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IN THE UNITED STATES DISTRICT COURT
DISTRICT OF ARIZONA

United States of America,
Plaintiff,
v.
James Leslie Reading et al.,
Defendants.

No. CV 11-00698-PHX-FJM

**ENTRY OF JUDGMENT AND ORDER
OF FORECLOSURE AND DECREE OF
SALE**

Pursuant to 28 U.S.C. §§ 2001 and 2002 and 26 U.S.C. §§ 7402 and 7403, and the Court's September 19, 2012 Order, **IT IS HEREBY ORDERED THAT:**

1. JUDGMENT is hereby entered in favor of the United States of America and against defendant James Reading on the First Claim in the complaint, for the tax and related assessments made against him for his 1993, 1994, 1995 and 2008 Income Tax Years in the amount of \$349,993.94, as of May 1, 2012, plus statutory interest accruing thereafter pursuant to 26 U.S.C. §§ 6601, 6621 and 6622 and 28 U.S.C. § 1961(c) and other statutory additions, less any payments and credits.

2. JUDGMENT is hereby entered in favor of the United States of America and against defendant Clare Reading on the Second Claim, for the tax and related assessments made against her for her 1994 and 1995 Income Tax Years in the amount of \$116,632.96, as of May 1, 2012, plus

1 statutory interest accruing thereafter pursuant to 26 U.S.C. §§ 6601, 6621 and 6622 and 28 U.S.C.
2 § 1961(c) and other statutory additions, less any payments and credits.

3 3. JUDGMENT is hereby entered in favor of the United States of America and against
4 defendant James Reading on the Fourth Claim in the complaint, for the frivolous tax return penalty
5 assessments made under 26 U.S.C. § 6702 against him for his 1997, 1998, 1999, 2000, 2002, 2003,
6 2004, 2005, 2006 and 2008 Income Tax Years in the amount of \$16,739.18, as of May 1, 2012, plus
7 statutory interest accruing thereafter pursuant to 26 U.S.C. §§ 6601, 6621 and 6622 and 28 U.S.C.
8 § 1961(c) and other statutory additions, less any payments and credits.

9 4. JUDGMENT is hereby entered in favor of the United States of America and against
10 defendant Clare Reading on the Fifth Claim in the complaint, for the frivolous tax return penalty
11 assessments made under 26 U.S.C. § 6702 against her for her 1997, 1998, 1999, 2000, 2001, 2002,
12 2003, 2004, 2005, 2006 and 2008 Income Tax Years in the amount of \$16,793.78, as of May 1,
13 2012, plus statutory interest accruing thereafter pursuant to 26 U.S.C. §§ 6601, 6621 and 6622 and
14 28 U.S.C. § 1961(c) and other statutory additions, less any payments and credits.

15 5. The parcel of real property upon which foreclosure is sought in this case is residential
16 real property located at 2425 East Fox Street, Mesa, Arizona (hereafter “the real property”). The real
17 property also has the following legal description:

18 Lot forty-nine (49), BROWNMORE ESTATES, according to the plat of record in the office
19 of the Maricopa County Recorder in Book 133 of Maps, page 41.

20 6. The United States has valid and subsisting tax liens on all property and rights to
21 property of James Reading and Clare Reading – including the real property – arising from the
22 assessments described above, which tax liens are effective as of the dates of those assessments.

23 7. The United States’ federal tax liens against the real property are hereby foreclosed.
24 The United States Marshal for the District of Arizona (“the Marshal”), his representative, or an
25 Internal Revenue Service Property Appraisal and Liquidation Specialist (“PALS”) representative is
26 authorized and directed under 28 U.S.C. §§ 2001 and 2002 to offer for public sale and to sell the real
27 property under this Order of Foreclosure and Decree of Sale and shall make the arrangements for any
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1 sale as set forth in this Order.

2 8. The United States may choose either the Marshal or a PALS representative to carry
3 out the sale under this Order. The Marshal, his representative, or a PALS representative is authorized
4 to have free access to the real property and to take all actions necessary to preserve the real property,
5 including, but not limited to, retaining a locksmith or other person to change or install locks or other
6 security devices on any part of the property, until the deed to the real property is delivered to the
7 ultimate purchaser(s).

