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UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

TONY AND MII'S, INC., §
TONY THANGSONGCHAROEN, §
AND SOMNUEK §
THANGSONGCHAROEN, §

Plaintiffs §

v. § CIVIL CAUSE NO.
§ 3:17-CV-0609-B

THE UNITED STATES OF §
AMERICA §

Defendant §

ORAL DEPOSITION OF

PATRICIA MARY HALL

November 30, 2018

ORAL DEPOSITION OF PATRICIA MARY HALL, produced as
a witness at the instance of the Plaintiffs, and duly
sworn, was taken in the above-styled and -numbered cause
on the 30th day of November, 2018, from 8:56 a.m. to
2:26 p.m., before Jennifer L. Campbell, CSR in and for
the State of Texas, reported by machine shorthand, at
the offices of Freeman Law, PLLC, 2595 Dallas Parkway,
Suite 420, Frisco, Texas, pursuant to the Federal Rules
of Civil Procedure.

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A P P E A R A N C E S

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REPORTER'S NOTE

Quotation marks are used for clarity and do not necessarily reflect a direct quote.

1 THE REPORTER: Today is November 30, 2018.
2 The time is approximately 8:56 a.m. We are located at
3 Freeman Law, PLLC, 2595 Dallas Parkway, Suite 420,
4 Frisco, Texas 75034.

5 This is the deposition of Patty Hall in the
6 matter of Tony and Mii's, Inc., Tony Thangsongcharoen,
7 and Somnuek Thangsongcharoen versus The United States of
8 America, Civil Cause No. 3:17-CV-0609-B.

9 My name is Jennifer Campbell, certified
10 shorthand reporter, representing Lexitas Legal, 6500
11 Greenville Avenue, Suite 445, Dallas, Texas.

12 Will all persons present please state their
13 appearances and whom they represent.

14 MR. FREEMAN: Jason Freeman on behalf of
15 the Plaintiffs.

16 MR. SMITH: Curtis Smith for the Unites
17 States.

18 MS. KAZDA: Kim Kazda for the United
19 States.

20 MS. MILLS: Airelle Mills, United States.

21 MR. SMITH: And Patty Hall is the deponent.
22 Patricia.

23 PATRICIA MARY HALL,
24 having been first duly sworn, testified as follows:
25

1 EXAMINATION

2 BY MR. FREEMAN:

3 Q. Good morning, Ms. Hall.

4 A. Good morning.

5 Q. Could I get you to state your full name for the
6 record?

7 A. Patricia Mary Hall.

8 Q. My name is Jason Freeman, and I represent the
9 Plaintiffs in this case, Mii's Bridal and Tony and
10 Somnuek Thangsongcharoen. Do you understand that I'm
11 here today in connection with a lawsuit that they have
12 brought against the United States?

13 A. Yes, I do.

14 Q. Have you and I ever spoken?

15 A. No, sir.

16 Q. And you understand you're under oath here
17 today?

18 A. Yes, sir.

19 Q. And what does that mean to you?

20 A. Means that any questions I'm asked I always
21 tell the truth, the whole truth, and nothing but the
22 truth.

23 Q. Have you ever given a deposition before?

24 A. Yes, sir.

25 Q. Can you tell me when that was?

1 A. I don't recall when. I was a police officer
2 for ten years.

3 Q. Okay. Just to lay out a couple of ground rules
4 just so we're on the same page, so if I ask a question,
5 if you'll -- if you'll let me complete it before you
6 provide the answer just so you and I aren't talking over
7 each other. That make sense?

8 A. Yes, sir.

9 Q. If you give an answer, please give a verbal
10 response rather than just a nodding your head just so
11 that the court reporter can pick it up.

12 A. Yes, sir.

13 Q. If I ask a question that you don't understand,
14 please just let me know. If you don't, I'll -- fair for
15 me to assume that you understand the question?

16 A. Yes, sir.

17 Q. If you need to take a break at any time --
18 restroom break, need a drink, anything -- just let me
19 know. We can stop and take a break. I just ask that
20 you complete whatever question we're on.

21 A. Yes, sir.

22 Q. Ms. Hall, how long have you worked for the IRS?

23 A. Fifteen years.

24 Q. And what positions have you held?

25 A. Revenue officer and property appraiser and

1 liquidation specialist, otherwise known as a PALS.

2 Q. Okay. How long have you been with PALS?

3 A. Eight years.

4 Q. Eight years.

5 Who is your -- who is your boss or
6 supervisor?

7 A. Crystal Ferguson.

8 Q. Okay. Has she been throughout that eight-year
9 period?

10 A. No, sir.

11 Q. Who were your prior bosses?

12 A. My prior -- my first was Gary Smith. And then
13 I had a acting manager for a year of -- his last name
14 was Farmer. I think it was Ed Farmer.

15 Q. Okay.

16 A. And then Crystal Ferguson was hired.

17 Q. And when she was hired, she became your -- she
18 was your boss?

19 A. Yes. Should I say she was hired into the PALS
20 program, so yes, she became my supervisor at that time.

21 Q. Okay. Around about when was she hired?

22 A. Approximately between five and six years. She
23 became my supervisor then.

24 Q. Okay. So was that -- relative to the seizure
25 date, which was March 4th, 2015, was she hired several

1 years before that? Was it . . . ?

2 A. She'd been my manager for two to three years.

3 Q. Okay.

4 A. I don't recall the exact dates.

5 Q. Okay. What is your -- what is the chain of
6 command there as far as you, Crystal, and any others?

7 A. It's -- my immediate manager is our group
8 manager; her manager is a territory manager; and beyond
9 that, to be honest, without looking at an org chart, I
10 can't tell you.

11 Q. Well, who -- so group manager, that's
12 Crystal --

13 A. Yes, sir.

14 Q. -- Ferguson?

15 And who's your territory manager?

16 A. His name is Kenneth Scott Franks.

17 Q. Now, has he been your territory manager for --
18 how many years has he been your territory manager?

19 A. I don't recall. It's been a few.

20 Q. More than five?

21 A. I -- without looking back, I can't say for
22 sure.

23 Q. Do you know who might have been your territory
24 manager prior to that?

25 A. No, I don't.

1 Q. Organizationally, what -- how -- you know, what
2 does -- how does PALS fit into the IRS, from your
3 understanding at least?

4 A. I'm not sure what you're asking.

5 Q. Is it -- is it considered a separate division?
6 Is it -- does it service other areas, other revenue
7 officers?

8 A. We are part of the collection division of SBSE,
9 which is Small Business Self-Employment. Our -- I'm not
10 sure who -- what you mean by "service."

11 Q. Well, I'll come back to it.

12 Let me -- let me ask you just kind of -- as
13 far as you go, what -- can you give me a little bit
14 about your educational background?

15 A. I have a bachelor's degree in business
16 management. Prior to that, I have a associate's degree
17 in criminal justice and then a high school diploma.

18 Q. Okay. Do you have any educational background
19 in performing valuations?

20 A. Not formal, no, sir.

21 Q. And if it's a different thing to you, any
22 educational background in performing appraisals?

23 A. No, sir.

24 Q. Okay. Well, let's go back to PALS. Can you
25 just describe to me what it is -- what it is that PALS

1 does?

2 A. What my job is, is to assist revenue officers
3 in valuations of property that they are considering for
4 seizure. If the property is seized, then it's my job to
5 market it and sell it and do the legal paperwork that's
6 required.

7 Additionally, I also work for -- or do
8 sales -- what are called judicial sales, and that is
9 sales that have resulted from a court order being
10 issued, I believe, if I -- to go back, it is -- the
11 Internal Revenue Service has filed a suit to foreclose
12 on a notice of federal tax lien, and all the legal part,
13 that belongs with DOJ, but it results in an order of
14 sale, which is then assigned to a PALS, and then we take
15 possession of the property and take that property to
16 sale.

17 In addition, there is redeemed property
18 that we also sell, and that is property that the IRS has
19 acquired through -- say, for example, a property has
20 been foreclosed on by a mortgage company and there's --
21 our notice of federal tax lien is filed. So at that
22 time, there's an investigation done to determine if
23 there's equity. If there is enough equity, then they go
24 through a process to where they secure a guaranty
25 bidder. If the guaranty bidder is secured, then the

1 IRS -- or the United States will then redeem that
2 property from the buyer and then it is, at that point,
3 assigned to PALS to sell it.

4 And then there's one other type of property
5 that we sell is acquired property, and that's property
6 that we have gotten through different channels and
7 means. And at that point it becomes acquired, and we
8 sell it, depending on how we've gotten it.

9 Q. Okay. So I want to focus on what you kind of
10 started out there with in terms of valuations. What
11 types of valuations or appraisals do y'all provide?

12 A. All types. Any type of asset, whether it's
13 real property, coins, jewelry, vehicles -- any type of
14 asset that the IRS is looking at seizing to be able to
15 sell to apply their funds to the tax debt of the
16 taxpayer.

17 Q. Okay. Are there different types -- not
18 necessarily assets, but are there different types of
19 valuations or appraisals that are done?

20 A. Not that I -- not that I do, no, sir.

21 Q. What are those that others might do?

22 A. I couldn't tell you because it's not something
23 I do.

24 Q. What dictates what you do?

25 A. My Internal Revenue Manual guide and our

1 Internal Revenue Code. And then any case assignments.

2 Q. So what is it that it tells you to do when
3 you're -- when you're providing a valuation?

4 MR. SMITH: Objection, form.

5 A. It -- without looking at the manual, I can't
6 give you specifics; and because, again, I'm under oath,
7 I don't want to tell you something that you could later
8 say it's not there. So if I have any questions about
9 what I -- or how I need to value it, then I would look
10 that up.

11 Q. I guess what I'm getting at -- I'm not trying
12 to ask you to recite the entire portion of the Internal
13 Revenue Manual. But is -- are there -- are there
14 different types of valuations that it prompts you to do,
15 that your resources prompt you to do?

16 A. No.

17 Q. What is PALS' role with respect to seizures?

18 A. We don't do seizures. We only -- the only part
19 of the seizure process is that we assist with
20 establishing the fair market value and estimating some
21 of the expenses of sale.

22 Q. What do you mean by some "expenses of sale"?

23 A. The expenses of sale that occur after the
24 seizure's been turned over to us.

25 Q. What types would those be?

1 A. Legal notices, sometimes -- well, basically
2 legal notices is what I estimate.

3 Q. The cost of --

4 A. Yes, sir.

5 Q. -- legal notices?

6 A. Yes, sir.

7 Q. What do you mean by "legal notices"?

8 A. Every time we do a sale or an auction, there's
9 a requirement that we publish that notice of sale in a
10 paper that is distributed in the county where the asset
11 is located. There is a few exceptions, but that is the
12 expense that we estimate on.

13 Q. What are the exceptions?

14 A. A perishable goods sale.

15 Q. Is that the only exception?

16 A. That's the only one that I can recall that has
17 no requirement for a legal notice, yes, sir.

18 Q. No requirement for a legal notice whatsoever?

19 A. Yes, that is correct.

20 Q. So if you conduct a perishable good, you don't
21 provide -- a perishable goods sale, you don't provide
22 any legal notice?

23 A. There is no legal notice published in a
24 newspaper because of the time frame, that's correct.

25 Q. Is it published somewhere else.

1 A. It is distributed, but not published or we pay
2 for a publication to go out.

3 Q. How is it distributed?

4 A. That is done after the notice of sale is
5 established during the process. Then it's -- we have a
6 small window of time frame where we are taking it around
7 and we post it -- we try to post it at the post office
8 at -- or any related businesses in the area or other
9 area to be able to put the information out that that
10 sale is going to occur in a short time frame.

11 Q. So it's published after a notice of sale is
12 created; is that correct?

13 A. Yes. The notice of sale is what is published.

14 Q. What is a notice of sale?

15 A. A notice of sale is a document that we create
16 that is advising the public -- it's public notice of
17 sale of an auction, whether it's for seized property,
18 judicial, redeemed, or acquired.

19 Q. And is that generally created on or about the
20 date of the seizure?

21 A. No, sir.

22 Q. When is it created?

23 A. Normally it is done when -- during the sale
24 process after PALS has accepted custody of the asset and
25 we start the sale process. That's one of the first

1 steps.

2 Q. Let's look at the context of a perishable goods
3 seizure. Is the notice of sale generated on or about
4 the date of the seizure?

5 A. Yes, sir.

6 Q. And from that date -- in fact, is it generally
7 generated on the date of the seizure?

8 A. Yes, sir.

9 Q. And so that is the date from which it is
10 distributed?

11 A. That -- yes, sir.

12 Q. And generally, that would not be published.

13 A. No, sir, it is not.

14 Q. It would generally be posted in a post office?

15 A. Post office is our -- the one requirement, if
16 possible. And again, I'd have to refer back to the IRM
17 specifically, but it is posted at the post office, if
18 possible, and any other place of business where we're
19 attempting to get that information out to secure buyers.

20 Q. Who decides on those other places of business?

21 A. Usually we refer back to the IRM if we're not
22 able to do the -- post it at the post office.

23 Q. Is the IRM going to specify specific
24 businesses?

25 A. I don't recall how the wording is. But I know

1 what I recommend is that we post it in the area or
2 distribute it -- hand -- we do handing out of this
3 notice to try and get buyers in because we have such a
4 short time frame.

5 Q. And why do you hand that out to buyers?

6 A. To potential buyers?

7 Q. Potential buyers yes, ma'am.

8 A. Because we're trying to get -- it's part of our
9 marketing technique. We're trying to get people in to
10 attend the sale to purchase the assets.

11 Q. Have you ever had any training with valuing
12 wedding gowns?

13 A. Not wedding gowns specifically.

14 Q. What related to wedding gowns have you had
15 training --

16 A. There is no --

17 Q. -- in valuing?

18 A. There is no specific training for any specific
19 asset. It's an overall training of assets and what
20 resources to use to come up with a value.

21 Q. Have you had any training valuing clothes or
22 other wearable inventory?

23 A. The training that I have covers all assets,
24 which would include clothing and any other assets that's
25 been seized.

1 Q. So you've had training specific to clothing?

2 A. I've had training specific to any and all
3 assets, whether it be clothing or coins or real estate.
4 We -- the training is for -- it's a general training to
5 determine a value of any and all assets. It's not
6 specific to any certain category.

7 Q. So do you use the same exact methodology for
8 every asset?

9 A. There's not a set methodology. It's where we
10 are looking up and trying to determine what the value is
11 of that asset as it sits right there that day.

12 Q. Okay. My question is: Have you had training
13 specifically dealing with valuing wedding gowns?

14 A. My answer is no, not specifically.

15 Q. And have you had training specifically dealing
16 with valuing clothes?

17 A. And my answer's no. There's no specific
18 training for any of the assets.

19 Q. Have you ever had training with respect to a
20 perishable goods seizure?

21 A. Yes, sir.

22 Q. When?

23 A. When I was first hired through my OJI, which is
24 on-the-job training office -- or worker, and then I've
25 actually had training approximately two years after I

1 was hired on valuation -- it was a PALS -- a training
2 session for PALS on everything that we do.

3 Q. How much focus has been given to perishable
4 goods seizures in those trainings?

5 A. I couldn't tell you.

6 Q. A significant amount?

7 A. I couldn't tell you. It was -- it was a
8 training for the whole job. In the whole job, there's a
9 lot of things that we do.

10 Q. Who taught you -- taught your training dealing
11 with perishable goods?

12 A. I don't recall which one was specific. I had
13 three trainer -- two trainers, I'm sorry. One of them
14 was coworker PALS Robert Brown, and the other one was
15 coworker Roger Sweeney. Actually, the third one, in
16 specifics to auctioneering techniques was Keith -- I
17 don't remember his last name, and he's already retired.

18 Q. So Robert Brown was one of the teachers of the
19 training dealing with perishable goods?

20 A. He was one of the trainers -- I'm not sure if
21 it was him or Roger Sweeney that dealt with perishable
22 goods or both.

23 Q. Okay.

24 A. It was included in the training that them two
25 presented.

1 Q. And Keith -- what was his last -- you --

2 A. I don't recall. I apologize. He's retired.

3 I'd have to -- and his was -- focus was on auctioneering
4 techniques.

5 Q. Okay. Have you ever had training with respect
6 to Section 6336 of the Internal Revenue Code? It's not
7 supposed to be a trick question. That's the --

8 A. I know. I'm just like --

9 Q. That's the statute --

10 A. -- which section is that?

11 Q. That's the statute that deals with perishable
12 goods seizures.

13 A. Yes. I have the training during my PALS
14 training and with my OJI.

15 Q. So the same training we're just talking about.

16 A. Yes, sir.

17 Q. Okay.

18 A. But my OJI was a different person, not one of
19 them two.

20 Q. Did these trainings ever deal with valuing
21 perishable goods?

22 A. The training dealt with valuing all assets, not
23 specific to any type of seizure, just all assets.

24 Q. So is there a different methodology that's
25 supposed to be applied with respect to perishable goods?

1 A. For the . . . ?

2 Q. Valuation.

3 A. No, sir.

4 Q. So you're supposed to use the same methodology
5 you would use for a nonperishable good?

6 A. Yes, sir.

7 Q. Again, the date of the seizure at issue was
8 March 4th, 2015. Have there been any changes in your
9 protocol, PALS protocol, following the seizure?

10 MR. SMITH: Objection, form.

11 MR. FREEMAN: What's wrong with the
12 question? So I can fix it if you got --

13 MR. SMITH: Well, I mean, so I think it's a
14 form and foundation. I think form is it asks for a
15 policy question about the IRS which I don't think she's
16 supposed to answer pursuant to her testimony
17 authorization. It's also a foundation issue. I mean, I
18 think she wouldn't even know unless it dealt
19 specifically with PALS.

20 Q. Let me ask you a different way. Has anyone
21 ever told you that there was a change in protocol
22 following the date of this seizure?

23 A. There's one change that I am -- I can -- I know
24 is a change since then.

25 Q. What is that change?

1 A. The conference call that happens prior to the
2 seizure is -- was with the revenue officer PALS, the
3 revenue officer manager, and a PALS group manager. Now
4 I understand that includes the PALS TM, territory
5 manager, and the revenue officer territory manager.
6 That's the only thing that I'm aware of that's different
7 in what I do with that.

8 Q. Who told you about that change?

9 A. My manager.

10 Q. Crystal Ferguson?

11 A. Yes, sir.

12 Q. Did she tell you it had anything to do with
13 this case that we're here on today?

14 A. No, sir.

15 Q. Did this case come up in the context of her
16 telling you about that change?

17 A. No. It was during a group meeting. It was
18 just information to the whole group.

19 Q. But to the best of your knowledge, no one else
20 has -- no one has conveyed any other changes in protocol
21 dealing with perishable goods to you?

22 A. Not -- not to me specifically.

23 Q. Okay. Ask you about preparing for this
24 deposition. Did you do anything to prepare for this
25 deposition?

1 A. I met with DOJ yesterday.

2 Q. Okay. Who -- is that all you consulted with?

3 A. Yes, sir.

4 Q. Nobody from the IRS?

5 A. No, sir.

6 MR. FREEMAN: You have to object if you
7 believe there's any -- if I'm calling for something
8 privileged here, but I would like to discuss what was
9 discussed during those preparation meetings.

