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UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

UNITED STATES OF AMERICA,

Case No. 13-20371

-vs-

DOREEN HENDRICKSON,

Detroit, Michigan

Defendant.

July 22, 2014

-----/

TRANSCRIPT OF TRIAL - VOLUME TWO
BEFORE THE HONORABLE VICTORIA A. ROBERTS
UNITED STATES DISTRICT COURT JUDGE, and a Jury.

APPEARANCES:

For the Government:

Melissa Siskind, Esq.

Jeffrey McLellan, Esq.

For the Defendant:

Doreen Hendrickson, Pro Per

Standby Counsel:

Andrew Wise, Esq.

Proceedings taken by mechanical stenography, transcript
produced by computer-aided transcription

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1 **(Juror Turner exited courtroom)**

2 **(Juror Lumsden entered courtroom)**

3 THE COURT: Good morning. And you are Judy Lumsden?

4 JUROR LUMSDEN: Yes, ma'am.

5 THE COURT: You wanted to tell us something?

6 JUROR LUMSDEN: Well, I don't believe I'll be able to fulfill my
7 obligation. I have a 15-year old at home. She's home alone. On Wednesdays and
8 Thursdays I drive her to school. She's in band. I don't have anybody else to take her
9 and being self-employed, if I'm not working I'm not making a living. So if you can -- if
10 you have a suggestion, I don't know how to make it work.

11 THE COURT: Where do you live?

12 JUROR LUMSDEN: In Highland, Milford.

13 THE COURT: And you're married?

14 JUROR LUMSDEN: No.

15 THE COURT: You're not married.

16 JUROR LUMSDEN: No, I am it. I am it for her. I don't have anybody to
17 rely on. My ex-husband doesn't participate. It's me. So on Wednesday I have to get
18 her to Rochester, from there to West Bloomfield to Farmington. On Thursday, I get
19 her to Farmington all day and then back.

20 THE COURT: And what time does this begin?

21 JUROR LUMSDEN: On Wednesdays, it begins -- she has to be in
22 Rochester at two. Farmington ends at nine and then on Thursday, Farmington starts
23 at three and ends at nine.

24 THE COURT: All right. Does Counsel or Miss Hendrickson, do you
25 have any questions?

1 MS. SISKIND: No, Your Honor.

2 MRS. HENDRICKSON: No.

3 THE COURT: Would you like a side bar?

4 MS. SISKIND: No thank you, Your Honor.

5 MRS. HENDRICKSON: No.

6 THE COURT: Shall I excuse Miss Lumsden?

7 MS. SISKIND: Was that two p.m.? I think we are sitting until 1:30, is
8 that correct, Your Honor?

9 THE COURT: On Wednesday?

10 MRS. HENDRICKSON: That's quite a distance.

11 THE COURT: On Wednesday I think our schedule is -- I don't have it in
12 front of me.

13 THE CLERK OF THE COURT: Wednesday is 1:30.

14 MRS. HENDRICKSON: Milford is past my house and it took me over an
15 hour to get here.

16 MS. SISKIND: We have nothing, Your Honor.

17 THE COURT: I thought yesterday you -- at the end of the day you told
18 Miss Pinegar you were upset because you canceled a vacation and now I'm not
19 hearing anything about a vacation today.

20 JUROR LUMSDEN: You're absolutely right, I was and I thought about it
21 and I said you know, just because other people brought that up for their reason,
22 accommodations can be made. I don't like it, but I would be willing to do it. I can
23 postpone my vacation, but when I got home last night and I made dinner, made sure
24 Paige was okay, spent time with her, made sure her day was fine, took care of my
25 house and then still stayed up to three o'clock to work, I'm tired and if I had to do this

1 everyday, it would be hard.

2 THE COURT: It's for the rest of this week.

3 JUROR LUMSDEN: I thought about that too, but then I listened to your
4 witness list and I thought holy crap, I may be here for weeks.

5 THE COURT: It's for the rest of this week, Miss Lumsden. There may
6 be some spill over to Monday, but I doubt it.

7 JUROR LUMSDEN: If you can help me with Wednesday and Thursday,
8 I don't have anyway to get her to where she needs to be. She doesn't drive.

9 THE COURT: May I have a side bar please?

10 **(Sidebar conference out of the hearing of the jury as follows)**

11 THE COURT: I had a nightmare that all of our jurors would go home and
12 manufacture reasons for why they couldn't serve on this jury, so it's come to fruition.
13 What is your thought?

14 MS. SISKIND: It seems that we could accommodate with the trial
15 schedule we have. She doesn't have the kind of conflict that other individuals might
16 have. For example, if she had to get someone somewhere at 9:00 in the morning, but
17 we would defer to the Court on how to proceed here.

18 THE COURT: So we would have to end Wednesday probably around --

19 MRS. HENDRICKSON: -- And Thursday she said.

20 THE COURT: We would have to end Wednesday probably around noon
21 for her to do what she needs to do by two, and maybe a later ending on Thursday
22 because it's three that her day begins. I don't know. I probably should just let her
23 know. She's going to be mad.

24 MRS. HENDRICKSON: I sympathize with her, if I were in her shoes.

25 THE COURT: I'll let her go. Thank you.

1 MR. WISE: I think that makes sense.

2 THE COURT: Just three?

3 MR. WISE: Get them passed -- well, this is what I think the issue with
4 keeping the rest of the jurors in the room will be is when it comes time to exercise our
5 peremptories, we may still want to use one of the sitting jurors and then we need to fill
6 in. I'm not sure how that --

7 THE COURT: (Interjecting) I think when I finish all this preliminary stuff
8 and fill this box and you've done challenges for cause, then the rest will come out,
9 okay? Does that sound right?

10 MS. SISKIND: Fine with the Government.

11 MR. WISE: Yes.

12 THE COURT: Thank you.

13 **(END OF SIDEBAR CONFERENCE)**

14 THE CLERK OF THE COURT: The Court calls the case of United
15 States of America versus Doreen Hendrickson, case number 13-20371. Counsel,
16 please state your appearances

17 MS. SISKIND: Good morning, Your Honor. Melissa Siskind and Jeffrey
18 McLellan on behalf of the United States along with Special Agent Lance Lockhart from
19 IRS Criminal Investigation.

20 THE COURT: Good morning and thank you.

21 MRS. HENDRICKSON: Doreen Hendrickson.

22 MR. WISE: And good morning, Your Honor. Andrew Wise as standby
23 Counsel.

24 THE COURT: Thank you. Good morning. Good morning, ladies and
25 gentlemen.

1 All right. You've just heard the announcement of this case. It is a criminal
2 matter and the Court is going to give you a little more detail about it in a moment.

3 I just want to welcome you and I want to thank you for being here. This is the
4 second day of jury selection in this case and hopefully it won't be as lengthy as it
5 turned out to be yesterday. Normally and always we're selecting 14 people in a
6 criminal case and we have I guess 11 potentially already selected, and so we are
7 here to fill three seats.

8 And in thanking you for coming here, ladies and gentlemen, I just need to say
9 also that oftentimes we do have difficulty sitting juries in cases whether they're
10 criminal or civil, because citizens such as yourselves do not respond to summonses.
11 They take them lightly, they throw them away and they disregard them and then we're
12 not able to have trials.

13 This Court is just one of many that is trying to assemble a jury today for
14 purposes of trial, not only in this courthouse, but throughout the state of Michigan,
15 throughout all of the states. The Judicial Branch of Government depends very heavily
16 on citizens such as yourselves showing up for jury service because without you, we
17 cannot have jury trials which is an essential promise of the United States Constitution.
18 So we are all very glad that you are here today.

19 There are remarkable things about juries and the job that they do and what we
20 require of them. One of the things that we require of you is that in the end, in a
21 criminal case that you reach a unanimous verdict. Twelve of you who won't have
22 known each other before you serve as jurors are asked to sit through several days of
23 trial, listen to evidence, go in a jury room, deliberate, talk about it all and then come to
24 a unanimous decision, and if you think about other parts of your lives when you're
25 trying to get unanimity, that's not always an easy thing to do and we're asking you to

1 do it with total strangers. More often than not it happens. Jurors are able to reach a
2 unanimous decision.

3 We have a system of government here, our Judicial Branch of Government,
4 ladies and gentlemen, is the best in the world in my opinion to settle disputes and
5 that's why you are here to settle a dispute between the Government and a citizen.

6 We're going to be going through a process known as voir dire. Voir dire means
7 literally to speak the truth and the Court will have questions of you. Counsel and Miss
8 Hendrickson may have questions of you and the point of the questioning will simply
9 be to find out whether you are qualified to serve on a jury. And what makes you
10 qualified?

11 We need to know that you've got good common sense, which is something that
12 we all exercise everyday in making important decisions. It's necessary to have that.
13 We need to know that you can be fair. We need to know that you'll be able to sit here
14 and listen to evidence with an open mind and not come to conclusions too hastily.

15 We are going to be asking you questions about any biases that you have and if
16 you have biases that could effect your ability to serve fairly and impartially, whether
17 you would be able to set those biases aside. And we need to know that you can be
18 respectful of other persons' viewpoints and that you can listen to them and that you
19 could be prepared to change your mind if you are persuaded by one of your fellow
20 jurors.

21 So those are the things that we are trying to get a sense of in the questioning
22 that we will have for you this morning. None of the questions is designed to
23 embarrass you in any way and if there's an answer that you need to give -- that you
24 need to give us honestly and forthrightly, but you don't want to give it in front of
25 everyone, we can take it on the side. There's still going to be a transcript made of it,

1 but the entire courtroom will not hear your answer. So we don't want any personal
2 nature of any answer that you need to give to stand in the way of you speaking the
3 truth, which is what voir dire requires.

4 We expect that this trial is going to last the balance of this week and I say that
5 to give you some sense of the time commitment and also we are going to be asking
6 you questions about reasons why you might not be able to serve. We only will listen
7 to extraordinary reasons for why you can't serve. If we allowed people to not serve on
8 juries because they have to take care of children or parents or work or do all of the
9 things that are important in our lives, but which are part of just about everyone's lives,
10 we would never be all to sit a jury. And so it does have to be something not just in the
11 ordinary course of your life, but something extraordinary that would keep you from
12 serving on this jury.

13 You're going to be placed under oath before you are asked to answer any
14 questions. Miss Pinegar is my Case Manager sitting directly in front of me and you
15 need to follow her directions once we get underway.

16 Other introductions. Janice Coleman is my court reporter and she needs to
17 make a record of everything that is said here so when you're in the box, you will have
18 a microphone and you do need to give your name before you speak and you need to
19 speak loudly so that our transcript is complete.

20 To my right is Patrick Ross Thorne, who is one of my Summer Interns and he's
21 assisting with trial.

22 So I'm going to ask Miss Pinegar to get us underway and we have seats six,
23 nine and 13 to fill.

24 THE CLERK OF THE COURT: Will all the jurors rise please and raise
25 your right hand?

1 **PROSPECTIVE JURORS SWORN**

2 **(At about 9:44 a.m., prospective jury array sworn by the Clerk of the Court)**

3 THE CLERK OF THE COURT: I have three seats to fill. You may be
4 seated. When I call your name, I'll put you where I want you. So we have -- the first
5 one is juror number 131, David Laverdiere. I need you to sit in seat six which is the
6 second from the end on the top row up here. Then juror number 149, Shirli Gotlib,
7 and you can have a seat in the second from the far end on the bottom row. And then
8 we have juror number 175, William Briggs. And Mr. Briggs, you will be on the second
9 from this end on the bottom row. Thank you.

10 THE COURT: Sir, Mr. Laverdiere, just take your seat for a moment. Let
11 me ask all three of you whether given the schedule that the Court has outlined and my
12 definition of extraordinary, is there any reason any of the three of you would not be
13 able to serve?

14 JUROR LAVERDIERE: I'm having a little trouble hearing you. I don't
15 have excellent hearing anymore

16 THE COURT: Is this any better?

17 JUROR LAVERDIERE: Yes.

18 THE COURT: My question was whether given the schedule that the
19 Court outlined and my definition of extraordinary, is there any reason why any of the
20 three of you could not serve on this jury?

21 JUROR LAVERDIERE: I have surgery scheduled for the 11th of August.

22 THE COURT: Oh, we will be long gone.

23 JUROR LAVERDIERE: Just wanted to mention it.

24 THE COURT: Thank you. You too, you're good?

25 JUROR GOTLIB: Yes.

1 JUROR BRIGGS: Yes.

2 THE COURT: I want to read the Indictment that -- to give you some
3 sense of what this case is about. So the Indictment says: United States of America
4 versus Doreen Hendrickson. At times material to this Indictment, Doreen
5 Hendrickson was a resident of Commerce Township, Michigan. On or about August
6 25, 2003 Hendrickson filed with the Internal Revenue Service a joint 2002 U.S.
7 Individual Income Tax Return Form 1040 that requested a refund of \$10,152.96
8 based on the false claim -- based on the false claim that she and her husband earned
9 zero wages in 2002. The IRS issued the requested refund.

10 On or about April 15, 2004, Hendrickson filed with the IRS a joint 2003 U.S.
11 Individual Income Tax Return Form 1040 that requested a refund of \$10,228 based
12 on the false claim that she and her husband earned zero wages in 2003. The IRS
13 issued that requested refund.

14 The 2002 and three returns were based on the false and frivolous theory set
15 forth in a book written by Defendant's husband, Peter Hendrickson, entitled *Cracking*
16 *the Code*, that only Federal, State or local Government workers are liable for the
17 payment of Federal income tax or subject to the withholding of Federal income, Social
18 Security and Medicare taxes from their wages under the Internal Revenue Service
19 laws.

20 On or about May 2nd, 2007, the U S. District Court for the Eastern District of
21 Michigan issued an Amended Judgment and Order of Permanent Injunction against
22 Hendrickson in the case of U.S. versus Peter and Doreen Hendrickson, case number
23 2:06-11753.

24 In the Amended Judgment and Order of Permanent Injunction, the Court found
25 that the 2002 and three returns were based upon a frivolous and false theory and

1 found that Hendrickson was indebted to the United States for the 2002 and three
2 refunds issued by the IRS. Hendrickson has not repaid any portion of the 2002 and
3 three refunds.

4 In paragraph 27 of its May 2nd, 2007 Amended Judgment and Order of
5 Permanent Injunction, the Court ordered that Hendrickson, A, was prohibited from
6 filing any tax return, amended return form, including but not limited to Form 4852,
7 Substitute for Form W-2 Wage and Tax Statement, or other writing or paper with the
8 IRS that is based on the false and frivolous claims set forth in *Cracking the Code*, and
9 B, was required within 30 days of the entry of the Amended Judgment and Order of
10 Permanent Injunction to file with the IRS Amended U.S. Individual Tax Returns for
11 2002 and 2003. Are you hearing me okay, Mr. Laverdiere?

12 JUROR LAVERDIERE: Yes.

13 THE COURT: Count One charges Criminal Contempt in violation of 18
14 U.S.C. 4013.

15 Paragraphs one through six of this Indictment are re-alleged as if set forth in
16 full herein. On or about and between the dates listed below in the Eastern District of
17 Michigan and elsewhere, Doreen Hendrickson did knowingly and wilfully disobey and
18 resist the lawful orders of a Court of the United States namely, paragraph 27 of the
19 May 2nd, 2007 Amended Judgment and Order of Permanent Injunction against
20 Defendant Doreen Hendrickson in the case of U.S. versus Peter and Doreen
21 Hendrickson, case number 2:06-11753 by A, on March 23, 2009 filing a 2008 U.S.
22 Income Tax Return for single and joint filers with no dependents, Form 1040-EZ,
23 which falsely reported that she earned zero wages in 2008 and B, on June 1, 2007 to
24 the present, failing to file with the IRS amended U.S. Individual Income Tax Returns
25 for 2002 and 2003.

1 This Indictment is signed by the Grand Jury. It is signed by our United States
2 Attorney, Barbara McQuaid, by Melissa Siskind, one of the trial attorneys for the
3 Government, by Jeffrey Binder. It's dated May 14, 2013 and Mrs. Hendrickson has
4 pled not guilty to the charge in that Indictment.

5 So, lady and gentlemen, is this Indictment -- does anything in it sound familiar
6 to any of you?

7 JUROR LAVERDIERE: No.

8 JUROR GOTLIB: No.

9 JUROR BRIGGS: No.

10 THE COURT: And so Counsel, would you reintroduce yourselves and
11 go through your Witness List? I'd like to ask our three potential jurors if they have any
12 knowledge of you or your witnesses.

13 MS. SISKIND: Hi. My name is Melissa Siskind and this is Jeffrey
14 McLellan. We are trial attorneys with the Department of Justice Tax Division. This is
15 Special Agent Lance Lockhart with the IRS who will be assisting us during the trial.

16 Our witnesses are Paul Crowley from the IRS and Robert Metcalfe and Daniel
17 Applegate from the Department of Justice Tax Division.

18 THE COURT: Thank you very much. Mrs. Hendrickson?

19 MRS. HENDRICKSON: My potential witness list includes Deborah
20 Blashfield, Jaelle Eby, John Eby, Nancy Edmunds, Kathryn Hendrickson, Peter
21 Hendrickson -- actually he's not -- T.J. Hendrickson, Jennifer Kirk, Kim Leffler -- not
22 likely -- Robert Metcalfe, Hal O'Boyle, Sally O'Boyle, Kate Pyle, Susan Smith, Sarah
23 Waltner, Tony Wright, Daniel Applegate, Greg Belcher, Vivi Schnitzer, Loreen
24 Ludeman, Rob Hendrickson and Brian Wright.

25 THE COURT: Thank you, Mrs. Hendrickson. Do any of those names

1 sound familiar to you?

2 JUROR LAVERDIERE: No

3 JUROR GOTLIB: No.

4 JUROR BRIGGS: No.

5 THE COURT: I should say at this juncture that Mrs. Hendrickson, she is
6 the Defendant in this case. She is not a lawyer, but she has elected to represent
7 herself in this case and with the assistance of Mr. Wise sitting next to her as her
8 standby counsel, but she is representing herself through this proceeding.

9 So this is how it's going to work. The Government and Miss Hendrickson have
10 a limited number of challenges that remain, which means that they can challenge you
11 and excuse you from being on this Jury. You also can be excused for cause and if
12 one of the three in this box now is excused or if the other jurors who were selected
13 yesterday, if one of them gets excused, then their seat will be filled by one of you who
14 is out in the galley. So it's very important that you pay close attention to everything as
15 if you were in this box answering these questions because if you do come forward, we
16 will be asking you the same questions or asking you if you have any information to tell
17 us in light of the questions that were asked. So don't leave the courtroom unless the
18 Court calls a recess and allows you to go out.