8 9. The terms and conditions of the sale are as follows:

9 a. Except as otherwise stated herein, the sale of the real property shall be by public
10 auction to the highest bidder, free and clear of all liens and interests;

11 b. The sale shall be subject to building lines, if established, all laws, ordinances,
12 and governmental regulations (including building and zoning ordinances) affecting the real
13 property, and easements and restrictions of record, if any;

14 c. The sale shall be held at the courthouse of the county or city in which the real
15 property is located, on the premises of the parcel of real property being sold, or at any other
16 place in accordance with the provisions of 28 U.S.C. §§ 2001 and 2002, at a date and time
17 announced by the Marshal, his representative, or a PALS representative;

18 d. Notice of the sale shall be published once a week for at least four consecutive
19 weeks before the sale in at least one newspaper regularly issued and of general circulation in
20 Maricopa County, Arizona, and, at the discretion of the Marshal, his representative, or a
21 PALS representative, by any other notice deemed appropriate. **State law notice
22 requirements for foreclosures or execution sales do not apply to this sale under federal
23 law.** The notice shall contain a description of the real property and shall contain the material
24 terms and conditions of sale in this order of sale;

25 e. The minimum bid will be set by the Internal Revenue Service. If the minimum
26 bid is not met or exceeded, the Marshal, his representative, or a PALS representative may,
27 without further permission of this Court, and under the terms and conditions in this order of
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1 sale, hold a new public sale, if necessary, and reduce the minimum bid or sell to the highest
2 bidder;

3 f. Bidders shall be required to DEPOSIT at the time of sale with the Marshal or
4 a PALS representative a minimum of ten percent of the bid with the deposit to be made by
5 a certified or cashier's check payable to the United States District Court for the District of
6 Arizona. Before being permitted to bid at the sale, bidders shall display to the Marshal or a
7 PALS representative satisfactory proof of compliance with this requirement;

8 g. The balance of the purchase price of the real property at issue in excess of the
9 deposit tendered shall be paid to the Marshal or a PALS representative within thirty (30) days
10 after the date the bid is accepted by a certified or cashier's check payable to the United States
11 District Court for the District of Arizona. If the successful bidder fails to fulfill this
12 requirement, the deposit shall be forfeited and shall be applied to cover the expenses of the
13 sale, including commissions due under 28 U.S.C. § 1921(c), with any amount remaining to
14 be applied to the federal tax liabilities owed by James Reading and/or Clare Reading that are
15 at issue herein. The real property at issue shall be again offered for sale under the terms and
16 conditions of this Order of Foreclosure and Judicial Sale. The United States may bid as a
17 credit against its judgment without tender of cash;

18 h. The sale of the real property at issue shall not be final until confirmed by this
19 Court. The Marshal or PALS representative shall file a report of sale with the Court, together
20 with a proposed order of confirmation of sale and proposed deed, within 35 days from the
21 date of receipt of the balance of the purchase price;

22 i. Upon confirmation of the sale, the Marshal or a PALS representative shall
23 promptly execute and deliver a deed of judicial sale conveying the real property to the
24 purchaser;

25 j. Upon confirmation of the sale, the interests of, liens against, or claims to the
26 real property at issue held or asserted by the United States in the Complaint and any other
27 parties to this action or any successors in interest or transferees of those parties shall be
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1 discharged and extinguished. The sale is ordered pursuant to 28 U.S.C. § 2001. **Redemption**
2 **rights under state law shall not apply to this sale under federal law;** and

3 k. Upon confirmation of the sale, the purchaser shall have the recorder of deeds
4 or Office of the County Clerk, Maricopa County, Arizona cause transfer of the real property
5 so it is reflected upon that county's register of title.