10 Q. Did you discuss the valuation of these
11 inventory items?

12 MR. SMITH: Object. That would be
13 attorney-client privilege.

14 Q. Did you discuss the valuation performed by the
15 United States expert in this case?

16 MR. SMITH: I'm going to object,
17 attorney-client privilege.

18 Q. Did you discuss protocols relating to the use
19 of perishable goods seizure?

20 MR. SMITH: I'm going to object -- same
21 objection.

22 Jason, if it'll save you time, I think I'm
23 going to object to every question about specific topics
24 we discussed in preparation for this deposition.

25 MR. FREEMAN: I just want to -- I want to

1 tee them up so I feel like I've got -- I've just got a
2 couple more, but I think I've got to ask them.

3 Q. And don't answer it until he says whether he's
4 asserting a privilege.

5 Did you discuss your -- any of your prior
6 discussions with Crystal Ferguson?

7 MR. SMITH: Same objection, attorney-client
8 privilege.

9 Q. Did you discuss any of your discussions or
10 interactions with Darlene Coleman?

11 MR. SMITH: Same objection, attorney-client
12 privilege.

13 Q. Did you review any documents in preparing for
14 this deposition?

15 MR. SMITH: You can answer.

16 A. Yes.

17 Q. Did you bring them with you?

18 A. No.

19 Q. Nothing you reviewed you brought with you?

20 A. No, sir.

21 Q. Were those documents given to you by an
22 attorney?

23 A. Yes.

24 Q. So --

25 MR. FREEMAN: Curtis, I'll make a note, but

1 I'm going to be making a request for any documents that
2 were reviewed.

3 MR. SMITH: Sure. Yeah.

4 Q. Did you bring any notes or anything with you
5 today?

6 A. Yes. All I brought with me is permission to be
7 here and what I could and could not discuss.

8 Q. Okay.

9 MR. SMITH: I'm sorry. Just for the
10 record, are you referring to your testimony
11 authorization from the IRS?

12 THE WITNESS: Yes, sir.

13 MR. SMITH: I'm sorry, Jason. Go ahead.

14 Q. So I'm going to ask to review whatever has been
15 brought today in preparation for this.

16 MR. SMITH: Just to be -- just to be clear,
17 Patty, did you make any notes of any conversations you
18 had with DOJ attorneys when you were talking with us?

19 THE WITNESS: Not on these papers, no.

20 MR. SMITH: Okay.

21 Q. And before I do that, I'm going to ask you a
22 question. The documents that you reviewed previously,
23 were they reviewed in preparation for this deposition?
24 The documents that you reviewed with counsel.

25 MR. SMITH: I'm sorry?

1 Q. Were they -- were they reviewed in preparation
2 for this deposition?

3 MR. SMITH: You can answer.

4 A. Yes.

5 Q. Did you use them to refresh your memory about
6 these events that occurred?

7 MR. SMITH: You can answer.

8 A. Yes.

9 Q. And did they refresh your memory?

10 A. Yes.

11 Q. Were they -- were they useful in terms of
12 preparing you to testify here today?

13 MR. SMITH: You can answer.

14 A. Yes.

15 Q. Would you say that about all of the documents?

16 MR. SMITH: Yeah, you can answer that.

17 A. Some of them didn't make a difference.

18 Q. Okay. So these are the documents that you've
19 handed to me that you -- that you brought here today?

20 A. That's correct.

21 Q. Are there any other documents you brought here
22 today?

23 A. Just my scheduling calendar, but that's not a
24 document.

25 Q. Anything related to this case?

1 A. No, sir.

2 Q. Okay. I've seen that one.

3 MR. FREEMAN: Can we make a copy of these
4 when we take a break?

5 MR. SMITH: The testimony authorization and
6 the notice of deposition?

7 MR. FREEMAN: Yeah. Well, just -- yeah,
8 just this one.

9 MR. SMITH: Yeah.

10 MS. KAZDA: I actually have a copy. I can
11 just give it to you when we leave --

12 MR. FREEMAN: That's good.

13 MS. KAZDA: -- if you want.

14 MR. FREEMAN: That'll work. Thank you.

15 Q. Now, did anyone tell you what to say here
16 today?

17 A. No, sir.

18 Q. I want to talk about this case in particular.
19 You were involved in the valuation of the inventory at
20 issue, correct?

21 A. Yes.

22 Q. And you were involved in some capacity kind of
23 throughout the life span and through the seizure; is
24 that correct?

25 A. Yes.

1 Q. Like to ask you how you feel about what
2 happened.

3 MR. SMITH: Objection, form. And I think
4 it also violates her testimony authorization.

5 Q. Why did the IRS conduct a perishable goods
6 seizure here?

7 A. That was a decision that was made by the field,
8 not my decision.

9 Q. What do you mean by "field"?

10 A. Revenue officers, group manager, and their
11 territory manager.

12 Q. They were the ones who decided to do a
13 perishable goods seizure?

14 A. That is correct.

15 MR. SMITH: Objection, form.

16 THE WITNESS: Oh, sorry.

17 MR. SMITH: Foundation. I'm sorry.

18 Q. So is it your testimony that the revenue
19 officer, the general manager, and the territory manager
20 made the decision to conduct a perishable goods seizure?

21 MR. SMITH: Same objection.

22 Q. But you can still answer.

23 MR. SMITH: You can answer. Go ahead.

24 THE WITNESS: Oh, I'm sorry.

25 A. Yes.

1 Q. And can you tell me the names of those people?
2 I'll try to refresh your memory --

3 A. No, I do remember. Territory manager was
4 Jonathan Say; the group manager, Joseph -- I'm not sure
5 of his last name; and the revenue officer is Darlene
6 Coleman. And I believe they had to have permission from
7 the area director, but I don't know who that was at the
8 time.

9 Q. Was it Joseph Roberts that was the general --
10 yes, okay.

11 A. Yes, sir.

12 Q. Not the area manager --

13 A. Yes.

14 Q. -- or director.

15 A. The revenue officer manager, his last name was
16 Roberts.

17 Q. Okay.

18 A. I just -- I apologize. I couldn't remember it.

19 Q. It's okay.

20 Did they come up with the -- let me ask
21 you, did Darlene Coleman present the idea of conducting
22 a perishable goods seizure?

23 MR. SMITH: You can answer.

24 A. I'm -- she -- I believe she is the one who
25 prepared the memo requesting permission.

1 Q. Why did she prepare that memo?

2 A. My guess is that's her job.

3 Q. What I'm getting at there, did someone ask her
4 to prepare that memo?

5 A. I don't know.

6 Q. Did you have any involvement with the
7 preparation of that memo?

8 A. No.

9 Q. Did you have any involvement with any changes
10 made to that memo?

11 A. No.

12 Q. Were you aware of any changes ever being made
13 to that memo?

14 A. No.

15 Q. Okay. So the decision to conduct a perishable
16 goods seizure, I want to go back to that. Did Darlene
17 Coleman present the idea of conducting a perishable
18 goods seizure?

19 A. Honestly, I don't recall how it came about.

20 When a revenue officer contacts PALS for a valuation,
21 part of what we are to do is to guide them as far as
22 expenses and provide them with the information of what
23 we anticipate expenses will be after the seizure.

24 During that process, it's -- the fact of whether there's
25 equity or not in an asset is always looked at.

1 Q. What do you mean by that?

2 MR. SMITH: Objection, form.

3 Q. What do you mean by the statement if there's
4 equity it's always looked at?

5 MR. SMITH: You can answer.

6 Q. I may have mischaracterized -- or misstated
7 your quote.

8 A. IRS has procedures, policy in place that it is
9 considered a prohibited seizure if there is no equity in
10 an asset. And so part of our prep that we work with the
11 revenue office is -- revenue officers on is to ensure
12 there is equity.

13 Q. Now, is it PALS' decision whether or not to
14 conduct a perishable goods seizure?

15 A. No, sir.

16 Q. Is it PALS' role to recommend a perishable
17 goods seizure?

18 A. We don't recommend. We may suggest.

19 Q. Can you tell me the difference between those?

20 A. Anytime a seizure is going to be done, it is
21 not the PALS decision; it's the revenue officer's. So
22 when they come to us and we give them information, what
23 they do with that information is a decision they make,
24 not us.

25 Q. Is it proper for PALS to influence whether a

1 perishable goods seizure is conducted?

2 A. I don't know how to --

3 MR. SMITH: Objection, form.

4 Q. But you can answer it.

5 A. I don't understand what you're asking.

6 Q. I'm asking would it be appropriate for PALS to
7 influence and support -- let me withdraw that.

8 Would it be appropriate for PALS to push
9 for a perishable goods seizure?

10 MR. SMITH: I'm going to object as to form.

11 I'm sorry, Jason, are you asking for an IRS
12 policy question.

13 MR. FREEMAN: Yeah, I'm asking --

14 MR. SMITH: Okay. Then I'm going to also
15 object as -- I'm sorry. Go ahead.

16 MR. FREEMAN: No, no. Yeah, I'm asking
17 about PALS' role in conducting a perishable goods
18 seizure. If there's a basis for why it's right and
19 y'all want to cite me to, you know, a provision or just
20 generally that there's a provision out there, I'd like
21 to know that.

22 MR. SMITH: Well, to the extent you're
23 asking about IRS policy, I'm going to object as to
24 foundation and also that it violates her testimony
25 authorization.

1 MR. FREEMAN: Can we go off the record for
2 a second?

3 MR. SMITH: Yeah, let's go off the record.

4 (A break was taken from 9:31 a.m. to
5 9:34 a.m.)

6 Q. (BY MR. FREEMAN) Is it your understanding that
7 it would be improper for PALS to initiate a perishable
8 goods seizure, to push for a perishable goods seizure?

9 A. Yes, that's my understanding. I provide -- I
10 provide information; the revenue officer makes a
11 decision.

12 Q. Is it your understanding that PALS should not
13 play a role in tipping the scales; and by that, I mean
14 pushing for either a normal seizure or a perishable
15 goods seizure?

16 MR. SMITH: Object as to form.

17 But you can answer.

18 A. Can you ask the question again? Sorry.

19 Q. Is it your understanding that it would be
20 improper for PALS to push a revenue officer who may wish
21 to do a normal -- do a normal seizure sale towards doing
22 a perishable goods seizure sale?

23 MR. SMITH: Same objection to form.

24 But you can answer.

25 A. I don't recommend either direction. I provide

1 the information. So if you -- if you're asking me if
2 it's improper, I can't speak for anybody but myself, and
3 I don't do that.

4 Q. Does anybody else at PALS do that?

5 MR. SMITH: Objection, foundation.

6 A. I have no idea. I can't answer for anybody
7 else.

8 Q. Is it your understanding it would be improper
9 for Crystal Ferguson to push a revenue officer towards
10 doing a perishable goods seizure?

11 MR. SMITH: Objection, form.

12 A. I can't answer that question. I don't know how
13 to answer it.

14 Q. Do you believe that Crystal Ferguson acted
15 appropriately throughout this perishable goods process?

16 MR. SMITH: Objection. That again violates
17 her testimony authorization to ask her to state her
18 personal opinion.

19 Q. How many times have you used a perishable goods
20 sale?

21 A. How many -- I have had one perishable goods
22 that I have been in charge of or assigned to me. I have
23 assisted with others.

24 Q. The one that you've been in charge of or that
25 was assigned to you, is that this case?

1 A. Yes, sir.

2 Q. Okay. The others that you've been involved in,
3 were those before this case or after?

4 A. Both.

5 Q. Okay. What is your role in a case that you are
6 just assigned -- that you are just involved in rather
7 than assigned to?

8 A. Honestly --

9 Q. A perishable goods.

10 A. It depends on whatever my coworker needs,
11 whether it be computer-related input and maintaining
12 documents, assisting with inventory -- it just --
13 everything depends on what assignment I'm giving --
14 given by that coworker.

15 Q. Did you have any concerns about conducting a
16 perishable goods seizure in this case?

17 MR. SMITH: Same objection. It asks for a
18 personal opinion. About it violating her testimony
19 authorization.

20 MR. FREEMAN: You're telling me I can't ask
21 her whether she had any concerns about it?

22 MR. SMITH: If you're asking for a personal
23 opinion.

24 MR. FREEMAN: I'm asking whether during
25 this process she had any concerns about conducting a

1 perishable goods seizure.

2 MR. SMITH: I mean, do you have a copy of
3 her testimony authorization?

4 MR. FREEMAN: I don't.

5 THE WITNESS: It's right here.

6 MR. SMITH: I will -- I'll go ahead and
7 withdraw the objection.

8 You can answer.

9 A. No, I did not.

10 Q. Why did you not?

11 A. The situation and values and information
12 provided met the criteria that made this a perishable
13 goods seizure.

14 Q. What do you mean by the information provided
15 made this meet the criteria?

16 A. Specifically, the fair market value versus the
17 estimated expenses of sale would've left no equity on a
18 regular seizure, which then indicates that the only
19 avenue left open is a perishable goods seizure.

20 Q. Didn't you testify earlier that if there was no
21 equity in the assets you would not seize them?

22 A. I testified that a no equity seizure is
23 prohibited, but I guess I should've clarified that in
24 every rule there's exceptions, and that's where this one
25 came in.

1 Q. Because it was a perishable goods --

2 A. Yes, sir.

3 Q. -- seizure?

4 A. Yes, sir.

5 Q. So in a perishable goods seizure, you are
6 authorized -- is it your belief that you are authorized
7 to engage in a no equity seizure?

8 MR. SMITH: Objection, form.

9 You can answer.

10 A. I don't do seizures, so what you're asking me I
11 can't answer.

12 Q. To go back to the concerns about conducting a
13 perishable goods seizure, did anyone ever express to you
14 any concerns about doing a perishable goods seizure in
15 this case?

16 A. No.

17 Q. Your manager didn't discuss any concerns about
18 doing a perishable goods seizure?

19 A. The only discussion was if there was going to
20 be a seizure the only way it could be done was through
21 perishable goods based on the information presented.

22 Q. But Crystal Ferguson didn't convey any concerns
23 about doing a perishable goods seizure.

24 A. No.

25 Q. Darlene Coleman didn't convey any concerns

1 about doing a perishable goods seizure?

2 A. Not that I can recall, no, sir.

3 Q. Jonathan Say didn't convey any concerns about
4 doing a perishable goods seizure?

5 A. I never discussed this case with Jonathan Say.

6 Q. Jeffrey Daniels didn't convey any concerns
7 about doing a perishable goods seizure?

8 A. I'm not sure who Jeffrey Daniels is.

9 Q. Joseph Roberts didn't convey any concerns about
10 doing a perishable goods seizure?

11 A. Not that I'm aware of, no, sir.

12 Q. Was there pressure from anyone at the IRS to do
13 a perishable goods seizure?

14 A. Not that I'm aware of, no, sir.

15 Q. Was Darlene Coleman hesitant at first to do a
16 perishable goods seizure?

17 A. I don't know.

18 Q. I want to talk about your involvement in it.
19 Tell me about your initial involvement with this case.

20 A. I was first contacted by the revenue officer,
21 Darlene Coleman, in regards to establishing a fair
22 market value and estimate expenses of sale on an asset
23 that she was considering seizing, which was this case.

24 Q. And when was that? Roughly.

25 A. I don't recall exactly how long. I'd have to

1 look back at my notes or in the ICS history, which is
2 our cases.

3 Q. Okay. We'll look at some of that in a little
4 bit and see if it helps. I'm not trying to trap you
5 with the dates. I know it's difficult. Just to give
6 you some key points on it, there was a -- there was a
7 hand inventory taken by Ms. Coleman in February of 2014.

8 A. Okay.

9 Q. Does that help with placing it?

10 A. It would've either been right before that or
11 after, depending on when she chose to contact PALS.
12 I -- again, I'd have to look at the ICS history to see.

13 Q. Would your involvement generally be around
14 about the time someone would take an inventory like
15 that?

16 A. Possibly.

17 Q. What meetings were you involved in with respect
18 to this case?

19 A. I want clarification what you mean by
20 "meetings." You mean phone calls? e-mails?

21 Q. Well, let's discuss calls separately, but
22 meetings, in-person meetings involved in this case.

23 A. I met with Ms. Coleman at the taxpayers' place
24 of business once or twice. I'd have to look back at
25 my -- at -- back at the ICS history.

1 Q. Would that have been when you went out to take
2 pictures?

3 A. Yes, sir.

4 Q. Would you have done it before that date?

5 A. I don't recall actual a meeting with her prior
6 to that, but again, I'd have to refer to my notes.

7 Q. Okay. Were there any other meetings, in-person
8 meetings, involving this case?

9 A. Not that I can recall, no, sir.

10 Q. And you know, that would include meetings with
11 Crystal Ferguson in in-person meetings.

12 A. I -- honestly, I have very few in-person
13 meetings with Ms. Ferguson. She's not even in the same
14 state that I am.

15 Q. Okay.

16 MR. SMITH: And just to be clear, when
17 you're talking about meetings, you're excluding things
18 like phone calls.

19 MR. FREEMAN: Yeah, I am.

20 MR. SMITH: Okay.

21 Q. And I'll jump to phone calls now. You know,
22 what phone calls do you remember regarding this case?

23 A. I recall a phone call or e-mail initial contact
24 from the revenue officer, and I also recall another
25 phone call -- we had different calls in reference to

1 what would be needed for moving and storage expenses. I
2 also recall the conference call, parts of it. I do know
3 it occurred, but the actual content of it, I can't
4 testify to what it was. I don't remember, to be honest.

5 Q. So the initial contact from the revenue
6 officer, what would've been discussed in that call?

7 A. Usually they call -- would be to contact me and
8 tell me what asset they have and ask if I can assist
9 with the valuation. And again, I don't recall
10 specifically what was discussed, but I do recall that
11 she did contact me. Whether it was e-mail or phone
12 call, I don't remember which without looking back at the
13 ICS history. But basically they're calling to find out
14 assistance if needed with a valuation or a concurrence
15 with a valuation and estimated expenses of sale.

16 Q. The call regarding moving and storage, do you
17 recall what was discussed in that conversation?

18 A. One thing that I do recall was that whenever
19 she established where it was -- the items were going to
20 be stored that we need to make sure that we can hold the
21 auction at that location so that we keep the expenses
22 down and not have to pay to move them again on the day
23 of the sale. That's some of the criteria.

24 Q. Okay.

25 A. Other than just making sure that there was

1 enough -- after I had looked at the inventory, making
2 sure there was enough boxes and space to store it and
3 how it was going to be stored.

4 Q. What did you discuss with her regarding costs
5 of that?

6 A. The actual individual cost wasn't something
7 that I discussed. I just said make sure it's included
8 because we didn't want any surprises down the line,
9 which is a standard discussion with any RO when I'm
10 dealing with inventory items.

11 Q. The conference call, are you referring to the
12 four-way call with Crystal Ferguson, yourself, Darlene
13 Coleman, and Joseph Roberts?

14 A. Yes, sir.

15 Q. Okay. And you don't remember the -- what was
16 discussed in that call?

17 A. Not specific, to be honest with you. It's been
18 three years -- over three years. I -- not specifically.
19 I know generally what we discussed. I do recall one of
20 the concerns was how the dresses were going to be packed
21 and preservation of the value.

