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14 District of Arizona
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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' REPLY

25 On September 28, 2012, the United States filed a Motion to Enter a Judgment in this case.
26 The motion was prompted by the Court's September 19, 2012 order which granted summary
27 judgment in favor of the United States.

28 On October 1, 2012, defendants James and Clare Reading ("the Readings") filed a "Motion
for Reconsideration of United States' Motion to Enter a Judgment." The Court has not yet ruled on
the Government's September 28, 2012 motion and it appears that the Readings' October 1, 2012
filing is meant to be their response to the motion.

The Readings' October 1, 2012 filing sets forth the same frivolous arguments that they have
espoused throughout this litigation. For example, they again argue that the Government has not

1 provided them with a statute that requires them to pay federal income taxes on the compensation
2 received by Mr. Reading. *See e.g.* the Readings' October 1, 2012 filing at 4:4-8. They also argue
3 that such compensation is not subject to federal income taxes. *Id.*, at 5:1-4.

4 Wherefore, the Court should reject the Readings' baseless arguments and instead, enter the
5 proposed Entry of Judgment and Order of Foreclosure and Decree of Sale that the United States
6 lodged on September 28, 2012.

7 DATED this 9th day of October, 2012.

8 KATHRYN KENEALLY
9 Assistant Attorney General, Tax Division
10 U.S. Department of Justice

11 By: /s/ Charles M. Duffy
12 CHARLES M. DUFFY
13 Trial Attorney, Tax Division

14 Of Counsel:

15 JOHN S. LEONARDO
16 United States Attorney
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 9th day of October, 2012, I served the foregoing through the Court's electronic filing system:

ROBERT P. VENTRELLA
Assistant Attorney General
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Phoenix, Arizona 85007-2926

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7330 Fern Avenue
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I also certify that on this 9th day of October, 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