

1 BRANT L. STEVENS
2 902 N. Monroe Street
3 Spokane, WA 99201
4 PHONE: (509) 325-3999
5 FAX: (509) 325-0127

6
7 UNITED STATES BANKRUPTCY COURT
8 DISTRICT OF IDAHO

9 In re:

No. 13-20039-7

10 HART, PHILIP LEWIS,
11 Debtor.

DEBTOR PHIL HART'S
DECLARATION IN SUPPORT OF
OBJECTION TO UNITED STATES'
MOTION TO EXTEND TIME TO FILE
COMPLAINT TO OBJECT TO
DISCHARGE

12
13
14 **I. STATEMENT OF THE CASE**

15 Starting in 1995, on the mistaken belief that I could quickly show that the term "wages"
16 was being misapplied as to "income" for the purpose of income taxes, I pursued this idea in Tax
17 Court and stopped filing tax returns. After the Supreme Court declined to hear my case in about
18 2003, I immediately begin filing past tax returns and sought to settle the case through the Offer
19 in Compromise process. See Exhibit A.

20 Recognizing that my actions were a huge mistake did not alleviate the burden that the
21 IRS subsequently laid on me by denying all of my business expenses and my attempts to
22 reconcile the true amount of the taxes owed have dominated my actions since then.
23

1 So far, all of my good faith attempts at both the federal and state levels to bring closure to this
2 controversy have been unsuccessful.

3 II. REBUTTAL TO ALLEGATIONS

4 At the time of the first bankruptcy filing, the property where I lived, whose recorded
5 owner was the Sarah Elizabeth Hart Trust, was in deficit in relation of my rent payments.

6 There was no accumulation of cash belonging to the Trust from these rent payments.
7 Additionally, there was no surplus cash at the time the second Chapter 13 Petition was filed,
8 neither on January 16, 2013, when the Chapter 7 Petition was filed. There was no cash that was
9 unreported on the bankruptcy schedules, and the repeated factual claims that I made false
10 statements concealing cash belonging to either me or the Trust are not true.

11 For the year beginning January 1, 2012, through January 16, 2013, there are both receipts
12 and records from public utilities showing the following payments:

13 -Kootenai County Property Taxes: 6-16-2012: \$300.00, 6-19-2012: \$575.00. Total:
14 \$875.00. See Exhibit B.

15 -Water payments: 1-12-12: \$125.00, 5-10-12: \$75.00, 6-14-12: \$75.00, 7-12-12:
16 \$80.00, 8-2-12: \$35.00, 10-29-12: \$50.00, 12-10-12: \$75.00. Total Water: \$515.00. See
17 Exhibit C.

18 -Electricity payments: 2-7-12: \$231.00, 4-23-12: \$125.00, 6-11-12: \$50.00, 7-9-12:
19 \$50.00, 7-16-12: \$52.00, 7-31-12: \$30.00, 11-1-12: \$40.00, 12-13-12: \$85.00. Total
20 Electrical: \$663.00. See Exhibit D.

21 -Repairs and Maintenance: 3-17-12: \$1132.00, \$124.53, 5-12-12: \$1333.00, 8-2012:
22 \$549.00, 9-10-12: \$1665.00, 9-10-12: \$480.00, 10-12-12: \$362.00, 11-15-12: \$375.00, 9-5-
23 12: \$2.31, 8-29-12: \$36.87, 9-4-12: \$45.33, 1-8-13: \$265.00. Total: \$6369.84. See Exhibits
24 E-1 through E-8.

25 DECLARATION
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Brant L. Stevens
Attorney at Law
902 N. Monroe Street
Spokane, WA 99201
(509) 325-3999 Phone
(509) 325-0127 Fax

1 The repeated references that the Sarah Elizabeth Hart Trust is a sham trust is just not true.
2 At the time the trust was set up, I hired what I thought were experts in this field and believed I
3 was paying them to set up a bonafide trust done correctly and free of defects.

4 Mr. Strait's statement found on page 9 about me "knowingly and fraudulently made false
5 statements under oath...." is not true. This is confirmed later by Mr. Strait himself where he
6 admits at page 14 "Without further discovery from Hart and third parties, the United States
7 cannot conclusively show that Hart's statements about his income were false, nor that he made
8 them with the intent to deceive his creditors."

9 At page 15 Mr. Strait misleads the Court where he repeats a series of questions and
10 answers where I refused to answer questions about the Trust at the 341a meeting. I declined to
11 answer questions about the Trust because the Trust was represented by an attorney and that
12 attorney was not present. I had been advised by that counsel to decline to answer questions
13 about the Trust.

14 Mr. Strait also makes references to my "serial bankruptcy filings suggest a willingness to
15 abuse the bankruptcy process." I filed each of his bankruptcy Petitions at the recommendation of
16 counsel.

17 I in no way disrespect or seek to abuse the bankruptcy process. My first Chapter 13
18 Petition filed on May 29, 2012, seemed like the last resort in my attempt to resolve this matter
19 with finality.

20 My good faith belief that I could show the tax liability to be within the Chapter 13 limits
21 admittedly was confused with the exaggerated IRS amounts. I filed my Chapter 13 Petitions in
22 good faith believing I could prove that a substantial lesser amount of taxes was owed.

1 I have always contended the IRS claimed an exaggerated tax liability. This was my
2 thinking throughout this bankruptcy process, and I had no intent of abusing the process.
3 Should I ever have the opportunity to prove the accuracy of my past tax returns, I expect to show
4 that the IRS trumped up arbitrary tax liabilities by denying all of my business deductions for an
5 eight year period. See Exhibit F.