22 Q. Okay. What generally did y'all discuss on that
23 case -- in -- on that call?

24 A. What's always discussed is what is the fair
25 market value, what -- how -- you know, what is the fair

1 market value and what are the expenses and why we are
2 looking at it to become a -- to use the perishable goods
3 seizure criteria if it fits this case.

4 Q. So what was the fair market value that -- what
5 was your discussion about the fair market value on that
6 four-way call?

7 A. The fair market value at that time was -- what
8 I had recommended was \$10,000.

9 Q. Okay. And what do you recall about the
10 expenses on that call?

11 A. There was discussion about the moving and
12 storage and the estimation of how many boxes. I do
13 recall that. I don't recall who brought it up, but it
14 was all part of that discussion.

15 Q. Did you have expense figures at that point in
16 time?

17 A. I did not.

18 Q. Did the revenue officer have expense figures at
19 that point in time?

20 A. I believe so.

21 Q. Do you recall whether those exceeded the fair
22 market value of the assets?

23 A. I don't recall.

24 Q. Do you recall whether those expenses --
25 estimates of expenses changed later?

1 A. I believe they did based on our conversations,
2 yes.

3 Q. What about your conversations would've caused
4 those to change?

5 A. How they were going to be packed to preserve
6 the asset. The concerns were that it was going to be
7 packed in a manner that would cause the assets to
8 depreciate in value, specifically the wedding gowns.

9 Q. And why was that a concern?

10 A. Well, anytime an asset's being seized, it's our
11 job to preserve that equity for numerous reasons, and
12 that was why that was brought up.

13 Q. Did anyone on that call have any experience
14 with packing wedding gowns?

15 A. Not -- I can't answer that. I don't know.

16 Q. Did you --

17 A. I can only answer myself.

18 Q. Did you have any experience with packing
19 wedding gowns?

20 A. Just my own and my daughter's.

21 Q. Never on a large scale?

22 A. No, sir.

23 Q. Did anyone on that call express that they had
24 any experience with packing and storing wedding gowns?

25 A. I don't recall.

1 Q. Did anyone on that call state that they had any
2 resources that provided them information about storing
3 wedding gowns?

4 A. Not that I recall.

5 Q. You mentioned that y'all also discussed why
6 this should perhaps be a perishable goods seizure on
7 that call; is that correct?

8 A. That's correct.

9 Q. What do you recall the discussion being about
10 that?

11 A. I don't recall specifically, but I can tell you
12 we never get to that point to do a conference call
13 unless that is a potential issue.

14 Q. In fact, that was the reason for the conference
15 call, correct?

16 A. That is correct.

17 Q. Okay. Were any concerns expressed during that
18 conference call about conducting a perishable goods
19 sale?

20 A. Not that I recall.

21 Q. Was there any kind of debrief after this
22 seizure was completed?

23 MR. SMITH: Objection, form.

24 Q. Were you involved in any kind of debrief with
25 respect to this seizure when it was completed?

1 MR. SMITH: Same objection.

2 Q. But you can answer it.

3 MR. SMITH: You can answer it, yes. I'm
4 sorry.

5 THE WITNESS: Oh.

6 A. The only debrief I recall was with TIGTA on
7 scene that night at the bridal shop.

8 Q. And what was discussed during that debrief?

9 A. It was more of what -- of -- regards to how the
10 security -- TIGTA did the debrief, and it was more of
11 how did it all play out and what could be done
12 differently next time in regards to security.

13 Q. Okay. Only security?

14 A. Yes.

15 Q. What did they say could be done differently?

16 A. I don't recall.

17 Q. Were there any concerns expressed about how it
18 was done at that debriefing?

19 MR. SMITH: Objection, form.

20 A. The only thing that was discussed at the
21 debriefing was the fact that we had issues with the
22 landlord or a landlord representative.

23 Q. Do you know whether there was ever an
24 investigation into this seizure?

25 A. I don't know. I'm not sure what you mean by

1 "investigation."

2 Q. Any government agency investigating this
3 seizure.

4 A. I don't know for sure, no.

5 Q. Did anyone related to this seizure receive any
6 kind of recognition, formal recognition, for this
7 seizure?

8 A. Not that I'm aware of, no, sir.

9 Q. No awards or anything?

10 A. No, sir.

11 Q. All right. You mentioned -- you mentioned
12 purchasing your own -- purchasing and storing your own
13 and your daughter's -- now I know you wish you didn't
14 mention it, but I was going to ask anyway. When did you
15 purchase your wedding gown?

16 A. The first one, 1978.

17 Q. What about the second one?

18 A. I didn't. The first one -- well, I should say
19 the only one I purchased was in 1978, and I purchased
20 the material and made my own.

21 Q. Huh. Okay. That was not the answer I was
22 expecting.

23 A. Sorry.

24 Q. What about your -- what about your
25 daughter's --

1 A. Which one?

2 Q. -- dress? How many -- how many other wedding
3 gowns have you purchased?

4 A. I have only purchased one completed wedding
5 gown.

6 Q. And who was that for?

7 A. My oldest daughter.

8 Q. And when was that?

9 A. Six, seven years ago. I'm hesitating because
10 it's based on my youngest granddaughter's age.

11 Q. That's okay. That's close enough.

12 A. Yes.

13 Q. Do you remember where you purchased it from?

14 A. Yes.

15 Q. Where was that?

16 A. David's Bridal.

17 Q. Do you remember who it was made by?

18 A. No, sir.

19 Q. Do you remember how much it cost?

20 A. Yes, sir.

21 Q. How much?

22 A. \$99 plus tax.

23 Q. \$99 for the wedding gown.

24 A. Yes, sir.

25 Q. Okay. But you don't remember who it was -- who

1 it was by.

2 A. No, sir.

3 Q. And that was at David's Bridal?

4 A. Yes, sir.

5 Q. Okay. Have you ever purchased a bridesmaid
6 dress?

7 A. No. I'm a seamstress. I make a lot of my own
8 stuff if needed.

9 Q. How did you -- how did you store your wedding
10 gown?

11 A. My wedding gown, I put it in a box, I put it in
12 the closet, and it was ruined two years later.

13 Q. And what do you mean by "ruined"?

14 A. Stains. The satin took on stains that were not
15 there when it was packed. I found out how -- what I did
16 incorrectly.

17 Q. So going back to that call, you would've had
18 some information about how to store or not to store a
19 bridal gown.

20 A. That's correct. That's what I indicated, mine
21 and my daughter's.

22 Q. So were the concerns about the storage, were
23 they prompted by you?

24 A. (Moving head side to side.)

25 THE WITNESS: Excuse me.

1 MR. SMITH: You have to answer audibly.

2 A. No. I'm sorry.

3 Q. Frog?

4 A. I -- about the storage, it may have come up.
5 Specifically, I don't recall.

6 Q. Okay. Was that past experience for you what
7 motivated that? Don't know?

8 A. I don't know. I mean, it's hard to say what
9 motivates on every one. It's -- I've got a lot of
10 years' experience. I'm a little old.

11 Q. You don't look it.

12 MR. FREEMAN: Curtis, do you -- actually,
13 you want to do this sequentially with what you have?

14 MR. SMITH: Yeah, that'd be fine. Do you
15 remember what exhibit we stopped on?

16 MR. FREEMAN: I can find out. Can we go
17 off the record for just a second?

18 (A break was taken from 9:57 a.m. to
19 9:59 a.m.)

20 (Exhibit 1 marked.)

21 MR. FREEMAN: We're back on the record.

22 Q. (BY MR. FREEMAN) All right. Ms. Hall, I'm
23 going to hand you what's marked as Exhibit 1. Do you
24 recognize this document?

25 A. No, I've never seen it before.

1 Q. Okay. My question was -- this is a document --
2 a letter that I sent to Darlene Coleman in August
3 of 2015. It is what's known as a litigation hold letter
4 in our jargon, but it is essentially an introduction and
5 notification to her that we are considering bringing a
6 lawsuit and just a request to -- request to maintain all
7 e-mails, correspondence, text messages, and anything
8 related to this case. But you did not see this --

9 A. No, sir.

10 Q. -- prior to today?

11 A. No, sir.

12 Q. Have you ever been instructed to maintain or
13 hold documents specifically related to this case?

14 A. Yes, sir.

15 Q. And when was that?

16 A. Honestly, I don't recall.

17 Q. Would it have been around the time of this
18 letter, or we talking more recently?

19 A. It's been a while. I don't recall specifically
20 when.

21 Q. Was that done through an e-mail?

22 A. Yes, I believe so.

23 Q. So you would have some sort of -- somebody
24 would have a way to verify, I guess, the date of that?

25 A. Yes.

1 Q. But you've never -- you weren't provided with
2 this letter?

3 A. No, sir.

4 Q. Did Darlene Coleman ever inform you that I had
5 sent this letter or she'd received it?

6 A. No.

7 You want this back?

8 Q. We'll just --

9 A. Oh, okay.

10 Q. I'll put them over here.

11 Okay. Let's talk about perishable goods
12 process and your understanding of it specifically. What
13 is your understanding of a perishable good?

14 MR. SMITH: Objection, form.

15 You can answer.

16 A. My understanding of a perishable goods sale is
17 that it is a sale of a seized asset that there is, under
18 normal procedures -- 6335, I believe, is Internal
19 Revenue Code -- that there would be not enough equity in
20 the asset or -- that's one. Another is it's perishable
21 goods, like food or anything you have to feed, something
22 that's going to cost us more to store than what we're
23 going to realize from the sale.

24 Q. Okay. And when I refer to "perishable goods,"
25 I am talking about within the meaning of Section 6336

1 and a perishable goods seizure by the IRS.

2 A. Yes, sir.

3 Q. But you understood that in answering that --

4 A. Yes.

5 Q. -- question, correct?

6 A. Yes, I did.

7 Q. So what is required to justify invoking a
8 perishable goods seizure, your understanding of what's
9 required?

10 A. I'm not sure if I would justify. It was
11 just -- what is the criteria?

12 Q. Yes, ma'am.

13 A. The criteria is if the fair market value less
14 the expenses of sale leaves no equity, then another
15 option for the IRS to pursue that asset is through the
16 means of a perishable goods sale.

17 Q. Now, I understood earlier your testimony was
18 if -- as a general rule that if there's no equity in
19 assets or determined to be no equity that an asset can't
20 be seized.

21 A. With the exception of the perishable goods,
22 yes, sir.

23 Q. And under your explanation there, wouldn't the
24 perishable goods apply -- perishable goods sale apply to
25 every asset where the fair market value was less than

1 the cost, where there were no -- was no equity?

2 A. Can you rephrase that question?

3 Q. Well, the way you've explained it to me is
4 basically whenever -- whenever the fair market value is
5 less than the cost necessary to seize it and sell it
6 that that leaves no equity --

7 A. Then --

8 Q. -- from your perspective.

9 A. Yeah. Then it would become a prohibited
10 seizure under Section 6335. And what I didn't clarify
11 immediately is that the fact then it can be looked at
12 under Section 6336, which is perishable goods seizure.

13 Q. So is it your understanding that every time
14 there's no -- determined to be no equity it is
15 appropriate to look at whether a perishable goods
16 seizure should be conducted?

17 A. It's an option, yes, sir.

18 Q. In every asset where there's determined to be
19 no equity?

20 A. If -- if that's where the revenue officer wants
21 to go with it, yes, sir.

22 Q. And if it's determined that there is equity in
23 the asset, is a perishable goods seizure appropriate?

24 A. Sometimes. And if I can clarify is if it's
25 going to be an item that's going to cost us money to --

1 that it could die, like an animal, because we've had
2 cattle and horse seizures. Also, if it's food that will
3 spoil that then it'll be worthless to anybody, then yes.

4 Q. So you would admit this was not something like
5 food that was going to spoil.

6 A. That's correct.

7 Q. And not like an animal that was going to die.

8 A. That's correct.

9 Q. Would you concede that this was -- would not
10 fall under -- what I think you're getting at is
11 perishable goods in the normal sense that we all talk
12 about perishable goods outside of this context, things
13 that might spoil --

14 A. Correct.

15 Q. -- or lose value.

16 A. Correct.

17 Q. Your understanding was this was not justified
18 under that particular prong.

19 A. Under the fact that -- of spoilage --

20 Q. Yes, ma'am.

21 A. -- or die?

22 That's correct.

23 Q. Now, what was it justified under?

24 A. Because the expenses of sale was going to
25 exceed what we'd be able to realize for it.

1 Q. So the expenses of sale would exceed what could
2 be realized for it.

3 A. Correct, under the fair market -- exceeds the
4 fair market value.

5 Q. Okay. That's -- that was where I want to make
6 sure I understand. So your determination was the
7 expenses of the sale would exceed the fair market value.

8 A. Let me clarify. Fair market value is our
9 starting point when we're doing a seizure. We -- then
10 -- we have fair market value, then we have what we call
11 a forced sale reduction to where we come with the forced
12 sale reduction value. And these are the things that we
13 look at.

14 Q. How is the forced sale reduction value -- let
15 me ask you, what is the forced sale reduction value?

16 A. Forced sale reduction is -- you start with an
17 item, the fair market value of them, one, like, that's
18 what it would sell for today. That's what we're looking
19 at. And then because of the fact that it is a sale
20 that's not between a willing seller and a willing buyer
21 and the fact that there may be other lienholders
22 involved -- there's a lot of criteria we look at, but we
23 do have a formula that we use that then comes up with
24 what we call our forced sale value. And then from that
25 value we subtract any senior encumbrances from it to

1 come up with our minimum bid.

2 Q. Okay. So how is that -- let me ask you, how is
3 that concept, reduced forced sale value, relevant to
4 your normal seizure?

5 A. That's where we -- we're coming up with if
6 there's equity or not. So if we -- we have a value
7 that's worth a thousand dollars, then our forced sale
8 value would be \$600. If it's going to cost us more than
9 \$600 to take that item to sale, then you're looking at
10 there's no equity under the normal seizure proceedings.

11 Q. Okay. Did you want to continue?

12 A. Well, I -- and then if there's any senior
13 encumbrances, that would be taken into account, also.

14 Q. Okay. Now, how is a reduced forced sale value
15 relevant to a perishable goods seizure and sale?

16 A. It's the same. We use the same formula no
17 matter what type of a sale it is.

18 Q. And it is only relevant -- am I understanding
19 that that concept is relevant in terms of determining
20 the minimum bid?

21 A. That's correct.

22 Q. Is it relevant in terms of determining whether
23 a perishable goods seizure should be conducted? Is that
24 the criteria that you use?

25 A. Yes. It's the same criteria. Because if our

1 minimum bid is going to be less than what the expenses
2 of sale are, we have no equity.

3 Q. Why do you not use fair market value to
4 determine that?

5 A. Because again, there's -- we aren't selling
6 this asset to a willing seller and a willing buyer.
7 That's the criteria -- or I'm sorry -- the term that I
8 use when I'm explaining to someone how we come up with
9 our formula. It's the guidance that I've been given by
10 the IRS, and that's what I follow.

11 Q. So you don't use fair market value to determine
12 whether a perishable goods seizure is appropriate?

13 A. No. It's just part of the criteria. It's part
14 of the formula.

15 Q. And am I understanding it's part of the formula
16 to arrive at a reduced forced sale value?

17 A. That is correct.

18 Q. And it is the reduced forced sale value that is
19 utilized to determine whether a perishable goods seizure
20 is appropriate.

21 A. Yes, correct.

22 Q. So that's the key value.

23 A. Yes.

24 Q. And you arrive at that value by reducing the
25 fair market value by certain percentages.

1 A. That's correct.

2 Q. And do you deem those percentages to be
3 appropriate to the particular case, or are there set
4 percentages you use?

5 A. There's set percentages with exception of a
6 couple different types of assets.

7 Q. Do any of those types of assets apply here?

8 A. No, sir.

9 Q. So what are those percentages, those fixed
10 percentages?

11 A. It's 25 percent and then 20 percent of that
12 figure or overall 40 percent reduction of the fair
13 market value.

14 Q. What other contexts is the concept of a reduced
15 forced sale value appropriate?

16 A. I'm not sure --

17 MR. SMITH: Objection, form.

18 A. -- I understand your question.

19 Q. Let me ask you, where else is the concept of a
20 reduced forced sale value used --

21 MR. SMITH: Objection, form.

22 Q. -- to your knowledge?

23 A. I don't understand. Are you asking outside the
24 IRS?

25 Q. Yes. In any context you're aware of. Given

1 your background in valuations and appraisals, where else
2 is it used that you know of?

3 A. I don't know of any other. I -- to be honest,
4 I've only done this for the IRS.

5 Q. If someone were trying to determine the fair
6 market value of assets -- just talking about the fair
7 market value -- it would not be appropriate to use a
8 reduced forced sale value to determine that fair market
9 value. They're not one and the same.

10 A. They're not one and the same, no.

11 Q. If the revenue officer had determined that
12 there was, let's say, \$20,000 of equity in the inventory
13 at issue, would it have been appropriate to conduct a
14 perishable goods seizure?

15 A. It would depend.

16 Q. What would it depend upon?

17 A. What is it going to cost us to move and what
18 expenses are anticipated to sell this asset.

19 Q. What were the anticipated costs in this -- in
20 this case?

21 A. Moving and storage of the assets for up to 90
22 days and then also the legal notice.

23 Q. Can you qualify those costs, the estimated
24 costs?

25 A. I didn't do that.

1 Q. Did you ever see them?

2 A. Not -- I had figures given to me, but I didn't
3 do the research to verify. That's not my job. It's not
4 my role.

5 Q. When were those figures given to you?

6 A. Sometime during the discussion with Darlene as
7 we were getting to the point to what direction she was
8 going to go with this case and prior to, and maybe even
9 during the conference call.

10 Q. You don't recall what those figures were?

11 A. No, sir.

12 Q. So I'm going to hand you what I'll mark as
13 Exhibit 2. And for current purposes, this is just to
14 attempt to refresh your memory about these costs. Do
15 you recognize this document, Ms. Hall?

16 (Exhibit 2 marked.)

17 A. Yes, I do.

18 Q. And what is this document?

19 A. It's a memo from myself to my manager in
20 reference to a perishable goods criteria and sale plan
21 for a taxpayer.

22 Q. Okay. And who authored this?

23 A. I did.

24 Q. And when is it dated?

25 A. August 25th, 2014.

1 Q. Do you believe everything contained in here was
2 input into this memo as of August 25th, 2014?

3 A. Yes, sir.

4 Q. If you look on page 2, there are estimated
5 expenses listed that you have listed.

6 A. Yes.

7 Q. Do those refresh your memory about the expenses
8 that were estimated here?

9 A. Yes.

10 Q. So I'll ask you, based on your understanding of
11 the perishable goods seizure process here, if the
12 revenue officer had determined that there was -- again,
13 I'll use \$20,000 of equity in these assets based on the
14 costs that were -- that you were provided, would a
15 perishable goods seizure have been appropriate?

16 MS. KAZDA: I don't think she can -- she
17 should be testifying with regard to hypothetical
18 questions. If you want to use, like, the actual
19 numbers --

20 MR. FREEMAN: Yeah, I'll --

21 MS. KAZDA: -- she can testify to that.

22 MR. FREEMAN: I'll withdraw it.

23 Q. So let's say if the revenue officer had
24 determined that the equity and the assets was a hundred
25 thousand dollars -- which there is documentation of

1 this -- would a perishable goods seizure have been
2 appropriate? And please don't look for guidance.