19 So we have sheets in each of your seats and I believe we will start with Mr.
20 Laverdiere. Mr. Laverdiere, will you rise, say your name and then answer the
21 questions?

22 JUROR LAVERDIERE: Good morning, Your Honor. My name is David
23 A. Laverdiere. I live in Oakland County. I'm 62 years old. Married with a single
24 25-year old son who is a student and works in the summertime at a water ski school.
25 I'm currently employed as a manufacture's representative. The name of my employer

1 is Allison Transmission, Incorporated and I've been there a little over two and a half
2 years now. I am retired from the military, but obviously continue to work. My spouse's
3 occupation is part-time instructor at Oakland Community College. My education is I
4 have three Masters Degrees. I'm currently in a doctoral program and I have two
5 Bachelors degrees. Hobbies, stamps, water, boats, golf. Membership in a lot of
6 different organizations, mostly professional related to the military. Newspapers, we
7 get the Detroit News on Sunday only. Magazines, again mostly professionals from
8 the organizations that I belong to. I do not belong to -- I do belong to Facebook and
9 LinkedIn. I do not Twitter or Blog. I have no bumper stickers on my car and there's
10 nothing else I'd like to mention.

11 THE COURT: Thank you, Mr. Laverdiere. Did you have a career in the
12 service?

13 JUROR LAVERDIERE: Yes. I retired from the Army.

14 THE COURT: Thank you for your service. How many years?

15 JUROR LAVERDIERE: Twenty-five.

16 THE COURT: Thank you very, very much. Miss Gotlib -- you can give
17 the microphone to Mr. Briggs.

18 JUROR BRIGGS: My name is William Briggs.

19 THE COURT: Mr. Briggs, you can hold it away. Is it on?

20 JUROR BRIGGS: William Briggs. Oakland County. I'm 24 years old,
21 not married, no children. I'm a digital analyst at Blue Cross since January. I studied
22 Aviation Flight Technology at Eastern. My hobbies include music and software
23 programming. No memberships to anywhere. Popular Science. That's really about
24 it. No Facebook, just LinkedIn. No bumper stickers and there's nothing else I'd like to
25 mention about myself.

1 THE COURT: Thank you very, very much. Miss Gotlib, good morning.

2 JUROR GOTLIB: Good morning. My name is Shirley Gotlib. I live in
3 Oakland County. I'm 29. I'm married. I have a four-year old and I have twin two-year
4 olds. I work as a registered nurse for Residential Home Care. I just started at this job
5 in May. I'm not retired. My husband is a Medical -- he's a Resident at St. John, and I
6 have a Bachelors Degree in Nursing. I like to work out, play basketball. I'm not in any
7 -- a member of anything. I just get like Ladies Home Journal Magazine. I'm on
8 Facebook. I don't have any bumper stickers and that's it.

9 THE COURT: Thank you very much. Now just let me ask a few
10 questions. Have any of you had prior service on a jury?

11 JUROR LAVERDIERE: No.

12 JUROR GOTLIB: No.

13 JUROR BRIGGS: No.

14 THE COURT: Nor a Grand Jury?

15 JUROR LAVERDIERE: No

16 JUROR GOTLIB: No.

17 JUROR BRIGGS: No.

18 THE COURT: Never, and let me ask you about any connections that
19 you might have to law enforcement. Have you or anyone close in your family ever
20 been in law enforcement? And what was your job in the military, Mr. Laverdiere?

21 JUROR LAVERDIERE: I had numerous jobs, but basically helicopter
22 pilot at the end.

23 THE COURT: Does anybody -- there's going to be testimony here from
24 Government witnesses, from people associated with law enforcement, from attorneys
25 with the Department of Justice. Does anyone believe that law enforcement witnesses

1 or people employed by the United States are more credible than other people simply
2 because of their employment? Anybody hold that belief?

3 What about crime? Have you or anyone close in your families been convicted
4 of a crime?

5 JUROR LAVERDIERE: Other than minor traffic tickets.

6 THE COURT: We don't need to hear about those, but thank you.

7 So now what I want to do is just go over some principles of law that will apply in
8 this case so that you have a very clear understanding of the law, and I need to know
9 that you would be able to follow the law as I give it to you. And if you can't, then you
10 should let us know that as well.

11 The first principle that I want to talk about is the right to remain silent. You've
12 all heard that. A defendant is under no obligation to testify at a criminal trial.
13 Defendant can remain silent and force the Government to establish her guilt by
14 complete evidence. No obligation to take the witness stand. So if Mrs. Hendrickson
15 elects not to take the witness stand, not to testify, would any of you hold that against
16 her? Mr. Briggs?

17 JUROR BRIGGS: No.

18 THE COURT: You would not. And the other part of that is if she elects
19 not to take the witness stand, that is not something that even can be discussed during
20 the course of your deliberations. Can you refrain from doing that? Yes.

21 Another principle is the presumption of innocence. The Indictment that I read
22 is the Government's way of putting citizens on notice that they face criminal charges.
23 It is not a pronouncement of guilt. It is a notice provision and the Defendant -- the
24 Government has that obligation in every criminal case regardless of what the charge
25 is and regardless of who the Defendant is, and so the Defendant here is beginning

1 this trial with a clean slate and that is with a presumption of innocence. So with that
2 principle in mind, do any of you believe that the Indictment that I read to you is
3 evidence that Mrs. Hendrickson committed a crime? No?

4 The burden of proof. The burden is on the Government to prove that she is
5 guilty beyond a reasonable doubt, and the Government has that burden in every
6 criminal case regardless of the Defendant and regardless of the charge. So it's sort of
7 part and parcel of the presumption of innocence. Do any of you believe that Mrs.
8 Hendrickson would have an obligation to prove that she is innocent? Anyone believe
9 that? Mr. Briggs?

10 JUROR BRIGGS: No.

11 THE COURT: Okay. The obligation by -- on the part of the Government
12 is to prove guilt beyond a reasonable doubt and what does that mean? We all make
13 very, very important decisions in our own lives on a day-to-day basis and this should
14 -- you should have the sort of comfort that you would have in making your decision
15 here on whether she's guilty or not in making those important decisions.

16 This is not a civil case, it's a criminal case. We use the Scales of Justice often
17 to illustrate what that burden of proof looks like. If I did have Scales of Justice here
18 and this were a civil case, the scale would have to tip just a bit for you to decide that
19 the Plaintiff had proven the claims in the case. But it's a criminal case and so the
20 scale really does have to tip tremendously for you to have the comfort that the
21 Government has met its burden of proof, which is beyond a reasonable doubt. Do
22 you understand that and can you apply that burden of proof during your deliberations?
23 Everyone is nodding yes.

24 Do any of you believe that Mrs. Hendrickson today right now at this moment is
25 guilty of a crime? No?

1 All right. Have any of you ever been audited by the Government? By the IRS?
2 No? Anybody close to you in your family that you know of been audited by the IRS?

3 Besides Mr. Laverdiere, anyone -- either of the two of you been employed by
4 the United States Government? Anybody close in your family? No.

5 Do any of you have any religious belief that would make it difficult or impossible
6 for you to sit in judgment of anyone? No?

7 If any of the three of you had someone close to you, say a child on trial for --
8 who has been charged with a crime by the Government, would you want someone
9 such as yourself given what I've said to you to be the principles of law and what kind
10 of juror we're looking for, would any of you have any hesitation about having someone
11 like yourself sit on a jury if your child was the Defendant?

12 JUROR BRIGGS: No.

13 THE COURT: You would want someone such as yourselves? Yes? All
14 right. Miss Siskind, would you like to ask any questions?

15 MS. SISKIND: Do either of the three of you have any strong
16 philosophical, moral or religious beliefs against the tax system of the United States?

17 Do any of you believe that violations of the tax laws should not be prosecuted
18 as a criminal matter? That's all. Thank you.

19 THE COURT: Miss Hendrickson?

20 MRS. HENDRICKSON: Just a couple. One or more Federal officials
21 may be called to testify by the Prosecutor and in addition, the Federal Agent sits at
22 their table with them. Does this cause you any difficulty in presuming my innocence?

23 Do you understand that I'm only on trial -- I'm not on trial for any offense that is
24 not in the Indictment? There's one charge in the Indictment, only one.

25 If the Prosecution meets its burden of proof, do you understand that it must

1 prove me -- prove that I committed the specific offense charged in the Indictment?

2 If, if they could prove I committed some other offense, you'd still have to find
3 me not guilty because it's not in the Indictment. Do you understand that.

4 Would it bother you if the Prosecution proves that a defendant committed an
5 offense, but it's not the one in the Indictment? Would it bother you that you'd still have
6 to say not guilty?

7 This has to do with objections. From time to time, attorneys or me may raise
8 objections to the Court. Do you understand that these objections are not to the
9 evidence itself, but to the manner in which it's introduced? There's procedures. Do
10 you realize that the attorneys are not attempting to trick you or hide anything
11 improperly from you by making those objections?

12 Do you understand that attorneys or me have a legal and ethical obligation to
13 make objections where they believe that the Rules of Evidence are not being followed
14 by the opposing side?

15 Will you hold it against me if I raise objections?

16 I think that's it. Thank you.

17 THE COURT: All right. Thank you, Mrs. Hendrickson. Are there any
18 challenges for cause here?

19 MS. SISKIND: No, Your Honor.

20 THE COURT: Miss Hendrickson?

21 MRS. HENDRICKSON: No, ma'am.

22 THE COURT: So Carol, I think at this juncture we need to bring out the
23 other jurors.

24 **(Prospective Jury array #1 entered courtroom at about 10:11 a.m.)**

25 THE COURT: Thank you. Everyone can take your seats. So good

1 morning to those of you who were with us yesterday.

2 So I think that it is on -- the Government has two, Mrs. Hendrickson has one.
3 Government, do you have any challenges?

4 MS. SISKIND: No, Your Honor.

5 THE COURT: All right. Miss Hendrickson, do you have any challenges?

6 MRS. HENDRICKSON: I think I would like to excuse Miss Bukari.

7 THE COURT: Miss --

8 MRS. HENDRICKSON: It's number 11.

9 THE COURT: In seat number 11? Miss Bukari, thank you very, very
10 much.

11 THE CLERK OF THE COURT: Juror number 179, Robert
12 Schwartzenberger.

13 THE COURT: Good morning Mr. Schwartzenberger.

14 JUROR SCHWARTZENBERGER: Good morning.

15 THE COURT: Mr. Schwartzenberger, is there any reason you would not
16 be able to serve on this jury?

17 JUROR SCHWARTZENBERGER: Not that I'm aware of.

18 THE COURT: And you heard the Court read the Indictment. Anything in
19 there familiar to you?

20 JUROR SCHWARTZENBERGER: No.

21 THE COURT: And any of the witnesses whose names were read at all
22 familiar to you?

23 JUROR SCHWARTZENBERGER: No.

24 THE COURT: Have you ever been audited by the IRS?

25 JUROR SCHWARTZENBERGER: I would have to say yes, but that's

1 been 30 years ago. There was a mistake in the tax return. When I sent the
2 information out, back to the IRS, it was cleared up and everything was okay.

3 THE COURT: Okay. And any ill-will that you hold towards the IRS.

4 JUROR SCHWARTZENBERGER: No.

5 THE COURT: As a result of that?

6 JUROR SCHWARTZENBERGER: No. It was actually a mistake on my
7 part. They caught it and so I sent the corrected information to them and like I say,
8 they were satisfied with the information and that was the end of it.

9 THE COURT: Mr. Schwartzenberger, any -- have you ever been
10 convicted of a crime or anybody close in your family?

11 JUROR SCHWARTZENBERG: My brother has.

12 THE COURT: And can you tell us about that or would you like to do a
13 side bar?

14 JUROR SCHWARTZENBERGER: I'd like to do it at side bar.

15 THE COURT: All right. Come forward please.

16 **(Sidebar conference out of the hearing of the jury as follows)**

17 JUROR SCHWARTZENBERGER: What he was convicted of was child
18 molestation, but the trial, he was only convicted of half. The other half they found him
19 innocent, and I was told the Judge only allowed part of the evidence into the trial and
20 so I think he was wrongly accused and some of the comments made by the witnesses
21 before it went to trial didn't add up, but the Judge wouldn't allow that, so --

22 THE COURT: How long ago did this happen?

23 JUROR SCHWARTZENBERGER: In 2008/2009.

24 THE COURT: And do you remember what court it was in?

25 JUROR SCHWARTZENBERGER: Washtenaw County courthouse.

1 THE COURT: And did he get jail time or prison time?

2 JUROR SCHWARTZENBERGER: No.

3 THE COURT: You went to part of the trial?

4 JUROR SCHWARTZENBERGER: I went there, but when -- the Judge
5 decided I wasn't allow, couldn't be part of the witnesses.

6 THE COURT: You went there as a witness and you were never called
7 as one?

8 JUROR SCHWARTZENBERGER: Right.

9 THE COURT: Is there anything about your brother's experience and
10 your knowledge of it that you think would color your view of this case or your ability to
11 be impartial?

12 JUROR SCHWARTZENBERGER: No, not on this one. This has
13 nothing to do with that. Just I know it broke up his family and everything, so --

14 THE COURT: Okay. Do you have questions?

15 MS. SISKIND: If in this case the Judge doesn't allow certain evidence in,
16 how would you feel about that given your previous experience?

17 JUROR SCHWARTZENBERGER: I feel all the evidence should be
18 allowed in.

19 THE COURT: Well, the Judge is here to make certain evidentiary rulings
20 and the parties sometimes dispute about what's relevant and what's not relevant and
21 the Judge has to decide.

22 JUROR SCHWARTZENBERGER: All the relevant evidence should be
23 allowed.

24 THE COURT: That's a fair point. Anymore questions?

25 MS. SISKIND: No, Your Honor.

1 THE COURT: Do you have questions?

2 MRS. HENDRICKSON: No, I don't.

3 THE COURT: All right. Thank you. You can take your seat.

4 JUROR SCHWARTZENBERGER: All right.

5 THE COURT: Do you have any challenge for cause based on that?

6 MS. SISKIND: I don't think there's a basis for cause.

7 MRS. HENDRICKSON: I don't think so either.

8 THE COURT: All right. Thank you.

9 **(END OF SIDEBAR CONFERENCE)**

10 THE COURT: Mr. Schwartzenberger, would you now rise, give us your
11 name and answer the questions on that piece of paper?

12 JUROR SCHWARTZENBERGER: Okay. My full name is Robert J.
13 Schwartzenberger. I live in Washtenaw County. I'm 68 years old. I'm married, three
14 girls. Present occupation, I'm retired. My wife, she's an instructor at my daughter's
15 shop. For education, I have several Associate degrees and a B.A. in Industrial
16 Technology. I'm no member of any organized club or fraternal organization. I do
17 belong to Facebook, but very seldom on there. And bumper stickers on my car, there
18 is none and that's about it.

19 THE COURT: Mr. Schwartzenberger, you have heard me give the
20 jurors some principles of law that they would need to apply here such as the
21 presumption of innocence and holding the Government to its burden of proof and do
22 you have any disagreement with any of those -- would you be able to apply those
23 principles of law? Let me put it that way.

24 JUROR SCHWARTZENBERGER No, I don't have any problem.

25 THE COURT: Thank you. Do you have any questions Miss Siskind?

1 MS. SISKIND: No, Your Honor.

2 THE COURT: Miss Hendrickson?

3 MRS. HENDRICKSON: No, I don't. But well, that presumes that they
4 heard all the other questions we already asked, right?

5 THE COURT: Yes.

6 MRS. HENDRICKSON: No.

7 THE COURT: Miss Siskind, do you have any challenges?

8 MS. SISKIND: The Government would move to excuse Mr.
9 Schwartzberger.

10 THE COURT: Mr. Schwartzberger, thank you. You are excused.

11 THE CLERK OF THE COURT: Please go back up to the fifth floor and
12 check out with the Jury Department.

13 JUROR SCHWARTZENBERGER: All right. Thank you.

14 THE CLERK OF THE COURT: Juror number 200, Melissa Morrell.

15 THE COURT: Good morning.

16 JUROR MORRELL: Good morning.

17 THE COURT: Is there any reason you would not be able to serve on this
18 jury?

19 JUROR MORRELL: No.

20 THE COURT: And have you ever been audited by the IRS?

21 JUROR MORRELL: No.

22 THE COURT: Do you have any -- have you or anybody close in your
23 family ever been convicted of a crime?

24 JUROR MORRELL: Yes, my brother.

25 THE COURT: And do you want to talk -- will you talk to us about that?

1 JUROR MORRELL: Privately please.

2 THE COURT: Okay. Come over here.

3 **(Sidebar conference out of the hearing of the jury as follows)**

4 JUROR MORRELL: I believe it's called a CSC.

5 THE COURT: Criminal Sexual Conduct?

6 JUROR MORRELL: Yes. He was a teenager. I believe it happened
7 early in the '2000s. I can't remember the exact date. He did serve almost his full term
8 before he passed away in prison. He was in the Muskegon County Jail, which I did
9 visit him frequently.

10 THE COURT: How much time did he serve?

11 JUROR MORRELL: Almost five years.

12 THE COURT: Do you believe that there's anything wrongful about his
13 conviction?

14 JUROR MORRELL: No.

15 THE COURT: Do you think that your brother was treated fairly?

16 JUROR MORRELL: Yes.

17 THE COURT: And what about his experience? What did he die of?

18 JUROR MORRELL: Heart failure which my mom also passed away
19 from.

20 THE COURT: How old was he?

21 JUROR MORRELL: Either 26 or 28. I can't remember exactly.

22 THE COURT: Is there anything about your brother's conviction and your
23 connection to that drama in his life that could effect your ability to be fair and impartial
24 here?

25 JUROR MORRELL: No.

1 THE COURT: Do you have questions, Miss Siskind?

2 MS. SISKIND: How did you feel about the Government -- how the
3 Government handled the case?

4 JUROR MORRELL: Fair.

5 MS. SISKIND: You understand that this is a Federal proceeding and that
6 was a State proceeding?

7 JUROR MORRELL: Correct, yes.

8 MS. SISKIND: I have nothing further.

9 THE COURT: Miss Hendrickson.

10 MRS. HENDRICKSON: Nothing.

11 THE COURT: Thank you. You can step away back to the box. Any
12 challenge for cause?

13 MS. SISKIND: No.

14 MRS. HENDRICKSON: Nothing.

15 **(END OF SIDEBAR CONFERENCE)**

16 THE COURT: Miss Morrell, would you then answer the questions on
17 that sheet of paper? You did hear all of the other questions the Court asked earlier?
18 Anything that you want to bring to our attention?

