Wallace states: "I determined that you underpaid your tax liability for the tax
5 year shown above [1994]. Under authorization of Federal Law, Internal Revenue Code Section
6 6103(d)(1)k I obtained information from the Internal Revenue Service."

7
8 RESPECTFULLY submitted this ___ day of May, 2008.

9
10 I declare under penalty of perjury under the laws of the United States of America pursuant to
11 Title 28 § 1746(1) that the foregoing is true and correct to the best of my knowledge,
12 understanding and belief and that this is my true and correct signature.

13 All rights retained without recourse.

14 Clare Louise Reading

James Leslie Reading

15 Clare Louise Reading

James Leslie Reading via Power of Attorney
executed by Clare Louise Reading

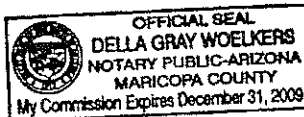
16
17 Arizona State, a Republic)
18) ss.
19 Maricopa County)

20 The foregoing instrument was acknowledged before me this 15th day of MAY,
21 2008, by Clare Louise Reading, personally known to me.

22 Della Gray Woelkers My Commission expires: 12/31/2009

23 Signature of Notary Public

seal



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Certificate of Service

I, Clare Louise Reading, certify that the foregoing Corrected Statement of Facts was delivered to the following:

An original of the foregoing was delivered to the External Depository Box. 222 E. Javalina, Mesa, Arizona this 15th day of May, 2008 to:

Michael K. Jeanes, Clerk of Court
Clerk of Court
Maricopa County Superior Court
201 W. Jefferson
Phoenix, AZ 85003

A copy of the foregoing was mailed First Class, postage prepaid this 16th day of May, 2008, to:

Honorable Thomas Dunevant III
Arizona Tax Court
East Court Building, Suite 412
101 W. Jefferson
Phoenix, AZ 85003

A copy of the foregoing was mailed First Class, postage prepaid this 16th days of May, 2008 to:

Terry Goddard, Attorney General
Marc A. D'Amore,
David J. Dir,
Stephen D. Ball,
Miral A. Sigurani,
Assistant Attorneys General
1275 West Washington Street
Phoenix, AZ 85007-2926

Clare Louise Reading
Clare Louise Reading