3 MR. SMITH: I think that's the same
4 objection. That's the same hypothetical.

5 A. It's hypothetical.

6 Q. It's not a hypothetical.

7 MR. SMITH: Just to be clear, your question
8 is: Had the -- had the perishable determination been
9 based on a different number, you're asking would it have
10 been appropriate, and you're saying that's not a
11 hypothetical?

12 MR. FREEMAN: It's not a hypothetical.

13 MR. SMITH: Okay. I just want to make sure
14 I understand what the question is, though.

15 MR. FREEMAN: Okay.

16 MR. SMITH: You're -- is your question here
17 are the numbers that were used but plug in different
18 numbers?

19 MR. FREEMAN: Let me ask it a different
20 way.

21 Q. Is it your understanding that where the equity
22 is determined to be a hundred thousand dollars in the
23 inventory based on the costs in your memo that a
24 perishable goods seizure would be proper?

25 MR. SMITH: I'm sorry. Can you rephrase

1 the question?

2 MR. FREEMAN: We'll come back to this one.

3 Q. Ms. Hall, I'm handing you what I'm marking as
4 Exhibit 3. Can you tell me what this appears to be?

5 (Exhibit 3 marked.)

6 A. I've never seen this before.

7 Q. Can you tell me what it appears to be?

8 A. It says it's an Order for Entry Data Sheet.

9 I've --

10 Q. Who is the requester or author on this
11 document?

12 A. Darlene Coleman.

13 Q. And if you'll look to page 2, No. 7, please
14 correct me if I read this incorrectly, but it states:
15 "Taxpayer's equity and property: Equity in the business
16 property assets is approximately \$100,000, and there is
17 one superior encumbrance for Merchant Cash and Capital,
18 LLC, which is set to expire 10/20/2014."

19 Based on a determination that there is
20 equity in the property of \$100,000 and based upon the
21 costs that you have reflected in Exhibit 2, based on
22 those figures, is it your understanding that a
23 perishable goods seizure would be appropriate?

24 MR. SMITH: Same objection: calls for a
25 hypothetical.

1 MR. FREEMAN: So are you instructing her
2 not to answer this question?

3 MR. SMITH: I'm instructing her not to --
4 I'm not instructing her not to answer; I'm telling her
5 that it calls for a hypothetical, which is against her
6 testimony authorization.

7 MR. FREEMAN: So can she answer the
8 question?

9 MR. SMITH: I can't instruct her not to
10 answer unless it's within the Federal Rules of Civil
11 Procedure. I don't think it's qualified as me being
12 able to instruct her not to answer, but I'm -- but it
13 does violate her disclosure authorization. So I think
14 she can decide whether or not she wants to answer it,
15 but I think it would violate her testimony authorization
16 if she answers hypotheticals.

17 MR. FREEMAN: So I'm going to tell y'all,
18 this is one I'm going to -- I'm going to suggest we need
19 to call the Court chambers on --

20 MR. SMITH: Okay.

21 MR. FREEMAN: -- because I think this is a
22 very important question that I want to know the answer
23 to.

24 MR. SMITH: Okay. We can call the Court's
25 chambers. Do you want to go off the record for a second

1 to discuss this?

2 MR. FREEMAN: Go off the record.

3 (A break was taken from 10:20 a.m. to
4 10:58 a.m.)

5 MR. FREEMAN: We are back on the record.

6 Q. (BY MR. FREEMAN) So I'd like to go back to
7 Section 6336, the perishable goods statute. What do you
8 understand to be the appropriate valuation that's
9 required to invoke a Section 6336 perishable goods
10 seizure?

11 A. I'm not sure if I understand what you mean by
12 "appropriate."

13 Q. If I understood your prior testimony, it was
14 that the reduced forced sale value was the appropriate
15 valuation measure. I just want to confirm that.

16 A. That is -- all of our valuations start with
17 fair market value, and then when we're determining
18 whether or not there's equity, that's when we go to the
19 forced sale value less any senior encumbrances. That
20 becomes the equity in the asset.

21 Q. And the relevant question for you to invoke a
22 perishable goods seizure, assuming it's not something
23 that's going to spoil, is whether there's equity under
24 that analysis?

25 A. That's correct.

1 Q. Have you ever used a different standard for
2 valuations for other seizures?

3 A. Yes.

4 Q. When would that be?

5 A. When it's specific to that asset, such as gold
6 and bullion and stocks and bonds, and they're the only
7 two that come to mind without reviewing the manual.

8 Q. And why would you use a different standard for
9 those?

10 A. Because that's what's written in the manual.
11 We follow a certain percentage different than the
12 40 percent reduction.

13 Q. Is that in the manual or do you follow the
14 Treasury regulations or do you know?

15 A. I don't know. I follow the IRM.

16 Q. What's -- that's what you look at.

17 A. Yes, sir.

18 Q. Those are the only two that you're aware of?

19 A. It's the only two that come to mind right now,
20 yes, sir.

21 Q. Okay. And can you walk me back through exactly
22 how you arrive at the reduced forced sale value?

23 A. Yes. We take the -- we start with the fair
24 market value and then we do a 40 percent reduction,
25 which is based on -- and short of looking at paperwork,

1 I can't tell you all the specifics, but it's based on
2 the fact that it is a forced sale value sale and it's
3 not a -- it's not a sale between a willing seller and a
4 willing buyer. And then we come up with the reduced
5 forced sale value. And then from there, we subtract
6 senior encumbrances that we know our buyers are
7 responsible for to come up with the minimum bid.

8 Q. So make sure I got it in my head. Start with
9 fair market value, reduce by 40 percent --

10 A. Yes.

11 Q. -- to get to the --

12 A. It --

13 Q. -- to get to this figure and then you subtract
14 encumbrances --

15 A. Senior encumbrances.

16 Q. -- senior encumbrances, and that gives you the
17 reduced forced sale value?

18 A. No, sir. That gives us a minimum bid.

19 Q. Okay.

20 A. The reduced forced sale value, even though it's
21 40 percent, there's two steps to get to it. It's
22 25 percent -- and I don't remember the wording of it --
23 and then it's 20 percent, which when you figure it, it's
24 40 percent.

25 Q. Gotcha. So those two steps. So fair market

1 value decreased by 25 percent decreased by 20 percent
2 gives you the reduced forced sale value.

3 A. Yes, sir.

4 Q. And the reason -- and the reduced forced sale
5 value standard is not a standard that is based upon what
6 the property would exchange for between a willing buyer
7 and a willing seller.

8 A. I'm not -- I'm not sure.

9 Q. Let's -- let me ask you -- that's a bad -- too
10 long of a question. Let's -- let me ask you, what is --
11 what is fair market value?

12 A. Fair market value is what we establish we think
13 the value is as it sits right there today.

14 Q. And what do you mean by "value"?

15 A. What you would anticipate someone to purchase
16 it for today, right now, based on the value. And then
17 the other thing that is factored in, the other -- when
18 I'm looking at fair market value is who is going to be
19 my buyer.

20 Q. When you're looking at reduced forced sale
21 value or fair market value?

22 A. Fair market value.

23 Q. And can you explain what you mean by that?

24 A. What I mean by that is that if I -- say, for
25 example, I own this tablet right here. And if I was to

1 sell this to you today, what could I get for it
2 versus -- that's the value I look at, where if somebody
3 has time to sell an item, maybe I want a hundred dollars
4 for this, but you're not willing to pay but \$40 for it
5 right now. So that at that point would become my fair
6 market value, what could I sell it for today.

7 Now, if I could sit on it and let it sit on
8 a shelf for a year, I may get a hundred dollars for it,
9 so then that may be the selling price or a -- possibly
10 the value of it. But when we're establishing fair
11 market value, we look at what is that asset worth today
12 in the condition it is currently in. And it's an
13 estimated fair market value.

14 Q. And so that fair market value is what could you
15 sell it for immediately.

16 A. Exactly.

17 Q. And then you reduce that value to get to a
18 reduced forced sale value.

19 A. Yes, sir.

20 Q. So going back to fair market value, I
21 understand your definition of this that's used as your
22 starting point for determining equity is what would the
23 asset sell for immediately.

24 A. That's the beginning, yes, sir.

25 Q. And not what would it sell for if a -- you

1 know, if a period of time was allowed to liquidate it,
2 just what would it sell for immediately?

3 A. Yes, that's correct.

4 Q. And is -- the definition of fair market value
5 there that you use, are we talking about an exchange
6 between willing parties, what would they exchange for it
7 on that single date?

8 A. Yes.

9 Q. Is that how the valuation was done in -- with
10 respect to the inventory in this case?

11 A. Yes.

12 Q. So in this case, you determined -- the IRS
13 determined what was the value that someone would pay
14 immediately for it as step one?

15 A. Yes.

16 Q. And then a reduction of 25 percent was
17 initially applied to that.

18 A. Yes.

19 Q. And then a reduction of 20 percent was applied
20 to that.

21 A. Yes.

22 Q. And that provided the reduced forced sale
23 value?

24 A. Yes.

25 Q. And that was compared to the costs that would

1 be the estimated costs necessary to seize and properly
2 sell the property?

3 A. That was the figure that was established for
4 her to make the decision if she was going to seize it
5 and -- or not and under which statute, yes.

6 Q. And so it would only -- your understanding is
7 it would be appropriate to -- could be appropriate to
8 use the perishable goods seizure if that value at the
9 end of the day was less than the costs necessary to
10 seize it and sell it.

11 A. Okay. I'm -- say that again.

12 Q. Your understanding is that a perishable goods
13 seizure could be invoked if the reduced forced sale
14 value was less than the costs necessary to seize and
15 sell the asset.

16 A. Okay. I understand what you're saying. I have
17 a concern with your word "invoke." It's a decision
18 made, not -- it's -- that, to me, is not what it means.

19 Q. Please feel free to correct me if I've -- it's
20 not intentional.

21 A. No. I'm just saying the facts are presented,
22 and that's the recommendation made. Whether or not the
23 person's made the decision to do the seizure or not,
24 that's out of my -- that's out of my realm to make that
25 decision.

1 Q. Now, did you -- did you determine the fair
2 market value of the -- of the inventory at issue here?

3 A. Yes.

4 Q. And how did you determine that fair market
5 value?

6 A. I based it on what I observed when I went out
7 to the property and what I knew to be who my buyers or
8 my potential buyers were going to be.

9 Q. Who did you believe those potential buyers
10 would be?

11 A. Other bridal shop owners or other business
12 owners.

13 Q. And why did you assume that?

14 A. Well, the way our sales are set up, we don't
15 have time to allow an individual person to come in and
16 purchase one item, try it on, make a decision. We
17 just -- that's not how we run any of our sales, whether
18 it's this sale or any of our inventory sales.

19 Q. So your initial fair market valuation was done
20 based on, one, your observation of the inventory.

21 A. Initially I discussed with the revenue officer
22 based on what she was giving me figures, and I said, you
23 know, that may be what the price is on the price tag,
24 but that's not how we would look at it as fair market
25 value.

1 Q. And how would you look at it?

2 A. I look at it more what did it cost that
3 taxpayer. You know, we look at what it would cost, what
4 would another purchaser in that -- another business
5 owner in that business be willing to pay for compared to
6 what they get from their wholesaler. These are all the
7 things that we factor in when we're establishing fair
8 market value.

9 Q. So would what the taxpayer paid for the items
10 be more in line with the fair market value of those
11 items?

12 A. That would depend on how old the items were,
13 where they were purchased from. Every asset's different
14 when we're making that determination.

15 Q. So you wouldn't generally say that what the
16 taxpayer paid for the items would be in line with the
17 fair market value?

18 A. No, I would not generally say that.

19 Q. So if that was your -- if that were the
20 starting point for someone valuing this, would their
21 valuation potentially be incorrect?

22 A. It would all depend. It's all dependent --
23 it's a case-by-case basis depending on what the asset
24 is, how old it is, what -- there's just so many things
25 that we look at when we're factoring that.

1 Q. Well, if somebody -- if somebody said, You need
2 to value this based on what the taxpayer paid for it in
3 order to determine fair market value, would they be
4 wrong?

5 A. I don't know.

6 Q. But you wouldn't approach it that way?

7 A. No, I would not.

8 Q. Why would you not approach it that way?

9 A. Because I don't know how old it is. You know,
10 you may have bought something today -- or actually you
11 may have bought something five years ago that you paid a
12 hundred dollars for, but today it's worth a dollar, even
13 though it's brand new, never been used.

14 So we look at all these factors. We
15 look -- and that's why there's no set answer to say, I
16 take this figure and then I reduce it by that amount.
17 Every case is different, case by case, depending on what
18 the asset is, what condition it's in -- there's just so
19 many factors.

20 Q. Let's just say -- let's say it's in retail sale
21 condition. Would what the taxpayer paid for it be in --
22 more in line with fair market value?

23 A. No, I don't believe so, depending on the age.
24 Because if you paid something for it five years ago and
25 you could turn around and buy the same item today for

1 50 percent less, then it's not a fair valuation of what
2 that current asset's worth, even if they paid double
3 that five years ago.

4 Q. So would it be -- so would it be improper to
5 start the valuation looking from what the taxpayer paid
6 for this inventory?

7 A. In this inventory, yes, I would say so.

8 Q. I mean, would that be negligent?

9 A. I don't know. I can't answer --

10 MR. SMITH: Objection --

11 A. -- that question.

12 MR. SMITH: -- calls for a legal
13 conclusion.

14 Q. But you wouldn't do it that way.

15 A. No, sir.

16 Q. If the revenue officer did it that way, would
17 you say that's a flawed methodology?

18 MR. SMITH: Objection, form and foundation.

19 Q. Would you say that's a flawed methodology?

20 MR. SMITH: You can answer.

21 A. I will put it to you like this: The revenue
22 officer's not the appraiser; the revenue officer is the
23 revenue officer for collection. That's why they created
24 our position, to be appraisers to help them and guide
25 them.

1 Q. So you were the appraiser of this inventory?

2 A. Yes, sir.

3 Q. What does it mean to appraise the value of the
4 property?

5 A. To determine estimated value of it. It's where
6 you establish what you feel the value of that asset is
7 worth.

8 Q. And did you determine the value of this
9 inventory before or after it was seized?

10 A. Before.

11 Q. And you didn't appraise the inventory after it
12 was seized?

13 A. No. Well, to clarify, at -- when I look -- the
14 day of the seizure, I didn't change my decision in
15 reference to the fair market value.

16 Q. This is not meant as a trick question. I'm
17 just asking what does the appraised value mean to you?

18 A. To me?

19 Q. Yeah.

20 A. It means what is that asset going to sell for
21 today to somebody right now in the current condition it
22 is in.

23 Q. So that's your definition of fair market value,
24 correct?

25 A. Yes.

1 Q. Not reduced forced sale value.

2 A. That is correct.

3 Q. Okay. Is there a formal appraisal that's done
4 in this process for a perishable goods procedure?

5 A. Not --

6 MR. SMITH: Objection, form.

7 Go ahead and answer.

8 A. No.

9 Q. No.

10 So there was never a formal appraisal done
11 of the inventory at issue.

12 MR. SMITH: Same objection.

13 A. That's --

14 MR. SMITH: You can answer.

15 A. No, there was not.

16 Q. In coming to your valuation of the inventory,
17 would you normally list out the steps that you took to
18 arrive at that valuation?

19 A. No.

20 Q. No?

21 You wouldn't document those?

22 A. I would document why -- what I thought it was
23 at and -- based on my experience and what I saw.

24 Q. You wouldn't document that in a memo?

25 A. Memo? The only memo I did was for the

1 recommendation for the -- the memo you have in here,
2 Exhibit 2.

3 Q. Yes, ma'am.

4 A. That one. I'm sorry.

5 Q. That's all right.

6 So Exhibit 2 -- let me put it back in front
7 of you. This was done -- the date reflected on here is
8 August 25th, 2014.

9 A. Yes.

10 Q. I'll show you some documents in a minute to
11 refresh your memory if necessary, but I understand you
12 went to visit the property shortly before this or to
13 visit the -- view the inventory shortly before this memo
14 was done.

15 A. I was there twice, I believe, before this memo
16 was done, yes.

17 Q. Twice shortly before this memo was done?

18 A. Timeframewise I'd have to look at the ICS
19 history to establish that.

20 Q. Would you have documented that in the ICS
21 history?

22 A. Yes.

23 Q. Each time you were there?

24 A. Yes.

25 Q. Is there any reason that any of your visits

1 that are reflected in the ICS history would not have
2 been turned over to us?

3 A. Not that I know of, no, sir.

4 Q. Would you be able to go back and review the
5 IS [sic] history and determine when you were -- when
6 specifically you viewed the property?

7 A. Yes.

8 Q. Have you reviewed the documents related to you
9 that have been turned over to us in this litigation?

10 A. I -- honestly, I don't know what's been turned
11 over to you, so I don't know how to answer that.

12 Q. Okay.

13 MR. SMITH: Could we go off the record for
14 one second?

15 MR. FREEMAN: Yeah.

16 (A break was taken from 11:15 a.m. to
17 11:25 a.m.)

18 MR. FREEMAN: Back on the record.

19 Q. (BY MR. FREEMAN) What steps did you take to
20 value the inventory at issue?

21 A. I went and looked at the inventory. I went in
22 as a customer not identifying who I was and looked
23 around at what the status of the items were for sale,
24 the condition. And based on that, I did a little bit
25 more research, I had my own personal knowledge of what

1 bridal gowns can cost and do cost, and I established the
2 fact that -- I knew there was an extreme high markup
3 from the asking price to the cost and made the
4 recommendation of \$10,000 based on what I saw.

5 Q. You don't remember when this visit was?

6 A. Not without looking at the ICS history, no,
7 sir.

8 Q. Okay. But --

9 A. I can testify to the fact it was before I went
10 out and photographed it.

11 Q. Okay. And you're certain it would be in the
12 ICS history.

13 A. Yes, sir.

14 Q. Okay. What was the condition of the property?

15 A. The gowns -- and that -- they were dusty, they
16 were older, they -- it was obvious they'd been there
17 awhile. There was some sun fade to the plastic
18 wrappings and some of the material. It was just a lot
19 of outdated stuff based on what I had recently been in
20 other bridal shops and seen.

21 Q. So the bridal gowns, your testimony is that
22 they were in a damaged condition?

23 MR. SMITH: Objection, form.

24 Q. Is it your testimony that they were in a
25 damaged condition?

1 A. As a consumer, I wouldn't have bought them.
2 That was my thoughts on it. They were -- it wasn't
3 something I would've paid that type of money for, no,
4 sir.

5 Q. What do you mean by "that type of money"?

6 A. The asking price. I wouldn't have paid --

7 Q. Was too high?

8 A. -- anywhere near that.

9 Yes, sir.

10 Q. Is it your testimony that the gowns were in a
11 damaged condition?

12 A. It's my testimony that they -- the fabric
13 appeared faded, that it appeared they'd been hanging
14 there a while, they were dusty. It wasn't an item that
15 I would full -- pay full price for.

