EXHIBIT 3

Robert Metcalfe admission that the “Examination Report” he presented as “evidence” supporting his Complaint in United States v. Peter and Doreen Hendrickson, Civil Action No. 06-11753 was actually only an informal pretense; the pretended 'examination report', and pages from the 'Amended Judgment and Order of Permanent Injunction' written by Metcalfe in which he adopts those numbers as “found facts”

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 23, 2014

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TRANSCRIPT OF TRIAL - VOLUME THREE

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 THE COURT: (Interjecting) Excuse me. Let him finish.
2 MRS. HENDRICKSON: Well, that's not what I was asking, so -- have
3 you ever heard of the IRS's Electronic Fraud Detention System?
4 A. I've heard of it, but I don't know anything about it.
5 Q. Okay. Are you aware, Mr. Metcalfe, that our refunds were issued only after
6 exhaustive Government scrutiny and examination?
7 A. I'm not aware of that at all.
8 Q. Okay. Now speaking of examinations like our returns might have gone
9 through, by the time you filed your lawsuit, the IRS, which is the Government's tax
10 accounting agency, had had plenty of time to do a formal examination of our returns
11 and in fact, probably should have done so to substantiate your claims in your lawsuit,
12 isn't that true? This is the -- the IRS should have done some kind of an examination,
13 a formal examination so that you could file this lawsuit.
14 A. I do know that prior to the time the lawsuit was filed, your 2002 and 2003 tax
15 returns were examined. I do not know whether or not they were examined prior to the
16 time the IRS issued refunds to you for 2002 and 2003.
17 Q. Okay. You included something from an IRS Examiner in your Motion for
18 Summary Judgment on your suit, did you not?
19 A. Yes, that's true.
20 Q. I believe you mentioned it yesterday when reading through your exhibit list for
21 that motion, but you didn't discuss that exhibit at all. It's number 566.
22 MS. SISKIND: 566 is actually part of Government Exhibit 13 which is
23 already in evidence.
24 THE COURT: All right. If you would use Government 13 please.
25 MRS. HENDRICKSON: That's fine.

Q. (By Ms. Hendrickson continuing) Okay. Government 13?
Q. So this document was used to help Judge Edmunds make her decision in your Motion for Summary Judgment, is that a good way to interpret that? This is the Declaration of Terry Grant.
A. If I could just look at the -- the Declaration of Terry Grant was filed with our Motion for Summary Judgment.
Q. That's correct, yes. And that was to support your motion?
A. Correct.
Q. Okay. So this was the supporting document when you were seeking an Order from the Court. Would you read this portion from the second page please?
A. The preparation of this report did not constitute a formal audit or examination of the taxpayers' 2002 or 2003 Federal income tax liabilities or tax returns for the tax years at issue.
Q. I'll just leave that there for now. Okay. Speaking as an attorney, Mr. Metcalfe -- that's your profession -- would you not agree that legally speaking the numbers on Terry Grant's report are no better than something you might have had your kid write down?
MS. SISKIND: Objection, Your Honor.
THE COURT: Sustained.
Q. (By Ms. Hendrickson continuing) All right. The numbers on Terry Grant's report are precisely and to the penny what appears in Judge Edmunds' Findings of Fact, don't they?
A. I'm not sure which numbers you're referring to.
Q. It's on the back page.
THE COURT: Back page of what?

EXHIBIT 3

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

-vs.-

Civil Action No. 06-11753
Hon. Nancy G. Edmunds

PETER ERIC HENDRICKSON and
DOREEN M. HENDRICKSON,

Defendants.
_____/

DECLARATION OF TERRI GRANT

I, TERRI GRANT, declare that:

1. I am authorized by the Internal Revenue Service to use the name "Terri Grant," which is a registered pseudonym, in place of my real name.

EXHIBIT 3

The preparation of this report did not constitute a formal audit or examination of the taxpayers' 2002 or 2003 federal income tax liabilities or tax returns for the tax years at issue.