6 When adding the amount of taxes that I have paid, \$156,978.00, for the years that have
7 been in controversy [(1994) \$4,777 + (since 2005) \$146,715 + (2012) \$5,486 = \$156,978] plus
8 the amount of the alleged outstanding tax liabilities of approximately \$600,000 plus Idaho
9 State's claim of \$45,705 yields a total tax liability of approximately \$802,683.

10 Yet my reported taxable income over this period of time is only \$575,414. It appears
11 that for each \$1 of taxable income I earned, I must pay the government \$1.39.

12 PayPal Account: The government alleges concealment of monies in their footnote at
13 page 6 regarding my PayPal account. I filed this Chapter 7 Petition on January 16, 2013. From
14 at least January 1, 2013 to January 24, 2013, the account balance in the PayPal account was
15 \$0.00. See Exhibit H.

16 The government knew about the PayPal account, because I told them about the existence
17 of it in a previous deposition. The government also knew about the Tractor because I told them
18 about the Tractor. And the government knew about the process I used to pay rent and bills at the
19 Sarah Loop property because I told them about this process. So what is it that I am trying to
20 conceal?

21 The government also alleges that AEG pays my expenses. Yet there has not been any
22 such payment or expense identified where this has occurred.

2012 Income

For the year 2012 I received from AEG the following payments as draws from the business:

Date of Payment	Check #	Amount	Date of Payment	Check #	Amount
Jan 18, 2012	#1437	600.00	Jul 3, 2012	#1511	750.00
Jan 22, 2012	#1441	500.00	Jul 30, 2012	#1522	700.00
Feb 1, 2012	#1449	550.00	Aug 14, 2012	#1543	800.00
Feb23,2012	#none	500.00	Aug 17, 2012	#1545	750.00
Mar 6, 2012	#1453	300.00	Aug 24, 2012	#1546	700.00
Mar 8, 2012	#1454	900.00	Aug 28, 2012	#1548	800.00
			Aug 30, 2012	#1550	700.00
Apr 24, 2012	#1465	500.00	Sep 6, 2012	#1555	750.00
May 4, 2012	#1471	600.00	Sep 11, 2012	#1585	800.00
May 6, 2012	#1473	250.00	October 2012	no payments	
May 31, 2012	#1483	800.00	November, 2012	no payments	
Jun 18, 2012	#1501	1,250.00	Dec 7, 2012	#1584	700.00
Jun 20, 2012	#1506	500.00			
Total first 6 months:		7,250.00	Total second 6 months		7,450.00

These payments are all pretax payments. They do not include any reimbursements for expenses. This table also represents a complete list of payments by AEG to me that would be considered income for 2012. The government states absolutely that there are other payments that represent income to me that I have attempted to conceal.

These alleged undisclosed "income" payments include the following:

January 6, 2012, deposit in the amount of \$594.76. This check was for reimbursement to me for travel expenses for my attendance at the November 16, 2011, to November 19, 2011,

1 Legislative Transportation Institute event in Victoria B.C. sponsored by The Discovery Institute
2 of Seattle. See Exhibit I-1.

3 January 6, 2012 deposit in the amount of \$115.00. This deposit was for book sales that I
4 have already incorporated into my income figures. See Exhibit I-2.

5 January 19, 2012 deposit in the amount of \$600.00. This deposit was from AEG and has
6 already been included in my statement regarding my income for the year prior to filing my
7 Chapter 7 Petition. See Exhibit I-3.

8 January 23, 2012, deposit for \$1,586.00. The source of this deposit was the State of
9 Idaho and was for per diem expenses for the first 13 days of the 2012 legislative session paid at a
10 rate of \$122 per day as the Legislature meets in Boise and I live in north Idaho. See Exhibit I-4.

11 January 27, 2012, deposit for \$200.00. This check was a Christmas gift from my mother.
12 See Exhibit I-5.

13 February 8, 2012, deposit for \$1708.00. The source of this deposit was the State of Idaho
14 and was for per diem expenses at the rate of \$122 per day. See Exhibit I-6.

15 Likewise the Feb 23, 2012, March 5, 2012, and March 21, 2012, checks for \$1,708.00
16 were all sourced from the State of Idaho for per diem expenses for the 2012 legislative session.
17 See Exhibit I-7.

18 March 5, 2012, deposit for \$160.00. This deposit was for book sales that I already
19 incorporated into my income figures. See Exhibit I-8.

20 March 22, 2012 deposit for \$2,627.42. The source of this deposit was the State of Idaho
21 and was for travel expense reimbursement. See Exhibit I-9.

22 August 3, 2012, deposit for \$679.70. The source of this deposit was AEG and was
23 reimbursement for travel expenses. An expense report was created prior to the reimbursement.
24 See Exhibit I-10.

1 August 3, 2012, deposit for \$939.29. The source of this deposit was AEG and was
2 reimbursement for travel expenses. An expense report was created prior to the reimbursement.
3 See Exhibit I-11.

4 August 8, 2012, deposit for \$700.00. The source of this deposit was AEG and was
5 reimbursement for funds loaned by me to AEG on October 24, 2011. See Exhibit I-12.

6 I believe I have conclusively shown that all of Strait's allegations are false. Yet, Strait
7 has promoted these allegations as fact. It is Mr. Strait who is making false statements to the
8 Court, not me. Strait himself admits his statements are unproven when he back peddles at page
9 14 and becomes more realistic in stating that he has yet to prove anything.

10 Strait talks about "conclusive proof", yet this affidavit conclusively proves that none of
11 his allegations are true.

12 To conclude, I have not concealed assets or income that would provide a basis for
13 objecting to my discharge.

14
15 I hereby declare under penalty of perjury under the laws of the State of Idaho that the
16 foregoing declaration is true and correct to the best of my knowledge.

17 DATED this 3rd day of July, 2013.

18
19 By:

20 
Philip L. Hart, Debtor