16 Q. And all of the gowns were in this condition?

17 A. A lot of them were, not all of them. I didn't
18 spend that much time in the store.

19 Q. Why not?

20 A. Because I wanted to get an overview of what the
21 assets were, not do an inventory, and I also didn't want
22 to draw attention to the fact of who I was.

23 Q. Did you touch any of them?

24 A. I -- yes, I did.

25 Q. And when you say "a lot," do you mean more than

1 half of them were in bad condition?

2 MR. SMITH: Objection, form.

3 A. I don't recall how many. It was just -- like I
4 said, when I went in, I was looking at what is the
5 current status of it and trying to do it inconspicuously
6 without drawing attention to myself.

7 Q. And why did you believe the markup was too
8 high?

9 A. Based on my experience as a shopper and based
10 on what I spent for my daughter's dress and I seen the
11 prices for that, and that was within the last couple
12 years prior to this.

13 Q. So is your testimony that a bridal gown should
14 cost \$99?

15 A. No.

16 Q. Well, why did you believe these were marked up
17 too high?

18 A. Because of the condition of the items. They
19 were not in a condition that -- it was obvious they'd
20 been hanging there awhile, if that makes sense. And
21 when I'm looking at what is my purchasers going to be
22 looking at -- and my purchasers -- again, my market is
23 not brides, but my purchasers are other retailers --
24 what are they going to pay for this, they're not going
25 to pay that. We know that based on experience.

1 Q. So based on your observation, after your
2 observation, you determined what the fair market value
3 should be.

4 A. I estimated it to be \$10,000, yes, sir.

5 Q. But it was only after you physically viewed the
6 inventory.

7 A. That's when that figure came up, yes, sir.

8 Q. You didn't make that determination prior to
9 viewing the inventory.

10 A. No, sir, I don't believe -- I don't recall it
11 that.

12 Q. It's your testimony that your value was
13 determined only after viewing the inventory.

14 A. Yes.

15 Q. Okay. And then based on your observation of
16 the inventory and belief that it was marked up too high,
17 did you believe that the value should be reduced
18 further? Did you believe -- ask it another way. Did
19 you believe that the wholesale value should be reduced
20 in order to come to a fair market value?

21 A. I --

22 MR. SMITH: Objection, form.

23 You can answer.

24 A. I was -- what I was looking at is like anything
25 else. I looked at what do I see, what do I think that

1 is worth right now if I was to be able to sell this to
2 somebody else in the market to turn around and resell
3 it, because that's, again, my target market.

4 Q. Now, did you determine that the day that you
5 viewed the property?

6 A. Yes.

7 Q. And you determined it there while you were
8 viewing it?

9 A. I looked at it and then I left and went to
10 another couple places just to get an idea, and I --
11 that's where I come up with that.

12 Q. What other places did you go to?

13 A. There was a couple bridal shops that was around
14 within a couple miles of that area while I was in the
15 field. I just went in --

16 Q. Do you recall the name?

17 A. No, sir, I do not.

18 Q. Would you generally document that?

19 A. Who they were? No, sir.

20 Q. Would you document that you went to the other
21 stores?

22 A. No. That's just part of my research. I -- we
23 don't --

24 Q. But you wouldn't document that, for example, in
25 the ICS history?

1 A. No.

2 Q. Why not?

3 A. It's standard what I do when I'm appraising
4 stuff. I -- it's just like when I'm appraising an item.
5 I don't document, well, I looked at this Web site or I
6 went to that shop. It's just part of the process.

7 Q. Does anyone verify that your valuations are
8 correct?

9 A. I'm not sure how to answer that.

10 Q. Well, let's ask you, what -- I want to know
11 what all you looked at in order to make your
12 determination about the value. You've established you
13 went and viewed the property prior to making the
14 valuation.

15 A. Correct.

16 Q. You've established that you -- or you've stated
17 that you went to other bridal stores prior to making the
18 valuation.

19 A. Yes.

20 Q. But you did not document that.

21 A. No.

22 Q. But you did document your initial view of the
23 inventory.

24 A. Yes, because it was pertinent to that taxpayer.

25 Q. And would you have documented on that same date

1 your determination that it was -- had a value of
2 \$10,000?

3 A. I'd have to look at my documentation again to
4 see what I actually wrote. It would be in the ICS
5 history.

6 Q. Okay. Did you look at anything else?

7 A. At that store or -- I'm not sure what your
8 question is.

9 Q. In order to inform your determination that it
10 had a value -- fair market value of \$10,000, what else
11 did you look at?

12 A. If you're asking me what else information I
13 used to factor into it, it was conversations with the
14 revenue officer, what her observations were. It's a
15 total package deal. It's just not one certain item.

16 Q. Did the revenue officer agree that these --
17 this inventory was not in good condition?

18 A. You'd have to ask her that. I don't recall.

19 Q. Do you recall if she informed you that it was
20 not in good condition?

21 A. I don't recall.

22 Q. Did the revenue officer agree with your
23 valuation?

24 A. I --

25 MR. SMITH: Objection, foundation.

1 You can answer.

2 A. I believe she did.

3 Q. Did the revenue officer ever express to you
4 that she didn't agree with your valuation?

5 A. I don't recall.

6 Q. Did anyone ever express to you that they didn't
7 agree with your valuation?

8 A. Not that I can recall, no, sir.

9 Q. Besides me.

10 But outside of talking to the revenue
11 officer, viewing the inventory, and visiting a couple of
12 bridal stores, you didn't do anything else to inform
13 your judgment that it was worth \$10,000?

14 A. I also discussed it with my manager.

15 Q. Ms. Ferguson?

16 A. Yes, sir.

17 Q. Did Ms. Ferguson agree with your valuation?

18 A. I believe so.

19 Q. Did Ms. Ferguson ask you for the basis and --
20 for this valuation?

21 A. Honestly, I don't recall our whole
22 conversation. I can't answer that.

23 Q. Did you ever tell Ms. Ferguson that you went to
24 visit and view the inventory prior to making this
25 valuation determination?

1 A. I believe I did, yes.

2 Q. Did you ever tell Ms. Ferguson that you visited
3 other bridal gown stores to inform your judgment about
4 the value of the inventory?

5 A. That part I don't recall.

6 Q. What else did you do to inform your judgment?

7 A. That was basically it, sir.

8 Q. Did you look at comparable products?

9 A. I couldn't have. No.

10 Q. Why not?

11 A. Because I would have had to know the name
12 brands of all these gowns. I would've had to had a
13 specific inventory list that listed every single one,
14 which was not something that was provided to me.

15 Q. Should that have been provided to you?

16 A. I normally do not get that, no.

17 Q. If it had been provided to you, do you think
18 that it might have been -- might have changed your
19 valuation?

20 A. I don't know. I can't answer that. It's
21 hypothetical in my mind.

22 Q. Do you know whether one existed?

23 A. I do not know.

24 Q. Did you ever instruct the revenue officer to
25 prepare one?

1 A. No, sir.

2 Q. Should she have prepared one?

3 A. That's not my call.

4 Q. But you never instructed her to take an
5 inventory and list out the brand names of the dresses --

6 A. No.

7 Q. -- individually?

8 A. No, sir.

9 Q. Going back to the steps that you conducted, did
10 you look at what these assets would sell for at
11 wholesale?

12 A. No, sir.

13 Q. Did you research these products?

14 A. Yes, on the Internet. I did Internet research,
15 and I went to couple other bridal shops. But like I
16 already stated, without specific names of -- what do
17 they call it?

18 Q. Gown?

19 A. -- manufacturers --

20 Q. Oh.

21 A. Yeah, you know, like the Vera Wang-type thing.
22 That's the only name that comes to mind. Without that
23 information, you're looking at more of generalized
24 off-the-rack bridal gowns.

25 Q. So your Internet research really didn't inform

1 the valuation?

2 A. It was part of the process.

3 Q. If you had obtained the designer names of the
4 dresses, do you believe that that would've helped your
5 Internet research?

6 A. That I don't know.

7 Q. Do you recall specifically what you did to
8 research these?

9 A. I searched bridal gowns in the Dallas area,
10 used the ZIP code of the taxpayer location because,
11 again, I'm trying to get idea of what they retail for
12 because then I can back it down -- go back on what the
13 retail markup is to establish -- or estimate what the
14 possible wholesale prices are.

15 Q. Did the IRS have any internal products on
16 the -- research products on the value of inventory?

17 A. Not that I'm aware of, no, sir.

18 Q. And you didn't use any if it did exist.

19 A. No.

20 Q. Did you consult with anyone with expertise in
21 the bridal gown market?

22 A. No, sir.

23 Q. And you don't have -- you don't hold yourself
24 out as having expertise in the bridal gown market.

25 A. No, sir.

1 Q. Did you consult with anyone else besides your
2 manager and the revenue officer about the value of the
3 inventory?

4 A. I may have because part of our protocol -- not
5 protocol. Let me rephrase that. Part of the way I do
6 business is I will ask if any of my coworkers have ever
7 sold such type item and what kind of funds we received
8 for them. That may have been done. I don't -- you
9 know, it's possible.

10 Q. But you don't recall anyone saying that they
11 had sold this kind of asset within the IRS?

12 A. No, I do not.

13 Q. Do you know whether the IRS has seized and sold
14 this particular kind of asset?

15 A. I do not know.

16 Q. Did you view any tax returns of the taxpayer in
17 order to determine the value?

18 A. No, sir.

19 Q. Did you view a form 433-B in order to determine
20 the value of the inventory?

21 A. No, sir.

22 Q. Did you view any county tax records in order to
23 determine the value of the inventory?

24 A. No, sir.

25 Q. And you didn't review the inventory taken by

1 the revenue officer in order to determine the value?

2 MR. SMITH: Objection, form.

3 A. I don't recall if I received that or not.

4 Q. Do you know whether the revenue officer ever
5 did an inventory?

6 A. I don't know.

7 (Exhibit 4 marked.)

8 Q. Ms. Hall, I will show you what's being marked
9 as Exhibit 4. Ms. Hall, do you recognize this document?

10 A. Yes. This is a series of e-mails between
11 myself and Darlene Coleman, it appears to be.

12 Q. Would you just take a moment to look at the
13 document. I'll take you to page 3 of this document.

14 A. Okay.

15 Q. There's an e-mail -- well, I'll ask you, what
16 is this at the bottom of this document?

17 A. What is -- I'm not sure what you're asking.

18 Q. Is this an e-mail?

19 A. Yes.

20 Q. And who is it between?

21 A. Myself and Darlene Coleman.

22 Q. And when is it dated?

23 A. June 26, 2014.

24 Q. Okay. Had you viewed -- and take a look at
25 this, but had you viewed the inventory as of the date of

1 this e-mail?

2 A. No.

3 Q. And what does the revenue officer state there
4 she had determined the value of the assets to be?

5 A. She stated the assets to be between 70,000 and
6 90,000 for the dresses, veils, shoes, pillows, hats,
7 etc.

8 Q. And she bases that upon her viewing of the
9 inventory?

10 A. Honestly, I don't know what she based it on.

11 Q. She refers to something right before stating
12 that. She says, "During my field call on 2/20/2014, I
13 determined the assets to be between 70,000 to 90,000."

14 Do you know what that means, "during my
15 field call"?

16 A. I can assume things, but I don't know for sure.

17 Q. If you look to page 2 -- I'm progressing
18 through the e-mail chain. So we started at the
19 beginning of it. -- there's an e-mail from you to
20 Ms. Coleman on June 30th. Had you viewed the assets as
21 of the date of this?

22 A. No, sir.

23 Q. And you asked her in this e-mail how she
24 determined the fair market value of the assets?

25 A. I don't believe that was a question I asked

1 her. Well, I did -- how -- you're -- I'm -- apologize.

2 Yes, I did ask her that, how did she determine it.

3 Q. And the e-mail above that, Ms. Coleman e-mailed
4 you on June 30th, 2014; is that correct?

5 A. Right.

6 Q. And she explained that, quote, I obtained the
7 fair market value after the field call was conducted and
8 we counted all the inventory in the store and assigned a
9 value to each dress, comma, hat, comma, shoe, etc.,
10 period. She would not provide an inventory list,
11 period.

12 A. Okay.

13 Q. Is that correct?

14 A. That's what she wrote, yes, sir.

15 Q. I read it correctly, at least?

16 And then above this e-mail, you e-mailed
17 Darlene Coleman on July 2nd, 2014; is that correct?

18 A. Yes, sir.

19 Q. And you asked how she determined the value of
20 each asset, whether she used the asking price for each
21 item or the taxpayer's cost of the items?

22 A. Correct.

23 Q. Is that correct?

24 A. That's correct.

25 Q. Okay. And in the e-mail above that dated

1 July 15th, 2014, Ms. Coleman e-mailed you back and
2 indicated that she had used the asking prices for the
3 dress and counted the brand and the number of dresses
4 for that brand and took an average?

5 A. Okay.

6 Q. Did I read that correctly?

7 A. Yes, sir.

8 Q. Okay. And in the e-mail above that, you
9 e-mailed Ms. Coleman on July 16th, 2014. Had you viewed
10 the inventory as of the date of this e-mail?

11 A. No, sir.

12 Q. So you had not viewed it as of the date of
13 July 16th, 2014.

14 A. I -- that's correct.

15 Q. Okay. Am I quoting you correctly in the third
16 paragraph where you state: "As far as the fair market
17 value, I would recommend not using the asking price for
18 each item, but try and figure out what the taxpayer paid
19 for the item. This is more in line with fair market
20 value."

21 A. Correct.

22 Q. Have I quoted you correctly?

23 A. Yes, sir.

24 Q. Do you believe that's an appropriate way to
25 value the inventory?

1 A. That's a starting point, yes, sir.

2 Q. I believe you told me earlier that that would
3 not be an appropriate starting point.

4 MR. SMITH: Objection, form.

5 Q. Is that correct?

6 A. I don't -- I'd have to have you read that back
7 to me.

8 Q. Okay. You next stated in this e-mail dated
9 July 16th, 2014: "My estimation is the markup is at
10 least 50 percent, if not more like 70 percent of the
11 ticket price she listed for sale"; is that correct?

12 A. That's correct.

13 Q. "So this would bring fair market value to more
14 like 21,000 to 35,000." Did I read that correctly?

15 A. Yes, sir.

16 Q. Then you stated: "This is more of an accurate
17 estimation of fair market value in my estimation" --

18 A. Correct.

19 Q. -- is that correct?

20 A. That's correct.

21 Q. But you had not viewed the property at that
22 point in time, correct?

23 A. That's correct.

24 Q. What did you do to determine these markups that
25 you referenced?

1 A. It's part of what I learned as -- in marketing.
2 It's the percentage of markups and -- depending on what
3 the item is being sold.

4 Q. You learned that in marketing?

5 A. Yes, sir. I have a business degree in
6 marketing.

7 Q. So you pulled on your --

8 A. Well --

9 Q. -- background outside of the IRS?

10 A. Let me back up. I apologize. My business
11 degree -- my bachelor's degree is in business management
12 with a focus on marketing. So yes, that is -- it's all
13 information that I have gathered throughout my entire
14 lifetime.

15 Q. Okay. Did you ask her any other questions to
16 determine what the markup might be?

17 A. I don't recall.

18 Q. Was all of the inventory in an unfavorable
19 condition?

20 A. I don't recall.

21 Q. Could some of it have been in pristine
22 condition?

23 A. That's -- to me it's hypothetical. Without
24 going through each item I couldn't tell you.

25 Q. Had the revenue officer represented to you at

1 that time that the -- at the time of the e-mail on
2 July 16th, 2014, reflected in Exhibit 4 that the
3 inventory was in good condition?

4 A. I don't recall what she said. I'd have to look
5 at it again.

6 Q. So I want to go back to Exhibit No. 2 and
7 Exhibit No. 3, which we viewed earlier in this
8 deposition. And recall that Exhibit No. 2 is a
9 memorandum from you dated 8/25/2014 and reflects
10 estimated expenses to move and store the assets at
11 issue.

12 A. Okay.

13 Q. And recall that Exhibit No. 3 reflects the
14 revenue officer's memorandum stating that the equity in
15 the business property assets is approximately \$100,000.

16 A. Okay.

17 Q. Now, based on your understanding of perishable
18 goods procedures, if the revenue officer -- if the
19 revenue officer's determination that there was a hundred
20 thousand dollars in equity in the assets is accepted and
21 based upon your estimation of the expenses reflected in
22 Exhibit No. 2, would a perishable goods seizure have
23 been appropriate in this case?

24 MR. SMITH: Objection that it calls for a
25 hypothetical.

1 You can answer.

2 A. Hypothetically, yes -- hypothetically, no, it
3 would not call for one.

4 Q. So under those assumptions, would it
5 hypothetically be improper to conduct a perishable goods
6 seizure?

7 MR. SMITH: Objection, form.

8 A. Hypothetically, it would be improper.

9 Q. If the revenue officer -- strike that.

10 If there is a determination that the fair
11 market value of the property is \$90,000, would it have
12 been appropriate to conduct a perishable goods seizure
13 in this case?

14 MR. SMITH: Objection, form. Calls for a
15 hypothetical.

16 You can answer.

17 A. Hypothetically, no.

18 Q. It would've been improper?

19 A. It would've been improper. I'm sorry. I
20 thought you asked if it called for a perishable goods
21 seizure.

22 MR. SMITH: Could we just rephrase that so
23 we have the right question and answer?

24 MR. FREEMAN: Right.

25 Q. So if the value -- if the equity was

1 established to be \$90,000 in the inventory, based upon
2 the estimated costs to conduct a sale under Section 6335
3 with respect to this inventory, would a perishable goods
4 seizure have been appropriate in this case?

5 MR. SMITH: Same objection.

6 A. I'm confused because you've just referenced
7 6335, which is not a perishable goods seizure Internal
8 Revenue Code. That's --

9 Q. Let me ask it again.

10 A. Okay. Thank you.

11 Q. Let me ask it again. All right. If there's a
12 determination that the value of the inventory at issue
13 was \$90,000, based upon the estimated costs reflected in
14 Exhibit 2, would a perishable goods seizure have been
15 appropriate in this case?

16 MR. SMITH: Same objection.

17 You can answer.

18 A. Hypothetically, no.

19 Q. It would have been improper, correct?

20 A. Hypothetically, yes.

21 Q. If the estimated value of the inventory at
22 issue here had been determined to be \$35,000, based upon
23 the costs reflected in Exhibit 2, would a perishable
24 goods procedure have been appropriate in this case?

25 MR. SMITH: Same objection.

1 You can answer.

2 A. Hypothetically, a perishable goods seizure
3 would not have been appropriate.

4 Q. It would've been improper, correct?

5 A. Hypothetically, yes.

6 Q. If the value of the inventory here had been
7 determined to be \$21,000, based upon the costs reflected
8 in Exhibit 2 of your memorandum, would a perishable
9 goods procedure have been appropriate here?

10 MR. SMITH: Same objection.

11 You can answer.

12 A. Hypothetically, a perishable goods seizure
13 would not have been appropriate using the figure of
14 21,000.

15 Q. It would've been improper, correct?

16 A. Hypothetically, yes.

17 Q. If the value of the property at issue here had
18 been determined to be \$10,000, based upon the estimated
19 costs reflected in Exhibit 2, your memorandum, would a
20 perishable goods procedure have been appropriate here?