19 JUROR MORRELL: No.

20 THE COURT: You believe you can follow the law as the Court outlined
21 it?

22 JUROR MORRELL: Yes.

23 THE COURT: Thank you.

24 JUROR MORRELL: My full name is Melissa Morrell, Melissa Ann
25 Morrell. I live in Wayne County. I'm 37 years old. I'm married with two children, four

1 year old and an 11-month old. My current occupation is a relationship banker at Bank
2 of Ann Arbor.

3 THE COURT: A relationship what?

4 JUROR MORRELL: Relationship banker.

5 THE COURT: Banker. Thank you.

6 JUROR MORRELL: I've been there just over 10 years now. I'm not
7 retired. My spouse's occupation, he's a mechanic, motorcycle mechanic. My
8 education, I've got a Bachelors at Eastern. No real hobbies. I do like to ride
9 motorcycles from time to time. No memberships in any organizations. I don't really
10 read the newspaper, just general online once in awhile browsing. I do belong to
11 Facebook. No bumper stickers and that's all.

12 THE COURT: Thank you very, very much. Do you have questions, Miss
13 Siskind?

14 MS. SISKIND: Can you tell us what your degree is in?

15 JUROR MORRELL: Oh, Business Administration.

16 MS. SISKIND: Thank you. No other questions.

17 THE COURT: Thank you. And Mrs. Hendrickson, do you have
18 questions?

19 MRS. HENDRICKSON: I have no questions.

20 THE COURT: No challenge for cause. Government, Miss Siskind, do
21 you have any challenges?

22 MS. SISKIND: No, Your Honor.

23 THE COURT: And you've run out of challenges.

24 MRS. HENDRICKSON: Correct.

25 THE COURT: So that means, ladies and gentlemen, that we have a jury

1 and I know those of who were here yesterday are very happy. It's like happy to hear
2 that, right?

3 Ladies and gentlemen in the galley, we do have a Jury and so once again the
4 Court does thank you for your participation and for coming here today. I don't know
5 that there's any other jury selection ongoing today. Carol, do you know?

6 THE CLERK OF THE COURT: I don't know, but they have to go up to
7 the fifth floor.

8 THE COURT: You do have to return to the fifth floor, but most juries
9 were selected yesterday so I don't know if there's anything going on today. You might
10 be free to leave. All rise please.

11 THE CLERK OF THE COURT: I'll give you another oath. Raise your
12 right hands please.

13 **JURY SWORN**

14 **(At about 10:26 a.m. Jury of 14 sworn under oath by the Clerk of the Court)**

15 THE COURT: Thank you. Take your seats. Ladies and gentlemen, now
16 I just want to give you a handful of preliminary instructions. Then we will take a break
17 and -- a short break, bathroom break and then you will hear opening statements from
18 the Government and Miss Hendrickson and you have a witness ready to go?

19 MS. SISKIND: Yes, Your Honor.

20 THE COURT: Thank you. Ladies and gentlemen, it will be your duty to
21 find from the evidence what the facts are. You and you alone will be the judges of the
22 facts. You will then have to apply to those facts the law as the Court will give it to you.
23 You must follow that law, whether you agree with it or not.

24 Nothing the Court may say or do during the course of the trial is intended to
25 indicate or should be taken by you as indicating what your verdict should be.

1 The evidence from which you will find the facts will consist of the testimony of
2 witnesses, documents and other things received into the record as exhibits and any
3 facts that the lawyers agree to or stipulate to or that the Court may instruct you to find.

4 Certain things are not and must not be considered by you. I will list them for
5 you now. One, statements, arguments and questions by lawyers are not evidence.

6 Two, objections to questions are not evidence. Lawyers have an obligation to
7 their clients to make objections when they believe evidence being offered is improper
8 under the Rules of Evidence. You should not be influenced by the objection or by the
9 Court's ruling on it. If the objection is sustained, ignore the question. If it is overruled,
10 treat the answer like any other.

11 If you are instructed that some item of evidence is received for a limited
12 purpose only, you must follow that instruction. Testimony that the Court excludes or
13 tells you to disregard is not evidence and must not be considered by you.

14 Anything that you may see or hear outside of the courtroom is not evidence
15 and must be disregarded. You are to decide the case solely on the evidence that is
16 presented here in court.

17 There are two kinds of evidence; direct and circumstantial. Direct evidence is
18 direct proof of a fact such as testimony of an eye witness.

19 Circumstantial evidence is proof of facts from which you may infer or conclude
20 that other facts exist. I will give you further instructions on these as well as other
21 matters at the end of the trial, but keep in mind that you may consider both kinds of
22 evidence.

23 It will be up to you to decide which witnesses to believe, which witnesses not to
24 believe and how much of any witness's testimony to accept or reject. I will give you
25 guidelines for determining the credibility of witnesses at the end of the case.

1 Now as you know, this is a criminal case. There are three basic rules about a
2 criminal case that you must keep in mind. First, the Defendant is presumed innocent
3 until proven guilty. The Indictment brought by the Government against the Defendant
4 is only an accusation and nothing more than that. It is not proof of guilt or anything
5 else. The Defendant therefore starts out with a clean slate.

6 Second, the burden of proof is on the Government until the very end of the
7 case. The Defendant has no burden to prove her innocence or to present any
8 evidence or to testify, and since the Defendant has the right to remain silent, the law
9 prohibits you from arriving at your verdict by considering that she may not have
10 testified.

11 Third, the Government must prove the Defendant's guilt beyond a reasonable
12 doubt, and the Court will give you further instructions on this point later, but bear in
13 mind that in this respect it is very different from a civil case.

14 Now just a few words about your conduct as jurors. You as jurors must decide
15 this case based solely on the evidence presented here within the four walls of this
16 courtroom and on this witness stand. This means that during the trial you must not
17 conduct any independent research about this case, the matters in the case and the
18 individuals or about the Government or the IRS. In other words, you should not
19 consult any dictionaries or reference materials, search the Internet, websites or blogs
20 or use any other electronic tools to obtain information about this case or to help you
21 decide the case, and please do not try to find out information from any source outside
22 the confines of the courtroom.

23 Until you retire to deliberate, you may not discuss this case with anyone, even
24 your fellow jurors and after you retire to deliberate, you may begin discussing the case
25 with your fellow jurors. You cannot discuss the case with anyone else until you have

1 returned a verdict and the case is at end.

2 You will be given notebooks. You will be allowed to take notes during the
3 course of the trial, and you will be allowed to share those notes with your fellow jurors
4 during the course of your deliberations. But your note-taking is just a tool and if your
5 notes are at variance with what you remember the evidence to be, please rely on your
6 memory rather than on your notes.

7 Many of you use cell phones and Blackberries, the Internet, other tools of
8 technology and the Court would -- and you've acknowledged that you're on Facebook
9 and LinkedIn and all sorts of other websites. Please, the Court would ask that you
10 just refrain from using your technology tools during the course of this trial. Please
11 don't put on there that you're in a trial or you've been selected as a juror so that
12 nobody will ask you any questions and that you won't feel like you have to answer
13 those questions. Many verdicts have been overturned because jurors have taken to
14 their websites and have talked about the case and about their deliberations, and it just
15 can't be done and so I would ask that you refrain from using them.

16 Finally, do not form any opinion until all the evidence is in. We ask that you
17 keep an open mind until you start your deliberations at the end of the trial and the
18 Court hopes that at the conclusion of this case, you will feel that it has been a
19 worthwhile civic duty that you have performed.

20 So the course of the trial is this. We will come back. The Government will give
21 its opening statement and then that opening statement is an outline of what the
22 Government expects the evidence is going to show.

23 Mrs. Hendrickson then will have an opportunity to present an opening
24 statement -- she doesn't have to and she can wait and give it later. I don't know what
25 she will choose to do, but understand that opening statements are not evidence nor

1 argument. It's just a statement of the parties.

2 Once the openings are done, the Government is allowed to present witnesses
3 and to introduce evidence and Mrs. Henderson will have an opportunity to
4 cross-examine those witnesses.

5 When the Government has rested, Mrs. Henderson can give an opening if
6 she's refrained from one now. She can present witnesses. She can present
7 evidence, but she doesn't have to do any of those things. If she does present
8 witnesses, the Government will have an opportunity to cross-examine her witnesses
9 as well.

10 At the conclusion of the presentation of evidence, the Court -- the parties will
11 have an opportunity to give their closing arguments, their summations and the Court
12 will give you closing instructions and then you will begin your deliberations. Once you
13 begin deliberating, it's in your hands and we don't know how much time you will need,
14 but you need to take the time that you need to take in order to reach a unanimous
15 verdict.

16 Counsel, Mrs. Henderson, is there anything the Court failed to instruct the jury
17 on?

18 MS. SISKIND: No, Your Honor.

19 MRS. HENDRICKSON: No, ma'am.

20 THE COURT: Thank you. So we will take a break until quarter to 11.
21 We will come back with opening statements. All rise for this Jury please.

22 **(Court Recessed at about 10: 35 a.m.)**

23 **(At about 10:51 a.m.)**

24 **(Court, Counsel, Jury and parties present)**

25 THE COURT: Everyone, you can take your seats. Who is doing your

1 opening?

2 MS. SISKIND: I am, Your Honor.

3 THE COURT: Miss Siskind.

4 MS. SISKIND: May I proceed?

5 THE COURT: You may. Thank you. Everybody got notebooks and
6 pens? Yes? You may proceed, Miss Siskind.

7 MS. SISKIND: Good morning, ladies and gentlemen. This is a case
8 about law and order, or more precisely it's about an order to follow the law.

9 In May, 2007 a Federal Judge ordered the Defendant, Doreen Hendrickson
10 and her husband Peter Hendrickson, to pay back refunds that they obtained from the
11 IRS by filing false tax returns for 2002 and 2003.

12 The Judge also ordered the Defendant and her husband to file amended tax
13 returns for those years to correctly report the income they had received from their
14 employers, and the Judge directed the Hendricksons not to file any false tax returns in
15 the future. Doreen Hendrickson is now on trial for her ongoing violation of that Court
16 Order.

17 To this day, the Defendant has not filed amended returns for those years. She
18 has not paid back the refunds that she received from the IRS for filing those false
19 returns, and in 2009 she filed another false tax return with the IRS for the 2008 tax
20 year.

21 The Defendant is charged, as you heard, in a one-count Indictment with the
22 crime of Contempt, and contempt is just another way of saying that she's charged
23 with violating a Court Order and in this case, that was an Injunction issued on May
24 2nd, 2007 by United States District Judge Nancy Edmunds, who's another Federal
25 Judge here in this courthouse.

1 The Injunction that the Defendant is charged with violating resulted from a civil
2 lawsuit brought against the Defendant and her husband by the Department of Justice
3 to recover \$20,380.36 that the Defendant and her husband received from the
4 Government for filing false tax returns for 2002 and 2003.

5 You will hear during the course of this trial that in those years the Defendant
6 and her husband both worked. The Defendant's husband was paid wages working for
7 a company called Personnel Management and the Defendant worked as a tutor for a
8 woman named Una Dworkin and together they made about \$63,000 a year.

9 Although the Defendant and her husband filed tax returns for those years, they did not
10 report any of their income to the Government. They didn't report Mr. Hendrickson's
11 wages from Personnel Management and they didn't report the income that the
12 Defendant received from her work as a tutor. You'll see that the tax returns they filed
13 for those years claimed zeros where they should have reported their income. And not
14 only that, but they requested refunds in the amount of \$10,252.96 for 2002 and
15 \$10,228 for 2003 based on taxes that had been withheld from Mr. Hendrickson's
16 wages.

17 The returns they filed for those years were based on a scheme promoted by
18 the Defendant's husband in a book he wrote entitled *Cracking the Code*, which falsely
19 claims, among other things, that only -- that the Government can only withhold taxes
20 from the pay of its own employees, from Government workers.

21 Before the IRS could realize that the Hendrickson's 2002 and 2003 returns
22 were false, they issued the refunds. So in 2006, the Government filed suit against the
23 Hendricksons to get the money back. After more than a year of litigation, Judge
24 Edmunds issued her Injunction on May 2nd, 2007. She ordered that the
25 Hendricksons were prohibited from filing any future tax returns based on the claims in

1 *Cracking the Code*, and she required the Hendricksons to file amended tax returns
2 and that they were indebted to the United States in the amount of the refunds they
3 received through their false refunds. The evidence will show during this trial that the
4 Defendant had notice of that Court Order and that she intentionally violated it by filing
5 a false 2008 tax return to get another refund from the Government that she wasn't
6 entitled to receive.

7 The evidence will also show that the Defendant continues to be in violation of
8 that Court Order because as of -- to this day as of the last time the records of the IRS
9 were checked, the Defendant has not filed amended tax returns for those years and
10 has not paid back the refunds she received from the Government.

11 The United States will call three witnesses during the course of this trial. The
12 first will be Paul Crowley, a representative from the Internal Revenue Service. He will
13 show you copies of the Defendant's 2002, 2003 and 2008 tax returns and go over
14 some of the records that show the Defendant has not filed amended returns or paid
15 back those tax returns. You will also see copies of refund checks that the Defendant
16 received from the Government as a result of her false returns.

17 You will then hear from Robert Metcalfe and Daniel Applegate, two Department
18 of Justice trial attorneys who were involved in a civil litigation against the Defendant
19 and her husband. Mr. Metcalfe will explain why the Government sued the
20 Hendricksons and show you copies of some of the documents filed in the case,
21 including a copy of the Injunction issued by Judge Edmunds. He will also tell you that
22 the Hendricksons appealed Judge Edmunds' Order and lost, and you will see a copy
23 of an Order from the 6th Circuit Court of Appeals telling the Defendant that the
24 arguments that she and her husband made to challenge Judge Edmunds' Order were
25 frivolous.

1 Mr. Applegate will explain the unsuccessful efforts on the part of the
2 Government to get the Defendant to comply with the Order by filing amended returns
3 and paying back the taxes, and he will read to you from transcripts from some of the
4 hearings in that civil case during which the Court repeatedly reminded the Defendant
5 of her obligation to comply with that Order.

6 It has now been more than six years since Judge Edmunds ordered Doreen
7 Hendrickson to follow the law. During those years, the Defendant was told time and
8 time again by Judge Edmunds, by the 6th Circuit Court of Appeals, by attorneys for
9 the United States, that the law required her to file amended tax returns, to pay back
10 the refunds and to never file a false tax return again.

11 But knowing full well what the Judge's Order required of her, she hasn't paid
12 back the money she owes to the Government -- more than \$20,000 -- and she hasn't
13 filed amended returns and she further demonstrated her contempt for the United
14 States and for the IRS by filing another false tax return for 2008.

15 This is a straightforward case of Criminal Contempt and the Government is
16 confident that the evidence you will hear over the next few days will convince you
17 beyond a reasonable doubt that Doreen Hendrickson is guilty of that crime.

18 THE COURT: Thank you, Miss Siskind. Mrs. Hendrickson, are you
19 going to give an opening?

20 MRS. HENDRICKSON: Yes, I am. Good morning. The first thing I want
21 to say is thank you for your service. I know It's a bit grueling.

22 As jurors, you are constitutional officers. Your job is to supervise the behavior
23 of the Government and the Courts. Your goal is to protect the rights of your fellow
24 citizens from abuse by those to whom we have given so much power over our lives.

25 We, the people, set up the jury system as a check on Government. We

1 created three branches of Government; the legislature, the executive and the courts
2 to help each of us protect our inalienable rights by abuse from anybody and
3 particularly by our Government. As our Declaration of Independence put it,
4 Governments are instituted among men for no other purpose than to secure our
5 rights.

6 We are not so naive as to believe that because Governments are created to
7 protect our rights, that there's no danger that the Government will ignore or abuse
8 those rights. Thomas Paine, whose book *Common Sense* inspired the American
9 Revolution put it this way: Society in every state is a blessing, but Government even
10 in its best state is but a necessary evil. Even in its worst state, an intolerable one.

11 Thomas Jefferson, the author of the Declaration of Independence, our first
12 Secretary of State and third President said it this way: Let us hear no more of
13 confidence in men, but instead bind the Government down by the chains of the
14 Constitution.

15 James Madison, the Father of the Constitution and our fourth President
16 explained that if men were angels, no government would be necessary, but men are
17 not angels and because men are not angels, we will not find any angels occupying
18 Government offices.

19 The founders were well aware that Government itself can be a great threat to
20 our rights and for that reason they created a procedure to protect citizens from
21 Government. That very special procedure is a trial by jury.

22 The procedure is simple. Whenever Government itself can be a great threat to
23 our rights and for that -- whenever Government wants to take our property or our
24 liberty, the Government's actions are subject to review by a jury of ordinary
25 Americans. Ultimately, the lawfulness, fairness and justice of any punitive

1 Government action against any one of us must be approved by a skeptical group of
2 citizens who are charged with presuming the accused to be innocent and presuming
3 the Government to be wrong in its accusations.

4 Here today, you are that group of citizens. You here today are performing a
5 solemn and vital constitutional duty. It is you as jurors who are charged with a
6 skeptical and jealous duty to protect your fellow citizens and yourselves from any
7 attempt by our Government to evade or overreach the limits of the authority we've
8 granted it.

9 As Jefferson also said: I consider trial by jury as the only anchor yet imagined
10 by man by which a Government can be held to the principles of the Constitution.
11 Even Alexander Hamilton, Jefferson's polar opposite among the founders in politics
12 and prospective, echo Jefferson on this point saying: The friends and adversaries of
13 the Constitution if they agree on nothing else, concur at least in the value they set
14 upon trial by jury. Or if there's any difference between them, it consists of this. The
15 former regard it as a valuable safeguard to liberty and the latter represent it as the
16 very palladium of free Government.

17 Now you may be wondering why I'm quoting the Founding Fathers and
18 speaking of principles. It's probably not what you expected to hear. The reason is
19 that as much as the Indictment you were read yesterday struggles to make it appear
20 otherwise, this is not a tax case. Let me show you the Order.

21 THE COURT: Mrs. Hendrickson, what are you putting up on the screen
22 here? Before you put it up, will you just tell me what you're doing?

