

JS 44 (Rev. 12/12)

CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM)

I. (a) PLAINTIFFS

United States of America

(b) County of Residence of First Listed Plaintiff _____
(EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorneys (Firm Name, Address, and Telephone Number)
Anne E. Nelson, Nithya Senra, U.S. Dept. of Justice-Tax Division
P.O. Box 683, Washington D.C. 20044
Telephone: (202) 514-6632, (202) 307-6570

DEFENDANTS

Michael A. Bigley, Carolyn E. Bigley, Robert B. Kelso, Raeola D. Kelso, and ISA Ministries

County of Residence of First Listed Defendant Maricopa
(IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED.

Attorneys (If Known)

II. BASIS OF JURISDICTION (Place an "X" in One Box Only)

- 1 U.S. Government Plaintiff
- 2 U.S. Government Defendant
- 3 Federal Question (U.S. Government Not a Party)
- 4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)

	PTF	DEF		PTF	DEF
Citizen of This State	<input type="checkbox"/> 1	<input type="checkbox"/> 1	Incorporated or Principal Place of Business In This State	<input type="checkbox"/> 4	<input type="checkbox"/> 4
Citizen of Another State	<input type="checkbox"/> 2	<input type="checkbox"/> 2	Incorporated and Principal Place of Business In Another State	<input type="checkbox"/> 5	<input type="checkbox"/> 5
Citizen or Subject of a Foreign Country	<input type="checkbox"/> 3	<input type="checkbox"/> 3	Foreign Nation	<input type="checkbox"/> 6	<input type="checkbox"/> 6

IV. NATURE OF SUIT (Place an "X" in One Box Only)

CONTRACT	TORTS	FORFEITURE/PENALTY	BANKRUPTCY	OTHER STATUTES	
<input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excludes Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise	PERSONAL INJURY <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Federal Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury <input type="checkbox"/> 362 Personal Injury - Medical Malpractice	PERSONAL INJURY <input type="checkbox"/> 365 Personal Injury - Product Liability <input type="checkbox"/> 367 Health Care/Pharmaceutical Personal Injury Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability PERSONAL PROPERTY <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability	<input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 690 Other LABOR <input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Management Relations <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 751 Family and Medical Leave Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Employee Retirement Income Security Act IMMIGRATION <input type="checkbox"/> 462 Naturalization Application <input type="checkbox"/> 465 Other Immigration Actions	<input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 PROPERTY RIGHTS <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark SOCIAL SECURITY <input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g)) FEDERAL TAX SUITS <input checked="" type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS—Third Party 26 USC 7609	<input type="checkbox"/> 375 False Claims Act <input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 480 Consumer Credit <input type="checkbox"/> 490 Cable/Sat TV <input type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 890 Other Statutory Actions <input type="checkbox"/> 891 Agricultural Acts <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 895 Freedom of Information Act <input type="checkbox"/> 896 Arbitration <input type="checkbox"/> 899 Administrative Procedure Act/Review or Appeal of Agency Decision <input type="checkbox"/> 950 Constitutionality of State Statutes

V. ORIGIN (Place an "X" in One Box Only)

- 1 Original Proceeding
- 2 Removed from State Court
- 3 Remanded from Appellate Court
- 4 Reinstated or Reopened
- 5 Transferred from Another District (specify)
- 6 Multidistrict Litigation

VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity):
26 U.S.C. § 7403

Brief description of cause:
Suit to reduce to judgment federal tax assessments and foreclose on federal tax liens

VII. REQUESTED IN COMPLAINT:

CHECK IF THIS IS A CLASS ACTION UNDER RULE 23, F.R.Cv.P.
DEMAND \$ 239,747.65

CHECK YES only if demanded in complaint:
JURY DEMAND: Yes No

VIII. RELATED CASE(S) IF ANY

(See instructions):

JUDGE _____

DOCKET NUMBER _____

DATE 4/8/14 SIGNATURE OF ATTORNEY OF RECORD _____

FOR OFFICE USE ONLY

RECEIPT # _____ AMOUNT _____ APPLYING IFP _____ JUDGE _____ MAG. JUDGE _____

1 KATHRYN KENEALLY
Assistant Attorney General

2 ANNE E. NELSON (AZ Bar # 028069)
3 NITHYA SENRA (CA Bar # 291803)
4 Trial Attorneys, Tax Division
5 U.S. Department of Justice
6 P.O. Box 683, Ben Franklin Station
7 Washington, D.C. 20044
8 Telephone: (202) 514-6632
(202) 307-6570
9 Facsimile: (202) 307-0054
10 E-mail: anne.e.nelson@usdoj.gov
11 nithya.senra@usdoj.gov

12 JOHN S. LEONARDO
13 United States Attorney
14 District of Arizona
15 *Of Counsel*

16 *Attorneys for the United States of America*

17 IN THE UNITED STATES DISTRICT COURT FOR THE
18 DISTRICT OF ARIZONA

19 United States of America,

20 Plaintiff,

21 v.