21 MR. SMITH: Objection, form, and --

22 A. This is --

23 MR. SMITH: -- calls for hypothetical.

24 You can answer.

25 A. This isn't hypothetical. It's what it was. So

1 it's not a hypothetical question. It was what is
2 established. So yes, it was appropriate using the fair
3 market value of \$10,000.

4 Q. Why?

5 A. Because the expenses of sale estimated to be
6 more than what the forced sale value of these assets
7 were using the fair market value of \$10,000.

8 Q. In order to support the perishable goods
9 seizure here -- let me strike that.

10 Y'all hadn't determined that this was a
11 type of property that was going to spoil, correct?

12 A. Define "spoil," please.

13 Q. Let me ask it another way, because I'm not
14 trying to trick you with that question.

15 A. Okay.

16 Q. You had determined that in order to keep this
17 and prevent it from deteriorating that it just -- it
18 needed to be stored correctly; is that correct?

19 A. Yes, that's correct. It needed to be stored
20 properly.

21 Q. And the values that y'all determined to store
22 it property -- properly are those that are reflected in
23 Exhibit 2, your memorandum?

24 A. The values that are reflected in Exhibit 2 are
25 values that was provided to me by the revenue officer.

1 I did not obtain these from any other source but from
2 the revenue officer, and that is the values that was
3 used, yes, sir.

4 Q. And that's what you understood those to
5 reflect.

6 A. That is correct.

7 Q. Did you determine whether this property could
8 be kept without great expense before seizing -- before
9 selling it?

10 A. That wasn't my role --

11 MR. SMITH: Objection, form.

12 You can answer.

13 A. That was not my role in this situation or in
14 any situation. The role -- that role belongs to the
15 revenue officer to determine the expenses of storing and
16 moving of assets.

17 Q. Do you know if anyone ever made a determination
18 about whether this property could be kept without great
19 expense after seizing it in order to sell it?

20 A. I -- again, that's not my role. I don't -- I
21 can't answer that.

22 Q. Again, who was responsible for the valuation of
23 this inventory?

24 A. I was. The PALS.

25 If I can clarify.

1 Q. Yes, ma'am.

2 A. It's my -- it's my position to make the
3 recommendation and concur with the fair market value on
4 any and all assets that are looking at to be potentially
5 seized.

6 Q. So in the process of appraising perishable
7 goods, what documents are created that you're aware of?

8 A. That question's not something I can answer. I
9 don't understand what you're asking.

10 Q. Talking about memoranda, documentation in an
11 ICS history, documentation of steps that are taken.
12 What sort of documents that are -- are you aware of that
13 are created in the process of valuing perishable goods?

14 A. It's the same process on valuing any assets:
15 We establish what the asset is, what we think it's worth
16 based on either observation, documents provided from the
17 revenue officer, appraisals that we -- you know, if I
18 have a written appraisal from an outside source --
19 there's a plethora of information that we look at when
20 we're establishing fair market value.

21 Q. And what sort of documents do you -- does PALS
22 generate?

23 A. With regards to what?

24 Q. Documenting the process.

25 A. It's on a case-by-case basis. There's --

1 usually it starts with a phone call or an e-mail request
2 from the revenue officer and -- advising us what the
3 asset is. And then depending on that, it may be a
4 response by e-mail, it may be a follow-up phone call for
5 clarification. Again, it's case by case. And then when
6 there's a concurrence of agreement, then that's normally
7 when I would go in and document a case on what we call
8 concurrence of fair market value and estimation of
9 sale -- expenses of sale. But every case is different.
10 It's a case-by-case basis.

11 Q. Okay. So I will hand you what I'm marking as
12 Exhibit 5.

13 (Exhibit 5 marked.)

14 A. Do you want these two back?

15 Q. Yes, ma'am. Thank you.

16 Ms. Hall, do you recognize this document?

17 A. Yes, I do.

18 Q. And what is this?

19 A. It's a -- part of an ICS history for a case.

20 Q. And what is an ICS history generally?

21 A. It's documentation of actions that are taken
22 that -- on a case-by-case basis and then there's also
23 history that's systemically generated depending on
24 interaction with other computer systems.

25 Q. Is this where you would reflect most of the

1 major actions taken on a case?

2 A. I'm not sure you'd call major, but yes, we do
3 document cases as an -- as needed, yes.

4 Q. Do you document on a daily basis in this?

5 A. I try to.

6 Q. So if you'll look on the second page -- I'll
7 point you to it -- this item appears to reflect an entry
8 from you; is that correct?

9 A. That is correct.

10 Q. Okay. Will you take a look at that and tell me
11 what that reflects that you did?

12 A. It reflects that I made a field call with the
13 revenue officer to the taxpayers' bridal shop and that I
14 went inside the building and photographed the assets.
15 Then the photographs would be used to create a Web ad to
16 attract potential bidders to have a contact list for the
17 sale.

18 Q. Now, was this the first time you had viewed the
19 inventory?

20 A. No, sir.

21 Q. You had been out there previously with
22 Ms. Coleman --

23 A. No.

24 Q. -- to view it?

25 A. On my own.

1 Q. On your own.

2 A. Yes, sir.

3 Q. And that would be reflected in an ICS history
4 entry.

5 A. On the front page of this Exhibit, yes, sir, on
6 July 30th, 2014.

7 Q. Okay. That's you.

8 A. Yes, sir.

9 Q. Okay. So was that your first visit?

10 A. Yes, sir.

11 Q. And that's the first time that you ever saw the
12 inventory?

13 A. Yes, sir.

14 Q. And what date is that?

15 A. July 30th.

16 Q. Year?

17 A. 2014.

18 Q. Okay. And that's when you determined the
19 condition of the inventory.

20 A. That is correct.

21 Q. And that condition is what influenced your
22 decision that it had a fair market value of \$10,000?

23 A. That's what -- that is what determined my
24 recommendation, yes, sir.

25 Q. That's what you based it on.

1 A. That was part of it, yes, sir. That's the day
2 I told you I went out and looked at the inventory and
3 did not identify myself as working with the IRS.

4 Q. And that's also the date that you viewed other
5 bridal gown stores?

6 A. Yes, sir.

7 Q. Okay. So it would only be after this that you
8 determined the fair market value to be \$10,000.

9 MR. SMITH: Object as to form.

10 You can answer.

11 A. I believe so. Without going back and look at
12 the documents and dates, I believe that was what I
13 was -- when the determination was actually made, yes.

14 Q. So your understanding -- recollection is that
15 you determined the valuation after visiting the property
16 on July 30th, 2014.

17 A. That was the final factor is what I would
18 clarify, yes, sir.

19 Q. Okay. Show you what I'm going to mark as
20 Exhibit 5 -- 6, excuse me. Now, Ms. Hall, do you
21 recognize this document, what it is generally?

22 (Exhibit 6 marked.)

23 A. It's an ICS history entry made by somebody
24 else, not me, that I can see.

25 Q. Who does it appear to be made by?

1 A. I'm making a guesstimation of Darlene Coleman,
2 and that's based on the creator ID number, but I could
3 be incorrect.

4 Q. Okay. This entry dated 7/17/2014 states:
5 "Working on seizure and spoke with Patty about the
6 packing, storage, and moving of the assets will greatly
7 diminish the value of the assets." Have I read that
8 correctly?

9 A. Yes.

10 Q. Who else would've been speaking with you about
11 that? Besides Darlene Coleman?

12 A. I would've spoke to my manager, I'm sure.

13 Q. Okay. So this is likely either Darlene Coleman
14 or your manager's entry?

15 A. No, it's not my manager's entry. I know that
16 because of the creator ID number.

17 Q. Okay. What is your creator ID number? Do you
18 know?

19 A. Starts with 999. I apologize for laughing --

20 Q. Fair enough.

21 A. -- but I know creator ID number for the PALS is
22 999, and I believe mine is -- I'd have to look at it
23 again.

24 Q. Fair enough.

25 A. But I do know that creator ID number identifies

1 how we're assigned.

2 Q. Okay. Now, I'm going to continue quoting from
3 this document where I left off. This is Exhibit 6.

4 A. Okay.

5 Q. It says, "She advised that the" -- "even the
6 previous 70 percent reduction in value of the assets
7 could be generous at best and should be more like
8 90 percent reduction in the value of the assets because
9 of the specialization of the assets. Determined that
10 the fair market value of the assets will be \$10,000.
11 She advised that we will have to sell a minimum of
12 \$6,000 or there could not be a seizure and all assets
13 will be returned to the owner."

14 Now, did you determine that the fair market
15 value of the assets was \$10,000 prior to viewing the
16 assets?

17 A. We estimated it, yes, sir.

18 Q. And you later confirmed that?

19 A. On my -- when I went to the property, yes, sir.

20 Q. Now, was this based upon representations from
21 the revenue officer that the inventory was not in good
22 condition?

23 A. That was based on representations from the
24 revenue officer on the inventory, the age of it, and
25 also some of the research I'd already started to do. It

1 was an ongoing process.

2 Q. But the revenue officer felt that this
3 inventory was not in good condition?

4 A. I --

5 MR. SMITH: Objection, foundation.

6 A. I don't recall. I'm sure there was some
7 discussion. Honestly, I can't tell you everything we
8 discussed because I don't remember. It's too long ago.
9 It's over four years.

10 Q. Did the revenue officer ever represent to you
11 that the inventory was in retail sale condition?

12 A. I don't recall.

13 Q. Did the revenue officer ever represent to you
14 that it was in good condition?

15 A. I don't recall.

16 Q. Did she ever represent to you that it would not
17 be necessary to seize all of the assets in order to pay
18 off the outstanding tax liability?

19 A. I don't recall without looking back at
20 correspondence.

21 Q. And you'll look at paragraph -- the fourth
22 paragraph in this entry. And again, this appears to be
23 based upon the conversation with you. It says,
24 "Determined if the expense of moving the assets far
25 outweighs the minimum bid amount then we will consider a

1 perishable goods sale." Did I read that correctly?

2 A. Yes, you did.

3 Q. Why did the estimated value of the inventory
4 change over time?

5 MR. SMITH: Objection, form.

6 A. I can't tell you that because I didn't estimate
7 only based on a conversation with her. I made one
8 estimation. And then after further research and viewing
9 the assets is when I made the final determination of
10 10,000.

11 Q. So you based the initial estimations just on a
12 phone call with the revenue officer?

13 A. Either phone call or e-mails and then my
14 knowledge of marketing and that, yes, sir.

15 Q. And your initial estimations were that it was
16 worth \$10,000?

17 MR. SMITH: Objection, form.

18 A. Initially I believe we discussed something
19 different. I believe that was something in a prior
20 exhibit you just showed me.

21 Q. Okay. What do you mean by "different"?

22 A. A different figure.

23 The e-mails, I believe it was in that.

24 Q. I'm handing you what's marked as Exhibit 4.

25 A. Okay.

1 Q. Is this what you're referring to?

2 A. Yes.

3 Q. And the different figure there was?

4 A. 21,000 to 35,000.

5 Q. Okay. What changed from that to your
6 subsequent valuation that it was worth \$10,000?

7 A. When I looked at them -- it was further
8 discussion and then I went out to look at it before I
9 was a hundred percent positive and comfortable with the
10 \$10,000.

11 Q. Would you have documented your further
12 discussion?

13 A. Honestly, probably not. We have --

14 Q. Why not?

15 A. Because we -- I discuss things with revenue
16 officers and buyers and bidders and others on a daily
17 basis, and it's just -- there's no time to do that and
18 get the job done.

19 Q. Would these further discussions have been over
20 the course of a number of days?

21 A. Possibly.

22 Q. Or would they have just been all in the same
23 day?

24 A. It's possible either direction. It could've
25 been back and forth. You know, I can't tell you that

1 for sure. I don't recall.

2 Q. What is the date of this e-mail that reflects a
3 value that you determined or estimated of between 21,000
4 and 35,000?

5 A. It's dated July 16th, 2014.

6 Q. And please refer back to Exhibit 6 and tell me
7 the date of the entry in which it is reflected that you
8 determined that the fair market value of the assets will
9 be \$10,000.

10 A. That is --

11 MR. SMITH: Objection, form.

12 You can answer.

13 A. It's dated July 17th, 2014.

14 Q. That is the next day, correct?

15 A. Yes, sir.

16 Q. Your testimony is that you viewed the assets on
17 July 30th, 2014, for the first time, correct?

18 A. That is correct.

19 Q. So is it your testimony that you estimated the
20 value to be \$10,000 and subsequently, by coincidence,
21 confirmed that that was the value --

22 MR. SMITH: Objection, form.

23 Q. -- after viewing the inventory?

24 MR. SMITH: You can answer.

25 A. The discussion occurred and then I went out to

1 verify. When I went out to verify, if it would've been
2 more, it would've been changed to more.

3 Q. Based upon Exhibit 2 and the costs reflected in
4 your memorandum in Exhibit 2, if the value of the assets
5 had been determined to be \$11,000, would a perishable
6 goods seizure have been appropriate?

7 MR. SMITH: Objection, form, calls for a
8 hypothetical, and foundation.

9 But you can answer.

10 A. Hypothetically I need a calculator and then I
11 could answer that question.

12 Q. I've got one.

13 A. Okay. If you will take 11,000 and multiply it
14 by 60 percent and tell me that figure.

15 Q. I will allow you to do that.

16 A. Okay. 6,600 -- no -- okay. What was the
17 question again?

18 Q. So I'll ask it again. If the value of the
19 inventory had been determined to be \$11,000, based upon
20 the costs reflected in Exhibit 2, your memorandum, would
21 a perishable goods procedure have been appropriate?

22 MR. SMITH: Same objection.

23 You can answer.

24 A. Hypothetically, yes.

25 Q. Why?

1 A. Because the expenses of sale is estimate the
2 lowest number is \$6,622. Using the formula that we use
3 to come up with the forced sale value of an item at
4 60 percent of 11,000 is 6,600; and therefore, it would
5 meet the criteria because the expenses exceed the
6 estimated fair market -- reduced fair market value. And
7 the lowest figure here is \$6,622. And that didn't
8 supply any of the materials, so that was going to cost
9 us more.

10 Q. How much more?

11 A. I don't know because, again, I didn't get them
12 estimates.

13 Q. I'll ask you another question. You can use the
14 calculator. If the value had been determined to be
15 \$15,000, based upon the data reflected in your
16 memorandum, Exhibit 2, would a perishable goods seizure
17 have been appropriate?

18 MR. SMITH: Same objection, that it calls
19 for a hypothetical.

20 You can answer.

21 A. Hypothetically, it would not have met the
22 criteria to be a perishable goods seizure.

23 Q. Can you calculate for me the value -- the
24 minimum fair market value that would've been necessary
25 to justify a perishable goods seizure based upon the

1 data reflected in Exhibit 2, your memo?

2 MR. SMITH: Objection, form.

3 A. Not without some practice. I'm way out of
4 practice with algebra, and I'm not going to lie to you.
5 I'd have to start plugging in numbers till I come up
6 with a figure that was in excess of this because I'm not
7 real good with algebra as far as backing into it -- a
8 number. I don't do it that way.

9 MR. FREEMAN: Can we go off the record for
10 a second?

11 (A break was taken from 12:18 p.m. to
12 12:20 p.m.)

13 MR. FREEMAN: Back on the record.

14 Q. (BY MR. FREEMAN) Ms. Hall, had the value of
15 the property been determined to be \$14,000, based upon
16 the figures reflected in Exhibit 2, your memo, would a
17 perishable goods seizure have been proper?

18 A. Hypothetically, a perishable goods seizure
19 would not have been proper.

20 Q. Thank you.

21 MR. SMITH: I'll just note I had the same
22 objection for that question.

23 Q. Ms. Hall, why did you believe the 90 percent
24 reduction was appropriate?

25 A. That was based on my research, discussions with

1 my manager, who assisted me in regards to what the fair
2 market value -- the direction toward it because she has
3 more experience than I do in regards to sales that she
4 may have participated in in these types of assets.

5 Q. Now, was that 90 percent to determine a fair
6 market value or to determine the value that would be
7 brought at a -- at an auction?

8 A. It's to determine a fair market value.

9 Q. Okay. Not the value that would be taken at an
10 auction.

11 A. In a lot of situations, that's exactly what
12 we're looking at, yes.

13 Q. Sorry. Could you clarify that?

14 A. What I mean is when I'm determining fair market
15 value it goes right back to on the -- today's date, what
16 is the value of this asset right now if I was to sell
17 it. And when I'm looking at selling it, it's always at
18 an auction because that's the only way I can sell.

19 Q. So when you are determining the fair market
20 value, you're looking at fair market value in terms of
21 what would this be sold at an IRS auction.

22 A. Correct.

23 Q. And in this case, when you sought to determine
24 the fair market value of the bridal gowns at issue, you
25 were looking from the perspective of what would these

1 bridal gowns sell for at an IRS auction.

2 A. That's correct.

3 Q. And then you reduced that to --

4 A. Forced --

5 Q. -- determine the reduced forced sale value --

6 A. That's correct.

7 Q. -- correct?

8 Okay. Would it have influenced your
9 analysis if a comparable store had informed you that the
10 value of a portion of this inventory was \$300,000?

11 MR. SMITH: Objection, calls for a
12 hypothetical.

13 You can answer.

14 A. Would it have -- I don't know how to answer
15 that question because I could not have ever disclosed
16 information to obtain that information.

17 Q. Just if that had occurred.

18 MR. SMITH: Same objection, objection as to
19 form.

20 You can answer.

21 A. Honestly, I don't know because I've never had
22 that situation come up to have that information
23 available.

24 Q. Would you place no reliance on an industry -- a
25 company in the industry's prices?

1 MR. SMITH: Same objection.

2 Q. Would it be irrelevant?

3 A. As far as the retail price?

4 Q. Yes, ma'am.

5 A. Yes, that's irrelevant to me in reference to
6 establishing fair market value because we don't sell
7 items based on what the sticker price is.

8 Q. Why did you go to visit other bridal gown
9 stores?

10 A. I wanted -- I wanted to go look and see what
11 the assets -- what was being offered in regards to
12 retail to see if it was overpriced in the area. That's
13 one of the things that I look at: Is there a reason
14 this is not selling for this taxpayer?

15 Q. Okay. But would it have been relevant to you
16 if, for instance, one of the companies that you reached
17 out to to potentially purchase this inventory, if they
18 determined that the inventory was worth \$300,000?

19 MR. SMITH: Objection, form, calls for a
20 hypothetical.

21 A. I can't answer that because it's not something
22 I ever -- it's not how I do business. It's not how I've
23 been trained to go about establishing fair market value.

24 Q. And that's because that's a different
25 definition they would be using of fair market value.

1 A. Correct.

2 Q. They would be talking about what's the value
3 that you could just sell this to somebody else for in
4 the ordinary course of business.

5 A. Exactly.

6 Q. And your definition is what could I sell this
7 for at an IRS auction.

8 A. Correct.

9 Q. Okay. So it would have no bearing -- ask it
10 another way.

11 If you were to learn that one of the buyers
12 who purchased several hundred dresses subsequently
13 valued those dresses at more than \$300 -- \$300,000 --

14 A. That wouldn't have -- it's not --

15 MR. SMITH: Same objection. You can
16 answer.

17 A. Hypothetically, I wouldn't have known that
18 without being able to disclose and have them come in and
19 do that, and that's not -- that's not something we can
20 do.