2002 Tax Year

$6,327.00

($6,327.00)

EXHIBIT 3

2003 Tax Year

$6,061.00

($6,061.00)

EXHIBIT 3

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

Terri Grant

TERRI GRANT

Form **4549** (Rev. March 2005)	Department of the Treasury-Internal Revenue Service **Income Tax Examination Changes**	Page 1 of 2

Name and Address of Taxpayer PETER E & DOREEN M HENDRICKSON 232 ORIOLE RD COMMERCE TWP MI 48382-4047	Taxpayer Identification Number	Return Form No.: 1040
	Person with whom examination changes were discussed	**Name and Title:**

1. Adjustments to Income	**Period End** 2002	**Period End** 2003	**Period End**
[illegible]	[illegible]	[illegible]	
[illegible]	[illegible]	[illegible]	
[illegible]	[illegible]	[illegible]	
[illegible]	[illegible]	[illegible]	
11. Total Corrected Tax Liability *(Line 9 plus Lines 10a through 10d)*	6,327.00	6,061.00	
[illegible]	[illegible]	[illegible]	

[illegible]

Attachment #10

Form **4549** (Rev. March 2005)	Department of the Treasury-Internal Revenue Service **Income Tax Examination Changes**	Page____ of ____

Name of Taxpayer	Taxpayer Identification Number	Return Form No.:
PETER E & DOREEN M HENDRICKSON		1040

17. Penalties/ Code Sections	Period End 2002	Period End 2003	Period End

Examiner's Signature:	Employee ID:	Office:	Date:

Attachment #10

6. Defendants' 2002 Form 1040 tax return, which was filed with the IRS in August of 2003, falsely reported "zero" wages on line 7. An IRS Form 4852 attached to the return falsely reported that Defendant Peter Hendrickson received no wages during 2002. The Form 4852 did report that federal income taxes ($5,642.20), social security ($3,655.83) and Medicare taxes ($854.93) totaling $10,152.96 had been withheld from his wages during 2002.

7. Defendant Peter Hendrickson also claimed on his Form 4852 that he had asked his employer to "issue forms correctly listing payments of 'wages as defined in [sections] 3401(a) and 3121(a),' but that his company had refused for 'fear of IRS retaliation.'"

8. Defendants requested, on line 70 of their joint 2002 tax return, a refund of the $10,152.96 in federal income, social security, and Medicare taxes that had been withheld from Defendant Peter Hendrickson's wages during 2002.

9. Because Defendants reported that they had no income, the IRS, unaware that Defendants' report was false, treated the withheld federal taxes as a tax overpayments and applied them on April 15, 2003 to (1) Defendant Doreen Hendrickson's unpaid 2000 tax liability ($1,699.86); and (2) the outstanding tax balances owed by Defendant Peter Hendrickson for 2001 ($6,521.11) and 2000 ($1,931.99).

10. The refunds or credits described above were erroneous within the meaning of IRC § 7405(b). Defendants were not entitled to refunds of federal income taxes for 2002 because their federal income tax liability for that year – $6,327.00 – exceeded the amount of the federal income taxes withheld from Defendant Peter Hendrickson's

$10,228.00 in federal income, social security, and Medicare taxes that had been withheld from Defendant Peter Hendrickson's wages during 2003.

16. Because Defendants reported that they had no income, the IRS, unaware that Defendant's report was false, treated the withheld federal taxes as tax overpayments and applied them on April 15, 2004 to (1) Defendant Peter Hendrickson's unpaid 2000 tax liability ($5,551.44); and (2) three frivolous return penalties that had been assessed against Defendants under IRC § 6702 ($515.66, $553.17 and $529.18). The IRS also sent a refund check sent to Defendants on October 10, 2004 in the amount of $3,172.30.

17. The refunds or credits described above were erroneous within the meaning of IRC § 7405(b). Defendants were not entitled to refunds of federal income taxes for 2003 because their federal income tax liability for that year – $6,061.00 – exceeded the amount of the federal income taxes withheld from Defendant Peter Hendrickson's wages by his employer ($5,620.02), which constituted the only tax payments made by Defendants in 2003. Furthermore, Defendants were not entitled to a refund, under any circumstances, of the social security and Medicare taxes that had been withheld from Defendant Peter Hendrickson's wages during 2003.

18. Defendants contend that their Forms 4852, as described above, accurately reported that they received no wages or other compensation in 2002 and 2003. Defendants base their contention on theories contained in a book entitled Cracking the Code, which was written by Defendant Peter Hendrickson. On page 76 of Cracking the Code ("CtC"), Defendant Peter Hendrickson, states "So, actually, withholding only applies to the pay of federal government workers, exactly as it always has (plus 'State'