22 Michael A. Bigley; Carolyn E. Bigley;
23 Robert B. Kelso; Raeola D. Kelso;
and ISA Ministries;

Defendants.

Case No.

**COMPLAINT TO REDUCE
FEDERAL TAX ASSESSMENTS
TO JUDGMENT AND
FORECLOSE FEDERAL TAX
LIENS**

24 The United States of America, by and through its undersigned counsel, hereby
25 alleges as follows:

1 **CAUSE OF ACTION**

2 1. This is a civil action brought by the United States to reduce the outstanding
3 federal tax liabilities assessed against defendants Michael A. Bigley and Carolyn E.
4 Bigley to judgment and to foreclose federal tax liens on real property.

5 **AUTHORIZATION FOR SUIT**

6 2. This action is commenced pursuant to 26 U.S.C. §§ 7401 and 7403, at the
7 direction of the Attorney General of the United States, with the authorization and
8 sanction and at the request of the Chief Counsel of the Internal Revenue Service (IRS), a
9 delegate of the Secretary of Treasury.

10 **JURISDICTION AND VENUE**

11 3. This Court has jurisdiction over this action pursuant to 28 U.S.C. §§ 1340
12 and 1345 and 26 U.S.C. §§ 7402 and 7403.

13 4. Venue for this action is proper in the District of Arizona pursuant to 28
14 U.S.C. §§ 1391(b) and 1396 because the tax assessments at issue accrued within this
15 judicial district and because the property sought to be foreclosed is located in this district.

16 **IDENTIFICATION OF DEFENDANTS**

17 5. Defendants, taxpayers, Michael and Carolyn Bigley are husband and wife
18 and reside within the jurisdiction of this Court.

19 6. Defendants Robert and Raeola Kelso are made parties pursuant to 26
20 U.S.C. § 7403(b) because they presently hold title to the real property at issue in this
21 action. Upon information and belief, however, Robert and Raeola Kelso, are in fact the
22
23

1 mere nominee or alter ego of defendants Michael and Carolyn Bigley, who have now and
2 have at all relevant times been the actual beneficial owners of the real property at issue.
3 Upon information and belief, Robert and Raeola Kelso reside in the District of Idaho.

4 7. Upon information and belief, defendant Michael A. Bigley is the principal
5 of ISA Ministries, an unincorporated entity. ISA Ministries is made a party pursuant to
6 26 U.S.C. § 7403(b) because it may claim some right, title, or interest in the real property
7 at issue. Upon information and belief, however, ISA Ministries is in fact the mere
8 nominee or alter ego of defendants Michael and Carolyn Bigley, who have now and have
9 at all relevant times been the actual beneficial owner of the real property at issue.
10

11 **REAL PROPERTY SOUGHT TO BE FORECLOSED**

12 8. The real property that is the subject of this foreclosure action is commonly
13 referred to as 3115 E. Park Avenue, Gilbert, Arizona 85234 (hereinafter the “real
14 property at issue”) and is more particularly described as follows:

15 Lot 195, of HIGLEY GROVES WEST AT MORRISON RANCH, according to
16 the plat of record in the office of the county Recorder of Maricopa County,
Arizona recorded in Book 510 of Maps, Page 15.

17 9. On May 17, 2002, Michael and Carolyn Bigley acquired title to the real
18 property at issue as community property with rights of survivorship via a corporate
19 special deed from Greystone Homes, Inc. The Corporate Special Deed was recorded
20 with the Maricopa County Recorder’s Office on May 23, 2002. A Deed of Trust in favor
21 of Universal American Mortgage Company was recorded on May 23, 2002. The
22 mortgage was refinanced by Washington Mutual Bank, NA on March 25, 2003. A Deed
23

1 of Release and Reconveyance for the Universal American Mortgage Company mortgage
2 was signed on March 27, 2003. A Deed of Reconveyance for the Washington Mutual
3 Bank, NA mortgage was signed by JPMorgan Chase Bank, NA on May 14, 2009.