21 Q. If you learned that fact, would it cause you to
22 question whether your valuation was accurate or not?

23 MR. SMITH: Same objection.

24 A. Again, hypothetically, I can't establish that
25 because I didn't have that information available when I

1 did my valuation. And I -- when I do my valuation, I
2 can only use facts and figures and information I have at
3 that time. You know, I -- hindsight's twenty-twenty,
4 and that's the best way I can put it.

5 Q. And I'm asking you to look from the perspective
6 of hindsight. If you learned that information now,
7 would it influence whether you believe \$10,000 was an
8 accurate valuation --

9 MR. SMITH: Objection, form, and --

10 Q. -- of the inventory here?

11 A. Again, hypothetically --

12 MR. SMITH: Hold on, Patty.

13 Objection, form, and calls for a
14 hypothetical.

15 You can answer.

16 A. Hypothetically, I can't answer that question
17 because, again, you're asking me to think of something
18 that I didn't have information on, and I can't do that
19 because I feel that my valuation was accurate based on
20 all the information that I had available at that time.

21 Q. Okay. Let's talk about the costs to store the
22 inventory. Did you ever discuss this with others at the
23 IRS?

24 A. The discussion would've been between -- during
25 our conference call and also possibly with my manager

1 and with the revenue officer prior throughout the whole
2 process, yes.

3 Q. And what did you discuss with them about the
4 cost?

5 A. Honestly, I do not recall. I know there was
6 concerns about the number of boxes available -- I do
7 recall that but I don't recall specifically -- the fact
8 that they couldn't be crushed together because that
9 would ruin the resalability of an asset. There was also
10 concerns about how we would be able to display it for
11 sale. I mean, these are all things that we factor in
12 when we're looking at a potential seizure.

13 Q. But it was necessary for you to estimate -- for
14 the IRS to estimate the costs to seize and sell the
15 assets in order to justify a perishable goods seizure,
16 correct?

17 A. It's correct in any seizure, whether it's
18 perishable goods or regular. We'll always estimate the
19 expenses of sale.

20 Q. So all of the expenses of the sale were
21 estimated and would've been documented.

22 A. They should've been, yes.

23 Q. And you would've included all of those in your
24 memo recommending a perishable goods seizure, correct?

25 A. I included --

1 MR. SMITH: Objection, form.

2 Go ahead.

3 A. I include the final figures provided to me by
4 the revenue officer. I don't know what else she did. I
5 don't -- that I didn't do, so it's not something I can
6 tell you anything about. That wasn't my position or my
7 job to do.

8 Q. So it was solely those expenses that you used
9 in order to base -- in order to determine whether to
10 recommend a perishable goods seizure.

11 A. That's correct, the figures she provided to me,
12 the revenue officer.

13 Q. And what was the estimated cost?

14 A. The estimated cost was for one moving company,
15 AB Moving. The estimated was for packing, moving, and
16 storage and they supply the materials was 6,420.
17 Advertising was estimated by myself at 500. The
18 locksmith was estimated by the revenue officer at 200,
19 bringing the total expenses for that company to \$7,120.

20 For another moving company, All My Sons,
21 where they were going to do packing, moving, and storage
22 but not supply materials, that estimate was \$5,922. My
23 advertising stayed the same at \$500. The locksmith
24 stayed the same at \$200 --

25 THE REPORTER: Can you slow down, please?

1 THE WITNESS: Oh, I apologize.

2 A. -- at \$200, and the total estimate was \$6,622.

3 And then the third company she list -- she
4 provided to me was Kingdom Mission, and packing and
5 moving and storage but did not include -- oh, I -- yeah,
6 they will not supply materials was \$7,202, advertising
7 was 500, locksmith was 200 to bring that total to
8 \$7,902.

9 Q. So what is the highest estimated cost in order
10 to conduct -- in order to seize and sell these assets?
11 What was the highest estimated cost?

12 A. The highest estimated cost that didn't include
13 the supplied materials was 7,902, which when the
14 material were included would've been even more.

15 Q. And what was the lowest estimated cost?

16 A. The lowest that did not supply materials
17 would've been All My Sons at \$6,622, but we already know
18 that it would have to also be at a -- more cost included
19 in that because they didn't supply the packing
20 materials.

21 Q. Why didn't you include the other information in
22 your memo?

23 A. It wasn't provided to me by the -- by the
24 revenue officer.

25 Q. Why didn't you ask for it?

1 A. Well, to be honest with you, there wasn't a
2 need for it. I had already established that the fair
3 market value was 10,000 and which means my forced sale
4 value was 6,000, and it would've -- these -- even the
5 lowest figure was more than the estimated forced sale
6 value, so there wasn't a need for any other figures
7 because it would've just been a higher reflection of
8 what the costs were.

9 Q. So you don't need to document all of the
10 relevant facts in a --

11 MR. SMITH: Objection -- sorry.

12 Q. -- in a memo documenting your decision to
13 recommend that the IRS take certain action?

14 MR. SMITH: Objection, form.

15 You can answer.

16 A. The facts are documented here as presented.
17 It's kind of like beating a dead horse. Why would you
18 keep piling on more information when it's just going to
19 make it higher expense?

20 Q. So it wasn't necessary to reflect all of the
21 relevant information?

22 MR. SMITH: Objection, form.

23 You can answer.

24 A. In my opinion, all the relevant information was
25 there to make that decision.

1 Q. All of the relevant information was reflected
2 in Exhibit 2, your memo?

3 A. To establish the fact that I recommend -- that
4 the recommendation was for a perishable goods based on
5 the fair market value and the estimated expenses
6 provided to me, yes.

7 Q. Did those estimated expenses change over time?

8 MR. SMITH: Objection, foundation.

9 A. You -- honestly, I don't know.

10 Q. What do you mean you don't know?

11 A. I don't remember what the exact figures were.
12 I know there was discussion during our conference call,
13 but I don't recall exactly what the figures were. I
14 know that there was discussion about the expenses and
15 the need for more materials, but that's all -- and more
16 space, but that's all I recall.

17 Q. But you had all of those expense -- all of that
18 expense data on the date that's reflected on that memo.

19 A. On the date that's reflected on the memo these
20 are the figures provided, yes, sir.

21 Q. And you put all of those into that document on
22 the date reflected on that memo, Exhibit 2?

23 A. Yes.

24 Q. Okay. Ms. Hall, I'll show you what's being
25 marked as Exhibit No. 7. Do you recognize this

1 document, Ms. Hall?

2 (Exhibit 7 marked.)

3 A. It's the memo that I provided to my manager on
4 August 25th, 2014. Let me see here. It's a partial
5 memo. Let me rephrase that.

6 Q. Is there any reason that this would've been a
7 partial memo?

8 A. Looks like I forgot part of it.

9 Q. Can you tell me what date this document was
10 signed?

11 A. August 25th, 2014.

12 Q. Okay. What's missing from this document?

13 A. The expenses of sale. The analysis was left
14 out.

15 Q. Why is the analysis for the expenses of sale
16 left out of this document?

17 A. My guess is I forgot it.

18 Q. Why did you forget it?

19 A. I don't know. I'd have to -- I don't know.

20 Q. But you had it all as of the date of this memo.

21 A. Yes.

22 Q. Okay. You always try to be accurate with your
23 memos?

24 A. Yes.

25 Q. And truthful?

1 A. Yes.

2 Q. Is it important to always be accurate and
3 truthful with your memos?

4 A. As much as you can, yes, sir.

5 Q. If you're not, could it possibly lead to a
6 wrong action being taken?

7 MR. SMITH: Objection, calls for a legal
8 conclusion and hypothetical.

9 A. I'm not sure what you're asking me.

10 Q. I assume your memo serves some purpose. Is
11 that correct?

12 A. Yes.

13 Q. And it justifies some action being taken?

14 MR. SMITH: Objection, form.

15 A. Or it's -- or a response. I mean, memos are
16 done for different reasons.

17 Q. Perhaps this one, for instance, has a
18 recommendation to take certain action?

19 A. Yes.

20 Q. And so it's possible that certain action would
21 be taken on the basis of that memo.

22 A. That's possible, yes, sir.

23 Q. All right. And so if that memo is not complete
24 and accurate and truthful, it's possible that an
25 improper action could be taken on the basis of it.

1 MR. SMITH: Objection, form.

2 A. I guess that's possible, yes, sir.

3 Q. What prior sales experience do you have with
4 this type of asset?

5 MR. SMITH: Could we go off the record for
6 one second?

7 MR. FREEMAN: Yeah.

8 (A break was taken from 12:37 p.m. to
9 12:38 p.m.)

10 MR. FREEMAN: We're back on the record.

11 Q. (BY MR. FREEMAN) Ms. Hall, what prior
12 experience do you have dealing with seizures or sales of
13 bridal gown inventory?

14 A. I have none.

15 Q. What prior experience did you have with
16 storing -- in your capacity as an IRS agent with PALS,
17 what prior experience did you have with storing bridal
18 gown-related assets?

19 A. Let me clarify. I'm not an IRS agent, never
20 have been. Secondly, none.

21 Q. None.

22 What prior experience did you have valuing
23 specifically bridal gowns or bridal gown inventory?

24 A. With the IRS?

25 Q. Yes, ma'am.

1 A. None.

2 Q. What prior sales experience do you believe the
3 IRS or PALS had with this type of asset? And I'm not
4 asking for any specific taxpayers, just basically
5 whether you were aware of them having any experience
6 with bridal gown assets at the time --

7 A. With bridal -- with bridal gowns? I have -- I
8 don't recall -- I would've asked my coworkers and then
9 taken that information into consideration.

10 Q. Okay.

11 A. But I don't recall what it was.

12 Q. Going back to this Exhibit 7, do you know what
13 that -- do you recognize the writing on the top right
14 corner of this document?

15 A. "Go-by"?

16 Q. Yes, ma'am.

17 A. Yes.

18 Q. What does that mean?

19 A. It's a document we use as a go-by to give us
20 the form or information to include in a memo, so it's a
21 partial memo.

22 Q. So like a template?

23 A. Yes. Thank you.

24 Q. Okay. Is that your writing?

25 A. No.

1 Q. Do you know whose writing that is?

2 A. No. Not off the top of my head, no.

3 Q. Do you know whether -- when the IRS was
4 gathering its Freedom of Information Act response to my
5 request for documents whether you provided this
6 document?

7 A. I personally didn't provide it. I would've
8 provided my computer that had everything on it.

9 Q. Okay. But again, this document was signed on
10 August 25th, 2014, by you.

11 A. That is correct.

12 Q. And it doesn't reflect the costs.

13 A. Nope. It was an oops.

14 Q. Now, I want to go back and look again at
15 Exhibit 2 that we have been looking at. Can you turn to
16 the back of this document?

17 A. That's not pertinent to this.

18 Q. Actually, I'm going to ask you about a
19 different document. Withdraw that question.

20 Going to hand you what I'm marking as
21 Exhibit 8. Would you please take a look at this
22 document. Do you recognize this document?

23 (Exhibit 8 marked.)

24 A. Yes.

25 Q. And what is this?

1 A. This is a completed memo for request for
2 perishable goods. It's a criteria selection and sale
3 plan for perishable goods sale approval.

4 Q. And when is this memorandum dated?

5 A. August 25th, 2014.

6 Q. And who authored this?

7 A. I did.

8 Q. And was this document created as of
9 August 25th, 2014?

10 A. Yes.

11 Q. Was not created at a subsequent date.

12 A. I don't believe so, but let me look.

13 Q. Look at the signature --

14 A. That's what I'm looking at.

15 Q. -- line from you, and it reflects a written
16 date of August 25th, 2014, but it bears an electronic
17 signature.

18 A. Right.

19 Q. What date is reflected on your electronic
20 signature?

21 A. 2/6/2015.

22 Q. Is there a reason that this document was signed
23 in February of 2015?

24 A. I have no idea.

25 Q. Did you have --

1 A. Unless --

2 Q. -- all of the cost documentation on
3 August 25th, 2014?

4 A. No.

5 Q. You did not.

6 A. On when? I'm sorry. August 25th? I
7 apologize. Yes, sir, I did.

8 Q. Okay.

9 A. I believe so.

10 Q. And when is this document, Exhibit 8, signed by
11 Crystal Ferguson?

12 A. Electronic signature date appears to be
13 2/6/2015.

14 Q. This document as a template, is this -- is this
15 a fillable pdf?

16 A. Yes, I believe so.

17 Q. So it can be changed over time?

18 A. Yes.

19 Q. Have you ever insert additional data into a
20 memo that was previously drafted and dated?

21 A. I don't recall if I have or have not. If I
22 needed to correct it and I'd already signed it, yes, I
23 would've corrected it and resubmitted it and possibly
24 not had to re-sign it because electronic signature was
25 still there.

1 Q. Would you redate it?

2 A. If I changed the date on it, yes, I should.

3 But again --

4 Q. Is it possible you altered this letter?

5 A. After?

6 Q. After August 25th, 2014.

7 A. I don't know.

8 Q. Is it possible you added cost information into
9 this memo after August 25, 2014?

10 A. I don't know.

11 Q. Have you ever altered a memo and inserted
12 information into it at a later date?

13 A. I don't know.

14 Q. Have you ever backdated a document?

15 A. I don't believe so. It's not my -- let me put
16 it like this: It's not my regular way of doing
17 business, no, sir.

18 Q. So this memo that's reflected in here in this
19 case is not your regular way of doing business.

20 MR. SMITH: Objection, form.

21 A. I'm not sure what you're getting at, to be
22 honest with you. I'm not sure what you're trying to ask
23 me.

24 Q. I want to know if you changed this document
25 after the date that's reflected on the document.

1 A. My guess --

2 THE WITNESS: Am I allowed to do that?

3 A. I don't know. I can't answer that question.

4 Because I -- actually, four years ago, I know that if I
5 had to correct something I would've sent -- it would've
6 been sent back to me. I would've corrected it. Would I
7 have re-signed it? Probably not. I would have to look
8 at my e-mails because this was electronically sent back
9 and forth.

10 Q. So would there be an e-mail with this document
11 in it?

12 A. There should be, yes.

13 Q. Is there a reason that's not been provided to
14 me?

15 A. I don't know.

16 Q. Would this be documented in the ICS history?

17 A. Would what be documented?

18 Q. The re-creation of a memo?

19 A. A correction? Probably not.

20 Q. Why not?

21 A. It's between -- if I forgot something, then
22 it's sent back. It's not something I go in and
23 document, oh, I -- the memo was incorrect. I correct
24 it.

25 Q. You've represented in this deposition that the

1 cost data relevant to seizing and selling an asset is
2 critical to determining whether a perishable goods
3 seizure is appropriate. If that data was subsequently
4 added back into a memo, you wouldn't reflect that in an
5 ICS history?

6 MR. SMITH: Objection, form.

7 A. I don't see that it was added back in. I just
8 see it was left out to start with. And the fact of this
9 mark to go-by, that -- I don't know where this was taken
10 from. If this was taken from my files that I use as a
11 go-by, that's normal. And then I go in and update it
12 and reflect for that case. So if -- did I start the
13 document and then finish it later that day? That's a
14 possibility, and that's why it would be reflected
15 electronically that there's two documents on my
16 computer.

17 Q. How would we determine whether this document
18 was changed?

19 A. I can't answer that.

20 Q. Do you have the electronic copies of all of
21 these documents?

22 A. I believe I do if they're in my computer. I
23 haven't -- since I was told not to delete anything,
24 nothing's been deleted from this case at all.

25 MR. FREEMAN: So I'm going to be making a

1 request that we get electronic copies of all of
2 Ms. Hall's documents.

3 Q. Those would be on your computer?

4 A. Yes.

5 Q. Currently?

6 A. Yes. And they've --

7 Q. Where are they stored on your --

8 A. Well, let me rephrase that because I've had an
9 updated computer since then. They've refreshed my
10 computer, I believe, since then. I'd have to go back
11 and look at dates.

12 But from the time that I was told not to
13 delete anything, nothing was deleted. And IRS MITS
14 personnel, the people that work in IT, I don't know what
15 they did or didn't do with stuff. All I did was provide
16 my computer, or acces to it, for them to do what they
17 do.

18 Q. Would you be surprised if there were
19 documentation that Ms. Coleman obtained those cost data
20 figures in February of 2015?

21 A. I couldn't tell you if she did or didn't.

22 Q. You don't know?

23 A. I don't know.

24 Q. But you had them in August of 2014?

25 A. I had them then, at that time, yes.

1 Q. Have you destroyed any memoranda related to
2 this case?

3 A. No, sir. Not after I was advised not to. I
4 cannot tell you what I did or did not delete on e-mails
5 or anything else prior to because we had restrictions on
6 how much data could be saved -- stored in our computer,
7 and I periodically deleted e-mails until I was advised
8 not to.

9 Q. Is it IRS -- is it -- is it your understanding
10 that you were supposed to delete e-mails prior to being
11 told to hold everything?

12 A. I had to. I delete all kinds of e-mails on a
13 regular basis because our computers didn't have the
14 storage capacity to hold that and then my e-mails would
15 stop coming in, and I would get a notice my electronic
16 file were full, and I had to delete to be able to
17 receive more.

18 Q. When were you told not to delete anything
19 related to this case?

20 A. I'd have to go back and look at the e-mails. I
21 do not know.

22 Q. In gathering the documents related to this
23 case, did you physically locate any of the documents to
24 turn over?

25 A. No.

1 Q. Do you know who did?

2 A. No, I do not.

3 Q. Did you check to verify whether documents were
4 still there?

5 A. Physically?

6 Q. Yeah, when they were gathering documents for
7 this case.

8 A. No, I didn't. I no longer had the file. I
9 didn't have any physical files related to this case.

10 MR. FREEMAN: I think we can go off the
11 record for a second.

12 MR. SMITH: Yeah.

13 (A break was taken from 12:52 p.m. to
14 1:07 p.m.)

15 MR. FREEMAN: Back on the record.

16 Q. (BY MR. FREEMAN) Ms. Hall, I'm going to
17 provide you what I'll mark as Exhibit 9. And if you're
18 wondering, these are not all for you.

19 A. Oh, no. I'm just looking at the stickers.
20 Don't mind me.

21 (Exhibit 9 marked.)

22 Q. Ms. Hall, do you recognize this document?

23 A. No. Only from what you showed me earlier.

24 Q. Okay. And this one's a little bit different.
25 You'll see on the second page there are some edits,

1 handwritten edits to this memo which is -- reflects a
2 date of August 29th, 2014, and an author of Darlene
3 Coleman. Do you recognize those edits?

4 A. No. I've never seen this. I have no idea.

5 Q. And don't know who would've made those edits?

6 A. I have no idea.

7 Q. Okay. Thank you.

8 Let's talk just a little bit about the ICS
9 history. Again, can you tell me what your understanding
10 of what the ICS history program is, what it is designed
11 to do?

12 A. I know what I use it for. My -- what I
13 understand it is for is for documenting actions taken in
14 a case.

15 Q. Is this sort of like an enterprise resource
16 system just to -- for different people to document on
17 the same case what they're doing?