23 MRS. HENDRICKSON: I'm putting up the Order.

24 THE COURT: What Order?

25 MRS. HENDRICKSON: Paragraph 27 from Judge Edmunds' Order?

1 THE COURT: Okay. Is that in evidence?

2 MRS. HENDRICKSON: It will be.

3 THE COURT: Is it part of the Government's Exhibits?

4 MS. SISKIND: It is, Your Honor.

5 THE COURT: I haven't admitted any exhibits into evidence yet, but go
6 head.

7 MRS. HENDRICKSON: Thank you. Sorry about that. Okay. So here's
8 the Order that --

9 MS. SISKIND: (Interjecting) Your Honor, this is not from the copy that
10 was part of the Government's Exhibits.

11 MRS. HENDRICKSON: It's just --

12 THE COURT: Let's just take it down until we settle this.

13 MRS. HENDRICKSON: Okay. I'll turn this off for right now. I can
14 proceed without it and just read from it I suppose.

15 Okay. So as I said, the Indictment that you were read yesterday, even though
16 it struggles to make this into a tax case, it is not and actually it doesn't quote the entire
17 Order. It just says part of it. But the entire Order says that the Defendants are
18 prohibited from filing any tax return, amended return form, including but not limited to
19 Form 4852, Substitute for Form W-2 Wage and Tax Statement, et cetera, or other
20 writing or paper with the IRS that is based on the false and frivolous claims set forth in
21 *Cracking the Code*, and then that's where the Indictment ends.

22 But it continues on the Order alleging that this book says that only Federal,
23 State or local Government workers are liable for the payment of Federal income tax or
24 subject to withholding Social Security, Medicare, et cetera under the code. So that's
25 the whole thing. That was left out.

1 The second -- the sole and entire charge in this case is that I allegedly didn't
2 declare a State-favored belief as ordered to -- as ordered here in the second part of
3 the Order. Ordered that within 30 days of the entry of this Amended Judgment and
4 Order of Permanent Injunction, Defendants will file amended income tax returns for
5 the years stated and shall include -- and here's where it left off again -- the amended
6 tax returns to be filed by Defendants shall include in the Defendant's gross income for
7 the 2002/2003 taxable years the amounts that Defendant Peter Hendrickson received
8 from his former employer, Personnel Management, as well as the amounts that I
9 received from Una Dworkin. So it's a little -- it pieced out, but in any case I'll continue
10 with this.

11 The rest of the Indictment, including the stuff about amounts owed and so on
12 which is in the Indictment, is just window dressing, meant to mislead you from
13 understanding that really this isn't even a Contempt of Court case. This is actually a
14 unique never before in American history case of the Government having ordered an
15 American citizen to swear to things she does not believe to be true or be punished.

16 THE COURT: Mrs. Hendrickson.

17 MRS. HENDRICKSON: Yes.

18 THE COURT: This really does sound more like a closing argument.
19 Your opening statement is supposed to outline and discuss what you expect the
20 evidence will show or not show.

21 MRS. HENDRICKSON: Okay. I'm getting to that.

22 THE COURT: Why don't you get to it?

23 MRS. HENDRICKSON: Okay. Okay. To convince -- let's see. So
24 they're trying to convince you that this is a tax case. There are a couple of things that
25 should tip you off right from the start. The fact that the Indictment you were read

1 yesterday struggled so hard to make it look like a tax matter when the sole stated
2 charge is actually Contempt of Court is one of them.

3 If you remember that one of the contempts alleged in that Indictment is my
4 supposedly filing a false tax return? Well, if that were a real allegation, the charge
5 here would be Tax Evasion or a plain charge of filing a false tax return. That it is not
6 says a lot. Here's what says more. The amount of money involved in the tax return is
7 all of \$5. Yes, that's right, \$5. You still think this is a tax case?

8 Another tip is that the Government will try to make you think the speech
9 controlling orders I'm charged with resisting originated with a Judge. In fact, I'll show
10 that it was a DOJ attorney who wrote the Orders to benefit the Government in a civil
11 matter between us. The DOJ simply asked the Judge to sign and deliver these
12 Orders. Still sound like a tax case?

13 There's only one connection between this case and taxes. The DOJ wants me
14 forced to agree that I owe the Government a few hundred dollars of taxes, something
15 I simply don't believe to be true.

16 That brings us to the last big tip-off that this is anything but a tax case. The
17 Government itself over all the intervening years since those involved in its demands,
18 which go back six, 11 and 12 years respectively, has never yet assessed a penny of
19 this tax it claims I should be forced at gunpoint to declare myself to owe. Still think it's
20 a tax case?

21 This is not a tax case. Rather, it is a shred the First Amendment so that
22 Government can force self-serving words into the mouths of American men and
23 women when it has no legal means to have its way. No American has ever before
24 been subjected to Orders of this kind, nor in all our national history has anyone before
25 ever faced criminal charges for standing by her rights as I've done. As a jury, you

1 must judge the justice of these Orders and this corrupt use of force against a neighbor
2 and a fellow American.

3 MS. SISKIND: Your Honor, I'm sorry. I have to object.

4 THE COURT: Objection is sustained.

5 MRS. HENDRICKSON: Okay.

6 THE COURT: Mrs. Hendrickson, you need to talk about the evidence or
7 be done with your opening statement.

8 MRS. HENDRICKSON: Well, I have evidence for all of the stuff I'm
9 saying here.

10 THE COURT: But you're not pointing to any witnesses. You're not
11 pointing to documents. What is -- what do you expect the proofs in this case to be?

12 MRS. HENDRICKSON: The proofs will be that I don't owe the money
13 that was alleged and that I have a good faith for believing what I put down on my
14 sworn testimony, and I have court cases and transcripts and assessment notices. I
15 have -- and I'm going to say what I can show.

16 THE COURT: If you want to say what you believe the evidence is going
17 to show, then continue. Otherwise, this sounds like somewhat of a closing argument,
18 but certainly not an opening statement which is not supposed to be argument.

19 MRS. HENDRICKSON: Okay. I'll skip a paragraph here. If after you
20 learn what this case is all about you think the Government has the lawful authority to
21 ask a Judge to tell me or you or any American exactly what we must say under oath,
22 then you can authorize the Government's action by finding me guilty. If you would not
23 find it acceptable that the Government order you or anyone else to swear what you
24 don't believe to be true, you personally don't believe to be true, then you, all of you
25 together or even just one of you can and should find me not guilty.

1 MS. SISKIND: Your Honor --

2 THE COURT: Excuse me. You have an objection?

3 MS. SISKIND: I object, Your Honor, to the essentially legal instructions
4 that are contrary to the instructions the Court is going to give.

5 THE COURT: That's very true, and Miss Hendrickson this case is not
6 about the jurors; it's about you.

7 MRS. HENDRICKSON: Okay. Would you repeat what you just said
8 please?

9 THE COURT: You're talking about what the Government can and
10 cannot do to other citizens. This is about you.

11 MRS. HENDRICKSON: Okay. All right. I'm accused by the
12 Government of having committed a crime for resisting orders commanding me to
13 swear to things I do not believe are true. I was ordered by a Judge at the
14 Government's request to swear over my own signature to the Government's version of
15 things in a civil dispute between us. My doing so would give the Government a win in
16 that dispute. As common sense will tell you, if the Government's version of these
17 facts was actually true, it would have no need of my coerced testimony in order to
18 prevail in the dispute. But the Government's version of these facts is not true. This is
19 why in all the years over which it has been pursuing this unprecedented seizure of an
20 American's vocal cords, conscience and personal dignity, no Government officer has
21 ever dared to present that version over his or her own sworn signature and instead
22 the Government has resorted to the Stalinist assault on speech rights, rights of
23 conscience and the rule of law.

24 MS. SISKIND: Your Honor, objection.

25 THE COURT: Excuse me. Mrs. Hendrickson, I think this will be about

1 the fourth time that I've asked you to deliver an opening statement rather than --

2 MRS. HENDRICKSON: (Interjecting) I thought I was.

3 THE COURT: -- Rather than argument to this Jury. Now if you can't --

4 MRS. HENDRICKSON: (Interjecting) Start with --

5 THE COURT: Mrs. Hendrickson, please let me finish. If you can't abide
6 by that order of this Court, then you need to sit down so that the Government can
7 begin to present its evidence.

8 MRS. HENDRICKSON: I can abide by that.

9 THE COURT: This is your last opportunity to do that.

10 MRS. HENDRICKSON: This all began more than eight years ago. The
11 Government did not like what I said about my earnings on two tax returns. Rather
12 than make its own case in the normal fashion through tax court, deficiency
13 proceedings, audits or what-have-you, attorneys from the Department of Justice flew
14 in from Washington and asked a Federal Judge to order me to renounce my
15 inconvenient testimony, which of course they gratuitously describe as false, and
16 replace it with words they dictated to me which I was to pretend to be my own. The
17 Judge, without ever having laid eyes on me, without reviewing any evidence and
18 without holding any hearing at all signed a ruling written by one of these attorneys by
19 which I was ordered to say what the Government attorney wanted me to say. The
20 Court ordered me to swear to it, those dictated words under penalty of perjury. I was
21 ordered to put those dictated words on a testimony -- on testimonial legal documents,
22 which are tax returns, which would appear to be my own and by which the
23 Government would then claim I owed it taxes.

24 I want to be very clear about this. I was not ordered to simply testify. I was
25 ordered to testify with words dictated by the Government. The Government had me

1 ordered to speak the words it wanted to hear from me and to refrain from saying what
2 I really believe, and did so because it finds my freely made honest testimony a
3 hinderance to its purposes I suppose.

4 Without a trial or even a hearing, I know that Miss Siskind said there was
5 litigation for a year, but there was no trial or hearing, though we requested one. The
6 Judge simply adopted what you will see was a batch of fictional pretenses offered by
7 the Government attorneys to rationalize these unprecedented orders. No witness
8 ever testified, and I was never even seen or heard by the Judge. I was just ordered
9 by mail to say what the Government demanded I say like some sort of ventriloquist's
10 dummy, and also ordered to not say what the Government didn't want me to say.
11 I was ordered to sign a sworn statement declaring that I believe what I was forced to
12 say. I was ordered to lie about the fact that my statements were completely coerced.

13 I think that the injustice of coerced testimony is so obvious that the very idea is
14 hard to grasp, at least here in America. We've all seen news clips of people being
15 forced to do --

16 MS. SISKIND: (Interjecting) Objection, Your Honor.

17 THE COURT: Mrs. Hendrickson, you're done. You're done. Miss
18 Siskind, call your first witness.

19 MR. McLELLAN: The Government calls Paul Crowley.

20 THE CLERK OF THE COURT: Come over here please.

21 **PAUL CROWLEY, A GOVERNMENT WITNESS, SWORN AT ABOUT 11:19 A.M.**

22 THE COURT: Good morning, Mr. Crowley.

23 THE WITNESS: Good morning.

24 MR. McLELLAN: May I inquire, Your Honor?

25 THE COURT: You may.

DIRECT-EXAMINATION

BY MR. McLELLAN:

1 Q. Mr. Crowley, could you spell your name for the court reporter?

2 A. Paul Crowley. C-r-o-w-l-e-y.

3 Q. And Mr. Crowley, who is your employer?

4 A. I work for the Internal Revenue Service out of Andover, Massachusetts.

5 Q. And how long have you been with the IRS?

6 A. I started back in 1996.

7 Q. And what is your current job title?

8 A. Currently I'm an Investigative Analyst.

9 Q. Now did you up until recently have another job title with the IRS?

10 A. Yes.

11 Q. What was that?

12 A. Court Witness Coordinator.

13 Q. Are you now completing some duties such as this one that arose under that
14 previous position?

15 A. Yes.

16 Q. And how long did you serve in the capacity that you're describing?

17 A. Just about 10 years.

18 Q. Now generally, what are the job responsibilities of a Court Witness
19 Coordinator?

20 A. The job responsibilities would include securing records and returns of the
21 Internal Revenue Service and creating a certified copy of that document and then
22 testify in court representing the Commissioner of the Internal Revenue Service as
23 custodian of records.
24
25

1 Q. Approximately how many trials have you testified in, Mr. Crowley?

2 A. Over a hundred.

3 Q. What computer system do you use to do your research in?

4 A. It's -- the Internal Revenue Service has an Integrated Data Retrieval System
5 also known as IDRS.

6 Q. Is that system routinely and regularly used by the IRS?

7 A. Yes.

8 Q. And would you say that people in the IRS rely on that system?

9 A. Yes.

10 Q. Are you able to use that system to verify documents against IRS records?

11 A. Yes.

12 Q. Now in the course of your duties, were you assigned to conduct research on
13 the tax records of Doreen Hendrickson and Doreen -- and under the name Doreen
14 Wright as well?

15 A. Yes.

16 Q. Is that the same Social Security number for that person under both names?

17 A. Yes, it is.

18 Q. I direct your attention to the binder in front of you please. Could you turn to
19 document marked Number One?

20 A. I have it.

21 Q. Is that a Form 1040 U.S. Individual Tax Return?

22 A. Yes.

23 Q. For what year?

24 A. This is for tax year 2002.

25 Q. Who are the taxpayers?

1 A. Peter E. Hendrickson and Doreen M. Hendrickson.

2 Q. Has that document been verified against IRS records?

3 A. Yes.

4 Q. The Government offers One.

5 THE COURT: Is there any objection?

6 MRS. HENDRICKSON: No.

7 THE COURT: Number One is in.

8 Q. (By Mr. McLellan continuing) Let's take a look at the first page of the return.

9 Mr. Crowley, taking a look at the top of the return, can you make out the names of the
10 taxpayers here?

11 A. Yes. Peter E. Hendrickson and Doreen M. Hendrickson.

12 Q. What does it say for their city or town?

13 A. It appears to be Commerce Township, Michigan.

14 Q. And directing your attention to the lower left-hand corner of that return, when
15 and where was that received in the IRS?

16 A. It was received August 25th, 2003 at the Andover IRS Center.

17 Q. Now at line seven of the return, what figure or amount does it give for wages,
18 salaries, tips, et cetera?

19 A. There is a figure of zero.

20 Q. And at line 22, what does it add up there for the total income reported on this
21 return?

22 A. Twenty dollars.

23 Q. And let's look at the second page of the return please. At line 62, does it show
24 an amount for Federal income tax withheld from Form W-2 and 1099?

25 A. Yes it does.

1 Q. And what's the amount of withholdings there?

2 A. \$10,152.96.

3 Q. And looking down at the section marked refund for line 71(a), what's the figure
4 at 71 -- line 71(a) for the amount you want refunded to you?

5 A. \$10,152.96.

6 Q. And down at the signature block, does it appear to have a couple of signatures
7 there?

8 A. Yes.

9 Q. And the first person who signed, what does it give as the occupation of that
10 person?

11 A. Citizen.

12 Q. And for the second person that signed there as the spouse, can you make out
13 the first name?

14 A. It appears to be Doreen.

15 Q. And what does it have written in there for the spouse's occupation here?

16 A. Person.

17 Q. Let's look at the next document with this return. Taking a look at the top of this
18 document in the upper left-hand corner, what's the form number given here?

19 A. Form 4852.

20 Q. And what's the --

21 MRS. HENDRICKSON: (Interjecting) Objection.

22 THE COURT: What's your objection?

23 MRS. HENDRICKSON: Well, I'll go with that what I said before. The
24 W-2's -- or sorry. Wrong one. Sorry.

25 THE COURT: You withdraw your objection?

1 MRS. HENDRICKSON: Yeah, I'm sorry. I have trouble seeing from that
2 far.

3 MR. McLELLAN: May I continue, Your Honor?

4 THE COURT: You may.

5 Q. (By Mr. McLellan continuing) Taking a look at the -- you were just testifying that
6 this says Form 4852, is that correct?

7 A. Yes.

8 Q. What's the title of this form?

9 A. Substitute for Form W-2 Wage and Tax Statement or Form 1099R Distributions
10 From Pensions, Annuities, Retirement or Profit-sharing plans, IRAs, Insurance
11 Contracts, et cetera.

12 Q. And at line one, whose name is typed in there?

13 A. Peter E. Hendrickson.

14 Q. And at line four, can you please read what's put in there after where it says
15 please fill in the year at the end of the statement?

16 A. It says: I have been unable to obtain or have received an incorrect Form W-2
17 Wage and Tax Statement or Form 1099R Distributions From Pensions, Annuities,
18 Retirement or Profit-sharing plans, IRAs, Insurance Contracts, et cetera from my
19 employer or payer named below. I hereby notify the Internal Revenue Service of this
20 fact. The amount shown below are my best estimates of all wages or payments paid
21 to me and Federal taxes withheld by this employer or payer during 2002.

22 Q. Now at line five, who does it say the employer or payer is here?

23 A. The name indicated is Personnel Management, Incorporated.

24 Q. And where does it say? In what town?

25 A. Farmington Hills, Michigan.

1 Q. Now the next line is number seven and there's a seven small A entry there for
2 wages. Do you see that?

3 A. Yes.

4 Q. And what does it say there after note?

5 A. Include one, the total wages paid. Two, noncash payments. Three,
6 tips/reported and four, all other compensation before deductions for taxes, insurance,
7 et cetera.

8 Q. And what figure has been entered in on this Substitute for Form W-2 for
9 wages?

10 A. Zero.

11 Q. And I direct your attention to Box F to the right there please. How much does it
12 say by way of Federal income tax was withheld according to this form?

13 A. \$5,642.20.

14 Q. And at line I, how much does it say in Social Security tax was withheld?

15 A. \$3,655.83.

16 Q. And how about at line J, Medicare tax withheld?

17 A. \$854.93.

18 Q. Now taking a look at line nine, do you see where it says explain your efforts to
19 obtain Form W-2, 1099R or W-2 C. Do you see that?

20 A. Yes, I do.

21 Q. And what explanation has been typed in there?

22 A. On the next line it starts: Request, but company refuses to issue forms
23 correctly listing payments of wages as defined in 3401(a) and 3121(a) for fear of IRS
24 retaliation. The amounts listed as withheld on the W-2 it submitted are correct,
25 however.

1 Q. And taking a look at the bottom of that page at line 10, does that seem to have
2 a signature there?

3 A. Yes.

4 Q. What's the date associated with that signature?

5 A. August 12, 2003.

6 Q. I direct your attention to the next page of this Exhibit please. Is that a Form
7 1099-MISC for 2002?

8 A. Yes, it is.

9 Q. And what's the name of that form in the upper right-hand corner?

10 A. It's Miscellaneous Income.

11 Q. And in the upper left-hand corner, who does it say the payer is of this income?

12 A. Una E. Dworkin.

13 Q. Who is -- would you spell the last name please?

14 A. D-w-o-r-k-i-n.

15 Q. And looking down below in that same column, do you see an entry there for
16 recipient's name of this income?

17 A. Yes.

18 Q. And who was the recipient?

19 A. Doreen Hendrickson.

20 Q. Now at Box 7, what has been entered here for nonemployee compensation?

21 A. A zero.

22 Q. Now at the bottom -- let me ask you this. Do you recognize the top part of this
23 document to be an IRS standard form?