4 10. On May 2, 2008, Michael and Carolyn Bigley purported to transfer title to
5 the real property at issue to ISA Ministries via a quitclaim deed. The transfer claimed an
6 exemption pursuant to Arizona Revised Statute § 11-1134(a)(7), which indicates that the
7 transfer was “a deed of gift.” The deed was recorded in the Maricopa County Recorder’s
8 Office on May 8, 2008.

9 11. On May 15, 2009, ISA Ministries purported to transfer title to the real
10 property at issue to Robert and Raeola Kelso via a corporate special deed. The deed was
11 recorded in the Maricopa County Recorder’s Office on June 15, 2009. A deed of trust in
12 favor of ISA Ministries was recorded on June 15, 2009.

13
14 **RECORDED TAX LIENS**

15 12. On December 1, 2009, the IRS recorded with the Maricopa County
16 Recorder’s Office a Notice of Federal Tax Lien against Michael A. Bigley with respect to
17 his outstanding federal income tax for tax year 2005, and with respect to civil penalties
18 assessed against him for the 2005 and 2006 tax years.

19 13. On June 22, 2010, the IRS recorded with the Maricopa County Recorder’s
20 Office a Notice of Federal Tax Lien against Carolyn E. Bigley with respect to civil
21 penalties assessed against her for the 2004, 2005 and 2006 tax years.
22
23

1 14. On August 3, 2010, the IRS recorded with the Maricopa County Recorder's
2 Office a Notice of Federal Tax Lien against Michael A. Bigley with respect to his
3 outstanding federal income taxes for tax year 2006.

4 15. On November 16, 2010, the IRS recorded with the Maricopa County
5 Recorder's Office a Notice of Federal Tax Lien against Michael A. Bigley with respect to
6 his outstanding federal income taxes for tax year 2004, and for civil penalties assessed
7 against him for the 2006 and 2007 tax years.

8 16. On December 6, 2011, the IRS recorded with the Maricopa County
9 Recorder's a Notice of Federal Tax Lien against ISA Ministries as nominee and/or alter
10 ego of Michael A. Bigley with respect to the outstanding federal income tax liabilities of
11 Michael A. Bigley for assessments made against him for the 2004 through 2006 tax
12 years, and with respect to civil penalties assessed against Michael A. Bigley for the 2005
13 through 2007 tax years.

14 17. On December 6, 2011, the IRS recorded with the Maricopa County
15 Recorder's a Notice of Federal Tax Lien against ISA Ministries as nominee and/or alter
16 ego of Carolyn E. Bigley with respect to the outstanding federal income tax liabilities of
17 Carolyn E. Bigley for assessments made against her for the 2004, 2005 and 2006 tax
18 years.

19 18. On December 6, 2011, the IRS recorded with the Maricopa County
20 Recorder's a Notice of Federal Tax Lien against Robert B. Kelso and Raeola D. Kelso as
21 nominees and/or alter egos of Michael A. Bigley with respect to the outstanding federal
22
23

1 income tax liabilities of Michael A. Bigley for assessments made against him for the
2 2004 through 2006 tax years, and for civil penalties assessed against him for the 2005
3 through 2007 tax years.

4 19. On December 6, 2011, the IRS recorded with the Maricopa County
5 Recorder's a Notice of Federal Tax Lien against Robert B. Kelso and Raeola D. Kelso as
6 nominees and/or alter egos of Carolyn E. Bigley with respect to the outstanding federal
7 income tax liabilities of Carolyn E. Bigley for assessments made against her for the 2004,
8 2005, and 2006 tax years.

9 20. On April 26, 2012, the IRS recorded with the Maricopa County Recorder's
10 Office a Notice of Federal Tax Lien against Carolyn E. Bigley with respect to civil
11 penalties assessed against her for the 2004 tax year.

12
13 **FIRST CLAIM FOR RELIEF:**
14 **TO REDUCE FEDERAL TAX ASSESSMENTS TO JUDGMENT**

15 21. The United States incorporates by reference the allegations contained in
16 paragraphs one (1) through twenty (20) as if fully set forth herein.

