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Attorneys for the United States of America

8 JOHN S. LEONARDO
9 United States Attorney
10 District of Arizona
Of Counsel

11 IN THE UNITED STATES DISTRICT COURT
12 DISTRICT OF ARIZONA

13 UNITED STATES OF AMERICA,

14 Plaintiffs,

15 v.

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

19 Defendants.

Civ. No. 11-0698-PHX-FJM

**SECOND DECLARATION OF
ELIZABETH MARRIAGA**

21 I, ELIZABETH MARRIAGA, declare that:

22 1. I am a Revenue Agent for the Internal Revenue Service ("IRS") in Mesa, Arizona.

23 2. As part of my duties as an IRS Revenue Agent, I have personal knowledge concerning
24 facts, described below, relating to James Reading.

1 3. Attached as Exhibit A is a copy of the Computation of Federal Income Tax worksheet
2 that I prepared to reflect a 50 percent reduction of the compensation received by James Reading in
3 his 1994 and 1995 tax years that is subject to federal income taxes. The referenced reduction is set
4 forth at the "Community Property Allocation" line of Exhibit A.


5 4. The IRS has adjusted its records to reflect the 50 percent reduction referenced in
6 paragraph 3 above and Exhibit A.

7 5. Attached hereto as Exhibit B are INTST calculations which set forth, among other
8 things, the interest computed to May 1, 2012 on Mr. Reading's tax and other related assessments -
9 as adjusted for the above-referenced 50 percent reduction - for his 1994 and 1995 tax years.

10 6. INTST, which is referenced in paragraph 5, is a computer command code used to
11 determine the outstanding tax balances owed including accrued penalties and interest as of a specific
12 date.

13 Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and
14 correct.

15
16 9-28-2012
 Date

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 ELIZABETH MARRIAGA
 IRS Revenue Agent
 Mesa, Arizona

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 28th day of September, 2012, I served the foregoing through the Court’s electronic filing system:

ROBERT P. VENTRELLA
Assistant Attorney General
1275 West Washington Street
Phoenix, Arizona 85007-2926

PAUL M. LEVINE, ESQUIRE
LAKSHMI JAGANNATH, ESQUIRE
McCarthy, Holthus, Levine Law Firm
8502 E. Via de Ventura, Suite 200
Scottsdale, Arizona 85258

TOMMY K. CRYER
Attorney at Law
7330 Fern Avenue
Shreveport, Louisiana 71105

I also certify that on this 28th 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
Mesa, Arizona 85213

/s/ Charles M. Duffy
Charles M. Duffy
Trial Attorney, Tax Division
U.S. Department of Justice

James L Reading Form 1040 - Computation of Federal Income Tax

	<u>1994</u>	<u>1995</u>
Ordinary Dividends	\$ 59.00	
1099 Misc--Pilot Catastrophic	\$ 112,015.00	\$117,648.00
1099 Misc--Pilot & Assoc	\$ 44,574.00	
Capital Gain	\$ 4,141.00	
Community Property Allocation	\$ (78,294.00)	(\$58,824.00)
SE AGI Adjustment	\$ (5,824.00)	\$ (5,370.00)
Adjusted Gross Income	\$ 76,671.00	\$ 53,454.00
Less:		
Standard/Itemized Deduction	(\$3,175.00)	(\$3,275.00)
Exemptions	(\$2,450.00)	(\$2,500.00)
Taxable Income	\$ 71,046.00	\$ 47,679.00
Regular Tax	\$18,221.00	\$10,831.00
Self Employment Tax	\$11,708.00	\$10,740.00
Total Tax Liability	\$29,929.00	\$21,571.00
Penalties:		
IRC Section 6651 (a)(2) Failure to Pay	\$ 7,482.25	\$ 5,392.75
IRC Section 6651 (a)(1) Failure to File	\$6,734.03	\$4,853.48
IRC Section 6654 Estimated Tax	\$1,542.01	\$1,177.60
Penalties Computed to 09/30/12	\$15,758.29	\$11,423.83
Interest computed to 05/01/2012	\$92,918.48	\$51,803.98
Amount due	<u>\$138,605.77</u>	<u>\$84,798.81</u>

Prepared by Elizabeth A. Marriaga 09/26/2012

199412 05012012 READ
.00 ASSESSED FTP
75,570.80 ASSESSED INT
38,205.04 TAX & PENALTY
113,775.84 ASSESSED TOTAL
7,482.25 ACCRUED FTP
17,347.68 ACCRUED INT
24,829.93 TOTAL ACCRUALS
7,482.25 TOTAL FTP
92,918.48 TOTAL INT
138,605.77 BALANCE DUE



199512 05012012 READ
5,392.75 ASSESSED FTP
41,303.45 ASSESSED INT
27,602.08 TAX & PENALTY
74,298.28 ASSESSED TOTAL
.00 ACCRUED FTP
10,499.87 ACCRUED INT
10,499.87 TOTAL ACCRUALS
5,392.75 TOTAL FTP
51,803.32 TOTAL INT
84,798.15 BALANCE DUE