24 A. Yes.

25 Q. Now taking a look at the bottom of it, do you see something added on at the

1 bottom of this form?

2 A. Yes.

3 Q. Do you see some text there with what appears to be a signature?

4 A. Yes.

5 Q. Can you read that text please?

6 A. The corrected Form 1099 Miscellaneous is submitted to rebut the document
7 known to have been submitted by the party identified above as payer which
8 erroneously alleges a payment to the party identified above as recipient of gains,
9 profit or income made in the course of a trade or business. Under penalty of perjury, I
10 declare that I've examined this statement and to the best of my knowledge and belief
11 it is true, correct and complete.

12 Q. What's the name typed under the signature?

13 A. Doreen Hendrickson.

14 Q. And what's the date given there?

15 A. August 12th, 2003.

16 Q. Mr. Crowley, I want you to flip forward in your binder and take a look at a
17 document marked Number 32 and please let me know when you have that.

18 A. Yes, I have that.

19 Q. Now is that a 2002 Form 1099 listing Doreen Hendrickson as a recipient?

20 A. Yes.

21 Q. The Government offers 32.

22 MRS. HENDRICKSON: Object to that.

23 THE COURT: You'll object to it?

24 MRS. HENDRICKSON: Yes, please.

25 THE COURT: What is the basis for your objection?

1 MRS. HENDRICKSON: While it may be that this record -- well, it's
2 hearsay. It may be while this record falls into a business record exception to which I
3 continue to object, certainly it cannot be introduced by Mr. Crowley. It's not an IRS
4 document. It purports to be that of Una or someone from that company can identify it
5 as something made as a record in the course of routine business, but Mr. Crowley is
6 not -- doesn't work for Una. It would have to be MaryAnne, her bookkeeper who
7 introduces that.

8 THE COURT: Mr. McLellan.

9 MR. McLELLAN: Your Honor, the Court has already ruled in its Order of
10 July 18th, 2004 that this document comes in over a hearsay objection, so the only
11 remaining issue is whether it ought to come in by way of Section 902.11 certification
12 which was supplied to the Defendant and also to the Court as an attachment to our
13 pleadings in the matter, and that certification is proper and correct and under Section
14 902.11, and also under the Court's previous ruling with regard to the hearsay
15 exception, it ought to be received.

16 THE COURT: All right. The document Exhibit marked Number 32 is in
17 evidence as an exception to the Hearsay Rule and under 902.11.

18 Q. (By Mr. McLellan continuing) So Mr. Crowley, in the upper left-hand corner
19 does that show a payer?

20 A. It does.

21 Q. And what's that person's name?

22 A. Una E. Dworkin.

23 Q. And where is she located?

24 A. Farmington Hills, Michigan.

25 Q. And in the upper right-hand corner, what's the year for this report of

1 miscellaneous income?

2 A. 2002.

3 Q. And who does it list as the recipient?

4 A. Doreen Hendrickson.

5 Q. Now in Box 7, what is given from this payer, Miss Dworkin, as the
6 nonemployee compensation for the recipient Doreen Hendrickson?

7 A. \$3,773.

8 Q. Let's take a look at Government's Exhibit One again please, and I direct your
9 attention to the fifth page in. Do you have now in front of you the Form 1099-MISC for
10 2002 Miscellaneous Income Report that was attached to the 2002 tax return for Mrs.
11 Hendrickson?

12 A. Yes.

13 Q. And what did she put in Box 7 for nonemployee compensation?

14 A. Zero.

15 Q. Let's take a look at the document you should have in front of you marked
16 Number Two. Is that a record of the Internal Revenue Service?

17 A. Yes it is.

18 Q. And is it called a Certificate of Assessments, Payments and Other Specified
19 Matters?

20 A. Yes it is.

21 Q. And who does it pertain to?

22 A. Peter E. and Doreen M. Hendrickson.

23 Q. What tax year does it pertain to?

24 A. 2002.

25 Q. The Government offers Two.

1 THE COURT: Is there objection?

2 MRS. HENDRICKSON: No.

3 THE COURT: Two is in.

4 Q. (By Mr. McLellan continuing) So let's take a look at the upper left-hand corner.
5 Who are the taxpayers here?

6 A. Peter E. and Doreen M. Hendrickson.

7 Q. And does this cover Form 1040 taxes for the tax period ending December,
8 2002?

9 A. Yes.

10 Q. Now you see an entry there for return filed and tax assessed on August the
11 25th, 2003?

12 A. Yes.

13 Q. And what does it mean when such an entry appears on one of these contracts?

14 A. This indicates that a tax return was filed with the Internal Revenue Service and
15 that the return that was filed indicates tax assessed of zero dollars in this case.

16 Q. And taking a look at the entry above that, do you see an entry there for
17 adjusted gross income?

18 A. Yes.

19 Q. And what does this show having been reported as adjusted gross income?

20 A. Twenty dollars.

21 Q. Let's take a look at Exhibit One again please, the first page of it. Do you see
22 an entry at line 22 of Exhibit One of \$20 for adjusted gross income -- or I'm sorry -- for
23 total income?

24 A. Yes.

25 Q. And at line 35 does that still say \$20 for adjusted gross income?

1 A. Yes, it is.

2 Q. How does that compare with the entry here in the IRS's system on Exhibit
3 Two?

4 A. That is the same figure.

5 Q. And why is that?

6 A. Because the adjusted gross for 2002 was taken off of the return since there
7 was nothing but the tax return indicated on the transcript.

8 Q. So let's take a look at the number there underneath where it says return filed
9 and tax assessed on Exhibit Two please. Do you see a number there?

10 A. Yes, I do.

11 Q. And what is that number? What do you call that number?

12 A. That is called a Document Locator Number. Also a DLN.

13 Q. What does a DLN do for the IRS?

14 A. That's how we determine and request returns and keep track of the returns as
15 they're received.

16 Q. Now let's take a look at the first page of the return for Exhibit One. The upper
17 right-hand corner, do you see a number up there?

18 A. Yes.

19 Q. Is that a Document Locator Number?

20 A. Yes.

21 Q. How does that compare with the Document Locator Number in the IRS printout
22 that you are testifying about in Exhibit Two?

23 A. They are the same number.

24 Q. Let's stick with Exhibit Two again. What's the amount recorded here for
25 withholding?

1 A. The amount indicated is \$10,152.96.

2 Q. Now below that there's -- do you see some entries for overpayment, credit
3 transferred? Do you see that entered into that transcript more than once?

4 A. Yes.

5 Q. And those amounts that have brackets around them, what does it mean when
6 they have a bracket around them in one of these transcripts?

7 A. That means that the credit is being applied in this case to the specific years
8 indicated. The first one there is going to tax year 2000. The next one is going to
9 2001 and then the third one is going to 2000.

10 Q. Now how could it come about that the Internal Revenue Service would see the
11 need to take this one \$1,699.86 for example, and put it into 2001? How could that
12 arise?

13 A. Before the Internal Revenue Service would issue a refund, we would make
14 sure that all your IRS tax liabilities are taken care of first and we take care of the
15 oldest debt first and then if you have other Federal tax obligations, those would be
16 paid prior to you receiving your refund.

17 Q. Now let's take a look at Exhibit One again please, at line 71(a). Do you see the
18 amount \$10,152.96 there for a refund being requested by the Hendricksons?

19 A. Yes.

20 Q. Now what's the connection between that refund being requested on this return
21 and those entries you were just testifying about where it's getting applied to other
22 years?

23 A. The entire amount, \$10,152.96, was applied to those other three years.

24 Q. Do you have a document in your binder marked Number Four?

25 A. Yes.

1 Q. Is that a Form 1040 U.S. Individual Tax Return for 2003 from Mr. & Mrs.
2 Hendrickson?

3 A. Yes, it is.

4 Q. Does that come from IRS records?

5 A. Yes.

6 Q. The Government offers Four.

7 THE COURT: Is there an objection?

8 MRS. HENDRICKSON: I'm sorry?

9 THE COURT: Is there objection to Number Four?

10 MRS. HENDRICKSON: No.

11 THE COURT: Four is in.

12 Q. (By Mr. McLellan continuing) So let's take a look at the top again. Who are the
13 taxpayers here?

14 A. Peter E. Hendrickson and Doreen M. Hendrickson.

15 Q. And looking down to line seven, what's reported here on this return for wages,
16 salaries, tips, et cetera?

17 A. Zero.

18 Q. Line 8(a), what does it show for taxable interest?

19 A. \$2.70.

20 Q. And at line 15(b) does it show an IRA distribution of some kind?

21 A. Yes.

22 Q. And what's that amount?

23 A. \$283.44.

24 Q. So adding it up, what does it give at line 22 for total income for these folks for
25 this year?

- 1 A. \$286.14.
- 2 Q. Down at line 34, what's the adjusted gross income?
- 3 A. \$286.14.
- 4 Q. Let's look at the next page please. There's a section called Payments at line
5 61. What does it give here for a figure for Federal income tax withheld from Forms
6 W-2 and 1099?
- 7 A. \$10,256.34.
- 8 Q. And taking a look at line 60 up above that, what does it enter here for what this
9 claims to be the total tax on this return?
- 10 A. \$28.34.
- 11 Q. So looking down at the section called Refund at line 70(a), what does it say for
12 the amount that you want refunded to you?
- 13 A. \$10,228.
- 14 Q. And down in the signature area under your signature, do you see a date
15 associated with that signature?
- 16 A. Yes.
- 17 Q. What is it?
- 18 A. April 7, 2004.
- 19 Q. And what does it give as an occupation?
- 20 A. American citizen.
- 21 Q. And under spouse's signature, can you make out the first name?
- 22 A. It appears to be Doreen.
- 23 Q. And what's the date given here?
- 24 A. April 7, 2004.
- 25 Q. What's reported here for spouse's occupation?

1 A. Michigan resident.

2 Q. Let's look at the next page of this Exhibit please. Is this another one of these
3 Forms 4852?

4 A. Yes, it is.

5 Q. Substitutes for Form W-2, et cetera, et cetera in the caption?

6 A. Yes.

7 Q. And whose name is being given here on this substitute?

8 A. Peter E. Hendrickson.

9 Q. And at line five who does it say the employer is?

10 A. It indicates Personnel Management, Incorporated from Farmington Hills,
11 Michigan.

12 Q. And at line 7(a), what does it say for -- well, do you see at line 7(a) then there's
13 a little a? Do you see where it says wages?

14 A. Yes.

15 Q. What does it say after note as to what's to be included?

16 A. Include one, the total wages paid. Two, noncash payments. Three,
17 tips/reported and four, all other compensation before deductions for taxes, insurance,
18 et cetera.

19 Q. Now on this form, what is reported for wages paid to Mr. Hendrickson by
20 Personnel Management?

21 A. Zero.

22 Q. Taking a look at the right at line F, what does it show as the Federal income tax
23 withheld for this individual for this year by this payer?

24 A. \$5,620.02.

25 Q. And at line I, what was the Social Security tax withheld?

1 A. \$3,757.60.

2 Q. At line J what was the Medicare tax withheld?

3 A. \$878.12.

4 Q. Can you look a little more closely at that number at line J please and see if you
5 got the cents right?

6 A. \$878.72.

7 Q. At line nine is there an entry there giving an explanation that's typed in starting
8 on the second line?

9 A. Yes.

10 Q. Please read that.

11 A. Request, but the company refuses to issue forms correctly listing payments of
12 wages defined in 3401(a) and 3121(a) for fear of IRS retaliation. The amounts listed
13 as withheld in the W-2 it submitted are correct, however.

14 Q. And at line I0 does it appear to be bear a signature?

15 A. Yes.

16 Q. And what's the date given for that signature?

17 A. March 24th, 2004.

18 Q. Let's turn to the next page of this exhibit please. Is that a Form 1099-MISC?

19 A. Yes, it is.

20 Q. For 2003?

21 A. Yes.

22 Q. Does it have a check in the box up above there for corrected if checked?

23 A. Yes.

24 Q. And who's listed here as the payer?

25 A. Una E. Dworkin.

1 Q. Of what location?

2 A. Farmington Hills, Michigan.

3 Q. Who's the recipient?

4 A. Doreen Hendrickson.

5 Q. And at Box 7, what is being claimed on this corrected form 1099-MISC for
6 nonemployee compensation?

7 A. Zero.

8 Q. Now does this one, at least the top part that we've looked at so far, appear to
9 you to be conforming with the standard IRS form?

10 A. Yes.

11 Q. Let's look at the bottom part. Do you recognize that text as being part of a
12 regular IRS form?

13 A. No.

14 Q. Please read the text?

15 A. This Corrected Form 1099 Miscellaneous is submitted to rebut a document
16 known to have been submitted by the party identified above as payer, which
17 erroneously alleges a payment to the party identified above as the recipient of gifts,
18 profit or income made in the course of a trade or business.

19 THE COURT: I think it says gains, doesn't it? Does it say gains?

20 THE WITNESS: I'm sorry. Gains, profit or income made in the course
21 of a trade or business. Under penalty of perjury, I declare that I've examined this
22 statement and to the best of my knowledge and belief it is true, correct and complete.

23 Q. (By Mr. McLellan continuing) Who appears to have signed this?

24 A. It appears to be Doreen Hendrickson.

25 Q. On what date?

1 A. March 24th, 2004.

2 Q. Let's take a look at Government's Exhibit 32 again please. Let's take a look at
3 the second page of this exhibit. Is this another Form 1099-MISC reporting
4 miscellaneous income paid by Una E. Dworkin?

5 A. Yes, it is.

6 Q. Who was the recipient?

7 A. Doreen Hendrickson.

8 Q. And in Box 7, what does it say here is the nonemployee compensation paid to
9 Mrs. Hendrickson?

10 A. \$3,188.50.

11 Q. Let's take a look at Government's Exhibit -- I'm sorry -- the Government
12 document marked Number Five in your binder.

13 A. I have that.

14 Q. All right. Is that a Certificate of Assessments, Payments and Other Specified
15 Matters from the IRS pertaining to Peter E. and Doreen M. Hendrickson for the tax
16 year ending in December of 2003?

17 A. Yes.

18 Q. The Government offers Five.

19 THE COURT: Is there an objection?

20 MRS. HENDRICKSON: No.

21 THE COURT: Five is in.

22 Q. (By Mr. McLellan continuing) So Mr. Crowley, is this -- taking a look at the
23 second line here under Explanation of Transaction, what does it say about a return
24 being filed and tax assessed here?

25 A. It indicates a tax return was filed and that tax was assessed of \$28.34.

1 Q. And what's the date associated with that?

2 A. April 15, 2004.

3 Q. Does the date April 15th mean anything to the Internal Revenue Service?

4 A. Yes. All returns are due, all Individual Income Tax Returns are due on April
5 15th.

6 Q. So let's take a look at -- I'm sorry. Do you see a Document Locator Number for
7 that one?

8 A. Yes.

9 Q. And let's take a look at -- and is that under where it says return filed and tax
10 assessed?

11 A. Yes, it is.

12 Q. Let's look back at Government's Exhibit Four please, the first page of the
13 return. Do you see a DLN in the upper right-hand corner of that document?

14 A. Yes.

15 Q. What's the relation between the DLN on this return that came into the IRS and
16 this printout that we're looking at under Government's Exhibit Five?

17 A. It's the exact same number.

18 Q. And this information that -- let's look back again at Government's Exhibit Five
19 please. This information that you're talking about, this \$28.34, after return filed and
20 tax assessed, where would that information come from?

21 A. That comes from the return that was filed by the taxpayer.

22 Q. So let's look back at Government's Exhibit Four please, the first page -- I'm
23 sorry -- the second page of the return at line 60. How does that number there given at
24 line 60 for total tax compare with the number on the IRS transcript?

25 A. That is the same figure, \$28.34.

1 Q. So let's look again -- while we're at it, let's look at line 70(a) here on this return.
2 What's the refund being requested here?

3 A. \$10,228.

4 Q. And let's look back at Exhibit Five please. So what does this transcript show
5 for the withholding?

6 A. It indicates a figure of \$10,256.34.

7 Q. And beneath that is there a figure of \$5,551.44 given for overpayment credit
8 transferred?

9 A. Yes.

10 Q. And what does that mean?

11 A. That means the refund was paying that older debt.

12 Q. And what was the year of that debt?

13 A. 2000.

14 Q. Now just before you started testifying about this tax return, you were testifying
15 about the Hendricksons' return for the previous year from this, is that correct?

16 A. That's correct.

17 Q. And what happened to the refund claim on that return by way of how it got
18 applied?

19 A. It was applied to several different tax periods.

20 Q. So this entry here for their 2003 return, what's happening with this
21 overpayment credit transfer?

22 A. It also was being applied to other tax periods.

23 Q. Now what's going on here with these other ones that say credit transferred?

24 A. It's transferred to cover another debt with the Internal Revenue Service.

25 Q. Now down at the -- for the date October the 4th, 2004, what happened on that

1 date?

2 A. A refund was issued in the amount of \$3,172.30.

3 Q. And underneath that what does it say was the interest due to the taxpayer?

4 A. Interest due, \$60.84.

5 Q. So let's look at Exhibit Four again, the second page of the return at line 70(a).
6 This is a claim here of \$10,228 by way of a refund on this return, is that correct?

7 A. That's correct.

8 Q. Now having looked at the IRS's computer records in Exhibit Five, essentially
9 what was the fate of this request for a refund? How did it play out?

10 A. It paid the other debts to the Internal Revenue Service first and then issued the
11 remainder with interest to the taxpayer.

12 Q. And let's look again at Exhibit Five, that figure \$3,172.30 and this interest due,
13 what would happen on the part of the IRS when it came down to a refund?

14 A. Well, based on the way the taxpayer filled out their refund section, which
15 there's no indication of a direct deposit, the Internal Revenue Service would send a
16 refund check to the address listed on the return.

17 Q. All right. Let's take a look at document marked Number Seven. Is that a copy
18 of a Treasury check for income tax refund?