17 22. On the dates and in the amounts set forth below, a duly authorized delegate
18 of the Secretary of the Treasury made timely federal tax assessments against Michael A.
19 Bigley for the following federal income tax, penalties, and other statutory additions:

20 //

<u>Type of Tax</u>	<u>Tax Period</u>	<u>Assessment Date</u>	<u>Assessment Amount</u> ¹	<u>Total Balance as of 4/30/2014 (including accruals)</u>
Income (1040)	2004	08/09/2010	P3 \$ 4,288.67	\$ 71,239.56
		08/09/2010	P5 \$ 5,000.00	
		08/09/2010	P1 \$ 858.54	
		08/09/2010	P2 \$ 6,654.83	
		08/09/2010	T \$29,577.00	
		08/09/2010	I \$14,010.98	
Income (1040)	2005	08/10/2009	P1 \$ 1,718.54	\$ 93,277.91
		08/10/2009	P2 \$ 9,639.90	
		08/10/2009	T \$42,884.00	
		08/10/2009	I \$13,023.06	
		08/10/2009	P3 \$ 8,568.80	
Income (1040)	2006	06/21/2010	P1 \$ 286.86	\$14,166.91
		06/21/2010	P2 \$ 1,561.50	
		06/21/2010	T \$14,842.00	
		06/21/2010	I \$ 1,658.93	
		06/21/2010	P3 \$ 1,353.30	
Civil Penalty §6702	2005	07/07/2008	P6 \$15,000.00	\$ 18,579.80
Civil Penalty §6702	2006	03/10/2008	P6 \$ 5,000.00	\$ 12,041.97
		04/26/2010	P6 \$ 5,000.00	
			F \$ 16.00	
Civil Penalty §6702	2007	10/04/2010	P6 \$ 5,000.00	\$ 5,606.63
Total Balance				\$ 214,912.78

¹ T—tax; P1—estimated tax penalty, 26 U.S.C. § 6654; P2—late filing penalty, 26 U.S.C. § 6651(a)(1); P3—failure to pay tax penalty, 26 U.S.C. § 6651(a)(2); P4—accuracy related penalty, 26 U.S.C. § 6662; P5 tax court sanction penalty, 26 U.S.C. § 6673; P6 Civil Penalty for Frivolous Filing, 26 U.S.C. § 6702; I—interest; F—fees and collection costs

1 23. Timely notice of the assessments set forth in paragraph twenty-two (22)
2 above, has been given and demand for payment has been made upon Michael A. Bigley
3 as required by 26 U.S.C. § 6303.

4 24. Despite notice and demand for payment of the assessments set forth in
5 paragraph twenty-two (22) above, defendant Michael A. Bigley has neglected, refused, or
6 failed to make payment of the assessed amount to the United States, and there remains
7 due and owing to the United States on those assessments the total sum of \$ 214,912.78
8 plus statutory interest and other additions as provided by law.

9 25. Michael A. Bigley petitioned the United States Tax Court to contest the
10 merits of the notice of deficiency by the IRS for the 2004 tax year. The Tax Court issued
11 a decision in favor of the IRS, sustaining the deficiency determinations for the 2004 tax
12 year, and additionally sanctioned Michael A. Bigley for filing frivolous submissions with
13 the Tax Court.

14 26. On the dates and in the amounts set forth below, a duly authorized delegate
15 of the Secretary of the Treasury made timely federal tax assessments against Carolyn E.
16 Bigley for the following civil penalties, and other statutory additions:
17

18 //

19 //

20 //

<u>Type of Tax</u>	<u>Tax Period</u>	<u>Assessment Date</u>	<u>Assessment Amount²</u>	<u>Total Balance as of 4/30/2014 (including accruals)</u>
Civil Penalty §6702	2004	05/19/2008 06/02/2008	P6 \$ 5,000.00 I \$ 11.49 F \$ 16.00 F \$ 32.00 F \$ 16.00	\$ 6,242.02
Civil Penalty §6702	2005	07/07/2008	P6 \$10,000.00	\$ 12,386.54
Civil Penalty § 6702	2006	06/23/2008	P6 \$ 5,000.00	\$ 6,206.31
Total Balance				\$24,834.87

27. Timely notice of the assessments set forth in paragraph twenty-six (26) above, has been given and demand for payment has been made upon Carolyn E. Bigley as required by 26 U.S.C. § 6303.

28. Despite notice and demand for payment of the assessments set forth in paragraph twenty-six (26) above, defendant Carolyn E. Bigley has neglected, refused, or failed to make payment of the assessed amount to the United States, and there remains due and owing to the United States on those assessments the total sum of \$ 24,834.87 plus statutory interest and other additions as provided by law.