6 10. Until the real property at issue is sold, James Reading and Clare Reading shall take all
7 reasonable steps necessary to preserve the real property at issue (including all buildings,
8 improvements, fixtures and appurtenances thereon) including, without limitation, maintaining fire
9 and casualty insurance policies on the real property. They shall not commit waste against the real
10 property at issue, nor shall they cause or permit anyone else to do so. They shall not do anything that
11 tends to reduce the value or marketability of the real property at issue, nor shall they cause or permit
12 anyone else to do so. They shall not record any instruments, publish any notice, or take any other
13 action that may directly or indirectly tend to adversely affect the value of the real property at issue
14 or that may tend to deter or discourage potential bidders from participating in the public sale, nor
15 shall they cause or permit anyone else to do so. **Violation of this paragraph shall be deemed a**
16 **contempt of court and punishable as such.**

17 11. James Reading and Clare Reading and all other persons occupying the real property
18 at issue shall leave and vacate permanently such property no later than thirty (30) days after this
19 Order is signed, each taking with them his or her personal property (but leaving all improvements,
20 buildings, fixtures, and appurtenances) when leaving and vacating. If any person fails or refuses to
21 leave and vacate the property by the time specified in this Order, the United States Marshal's Office
22 or the Sheriff of Maricopa County is authorized to take whatever action they deem appropriate to
23 remove such person or persons from the premises. If any person fails or refuses to remove his or her
24 personal property from the real property at issue by the time specified herein, the personal property
25 remaining on the real property at issue thereafter is deemed forfeited and abandoned, and the Marshal
26 or a PALS representative is authorized and directed to remove and dispose of it in any manner he
27 sees fit, including sale, in which case the proceeds of sale are to be applied first to the expenses of
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1 sale, and then to the tax liabilities at issue herein.

2 12. Notwithstanding the terms of the immediately preceding paragraph, if, after the sale
3 of the real property at issue is confirmed by this Court, the real property at issue remains occupied,
4 a writ of assistance may, without further notice, be issued by the Clerk of Court pursuant to Rule 70
5 of the Federal Rules of Civil Procedure to compel delivery of possession of the real property at issue
6 to the purchasers thereof.

7 13. If James Reading or Clare Reading and any other persons occupying the real property
8 at issue vacates the property prior to the deadline set forth in paragraph 11, above, such person shall
9 notify counsel for the United States no later than 2 business days prior to vacating the property of
10 the date on which he or she is vacating the property. Notification shall be made by leaving a
11 message for said counsel, Charles Duffy, at (202) 307-6406.

12 14. The Marshal or a PALS representative shall deposit the amount paid by the purchaser
13 into the registry of the court. Upon appropriate motion for disbursement or stipulation, the court will
14 disburse the funds in the following partial order of preference until these expenses and liens are
15 satisfied:

16 a. To the Marshal or IRS, for allowed costs and expenses of sale, including any
17 commissions due under 28 U.S.C. § 1921(c) and including an amount sufficient to cover the
18 costs of any steps taken to secure or maintain the real property at issue pending sale and
19 confirmation by the Court;

20 b. To all taxes unpaid and matured that are owed (to county, city, or school
21 district) for real property taxes on the property. To the extent that defendant MidFirst Bank
22 (or its assigns or a related entity) has or is holding an escrow for real property taxes on the
23 real property and does not pay such escrow amounts to the appropriate local taxing authority
24 for property taxes owed, it should pay such amounts into the registry of the court;

25 c. To MidFirst Bank, which is owed a total of \$13,152.12 as of January 1, 2013
26 (this amount *includes* all fees due MidFirst including its attorneys' fees);

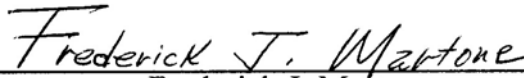
27 d. To the State of Arizona, which is owed \$15,497.77, as of November 1, 2012,
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1 with \$1.14 in interest accruing per day thereafter;

2 e. To the United States, without reduction for registry fees and returning any
3 registry fees charged, in the amount of the outstanding federal tax, penalty, and related
4 liabilities of James Reading and Clare Reading for the periods at issue in this action. The
5 aggregate amount of such liabilities, as of May 1, 2012, is \$500,159.86 and interest should
6 accrue subsequent to May 1, 2012 pursuant to 26 U.S.C. §§ 6601, 6621 and 6622, and 28
7 U.S.C. § 1961(c); and

8 f. Any balance remaining after the above payments shall be held by the Clerk until
9 further order of the Court.

10 DATED this 11th day of October, 2012.

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13 Frederick J. Martone
14 United States District Judge
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