19 A. Yes, it is.

20 Q. And who is it paid to the Order of?

21 A. Peter E. and Doreen M. Hendrickson.

22 Q. The Government offers Seven.

23 THE COURT: Is there an objection to Number Seven?

24 MRS. HENDRICKSON: No, ma'am.

25 THE COURT: Seven is in.

1 Q. (By Mr. McLellan continuing) Now does this -- what do you recognize this
2 document to be?

3 A. A copy of a refund check issued to Peter E. and Doreen M. Hendrickson.

4 Q. And what is entered in the box for the amount of the check?

5 A. \$3,172.30.

6 Q. And down at the bottom, what does it say for how much interest is being paid?

7 A. \$60.84.

8 Q. Let's take a look at the document marked Number Eight in your binder. Do you
9 have it?

10 A. I have that.

11 Q. Is that a Form 1040-EZ Income Tax Return for single and joint filers with no
12 dependents for the year 2008?

13 A. Yes.

14 Q. And is that for the taxpayer Doreen M. Hendrickson?

15 A. Yes.

16 Q. The Government offers Eight.

17 THE COURT: Is there an objection?

18 MRS. HENDRICKSON: No.

19 THE COURT: Eight is in.

20 Q. (By Mr. McLellan continuing) Let's take a look at the line one here for wages,
21 salaries and tips. Read what the instruction says after it lists wages, salaries and tips.

22 A. This should be shown in box one of your Form W-2. Attach your Forms W-2.

23 Q. Now what amount or dollar amount is given for Mrs. Hendrickson for wages,
24 salaries and tips on this return?

25 A. Zero.

- 1 Q. And let's look down at line seven. What does it say for Federal income tax
2 withheld from box two on your Forms W-2?
- 3 A. Five dollars.
- 4 Q. And taking a look at line 12(a), what does it claim for a refund?
- 5 A. Five dollars.
- 6 Q. Now was this return received by the Internal Revenue Service?
- 7 A. Yes, it was.
- 8 Q. How do you know that?
- 9 A. The Document Locator Number in the top right-hand corner of the page.
- 10 Q. And taking a look at the signature block, does it seem to have a signature?
- 11 A. Yes.
- 12 Q. And what's the date given for that signature?
- 13 A. March 23rd, 2009.
- 14 Q. And what does it say for your occupation?
- 15 A. None.
- 16 Q. Turning to the next page of this return, do you see a Form 4852 Substitute for
17 Form W-2, et cetera?
- 18 A. Yes.
- 19 Q. And whose name appears to be typed in at the first part of box one?
- 20 A. Doreen M.
- 21 Q. And under last name whose name appears to be handwritten in there?
- 22 A. Hendrickson.
- 23 Q. And what are the last four digits of the Social Security number given for Mrs.
24 Hendrickson?
- 25 A. Four four zero nine.

1 Q. Where does it say she lives by way of a town?

2 A. Commerce Township, Michigan in box three.

3 Q. Now at box four, do you see where it says enter year in space provided and
4 check one box?

5 A. Yes.

6 Q. Start reading from that point please.

7 A. For the tax year ending December 31st, 2008 I have been unable to obtain or
8 have received an incorrect checked Form W-2, and it then goes on to say: I hereby
9 notify the IRS of this fact.

10 Q. Let me stop you there. Does all that appear to have been typed in or is some
11 of that in there by some other way?

12 A. Some of that appears to be handwritten.

13 Q. And keep going after where it says of this fact.

14 A. It continues on: The amounts shown on line seven or line eight are my best
15 estimates for all wages or payments made to me and tax withheld by my employer or
16 payer named on line five.

17 Q. Now on line five, what does it give for a name of an employer or payer?

18 A. It indicates Monarch Consulting.

19 Q. What town are they located in?

20 A. Burbank, California.

21 Q. And at line 7(a), what does this Substitute for Form W-2 claim for wages, tips
22 and other compensation from Monarch Consulting?

23 A. Zero.

24 Q. And at line 10, do you see there's a place there to put some information in?

25 A. Yes.

1 Q. What does it say for explain your efforts to obtain Form W-2, Form 1099R or
2 Form W-2C, Corrected Wage and Tax Statement?

3 A. It says none.

4 Q. And do you see a signature block there?

5 A. Yes.

6 Q. And does someone appear to have signed it?

7 A. Yes.

8 Q. On what date?

9 A. March 23rd, 2009.

10 Q. Let's take a look at a document in your binder marked Number 33 please.

11 A. I have that.

12 Q. Now is that a 2008 W-2 Earnings Summary from Monarch Consulting,
13 Incorporated?

14 A. Yes.

15 Q. Whose the taxpayer?

16 A. Doreen Wright.

17 Q. Does that person got the same last four social as Doreen Hendrickson?

18 A. Yes.

19 Q. And the Government offers 33.

20 THE COURT: Is there an objection?

21 MRS. HENDRICKSON: Yes, there is.

22 THE COURT: What is it?

23 MRS. HENDRICKSON: Once again, it's hearsay. While it may be that
24 the record falls into the business record exception to which I continue to object, it
25 certainly cannot be introduced as such by Mr. Crowley. He doesn't work for Monarch

1 Consulting. Anyone from Monarch can say it's part of their business records in their
2 normal course of business.

3 THE COURT: Response, Mr. McLellan?

4 MS. SISKIND: In its Order last week, Your Honor, the Court has already
5 ruled that this Exhibit comes in over a hearsay exception and we've supplied the
6 Defendant with the Form 902.11 certification. We supplied it to the Court in our
7 papers and the Exhibit 33 ought to be received on those terms.

8 THE COURT: Thank you. The objection is overruled for reasons stated
9 by Mr. McLellan.

10 Q. (By Mr. McLellan continuing) So let's look at the upper left-hand corner here.
11 Under 2008 W-2 & Earnings Summary, whose -- where does it say Monarch
12 Consulting, Incorporated is located?

13 A. Burbank, California.

14 Q. So in the box over there by employer's name, does it also say Monarch
15 Consulting?

16 A. Yes, it does.

17 Q. At line one, what does it say was paid for wages, tips and other compensation?

18 A. \$59.20.

19 Q. And down below where it says employer's name, do you see a box there that
20 says employee's first name and initial?

21 A. Yes.

22 Q. What does it give for the employee's name?

23 A. Doreen Wright.

24 Q. And where does it say she lives by way of a town?

25 A. Commerce Township, Michigan.

- 1 Q. Now over in box four and six, do you see entries for small amounts of Social
2 Security tax withheld and Medicare tax withheld on this form?
- 3 A. Yes, I do.
- 4 Q. Let's look at the -- let's look at the next page of this document. Does that show
5 in the upper left-hand corner employee research for Doreen Wright?
- 6 A. Yes, it does.
- 7 Q. And who does it say is the client here?
- 8 A. 1596 Woodbridge Productions, Incorporated.
- 9 Q. And under where it says division/job, what is entered in at that location?
- 10 A. Gifted Hands-EX, E-X.
- 11 Q. What does it say was the pay date?
- 12 A. October 3rd, 2008.
- 13 Q. And underneath hours, what does it say?
- 14 A. Eight.
- 15 Q. And underneath gross, what does it give?
- 16 A. \$59.20.
- 17 Q. Now turning to the next page of that document, do you see a page that
18 captioned at the top Maintain Employee Data?
- 19 A. Yes.
- 20 Q. And do you see where it says client 1596 Woodridge Productions in?
- 21 A. Yes, I do.
- 22 Q. To the right of that what does it say?
- 23 A. Gifted Hands Extras.
- 24 Q. And underneath that does it identify an employee, Doreen Wright?
- 25 A. Yes, it does.

1 Q. Down below that do you see where it says job title?

2 A. Yes.

3 Q. What does it say is the job title?

4 A. Extra.

5 Q. Let's look at document marked Number 33 please. Begging the Court's
6 indulgence?

7 THE COURT: Yes.

8 Q. Let's take a look at document marked Number 10 please.

9 THE COURT: Which one?

10 MR. McLELLAN: Number 10, Your Honor.

11 THE COURT: Thank you.

12 Q. (By Mr. McLellan continuing) Do you have that there, Mr. Crowley?

13 A. Yes, I do.

14 Q. Is that an IRS official record for someone named Doreen Wright with the last
15 four social same as Doreen Hendrickson?

16 A. Yes.

17 Q. And does that have information on it received by the IRS about payments?

18 A. Yes, it does.

19 Q. The Government offers 10.

20 THE COURT: Is there an objection?

21 MRS. HENDRICKSON: No.

22 THE COURT: Ten is in.

23 Q. (By Mr. McLellan continuing) Let's take a look at the upper right-hand corner.
24 Do you see where it says document type W-2?

25 A. Yes.

1 Q. Now does this come from an IRS system that contains information that comes
2 into the IRS on Forms W-2?

3 A. Yes, it does.

4 Q. And what does it say here for the payee entity?

5 A. It indicates Doreen Wright.

6 Q. And where is given as the town for her?

7 A. Commerce Township, Michigan.

8 Q. Now underneath that do you see a payer entity?

9 A. Yes.

10 Q. And who's the payer here?

11 A. Monarch Consulting, Incorporated.

12 Q. Where are they according to this?

13 A. Burbank, California.

14 Q. Now how would the IRS get this W-2 information into its system? Just
15 generally how does that occur?

16 A. The W-2 information is sent to Social Security Administration and then the IRS
17 and Social Security have a file share where the information is transferred between the
18 two.

19 Q. Now if Monarch Consulting issues a Form W-2 to Mrs. Hendrickson for
20 example, what's the relationship between the Form W-2 that is sent to the IRS and
21 this record here in the IRS's computer system?

22 A. The record that gets sent to the IRS becomes this record right here, and the
23 W-2 is sent to the taxpayer with the same information.

24 Q. So on this -- on this transcript from the IRS data system, what does it show as
25 wages here reported on the Form W-2 from Monarch Consulting, Inc.?

1 A. On the left-hand side fourth line up it says wages, \$59.

2 Q. Now let's take a look at Exhibit 8 please, the first page of that at line one. On
3 this return, what's given as the wages reported on the income tax return to the IRS at
4 line one?

5 A. Zero.

6 Q. And what's given on the wages reported to the IRS by Monarch Consulting
7 according to Exhibit 10?

8 A. \$59.

9 Q. Let's take a look at the next page of Exhibit 10 please. Now is this another
10 entry in the system that the IRS uses to keep track of payments made to people?

11 A. Yes.

12 Q. Now what kind of document does this reflect taking a look at the upper
13 left-hand corner?

14 A. This is a Form 1099-INT.

15 Q. Now if a payer uses a Form 1099-INT, what are they supposed to be reporting
16 to the IRS?

17 A. They would be reporting the amount the taxpayer received in interest.

18 Q. Let's look down below where it says payer entity. Who's the payer entity here
19 and where are they located?

20 A. The payer is DFCU Financial in Dearborn, Michigan.

21 Q. Now down at the bottom what does it say for interest being reported paid to this
22 individual?

23 A. Fifty-one dollars.

24 Q. And whose reported as having paid it?

25 A. DFCU Financial.

1 Q. How would the IRS know about this interest payment?

2 A. DFCU reported it to the Internal Revenue Service.

3 Q. I direct your attention to document marked Number Nine please.

4 THE COURT: Mr. McLellan, I think I want to pause here for a moment.
5 I'll take about 10 minutes and resume.

6 MR. McLELLAN: Thank you, Your Honor.

7 THE COURT: All rise for the Jury

8 **(Court recessed at about 12:18 p.m.)**

9 **(At about 12:31 p.m.)**

10 **(Court, Counsel, Jury and parties present)**

11 THE COURT: Would you like to continue, Mr. McLellan?

12 MR. McLELLAN: Thank you, Your Honor.

13 Q. (By Mr. McLellan continuing) Mr. Crowley, you have document nine in front of
14 you?

15 A. Yes, I do.

16 Q. Is that an IRS Certificate of Assessments, Payments and Other Specified
17 Matters for Doreen Hendrickson covering Form 1040 for the tax period ending in
18 December, 2008?

19 A. Yes.

20 Q. And the Government offers Nine.

21 THE COURT: Is there an objection?

22 MRS. HENDRICKSON: No.

23 THE COURT: Nine is in.

24 Q. (By Mr. McLellan continuing) Let's take a look at the entry for 4-15-2009. Do
25 you see that?

- 1 A. Yes.
- 2 Q. Does that show a tax return was filed?
- 3 A. Yes.
- 4 Q. What does it show for the self-assessment on that tax return?
- 5 A. Zero.
- 6 Q. And on that same date what does it show for the withholding for that year?
- 7 A. Five dollars.
- 8 Q. And on the entry dated 4-27-2009, what does it show for a refund being
9 issued?
- 10 A. Five dollars.
- 11 Q. And could that refund be issued by way of a Treasury check?
- 12 A. Yes.
- 13 Q. And do you have a document marked Number 11 in front of you?
- 14 A. Yes.
- 15 Q. And is that a United States Treasury check made out to Doreen M.
16 Hendrickson?
- 17 A. Yes.
- 18 Q. The Government offers 11.
- 19 THE COURT: Is there an objection?
- 20 MRS. HENDRICKSON: Objection.
- 21 THE COURT: What is it?
- 22 MRS. HENDRICKSON: Lack of foundation. That record is not from the
23 IRS.
- 24 THE COURT: You said number 11, did you not, Mr. McLellan?
- 25 MR. McLELLAN: Yes, Your Honor.

1 MRS. HENDRICKSON: He didn't get that from his own files.

2 THE COURT: Do you have a response, Mr. McLellan?

3 MR. McLELLAN: Well, Your Honor, this document is commercial paper.
4 It's self-checked a commercial paper. It's self-authenticating under Section 902.9.
5 That would cover the question of authentication here.

6 Also, Treasury checks qualify as public records. The Advisory Committee
7 notes in the two section of -- Federal Rules of Civil Procedure Section 803 subsection
8 eight give these kinds of documents as an example of public records. A 2014 case of
9 ***U.S. versus Bolls*** (phonetic) also notes that these kinds of Treasury checks qualify
10 over hearsay objections as public records.

11 I will also lay a further foundation as to the source of this document with this
12 witness if the Court would permit.

13 THE COURT: Well, I think it's appears that it would be admissible under
14 902.9 and the Court will admit it. Thank you.

15 Q. (By Mr. McLellan continuing) So Mr. Crowley, is this a Treasury check made
16 out to Doreen M. Hendrickson?

17 A. Yes.

18 Q. In what amount?

19 A. Five dollars.

20 Q. And do you see something on there that indicates what tax period this covers?

21 A. Yes.

22 Q. And what tax period does it cover?

23 A. 2008.

24 Q. And Mr. Crowley, prior to testifying today did you review IRS records to
25 determine whether Doreen Hendrickson filed amended tax returns and whether

1 Doreen Hendrickson repaid refunds for years 2002 and 2003?

2 A. Yes, I did.

3 Q. When did you make that review?

4 A. Last Thursday.

5 Q. So as of last Thursday had Mrs. Hendrickson repaid the refunds that the IRS
6 issued for 2002 and 2003?

7 A. No.

8 MRS. HENDRICKSON: Objection. That's irrelevant those -- whether or
9 not I paid the refunds have nothing to do with this Contempt charge. Repaying that
10 money was not in the Order.

11 THE COURT: Mr. McLellan, response?

12 MR. McLELLAN: Well, Your Honor, this is a fact that's recited in the
13 Indictment among other things.

14 THE COURT: I will admit the testimony.

15 MR. McLELLAN: May I inquire, Your Honor?

16 THE COURT: You may.

17 Q. (By Mr. McLellan continuing) Mr. Crowley, as of last Thursday had Mrs.
18 Hendrickson repaid the refunds that the IRS issued for 2002 and 2003?

19 A. No.

20 Q. As of last Thursday had Mrs. Hendrickson filed an amended tax return for
21 2002?

22 A. No.

23 Q. How about for 2003?

24 A. No.

25 Q. That's all for this witness at this time, Your Honor.

1 THE COURT: Thank you. Your witness, Mrs. Hendrickson.

2 CROSS-EXAMINATION

3 BY MRS. HENDRICKSON:

4 Q. Mr. Crowley, you do not have any personal knowledge whatsoever concerning
5 the correctness of what is asserted on anything you've introduced this morning, do
6 you?

7 A. You have to restate that a little differently.

8 Q. You do not have any personal knowledge of the correctness of what is
9 asserted on anything that you've testified or introduced this morning, do you?

10 A. You just repeated the same question.

11 Q. Do you have personal knowledge of the facts represented on those documents
12 that you introduced this morning?

13 A. I don't have personal knowledge of the information of the returns. I have
14 personal knowledge --

15 Q. (Interjecting) That's all I was asking. You do not have personal knowledge of
16 the sincerity with whatever appears on these documents, the sincerity of what was
17 written, do you?

18 A. Again, the question is not specific enough for me to answer.

19 Q. Okay. Do you know if the person -- or do you have any knowledge of whether
20 the person who filled in the numbers on those documents was sincere?

21 MS. SISKIND: Objection, Your Honor.

22 THE COURT: I will sustain that objection.

23 Q. (By Ms. Hendrickson continuing) I would submit you do not have personal
24 knowledge of the trustworthiness or integrity of the people who --

25 MR. McLELLAN: (Interjecting) Objection, Your Honor.

1 THE COURT: Well, your objection came over the question, so what's
2 the question?

3 MRS. HENDRICKSON: I would ask does Mr. Crowley have personal
4 knowledge of the trustworthiness or the integrity of the people who filled in the
5 numbers on those documents.

6 THE COURT: And your objection?

7 MR. McLELLAN: I'll withdraw it, Your Honor.

8 THE COURT: All right. You can answer that.

9 A. If we're talking the returns. We have a whole bunch of documents here, so I
10 don't know which documents you're talking about.

11 Q. Any one of them. The ones that were filled out by Una Dworkin bookkeeper,
12 MaryAnn or the people that work at Monarch and filled in numbers, or my husband
13 and I when we filled in our numbers on our returns. Do you have any knowledge of
14 the trustworthiness or the integrity of anybody that put numbers on those documents?

15 A. For the documents you've listed, no.

16 Q. Do you have any personal knowledge of the competence of the people who put
17 those numbers on?

18 A. No.

19 Q. And the Certificates of Assessment that we saw and it showed credits and zero
20 balances and such like that, that does indicate that those returns were accepted, does
21 it not?

