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16 IN THE UNITED STATES DISTRICT COURT
17 DISTRICT OF ARIZONA

18 UNITED STATES OF AMERICA,

19 Plaintiffs,

20 v.

21 JAMES LESLIE READING, CLARE L.
22 READING, FOX GROUP TRUST,
23 MIDFIRST BANK, STATE OF ARIZONA

24 Defendants.

Civ. No. 11-0698-PHX-FJM

**UNITED STATES' OPPOSITION TO
THE MOTION FOR LEAVE OF COURT
TO FILE A SURREPLY BY JAMES AND
CLARE READING**

25 On August 29, 2012, Defendants Clare and James Reading (“the Readings”) filed a Motion
26 for Leave to File a Surreply (“motion for leave”) regarding the United States’ Motion for Summary
27 Judgment that was filed on May 11, 2012. The United States did not file new material with or make
28 new arguments in its reply brief¹ but instead it focused its arguments on the assertions raised by the
Readings in their response. Thus, the Readings’ argument in their motion for leave that they should
be given the opportunity to address the new arguments asserted and new material relied on by the

¹ The United States did file a Notice of Errata with its reply but only to correct typographical errors in the Declaration of Elizabeth Marriaga that was filed on May 11, 2012.

1 United States in its reply is without merit.

2 It is clear from their August 29, 2012 filings that the real reason behind the Readings' desire
3 to file a surreply is that they want to reiterate the same baseless arguments that they have previously
4 asserted in this case and in other cases in this District. For example, the Readings assert in their
5 proposed surreply that they are not "U.S. Persons" who are subject to federal taxes and that the
6 United States "has never produced any statute requiring that [they] should pay a tax on compensation
7 for their labor...". See the proposed surreply at 2:13-27. They also make the specious argument that
8 the large amounts of compensation that Mr. Reading received are simply not subject to federal taxes.
9 *Id.*, at 5:13-15 (Mr. Reading "has never received 'taxable income', he has only received
10 'compensation for labor', a fundamental right, not taxable by the federal government").

11 In its reply brief (at Section I(C)), the United States conceded that Mr. Reading's
12 compensation should be divided on a 50-50 basis for the Readings' separate 1994 and 1995 tax years
13 and it can hereafter provide numerical tax and interest calculations that are based on that concession
14 once the Court makes its summary judgment rulings. The Readings should be allowed to address
15 such calculations from a numerical standpoint but the United States' summary judgment motion is
16 otherwise ripe for ruling and there is no reason to further entertain their frivolous assertions on any
17 other issue.

18 DATED this 4th day of September, 2012.

19 KATHRYN KENEALLY
20 Assistant Attorney General, Tax Division
21 U.S. Department of Justice

22 By: /s/ Charles M. Duffy
23 CHARLES M. DUFFY
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25 Of Counsel:

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27 United States Attorney

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 4th day of September, 2012, I served the foregoing through the Court’s electronic filing system:

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Assistant Attorney General
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I also certify that on this 4th day of September, 2012, I served the foregoing on the undersigned by first class mail:

James Leslie Reading
Clare Louise Reading
2425 East Fox Street
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/s/ Charles M. Duffy
Charles M. Duffy
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