² T—tax; P1—estimated tax penalty, 26 U.S.C. § 6654; P2—late filing penalty, 26 U.S.C. § 6651(a)(1); P3—failure to pay tax penalty, 26 U.S.C. § 6651(a)(2); P4—accuracy related penalty, 26 U.S.C. § 6662; P5 tax court sanction penalty, 26 U.S.C. § 6673; P6 Civil Penalty for Frivolous Filing, 26 U.S.C. § 6702; I—interest; F—fees and collection costs

1 ownership. Upon information and belief, Michael and Carolyn Bigley continue to reside
2 in the home and use it as their personal residence.

3 35. Moreover, at all relevant times, Michael and Carolyn Bigley bore the
4 burdens of ownership of the real property at issue.

5 36. ISA Ministries does not have, nor has it ever had, any ownership or other
6 controlling interest in the real property at issue. ISA Ministries is a mere nominee or
7 alter ego of Michael and Carolyn Bigley with respect to the title and ownership of the real
8 property at issue.

9 37. ISA Ministries purported to transfer title to the real property at issue on
10 May 15, 2009, to Robert and Raeola Kelso via a corporate special deed.

11 38. Upon information and belief Robert and Raeola Kelso are related to
12 Michael and Carolyn Bigley. Raeola Kelso is Michael Bigley's sister.

13
14 **THIRD CLAIM FOR RELIEF:**
15 **FRAUDULENT TRANSFER AGAINST ISA MINISTRIES AND ROBERT B.**
16 **KELSO AND RAEOLA D. KELSO**

17 39. By this reference, the United States realleges and incorporates the
18 allegations contained in paragraphs one (1) through thirty-eight (38) as if fully set forth
19 herein.

20 40. On May 2, 2008, Michael and Carolyn Bigley purported to transfer the real
21 property at issue via Quitclaim Deed to ISA Ministries for no consideration.

22 41. The purported transfer, as described in paragraph ten (10) above, was made
23 with the intent to hinder, delay, or defraud the present and future creditors of Michael and

1 Carolyn Bigley, including the United States for its unpaid federal income taxes for the tax
2 years 2004, 2005, 2006, and 2007. Additionally, Michael and Carolyn Bigley made the
3 transfer without receiving reasonably equivalent value in exchange for the property and
4 Michael and Carolyn Bigley should have believed they would incur debts beyond their
5 ability to pay as they became due. Such transfer is therefore of no effect as to the United
6 States under the provisions of the Federal Debt Collection Procedure Act, 28 U.S.C. §§
7 3301, *et seq.*, and under the Arizona Uniform Fraudulent Transfer Act, Ariz. Rev. Stat. §
8 §§ 44-1001, *et seq.*
9

10 42. The transfer of the subject property from Michael and Carolyn Bigley to
11 ISA Ministries was a transfer to insiders of ISA Ministries. Upon information and belief,
12 at the time of the transfer Michael Bigley was the managing director of ISA Ministries.
13 Moreover, upon information and belief, both Michael and Carolyn Bigley had access to
14 ISA Ministries bank accounts and used them for their personal use.
15

16 43. The purported transfer, as described in paragraph ten (10) above, occurred
17 while Michael and Carolyn Bigley knew or should have known of its unpaid federal tax
18 debts.
19

20 44. The transfer of the real property in interest represented substantially all of
21 Michael and Carolyn Bigley's assets.
22

23 45. Michael and Carolyn Bigley did not receive reasonably equivalent value in
exchange for the property transferred to ISA Ministries.

1 46. After the transfer, as described in paragraph ten (10) above, occurred
2 Michael and Carolyn Bigley retained possession or control of the property.

3 47. On May 15, 2009, ISA Ministries purported to transfer the real property at
4 issue via Corporate Special Deed to Robert and Raeola Kelso.

5 48. The purported transfer, as described in paragraph eleven (11) above, was
6 made with the intent to hinder, delay, or defraud the present and future creditors of
7 Michael and Carolyn Bigley, including the United States for its unpaid federal income
8 taxes for the tax years 2004, 2005, 2006, and 2007. Such transfer is therefore of no effect
9 as to the United States under the provisions of the Federal Debt Collection Procedure
10 Act, 28 U.S.C. §§ 3301, *et seq.*, and under the Arizona Uniform Fraudulent Transfer Act,
11 Ariz. Rev. Stat. § §§ 44-1001, *et seq.*

12 49. The transfer from ISA Ministries to Robert and Raeola Kelso was a transfer
13 to insiders of ISA Ministries. Upon information and belief Robert and Raeola Kelso are
14 related to ISA Ministries managing director, Michael Bigley.