22 A. It indicates the Internal Revenue Service did accept and start to process those
23 returns, yes.

24 Q. Thank you. That's all.

25 THE COURT: Is there any Redirect, Mr. McLellan?

1 MR. McLELLAN: Nothing further, Your Honor.

2 THE COURT: Thank you very much. Mr. Crowley, you're done. Thank
3 you. You have another witness?

4 MS. SISKIND: Yes. The United States calls Robert Metcalfe.

5 THE COURT: All right.

6 **ROBERT METCALFE, A GOVERNMENT WITNESS, SWORN AT ABOUT 12:44**

7 **A.M.**

8 **DIRECT-EXAMINATION**

9 BY MS. SISKIND.

10 Q. Mr. Metcalfe, can you introduce yourself to the Jury and tell them what you do
11 for a living?

12 A. My name is Robert Metcalfe. I'm an Assistant Chief in the Civil Trial Section
13 Eastern Region of the Tax Division of the Department of Justice. At this time, I
14 supervise about 20 trial attorneys in a particular geographical area of the United
15 States that goes from Delaware down to North Carolina and as far west as
16 Tennessee and Kentucky, and what we do is we handle civil tax cases, cases brought
17 against the United States and cases brought by the United States usually to collect
18 Federal taxes.

19 Q. How long have you been Assistant Chief in the Eastern Region?

20 A. Approximately five and a half years; since December of 2008.

21 Q. And were you employed by the Tax Division prior to that point?

22 A. Yes, I was.

23 Q. In what capacity?

24 A. Prior to my current job I was a Senior Trial Attorney and reviewer in another
25 geographic civil trial section called the Central Region that handled cases mostly from

1 the Midwest area.

2 Q. In addition to handling cases from that geographic region, does the Central
3 Region of the Tax Division have any special responsibilities?

4 A. Yes, we do. In our Section, we bring lawsuits or civil actions to enjoin
5 individuals from promoting abusive tax shelter.

6 Q. And in total, how long have you been with the Tax Division?

7 A. Approximately 29 years.

8 Q. During the course of your work as a trial attorney with the Department of
9 Justice Tax Division, did you become familiar with the name Doreen Hendrickson?

10 A. Yes, I did.

11 Q. And how is it you became familiar with Mrs. Hendrickson?

12 A. In 2006 I was assigned to draft and file a Complaint to recover erroneous
13 refunds and an Injunction against two individuals; one was Peter Eric Hendrickson
14 and the other one was Doreen Hendrickson.

15 Q. And are you familiar with a book written by Peter Hendrickson called *Cracking*
16 *the Code*?

17 A. Yes, I am.

18 Q. And did that book have any relationship to the lawsuit that you were involved
19 with?

20 A. Yes. We actually quoted from provisions in the book, *Cracking the Code*. One
21 of the things that we were trying to do in that case was to obtain an Order from the
22 District Court requiring the Defendants, Peter Eric Hendrickson and Doreen
23 Hendrickson, to file correct Federal tax returns for two years because they had used
24 some of the theories in *Cracking the Code* to file returns with the IRS in which they
25 claimed that they did not have any taxable income for either of those two years.

1 Q. Now if you could direct your attention to the binder in front of you to what's
2 been marked for identification as Government Exhibit 31. Do you recognize that?

3 A. Yes, I do.

4 Q. What is it?

5 A. It's a copy of the civil docket for case number 06-CV-11753, the case of United
6 States versus Hendrickson, et al.

7 Q. And what is a docket?

8 A. A docket is how the District Court maintains records related to a particular civil
9 action or civil case.

10 Q. And the docket that's in what has been marked as Exhibit 31, is that for the
11 lawsuit that we've been talking about here that you were involved with?

12 A. Yes.

13 Q. The Government moves for admission of Exhibit 31.

14 THE COURT: Is there an objection?

15 MRS. HENDRICKSON: No, there's not.

16 THE COURT: Then 31 is in.

17 Q. (By Ms Siskind continuing) And can you just walk the Jury through some of the
18 information that's on the first page of this docket?

19 A. The first docket -- the first page of the Exhibit 31 shows that this is a civil case.
20 It's filed in the United States District Court for the Eastern District of Michigan here in
21 Detroit. The civil docket number is 06-CV-11753. The case is formally titled as
22 United States of America versus Hendrickson. It reflects that the case was filed back
23 in April 12th of 2006. It was assigned to District Court Judge Nancy G. Edmunds and
24 Magistrate Judge Steven Whalen, and it also reflects on the first page that I was the
25 counsel of record and that's my Government address and telephone numbers and fax

1 numbers.

2 Q. If you turn to the next page, who is listed as the Defendant in this -- Defendants
3 in this case?

4 A. The Defendants are Peter Eric Hendrickson and Doreen M. Hendrickson.

5 Q. Did they have lawyers in this matter?

6 A. No. They appeared pro se.

7 Q. What does that mean?

8 A. They represented themselves.

9 Q. What did the Government do to initiate the civil lawsuit against the
10 Hendricksons?

11 A. I prepared and filed with the Court on I believe it was April 12th of 2006 a
12 Complaint that had two Counts in it. One was a Count for -- to recover the erroneous
13 refunds that the IRS had made to the Hendricksons, and the second Count was the
14 Count for an Injunction requiring them to file correct Federal tax returns with the
15 Internal Revenue Service for two taxable years.

16 Q. If you turn to the next page of this docket, do you see an entry reflecting the
17 filing of that Complaint?

18 A. Yes, I do.

19 Q. And is that docket entry number one?

20 A. It is.

21 Q. If you could turn to what's marked for identification as Government Exhibit 12.
22 Do you have that in front of you?

23 A. Yes, I do.

24 Q. What is that?

25 A. This is a certified copy of the Complaint for Erroneous Tax Refunds and

1 Permanent Injunction that I prepared in the case of United States of America versus
2 Peter Eric Hendrickson and Doreen M. Hendrickson.

3 Q. The Government moves for the admission of Exhibit 12.

4 THE COURT: Is there an objection?

5 MRS. HENDRICKSON: No, there's not.

6 THE COURT: Twelve is in.

7 Q. (By Ms. Siskind continuing) Can you read what appears below the title of this
8 document where the word Plaintiff?

9 A. It says: Plaintiff, the United States of America complains and alleges against
10 the Defendants, Peter Eric Hendrickson and Doreen M. Hendrickson as follows:

11 Q. Can you read the first paragraph please?

12 A. Paragraph one under the heading Nature of the Action: This is a civil action in
13 which the United States seeks to recover with interest the erroneous refunds of
14 Federal income, Social Security and Medicare taxes totalling \$20,380.96 that the
15 Defendants, Peter Eric Hendrickson and Doreen M. Hendrickson received as a result
16 of the misrepresentations that they made on their 2002 and 2003 Form 1040 tax
17 returns, and to enjoin Defendants under -- the symbol is IRC Section which means
18 Section 7402 of the Internal Revenue Code from filing false and fraudulent tax returns
19 and forms with the Internal Revenue Service.

20 Q. If you could turn to the next page, could you please read paragraphs five and
21 six?

22 A. Paragraph six under -- excuse me. Paragraph five under the heading
23 Defendants says: Peter Eric Hendrickson, herein after Hendrickson, resides in
24 Commerce Township, Michigan. Hendrickson does business on the Internet through
25 his website www.losthorizons.com. Paragraph six says: Doreen M. Hendrickson is

1 married to Peter Eric Hendrickson and resides in Commerce Township, Michigan.

2 Q. Can you please read paragraph nine at the bottom of the page?

3 A. Paragraph nine under the heading Defendant's Activity says: Hendrickson's
4 theories about the supposed narrow application of Federal income tax laws, including
5 his arguments that wages are not income and that only Federal workers are required
6 to pay income taxes, have been uniformly and repeatedly rejected by the Federal
7 Courts. As one Court recently said, the claim that wages are not income has been
8 rejected as many times as it has been asserted.

9 Q. You can stop there. If you could turn to the 4th page of the Complaint please.
10 What is this that we're looking at here under Count One?

11 A. This is the first Count of the Complaint and it has the Government's claims for
12 an erroneous refund under Section 7405 of the Internal Revenue Code.

13 Q. And what were the amounts of the erroneous refunds that the IRS issued to the
14 Hendricksons for 2002 and 2003?

15 A. Those are set forth in paragraph 12 of the Complaint and where it says the
16 Government was seeking to recover erroneous refunds for 2002 and 2003 in the
17 amounts of \$10,152.96 for the 2002 taxable year and \$10, 228 for the 2003 taxable
18 year.

19 Q. Can you please read paragraphs 14 and 15?

20 A. Paragraph 14 states that on their 2002 and 2003 joint income tax returns,
21 Defendants falsely and fraudulently reported receiving no taxable income during 2002
22 and 2003. Paragraph 15 states: Defendants filed an IRS Form 1099-MISC with their
23 joint 2002 and 2003 Federal income tax returns that were signed under penalty of
24 perjury by the Defendant, Doreen Hendrickson, in which she falsely and fraudulently
25 claimed that she received zero or no nonemployee compensation in 2002 and 2003.

1 Q. During the course your work on this case, did you gather evidence which
2 tended to show that the Hendricksons did earn income in 2002 and 2003?

3 A. I did.

4 Q. And what types of documents would those be?

5 A. Well, in the case of Mr. Hendrickson, Peter Eric Hendrickson, we obtained from
6 his employer in 2002 and 2003 copies of the Wage and Tax Statements or Forms
7 W-2 to show the amounts of income he had received for working for an entity I believe
8 called Personnel Management, Incorporated. With respect to Doreen Hendrickson,
9 we obtained copies I believe of the Form 1099's that had been issued to her for
10 nonemployee compensation by an entity called Una Dworkin.

11 Q. If you could turn to page seven of this Complaint. What is Count Two?

12 A. Count Two is the second of the two claims that were made in this case in the
13 Complaint that was filed by the Government in this civil action that we've been looking
14 at, and it was the claim for an Injunction under a particular provision of the Internal
15 Revenue Code that allows the District Court to issue Orders of Injunction that are
16 necessary or appropriate for enforcement of the Internal Revenue laws.

17 Q. If you turn to page 10 of this Complaint, does this page continuing onto the
18 next page set forth exactly what the Government is trying to achieve through this
19 lawsuit?

20 A. It does.

21 Q. And can you read that please?

22 A. Paragraph A states the request that this Court determine that the United States
23 erroneously issued refunds to the Defendants, Peter Eric Hendrickson and Doreen M.
24 Hendrickson in the amounts of \$10,152.96 and \$10,228 for the 2002 and 2003 tax
25 years respectively, and the Judgment be entered on behalf of the United States and

1 against the Defendants, Peter Eric Hendrickson and Doreen M. Hendrickson in the
2 amount of \$20,380.36 consisting of \$10,152.96 for the 2002 tax year and \$10,228 for
3 the 2003 tax year, plus interest thereon as allowed by Section 6602 of the Internal
4 Revenue Code from the dates of the erroneous refunds to the dates of payment.

5 In paragraph C, it's a request that the Court find that the Defendants, Peter Eric
6 Hendrickson and Doreen M. Hendrickson have engaged in conduct that interferes
7 with the administration and enforcement of the Internal Revenue laws and that
8 injunctive relief is appropriate to prevent reoccurrence of that conduct pursuant to the
9 Court's inherent equity powers in Section 7402(a) of the Internal Revenue Code.

10 Paragraph D states that this Court pursuant to Section 7402(a) of the Internal
11 Revenue Code enter a Permanent Injunction requiring the Defendants, Peter Eric
12 Hendrickson, and Doreen M. Hendrickson to file corrected Federal income tax returns
13 for 2002 and 2003 reversing the false entries described above and enjoining the
14 Defendants from filing false or fraudulent claims, forms or returns for the IRS in the
15 future, including claims, forms and returns based on the false statements about the
16 Federal tax laws described in the Complaint.

17 Paragraph E says: That this Court ordered that the United States is permitted
18 to engage in post-judgment discovery to insure compliance with the Permanent
19 Injunction and in paragraph F, that this Court grant the United States such other relief,
20 including the cost of this action as is just and equitable.

21 Q. What is the date of this Complaint?

22 A. April 11th, 2006.

23 Q. Is that your signature that appears in the middle of the page?

24 A. It is.

25 Q. Was a copy of this Complaint provided to Doreen Hendrickson?

1 A. Yes. We arranged for the summons and copy of the Complaint to be served
2 on both of the Defendants.

3 Q. And if you look back at the docket in Exhibit 31, on the third page does it reflect
4 that Mrs. Hendrickson was served with a copy of the Complaint?

5 A. Yes, it does. The docket entry dated April 19th of 2006 reflects that the
6 summons was returned executed, which means that the process server returned the
7 summons to the District Court indicating that Doreen Hendrickson had been served
8 on April 12th of 2006.

9 Q. After this Complaint was filed, did the Government move for something called
10 Summary Judgment?

11 A. It did.

12 Q. What does that mean?

13 A. Summary Judgment is -- it's a motion that is allowed under what are called the
14 Federal Rules of Civil Procedure, specifically Rule 56 of the Rules of Civil Procedure.
15 In order to obtain what is called summary judgment or to obtain Judgment without
16 having to go through a trial, the Government was required to show two things. One,
17 that there was no genuine issue of fact that remained to be decided either by a Judge
18 or a jury and secondly, that the Government was entitled to a Judgment as a matter of
19 law which the Court or the Judge could rule on.

20 Q. And directing your attention to what's been marked for identification as
21 Government Exhibit 13, what is this?

22 A. This is the Plaintiff's Motion for Summary Judgment in this case.

23 Q. And when you say Plaintiff, are you referring to the United States?

24 A. That's correct.

25 Q. And the Government moves for the admission of Exhibit 13.

1 THE COURT: Is there an objection?

2 MRS. HENDRICKSON: No, there's none.

3 THE COURT: Thirteen is in.

4 Q. (By Ms. Siskind continuing) On what date did the Government file this Motion
5 for Summary Judgment?

6 A. The Motion is dated on July 13th, 2006.

7 Q. And did you prepare this Motion?

8 A. I did.

9 Q. Does the Motion and the brief that's attached to it set forth the history
10 surrounding the Hendricksons' 2002 and 2003 returns that we went through a few
11 moments ago?

12 A. It does.

13 Q. Are there documents that you attached to this Motion to provide to the Court
14 evidence in support of your Motion for Summary Judgment?

15 A. Yes, there were. There were quite actually quite a number of documents.

16 Q. And what was the purpose of providing these documents to the Court?

17 A. The purpose of providing these documents to the Court was to show first of all,
18 exactly what the Hendricksons had initially filed with the Internal Revenue Service for
19 two taxable years, which was the two taxable years in question, 2002 and 2003.
20 Specifically our intent was to show that they have attached to those returns instead of
21 the W-2's of the 1099's they received from their employers, they prepared their own
22 what they called substitutes for W-2's or substitutes for 1099 that showed instead of
23 the taxable income they had actually received, that they had received no taxable
24 income.

25 Q. Now if you could turn to the Exhibit Index, it's the 22nd page of the Exhibit. It

1 says document-2 at the top.

2 A. All right. I see it now.

3 Q. What is this Exhibit Index?

4 A. This is an index of the exhibits that were attached to our Motion for Summary
5 Judgment and it sets forth by -- basically there are two Declarations here. The first is
6 a Declaration of the individual named Kim Halbrook that reflects the W-2's that were
7 issued to Peter Eric Hendrickson for 2002 and 2003. The second exhibit is the
8 Declaration of a Shauna Henline, and to that she attaches copies of the original Form
9 1040 Federal income tax returns that Peter and Doreen Hendrickson filed for 2002
10 and 2003 along with Certificates of Assessments and Payments for both taxable
11 years, a page from the www.losthorizons.com website, account adjustment vouchers,
12 and a copy of a Treasury check that was posted on the www.losthorizons.com
13 website. And lastly, there is a Declaration of Terry Grant that attaches a copy of the
14 IRS Form 4549 Income Tax Examination Changes that reflects the examination of
15 those two returns done by the IRS prior to our bringing this lawsuit.

16 Q. Not the types of documents listed in this Exhibit Index, are these the types of
17 things that the Government would usually gather in support of a Motion for Summary
18 Judgment in a case like this?

19 A. Yes.

20 Q. If you could turn to the Declaration of Kim Halbrook, which is two pages
21 forward?

22 A. I see it.

23 Q. How did you come to obtain this Declaration?

24 A. Since I was assigned to the case, what I did was to contact Mr. Hendrickson's
25 employer for the 2002 and 2003 taxable years. What we were looking for was copies

1 of the Forms W-2 Wage and Tax Statements that had been issued to him by
2 Personnel Management, Inc. for those two taxable years and she was the Payroll or
3 Human Resource Manager for Personnel Management, Inc. who supplied and signed
4 the Declaration that you have right here on the screen here.

5 Q. And if you turn two more pages forward, do you see copies of Forms W-2 for
6 Mr. Hendrickson from Personnel Management for 2002?

7 A. Yes, I do.

8 Q. And on the next page for 2003?

9 A. That's correct.

10 Q. And were these Forms W-2 provided to the Government by Personnel
11 Management?

12 A. They were.

13 Q. And according to Personnel Management and these Forms W-2, how much did
14 the company pay Mr. Hendrickson in wages for each of those years?

15 A. According to the W-2 Wage and Tax Statement that Personnel Management
16 provided to the Department of Justice for the 2002 taxable year, Mr. Hendrickson
17 received in that year \$58,965 in wages, tips and other compensation. In the 2003 tax
18 year, according to the Form W-2 Wages & Tax Statement that was provided to the
19 Department of Justice by Personnel Management, Incorporated, Peter Eric
20 Hendrickson received a total of \$60,608 in wages, tips and other compensation.

21 Q. Are Forms W-2 something that you regularly rely upon in your job?

22 A. They are.

23 Q. And in working on this case, did you have any reason to doubt the accuracy of
24 these particular Forms W-2 from Personnel Management?

25 A. No, I did not.

1 Q. Based on what you know from working on this case, did Mr. or Mrs.
2 Hendrickson report Peter Hendrickson's wages from Personnel Management on their
3 2002 or 2003 returns?

4 A. They did not.

5 Q. Have you also reviewed documents showing that Mrs. Hendrickson earned
6 income during those years?

7 A. Yes, I have. Specifically I have reviewed the Form 1099-MISC which reflects
8 the nonemployee compensation that was paid to Ms. Hendrickson in 2002 and 2003
9 by an individual named Una Dworkin.

10 Q. And was any of that income reported when the Hendricksons filed their 2002 or
11 2003 returns?

12 A. No, it was not.

13 Q. If you could turn in your Motion for Summary Judgment which we're looking at
14 in Exhibit 13, can you turn to paragraph 28 which is on the 11th page?

15 A. I see it.

16 Q. And can you read paragraph 28 please?

17 A. *Cracking the Code* was written by the Defendant, Peter Eric Hendrickson and
18 published in July of 2003, and there's a reference to paragraph 28 of the Declaration
19 of Shauna Henline.

20 Q. Did it actually say paragraph 24?

21 A. Paragraph 24. I stand corrected. On page 76 of *Cracking the Code*, and then
22 there's a parenthesis with the abbreviation CTC which stands for Cracking the Code,
23 the Defendant, Peter Hendrickson states: So actually withholding only applies to the
24 pay of Federal Government workers exactly as it always has plus State Government
25 workers since 1939 and those of the District of Columbia since 1921. A copy of a

1 Form 4852 called a Substitute for Form W-2 Wage and Tax Statement, et cetera
2 appears on page 230 of *Cracking the Code* or CTC in its appendix and then there's a
3 reference to the 24th and 25th paragraphs of the Declaration of Shauna Henline.

4 Q. And what was your purpose behind including paragraph 28 in your Motion for
5 Summary Judgment?

6 A. What we were -- what I was attempting to allege here or set forth was to
7 describe what the Defendants had done was to show that -- what they had done is
8 they had followed the theories that Mr. Hendrickson had published in his book called
9 *Cracking the Code* where he had set forth his theory that withholding, and by that I
10 mean withholding the Federal taxes, only applied to the pay of Federal Government
11 workers and then State and workers in the District of Columbia and not to everyone
12 else. What we were attempting to show is that they had filed their tax returns on an
13 erroneous basis; that the reason why they had claimed that they had no taxable
14 income was because they mistakenly or erroneously stated that they weren't subject
15 to the Federal income tax laws or were not required to take the amounts that they had
16 received in those years into income and report them on their tax returns.

17 Q. In preparing the Complaint and then this Motion for Summary Judgment, did
18 you review a copy of *Cracking the Code*?

19 A. I did.

20 Q. Can you turn to what's been marked as Government Exhibit 34? You'll find it in
21 a plastic sleeve.

22 A. Okay.

23 Q. What is Government Exhibit 34?

24 A. It's a copy of the book *Cracking the Code*. It's the one that I used in preparing
25 the Motion for Summary Judgment.

1 Q. The Government moves for the admission of Exhibit 34.

2 THE COURT: Is there objection?

3 MRS. HENDRICKSON: No, there's not.

4 THE COURT: Thirty-four is in.

5 Q. (By Ms. Siskind continuing) If you could just turn to page 76 of the book. First
6 of all, is page 76 the page that's referenced in paragraph 28 in the Motion for
7 Summary Judgment?

8 A. I believe it is.

9 Q. And does your quotation from page 76 in your motion match what it says in the
10 book?

11 A. It does.

12 Q. And also in your Motion for Summary Judgment you reference a copy of a
13 Form 4852 that appears in the Appendix of *Cracking the Code*?

14 A. Yes, that's correct.

15 Q. If you could turn to page 230 of the book. Do you see a copy of that form?

16 A. Yes, I do.

17 Q. And what is the significance of a Form 4852 in this case?

18 A. In this case in place of the Wage and Tax Statements that had been issued to
19 Mr. Hendrickson by the -- his employer, Personnel Management in 2002 and 2003,
20 instead of filing those with his tax return, they prepared this using this form called
21 Substitute for W-2 Wage and Tax Statement to say that they had not received any
22 income or wages in 2002 and 2003. There was one of these for each of the two tax
23 years for each of the Defendants. So there was one for Mr. Hendrickson and there
24 was one for Doreen Hendrickson. What they were doing, they were prepared in
25 accordance with the legal theories that Mr. Hendrickson had stated in his book called

1 *Cracking the Code* where he says that only Federal workers or people who work for
2 State Governments or the District of Columbia were required to report the income
3 they received and have taxes withheld from those wages.

4 Q. If you could look at Exhibit One which is already in evidence? I think you said
5 a moment ago that the Hendricksons used the 4852 for both of them, both for Mr.
6 Hendrickson and Mrs. Hendrickson? If you could just look through that document and
7 see if that's correct.

8 A. Actually the 1099 that's attached to there is different from the one that Mr.
9 Hendrickson filed. What I remembered is there a was a substitute or a changed form.

10 Q. Is that the form that is used to reflect zero wages from Personnel
11 Management?

12 A. That's correct.

13 Q. After the Government filed its Motion for Summary Judgment, did Judge
14 Edmunds ultimately issue some kind of Order?

15 A. Yes. Judge Edmunds, after the Defendants had had an opportunity to respond
16 to our Motion for Summary Judgment, actually granted our Motion and entered
17 summary judgment in favor of the United States.

18 Q. Did Judge Edmunds hold a hearing on your Motion for Summary Judgment?

19 A. No.

20 Q. And what if anything was Judge Edmunds provided with in order to make the
21 decision on the Motion?

22 A. She had everything that had been filed with the Court, all our papers that we
23 filed in support of our Motion for Summary Judgment, a copy of the *Cracking the*
24 *Code* and anything that the Hendricksons had filed in response to our Motion.

25 Q. Was there any trial in this case?

1 A. No, there was not.

2 Q. Why not?

3 A. As I explained a little bit earlier, part of the reason for the way we approached
4 this case was that there really weren't any facts in dispute. We were showing the
5 Court that contrary to what Mr. & Mrs. Hendrickson had reported on their returns for
6 2002 and 2003, that they had in fact received income from either Personnel
7 Management or Una Dworkin, that they were required to report this on their tax
8 returns and that the IRS had erroneously refunded to them, or at least to Mr.
9 Hendrickson, the taxes that have been withheld from his pay for 2002 and 2003 by
10 Personnel Management, Inc.

11 Q. And how common is it for a case like this to be decided on a Motion for
12 Summary Judgment as opposed to after a trial?

13 A. It happens all the time.

14 Q. If you could turn to what's marked as Government Exhibit 15 for identification?
15 What is that?

16 Q. This is a certified copy of the Amended Judgment and Order of Permanent
17 Injunction in the case, United States of America versus Peter Eric Hendrickson and
18 Doreen M. Hendrickson.

19 Q. The Government moves for admission of the Exhibit 15.

20 THE COURT: Is there objection?

21 MRS. HENDRICKSON: No there's not.

22 THE COURT: Fifteen is in.

23 Q. (By Ms. Siskind continuing) Is this document the Order that Judge Edmunds
24 issued on May 2nd, 2007?

25 A. Yes, it is.

1 Q. Can you read the two paragraphs that begin upon consideration?

2 A. Upon consideration of Plaintiff's Motion to Amend Judgment and any response
3 thereto, good cause appearing, it is hereby ordered that Plaintiff's Motion to Amend
4 Judgment is granted and it is adjudged and ordered that Defendant peter Hendrickson
5 and Defendant Doreen Hendrickson, collectively the Defendants, are jointly indebted
6 to Plaintiff for erroneous refunds for the 2002 and 2003 tax years as shown below.

7 Q. And below that does it set forth the refund amounts?

8 A. Yes, it does. There's a separate paragraph for 2002 tax year and another
9 paragraph for the 2003 tax year.

10 Q. If you turn to the next page under he heading 2002 Tax Year, did Judge
11 Edmunds make certain findings about income earned by the Hendricksons for that
12 year?

13 A. Yes, she did.

14 Q. And generally, what were the findings?

15 A. In paragraph four of the Amended Judgment and Order of Permanent
16 Injunction, the Court found that Peter Hendrickson's employer had withheld Federal
17 income, Social Security, Medicare taxes from his wages in 2002 and had paid those
18 over to the IRS and that the employer had also given him or issued him a Form W-2
19 Wage and Tax Statement that correctly reported his wages and those withholdings.
20 And in the following paragraph it tells about how the Defendant Doreen Hendrickson
21 had received \$3,773 in nonemployee compensation from Una E. Dworkin in 2002 and
22 how her employer had provided Doreen Hendrickson with a Form 1099 that correctly
23 reported that nonemployee compensation.

24 Q. Did the Court make similar findings with respect to 2003?

25 A. It did.

1 Q. If you could turn to page five of the Judge's Order, can you please read
2 paragraph 18?

3 A. Defendants contend that their Forms 4852 as described above accurately
4 reported that they received no wages or other compensation in 2002 and 2003.
5 Defendants base their contention on theories contained in a book entitled *Cracking*
6 *the Code* which was written by Defendant Peter Hendrickson. On page 76 of
7 *Cracking the Code*, Defendant Peter Hendrickson states: So actually withholding only
8 applies to the pay of Federal Government workers exactly as it always had, plus State
9 Government workers since 1939 and those of the District of Columbia since 1921.

10 Q. Is that that same quotation that you compared with the book earlier?

11 A. It was.

12 Q. Can you read the first sentence of paragraph 19 please?

13 A. Defendants' contention that withholding applies only to Government workers is
14 frivolous and false.

15 Q. Are there several cases cited after that?

16 A. They are.

17 Q. Turn to the next page in paragraph 27 and continuing onto the next page, does
18 the Court say exactly what is being ordered in this case?

19 A. It does.

20 Q. And can you read paragraph 27 please?

21 A. Accordingly, it is hereby ordered that Defendants are prohibited from filing any
22 tax return, amended return, form, including but not limited to Form 4852, Substitute for
23 Form W-2 Wage and Tax Statement, et cetera, or other writing or paper with the IRS
24 that is based on the false and frivolous claims set forth in *Cracking the Code* that only
25 Federal, State or local Government workers are liable for the payment of Federal

1 income tax or subject to the withholding of Federal income tax -- Federal income,
2 Social Security and Medicare taxes from their wages under the Internal Revenue laws
3 and there's a reference to Title 26 of the United States Code.

4 Q. Can you keep going please?

5 A. And it's further ordered that within 30 days of the entry of this Amended
6 Judgment and Order of Permanent Injunction, Defendants will file amended U.S.
7 Individual Income Tax Returns for taxable years ending on December 31st, 2002 and
8 December 31st, 2003 with the Internal Revenue Service. The amended tax returns to
9 be filed by Defendants shall include, Defendants' gross income for the 2002 and 2003
10 taxable years, the amounts that Defendant Peter Hendrickson received from his
11 former employer, Personnel Management, Inc. during 2002 and 2003, as well as the
12 amounts that Defendant Doreen Hendrickson received from Una E. Dworkin during
13 2002 and 2003. So ordered.

14 Q. Is it then electronically signed by the Judge?

15 A. It is.

16 Q. Did the Government provide a copy of this Order to Mrs. Hendrickson?

17 A. I believe it did.

18 Q. If you could turn to what's marked for identification as Government Exhibit 16.
19 And what is this?

20 A. This is a copy of the letter that I sent to Mr. & Mrs. Hendrickson on May 4th,
21 2007.

22 Q. The Government moves for the admission of Exhibit 16.

23 THE COURT: Is there an objection?

24 MRS. HENDRICKSON: No, there's not.

25 THE COURT: Sixteen is in then.

1 Q. (By Ms. Siskind continuing) And can you just read the first three paragraphs of
2 this letter please.

3 A. On May 2nd, 2007 an Amended Judgment was entered in favor of the United
4 States and against you in the above captioned case.

5 This letter is to demand prompt payment of the Judgment. Please deposit with
6 this Office within 21 days of this date a cashiers or certified check or money order
7 payable to the United States Treasury in the amount of \$25,381.39 which includes
8 interest to May 25th, 2007.

9 Q. I'll stop you just for a moment. Is that number actually different from the
10 numbers we were looking at in the Judge's Order earlier?

11 A. Yes, it is.

12 Q. Why is that?

13 A. Because it includes in addition to amounts that are set forth in the Judge's
14 Order the statutory interest that accrued on the amount of the erroneous refund.

15 Q. If you could go to the next paragraph and start in the event?

16 A. In the event that you are unable to pay the Judgment in full at this time, please
17 complete the enclosed copies of our interrogatories submitted pursuant to Rule 69
18 with the Federal Rules of Civil Procedure. These interrogatories must be answered
19 within 30 days unless the Judgment is satisfied within that time.

20 Q. What are interrogatories?

21 A. Basically they are questions that are propounded to the Defendants, in this
22 case Peter Eric Hendrickson and Doreen Hendrickson, that require them to answer
23 questions about their assets or to identify sources from which the Government could
24 satisfy or pay the Judgment that had been entered against them in this case.

25 Q. And did you sign this letter?

1 A. I did.

2 Q. And attached to it is there a copy of Judge Edmunds' May 2nd, 2007 Order?

3 A. Yes, there is.

4 Q. Is there also some documents that show how the Government calculated the
5 interest?

6 A. Yes.

7 Q. And then finally are there copies of the actual questions, the interrogatories
8 that the Government would like the Defendants to answer?

9 A. Yes, there are. There's -- the document is called Interrogatories of Judgment
10 Creditor United States of America, and there's a -- I believe there's separate ones for
11 each of the Defendants. There was one for Peter Eric Hendrickson and there's a
12 separate one for Doreen M. Hendrickson.

13 Q. Did the Hendricksons challenge Judge Edmunds' Order by filing an appeal?

14 A. They did.

15 Q. With whom did they file that appeal?

16 A. United States Court of Appeals for the 6th Circuit.

17 THE COURT: Miss Siskind, I think we're going to stop here.

18 MS. SISKIND: This is the last page of questions I have.

19 THE COURT: Why don't you finish?

20 Q. (By Ms. Siskind continuing) Did the 6th Circuit rule on that appeal?

21 A. Yes, they did.

22 Q. If you could turn to what's marked for identification as Government Exhibit 17,
23 which is not in evidence yet. What is this?

24 A. It's a copy of the Order from the United States Court of Appeals for the 6th
25 Circuit filed on June 11, 2008 affirming the Judgment entered by Judge Edmunds in

1 the civil action we've been talking about.

2 Q. The Government moves for admission of Exhibit 17.

3 THE COURT: Is there an objection?

4 MRS. HENDRICKSON: No, there's not.

5 THE COURT: Seventeen is in.

6 Q. (By Ms. Siskind continuing) When you say affirming Judge Edmunds' Order,
7 what does affirm mean?

8 A. It basically approved or it said that it was correct as far as the law was
9 concerned.

10 Q. Directing your attention to the bottom of page two. Did the 6th Circuit order the
11 Hendricksons to pay any kind of sanctions?

12 A. Yes, they did. The Government had sought sanctions in the amount of \$8000
13 for filing a frivolous appeal to the Court of Appeals, and the Court actually I believe
14 awarded Hendricksons -- awarded a Judgment against them in the amount of \$4000
15 for filing a frivolous appeal.

16 Q. If you could turn to page four. Can you just read the paragraph that starts the
17 Hendricksons?

18 A. The Hendricksons' remaining claims also plainly lack merit. First, the
19 Hendricksons contend that the District Court improperly weighted the evidence in
20 favor of the Government when it found that Peter E. Hendrickson was an employee
21 who had been paid wages and that Doreen M. Hendrickson had received
22 nonemployee compensation. However, this contention is tantamount to a typical tax
23 protester argument that the income at issue is not taxable.

24 Q. You can skip over the citations?

25 A. Finally, the assertion that the Government is prohibited from suggesting that

1 Peter E. Hendrickson's book promotes false or fraudulent tax schemes because the
2 subject of the book was addressed in prior litigation is plainly meritless. Accordingly,
3 the Hendricksons' remaining claims are meritless and District Court properly granted
4 summary judgment for the Government in this case.

5 Q. Just looking at the last page of this Exhibit, was a copy of the 6th Circuit
6 Opinion served on the Hendricksons?

7 A. Yes, it was.

8 Q. After the 6th Circuit upheld Judge Edmunds' Order, did the Hendricksons
9 appeal to Supreme Court?

10 A. They did.

11 Q. What happened with that appeal?

12 A. The United States Supreme Court declined to issue what is called a Writ of
13 Certiorari to review the case below and it denied their appeal.

14 Q. And what if any impact does that have on Judge Edmunds' Order?

15 A. It made it final and no longer subject to appeal.

16 Q. And as you sit here today, are you aware of any Judge or any Court that has
17 overturned Judge Edmunds' May 2nd, 2007 Order?

18 A. No, I'm not.

19 Q. I have no further questions.

20 THE COURT: Thank you. I presume you have a Cross-examination,
21 Miss Hendrickson?

22 MRS. HENDRICKSON: Yes, I do.

23 THE COURT: More than a few moments?

24 MRS. HENDRICKSON: Yes.

25 THE COURT: Okay. Then we are going to adjourn today and we are

1 resuming at nine tomorrow morning.

2 Ladies and gentlemen, please don't discuss this case with anyone and enjoy
3 the balance of your day. Be safe. All rise for the Jury please.

4 **(Jury exited courtroom at about 1:34 p.m)**

5 THE COURT: Counsel, Mrs. Hendrickson, do you have anything before
6 we close the record today?

7 MS. SISKIND: No, Your Honor.

8 THE COURT: And have you gone over jury instructions yet?

9 MS. SISKIND: We have exchanged jury instructions. The Government
10 is proposing that the Court give the same jury instructions that were given in
11 November. I believe Mrs. Hendrickson is still objecting to some of those instructions.

12 THE COURT: Is that true?

13 MRS. HENDRICKSON: Yes.

14 THE COURT: And is there any need for any further discussion between
15 the two of you before the Court rules?

16 MS. SISKIND: No, Your Honor. I don't think we're going to -- the
17 Government will not change its position.

18 THE COURT: Okay. We will have to set aside some time to do that.
19 You have another witness lined up for tomorrow?

20 MS. SISKIND: Yes.

21 THE COURT: And, Miss Hendrickson, it appears that we'll get to your
22 evidence tomorrow. You have people ready to testify?

23 MRS. HENDRICKSON: Yes.

24 THE COURT: Okay, thank you. And just to the people in the galley, the
25 parties, the Court, the Jury, they have the privilege of beverages, but it's not extended

1 to you in the galley, so just for tomorrow. Thank you very much. We are adjourned.

2 (Proceedings adjourned at about 1:36 p.m.)

3 - - -

4 COURT REPORTER'S CERTIFICATION

5
6 STATE OF MICHIGAN)

7) SS.

8 COUNTY OF WAYNE)
9

10 I, Janice Coleman, Federal Official Court Reporter, in and
11 for the United States District Court for the Eastern District
12 of Michigan, do hereby certify that pursuant to Section 753,
13 Title 28, United States Code, that the foregoing is a true and
14 correct transcript of the stenographically reported proceedings
15 held in this matter and that the transcript page format is in
16 conformance with the regulations of the Judicial Conference of
17 the United States.

18
19 /S/ JANICE COLEMAN

20 JANICE COLEMAN, CSR NO. 1095, RPR

21 FEDERAL OFFICIAL COURT REPORTER
22

23
24 DATED: August 6, 2014
25