15 50. Michael and Carolyn Bigley retained possession and control of the real
16 property at issue after the transfer from ISA Ministries to Robert and Raeola Kelso.
17

18 51. The transfer of the subject property from ISA Ministries to Robert and
19 Raeola Kelso was an effort by the taxpayers Michael and Carolyn Bigley to conceal
20 assets from creditors such as the United States.
21
22
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1 57. In accordance with 26 U.S.C. § 6323(f), Notices of Federal Tax Lien
2 relating to the assessments described in paragraphs twenty-two (22) and twenty-six (26)
3 above, were duly filed against Robert and Raeola Kelso as the nominees, alter egos,
4 and/or transferees of Defendants Michael and Carolyn Bigley and recorded at the
5 Maricopa County Recorder's Office.

6 58. The tax liens arising from the assessments described in paragraphs twenty-
7 two (22) and twenty-six (26) continue to attach to the real property at issue.

8 59. The tax liens arising from the assessments described in paragraphs twenty-
9 two (22) and twenty-six (26) have priority over all interests in the real property at issue
10 acquired after the attachment of the tax liens, subject to the provisions of 26 U.S.C. §
11 6323(a).
12

13 60. Under 26 U.S.C. § 7403(c), the United States is entitled to a decree of sale
14 of the real property at issue to enforce its tax liens.
15

16 //

17 //

18
19
20 WHEREFORE, Plaintiff, the United States of America, prays as follows:
21

22 A. That this Court determine and adjudge that Defendant Michael A. Bigley is
23 indebted to the United States in the amount of \$ 214,912.78, less any additional credits

1 according to proof, plus interest and other statutory additions, as provided by law, that
2 have accrued since April 30, 2014, and that judgment in that amount be entered against
3 Michael A. Bigley and in favor of the United States;

4 B. That this Court determine and adjudge that Defendant Carolyn E. Bigley is
5 indebted to the United States in the amount of \$ 24,834.87, less any additional credits
6 according to proof, plus interest and other statutory additions, as provided by law, that
7 have accrued since April 30, 2014, and that judgment in that amount be entered against
8 Carolyn E. Bigley and in favor of the United States;

9 C. That this Court determine and adjudge that ISA Ministries is a nominee or
10 alter ego of Michael and Carolyn Bigley with respect to the real property at issue, and
11 that ISA Ministries has no interest in the real property at issue that is superior to that of
12 the United States;

13 D. That this Court determine and adjudge that Robert and Raeola Kelso are
14 nominees or alter egos of Michael and Carolyn Bigley with respect to the real property at
15 issue, and that Robert and Raeola Kelso have no interest in the real property at issue that
16 is superior to that of the United States;

17 E. That this Court determine, adjudge, and decree that the purported
18 conveyance or transfer of the real property at issue from Michael and Carolyn Bigley to
19 ISA Ministries, as described in paragraph ten (10) above, was a fraudulent conveyance
20 and of no effect as to the lien claims of the United States, and that it be set aside;
21
22
23

1 F. That this Court determine, adjudge, and decree that the purported
2 conveyance or transfer of the real property at issue from ISA Ministries to Robert and
3 Raeola Kelso, as described in paragraph eleven (11) above, was a fraudulent conveyance
4 and of no effect as to the lien claims of the United States, and that it be set aside;

5 G. That this Court determine the validity and priority of all liens on and other
6 interests in the real property at issue and order that the proceeds from any judicial sale of
7 such property be distributed accordingly; and

8 H. That the United States be granted its costs incurred in bringing this action,
9 and such other and further relief as this Court deems just and proper.

10 DATED this 8th day of April, 2014.

11 Respectfully submitted,

12 KATHRYN KENEALLY
13 Assistant Attorney General

14
15 s/ Anne E. Nelson
16 ANNE E. NELSON (AZ Bar # 028069)
17 NITHYA SENRA (CA Bar # 291803)
18 Trial Attorneys, Tax Division
19 U.S. Department of Justice

20
21
22
23 *Attorneys for the United States of America*