18 A. I'm not sure what an enterprise system is, so I
19 can't answer that.

20 Q. Okay. Do other people have access to the ICS
21 history?

22 A. Okay. Let me understand. Can you -- can you
23 be specific what you're wanting me to answer?

24 Q. Yeah. Let me ask you, who has access to the
25 ICS history?

1 A. It depends on -- anybody who has that taxpayer
2 ID number and there is a case in the ICS history because
3 not all taxpayers are in that case -- in ICS.

4 Q. So there's a specific ICS history for each
5 taxpayer that's in there.

6 A. There's a specific ICS case --

7 Q. Okay.

8 A. -- that you can -- that people can access and
9 IRS personnel can access as long as you have that ICS
10 identifying number.

11 Q. Okay. And that's the taxpayer's social?

12 A. Taxpayer's social security number or their
13 taxpayer ID number.

14 Q. Okay. Now, can anyone who has that number or
15 those numbers, can they edit the ICS history?

16 A. No.

17 Q. Can they view the ICS history?

18 A. Yes.

19 Q. And that's all they can do?

20 A. Yes.

21 Q. Can they edit under their own name?

22 A. You can add. I wouldn't call it edit.

23 Q. Add. Okay.

24 A. You can add history. Or the only time I can
25 ever edit a history is if I document something and then

1 realize, oops, I made a mistake. I can go in only on
2 that same day and edit it. Other than that, you cannot.

3 Q. It cannot be changed on a subsequent day.

4 A. Not -- not by me, no.

5 Q. Who can change it?

6 A. I believe there's a person that can delete, but
7 I don't know if they can access and edit. But I can't
8 answer that question because I don't -- there's higher-
9 ups that can do that, but I don't know who they are.

10 Q. Do you know who can delete?

11 A. I don't even know their title --

12 Q. Okay.

13 A. -- any longer because I -- unless I have a need
14 to have it. I would have to write a memo to my manager
15 and then that memo would have to be approved, and I
16 don't know who -- where it would go from there, so I
17 can't answer that.

18 Q. Do you --

19 A. I just know there is a procedure in place if I
20 was to make a mistake and need to have something
21 removed.

22 Q. Did you ever need to have something removed
23 in -- with respect to this taxpayer?

24 A. No.

25 Q. Okay. Did anyone ever discuss changing

1 anything in the ICS history with respect to this
2 taxpayer?

3 A. Not with me, no.

4 Q. Describe to me what it's like inputting data
5 into the ICS history.

6 A. Well, first you have to open the case up and
7 then it -- the case --

8 THE WITNESS: Am I allowed to give all this
9 out?

10 A. Let me ask that. I'm sorry.

11 MR. SMITH: Can we go off the record for a
12 second?

13 MR. FREEMAN: Yeah.

14 (A break was taken from 1:13 p.m. to
15 1:14 p.m.)

16 MR. FREEMAN: Back on the record.

17 A. Okay. When I go into a case, I -- if it's not
18 assigned to me -- if it's assigned to me, I just click
19 on that name and it opens the case up and then I can go
20 into the case. And there's a place -- there's a place
21 at the top for -- "H" for history. It takes me to that.
22 There's different things that that -- history that ICS
23 will give me. I go into the history and then I can go
24 in and create.

25 I have to establish the date of the action

1 and then I establish who I am. There's a place for
2 PALS. And then you go into general history. There's
3 also some drop-down boxes that we use as a revenue
4 officer and even as a PALS. There's a drop-down box to
5 indicate, like, when I do different steps and then I
6 have to indicate that. And then I go into the actual
7 history and then I can type an entry however I want to
8 word it. And then when I save it, then it becomes part
9 of the case record.

10 Q. Does -- do you -- in that situation, can you
11 reflect the date that it's dated, or does the system do
12 that?

13 A. Both. I can indicate the date I took the
14 action, but the date the system -- the date I'm
15 recording it is on there also.

16 Q. And somebody inputting it can't change that
17 date?

18 A. No.

19 Q. Okay.

20 A. You would input the date that you took the
21 action, but I can't ever change the date that it's being
22 recorded.

23 Q. Okay. Okay. I want to talk about that public
24 auction notice that we discussed earlier, and I believe
25 we established that would've been created on or about

1 March 4th, 2015, the date of the seizure in this case.

2 A. Yes.

3 Q. That public auction notice, would you be
4 careful with those not to -- let me ask you, what is
5 that designed to do?

6 A. It's designed to put -- to notify any and all
7 persons that this taxpayer has a debt with the IRS;
8 this -- that we have seized these assets, it's being
9 sold by public auction; it lists the assets -- or a
10 place to list that and then the date and time of the
11 sale, location, then the person to contact if they have
12 any questions. And then on the back side it talks about
13 redemption rights -- I don't remember all of that, but
14 that's, like, something that's on the form already.

15 Q. With those notices, you put -- you would be
16 very careful not to mislead the public about the assets
17 being sold?

18 A. I'm not sure what you're asking me.

19 Q. Well, would you -- would you be careful to not
20 mislead the public with a public auction notice?

21 MR. SMITH: Objection, form.

22 A. I -- again, I'm not sure what you're asking me,
23 how I -- I don't know what you're asking me.

24 Q. Would you put pictures of assets on there that
25 are not representative of what's going to be sold?

1 A. No. Pictures are not attached to the notice of
2 sale.

3 Q. Okay. Is there an advertisement that's placed
4 out there for potential buyers that's created?

5 A. On a regular seizure under 6335?

6 Q. Let's talk about that, yes, ma'am.

7 A. Yes.

8 Q. All right.

9 A. There's a legal notice that's published.

10 Q. Does it contain pictures of the assets?

11 A. The legal notice, no, sir.

12 Q. Is there anything that's like a flyer or
13 anything that's created that would reflect the assets?

14 A. Sometimes.

15 Q. Was there in this case?

16 A. In this case there was not for the notice of
17 sale.

18 Q. Was there for some other document?

19 A. Yes. There was a -- there was a notice put on
20 our Web site indicating a potential sale and including
21 photographs of the assets.

22 Q. Okay. Would those photographs be
23 representative of the assets?

24 A. Yes.

25 Q. The larger stock of assets, those would be

1 representative of what the rest of them would generally
2 look like?

3 A. I'm not sure what you're asking me.

4 Q. Well, I want to know, would you -- would you
5 post things on there that misrepresent what the rest of
6 the inventory looks like?

7 MR. SMITH: Objection, form.

8 Q. Would you post -- would you post pictures of
9 assets that are better than the rest of the inventory?

10 MR. SMITH: Objection, form.

11 A. Again, I'm not sure what you're asking me.

12 Q. I mean, would you try -- the pictures that you
13 select for those flyers, would you try to select
14 pictures that represent the rest of the inventory?

15 A. Again, I'm not sure exactly what you're
16 asking -- what direction you're wanting -- I'm not sure
17 what you're asking me. Am I going to put the best
18 picture forward? Of course I am. I'm marketing it.

19 Q. Okay. That's what I'm asking.

20 A. Okay.

21 Q. I mean, are you going to -- are you going to
22 put forward pictures of assets that don't -- you know,
23 that may look better than the rest of the inventory?
24 And I'm asking in a context is it -- are you doing that
25 to mislead people to get more people to come in?

1 A. My goal is never to mislead. My goal is to put
2 out what we have --

3 Q. Okay.

4 A. -- no matter which sale it is and what type.
5 When I put an ad on the Web, I'm -- you know, I put
6 everything out there that I have, but I don't always use
7 every picture because there's not a reason to duplicate
8 or if it's a blurry picture, you know, or you can't
9 distinguish what's in that photograph.

10 Q. Okay. And would you put a picture of several
11 assets on a flyer that appear to be in good condition
12 when the vast majority of the rest of the inventory is
13 not in good condition?

14 A. Personally I wouldn't do that, no.

15 Q. If you had documented that this -- these assets
16 were in poor condition, if you had determined that,
17 would you have been careful to document that?

18 A. I'm not sure what you're asking in reference to
19 what I document. I mean, I documented what I saw.

20 Q. Okay. I mean, if there -- if you were going to
21 base your valuation on, you know, the poor condition of
22 assets, would you have documented that poor condition?

23 A. I would've documented the condition I found it,
24 whether it be specific -- you know, as specific as I
25 felt needed.

1 Q. I mean, appears to me that if the difference in
2 that valuation is 90 percent of the value, which you've
3 reflected in your e-mail, if you were going to take a
4 90 percent discount on the value of an asset that you
5 would want to document the basis for that.

6 A. But --

7 MR. SMITH: Objection, form.

8 You can answer.

9 A. I didn't establish the value was a hundred
10 thousand dollars. That wasn't my establishment, my
11 value, so I have no reason to justify or to verify
12 anything on it.

13 Q. Or to even work from that figure backwards?

14 A. Not really, no.

15 Q. So if you were going to base your \$10,000 fair
16 market valuation on the condition of the assets, would
17 you document that condition of the assets?

18 A. I would document what I was looking at, yes.

19 Q. And if you were out there, for instance, to
20 take pictures of assets, would you take pictures of
21 assets that had -- that weren't in good condition?

22 A. I would take pictures overall. I don't do
23 individual pictures when I'm taking photographs for
24 marketing. I -- and if you look at the photographs,
25 you'll see I step back and I take a picture and then

1 I -- it's just taking pictures of what's there. It's
2 not close-ups unless there's a reason for a serial
3 number or something like that. Like, if I had a
4 one-of-a-kind item, then, yes, I'm going to market that
5 differently than I am a group of items.

6 Q. Okay. Going to show you a set of photographs.
7 I don't have duplicates of all of these. But these are
8 documents that were produced to my office.

9 A. I don't even know what that is.

10 MR. SMITH: Now, Jason, we did send a CD
11 that had JPEGs of these pictures.

12 MR. FREEMAN: Of more?

13 MR. SMITH: It should be the same ones, but
14 it would've been much better quality. When we try to --

15 THE WITNESS: I was going to say, this
16 is --

17 MR. FREEMAN: Okay.

18 MR. SMITH: -- put these on pdf's, that's
19 what happens.

20 MR. FREEMAN: That's why they're -- okay.

21 MR. SMITH: That's why I made sure to send
22 the JPEG on that -- on the disk.

23 MR. FREEMAN: Okay.

24 A. Yeah. And then, you know, this is the -- this
25 is the flyer that I created.

1 Q. Okay.

2 A. And this was what was -- well, okay. This was
3 part of the flyer because -- the reason I'm saying that
4 is because this was not on the Web site. The
5 photographs may have been on the Web site. I'd have to
6 go back and look at the Web ad. But this --

7 Q. Let me -- let me stop you for one second. I'm
8 going to mark this document that we're looking at right
9 now as Exhibit 10 so that we're all referring -- we know
10 what we're referring to.

11 (Exhibit 10 marked.)

12 A. Okay. And this was created the day of the
13 auction; otherwise, I wouldn't have known a date and
14 time.

15 Q. Okay.

16 A. But these photographs were taken at the time
17 that I went out to the preview because they were already
18 on my computer.

19 Q. In August of 2014 or --

20 A. Yeah. Yes. Yeah, whatever date I --

21 Q. Back in 2014?

22 A. -- went out there -- yes.

23 Q. Okay.

24 A. I think -- what was it, July when I went out
25 with Darlene?

1 Q. July 30th --

2 A. Yeah.

3 Q. -- yes, ma'am.

4 A. But yeah, the photographs were taken prior, but
5 this was produced the day of the sale.

6 Q. Got it. Now, I guess what my question was is:
7 Are these pictures of assets reflective of the types of
8 assets that Mii's Bridal had?

9 A. Yes.

10 Q. And are they reflective of the condition of the
11 assets that Mii's Bridal had?

12 A. You couldn't really tell the condition without
13 going close up, but they're what the camera picks up,
14 yes.

15 Q. Okay. I mean, these are -- these are basically
16 meant to be representative of the rest of the stock that
17 Mii's Bridal had that was going to be sold.

18 A. Yes.

19 Q. Okay.

20 A. And it's just a partial reflection, if that's
21 what you're --

22 Q. Right.

23 A. -- wanting to know.

24 Q. Sort of a sampling to show them --

25 A. Yes.

1 Q. -- this is what --

2 A. This is what --

3 Q. -- else is here.

4 A. -- we're selling, yes.

5 THE REPORTER: Wait. You have to talk one
6 at a time.

7 MR. FREEMAN: Sorry.

8 THE WITNESS: I apologize.

9 Q. This is basically what's here on -- the
10 pictures on Exhibit 10 are basically a sampling of the
11 rest of the inventory that was going to be sold.

12 A. Yes.

13 These are horrible.

14 Q. I blame that on Curtis.

15 MR. SMITH: That's why I sent the JPEGs. I
16 sent the electronic files so I wouldn't be looking for
17 that.

18 A. Here, you can have these back. It's giving me
19 a headache. It's blurry.

20 Q. Want to talk about Ms. Coleman. What is your
21 impression of Darlene Coleman?

22 MR. SMITH: Objection, form.

23 A. I don't know if I can answer that.

24 Q. You're in the hot seat.

25 A. I see that.

1 Q. What's your impression of her? Is she a good
2 revenue officer?

3 A. That's not my decision, not my call.

4 Q. Is she thorough?

5 A. That's not my decision, not my call.

6 Q. Does she exaggerate?

7 A. Not my decision, not my call.

8 Q. Is she aggressive?

9 A. Not my decision, not my call.

10 MR. SMITH: I'm going to object to form and
11 foundation for these questions, but you can keep asking
12 them.

13 Q. Do you find her to be truthful?

14 MR. SMITH: Same objections.

15 A. Again, that's not my decision, not my call.

16 Q. You find her to be competent?

17 MR. SMITH: Same objections.

18 A. Not my decision, not my call.

19 MR. FREEMAN: I'll give you a running
20 objection to these, so --

21 MR. SMITH: Okay.

22 MR. FREEMAN: -- I'll concede to that.

23 MR. SMITH: Great.

24 Q. Do you think she did a good job on this case?

25 A. Not my decision, not my call.

1 Q. You think she has good judgment?

2 A. Not my decision, not my call.

3 Q. Do you ever text-message with her?

4 A. No.

5 Q. Was there something wrong with her descriptions
6 of the inventory?

7 MR. SMITH: Objection, foundation.

8 A. Again, that's not my decision, not my call.

9 Q. Did you trust her?

10 A. That's not my decision, not my call.

11 Q. Okay. I'm going to press you just a little bit
12 on these.

13 A. That's okay.

14 Q. All right. I don't know what "not my decision,
15 not my call" means, but I want to ask you, what is your
16 impression of Darlene Coleman from having worked with
17 her? Is --

18 MR. SMITH: We have same running
19 objections?

20 MR. FREEMAN: Same running objections.

21 MR. SMITH: Okay.

22 MR. FREEMAN: Understood.

23 Q. Is she a good revenue officer?

24 A. It's not my place to make that decision.

25 Q. Does that mean --

1 A. That doesn't mean yes, it doesn't mean no. I
2 don't judge anybody else because I'm not a supervisor, I
3 am not in a position to judge their work, and I only see
4 a portion of their work.

5 Q. But you didn't have particular confidence in
6 her work?

7 A. It's not -- it's not a matter if I have
8 confidence or not.

9 Q. Well, how can you do your job in this case
10 without having confidence in what she has provided you?

11 A. I can only presume that she's done her job the
12 same way I would've done that, but I can't say for sure
13 she did or did not.

14 Q. So if she didn't do a good job with the
15 information she provided you, how could you come up with
16 accurate recommendations in this case?

17 A. I can only make a recommendation based on the
18 information provided to me. If information's withheld,
19 then my recommendation obviously is going to be faulty;
20 if information is not withheld or misrepresented, then,
21 again, that's -- my information -- my decision's based
22 on what's provided to me. And then in this case here, I
23 went out further and made my own determination by going
24 out and looking at the assets.

25 Q. Okay. Do you think Ms. Coleman would -- you

1 think she would lie in a memo she created for the IRS?

2 A. I have no idea. I don't personally know this
3 person.

4 Q. Okay. Well, that -- that's helpful.

5 Has your only interaction with her been via
6 e-mail and phone?

7 A. No. I've talked to her in person.

8 Q. Okay. Never outside of work?

9 A. No, never outside of work.

10 Q. Okay. Take you back to what was marked as
11 Exhibit 3. And on the second page of this in what's
12 marked as paragraph 6 -- and again, this Exhibit 3 is a
13 document that was created by Darlene Coleman on
14 August 26th, 2014. It states under paragraph 6,
15 speaking of the property at issue, which included,
16 quote, wedding dresses, bridesmaids' dresses, prom
17 dresses, shoes, bridal veils, pillows, miscellaneous
18 furniture, sewing machine, and pressing machine, it
19 states, again, quote, Pictures were taken of all assets
20 listed. Revenue officer believes the asset listed are
21 in retail sale condition except the sewing and pressing
22 machine which we'll sell at used sale prices. Did I
23 read that correctly?

24 A. Yes.

25 Q. Were these descriptions ever discussed by you

1 or your managers?

2 A. I don't recall.

3 Q. Did you ever discuss these on a phone call?

4 A. Possibly.

5 Q. Did you disagree with these descriptions?

6 A. I don't -- I don't recall.

7 Q. Did anyone disagree with these descriptions?

8 A. I don't recall.

9 Q. Okay. In paragraph 7 there, it states that,
10 "Equity in the business property assets is approximately
11 \$100,000."

12 Did you disagree with this statement?

13 A. Yes, I did.

14 Q. Did you inform Ms. Coleman that you disagreed
15 with this statement?

16 A. Yes.

17 Q. And why did you disagree with this statement?

18 A. Because I don't believe that they were worth
19 that after I went out and looked at it and then based on
20 my research.

21 Q. So did the series of questions I just asked you
22 about whether you disagreed with the statements in the
23 prior paragraph, you're telling me now you did discuss
24 those.

25 A. Well, I'm -- I'm saying I --

1 MR. SMITH: Objection, form.

2 You can answer.

3 A. I'm saying I disagree with the value. As far
4 as what specifically value for each item, no, and I
5 can't tell you that I discussed the wedding dresses are
6 worth this or that. I can't tell you that. I can tell
7 you when I'm looking at it I'm looking at the overall
8 all assets, not individual assets.

9 Q. But you've represented to me that your
10 determination of that overall value was based on the
11 condition of the assets.

12 A. That's correct.

13 Q. Your reflection of the condition of the assets
14 is not consistent with what's stated there in
15 paragraph 6.

16 A. Okay.

17 MR. SMITH: Objection, form.

18 Q. Would you agree to that?

19 A. Okay.

20 Q. Is that a yes?

21 A. Yes.

22 Q. Okay. Then did you discuss the description
23 that's listed there in paragraph 6?

24 A. I don't know if I discussed the description. I
25 know that assets -- that's what described the assets as

1 being that. But I'm not sure what else you're asking
2 me.

3 Q. Okay. Was there an -- ever a directive given
4 to Ms. Coleman to change this description in the memo?

5 A. I have no idea.

6 Q. Okay. Ms. Hall, I'll hand you what I'm marking
7 Exhibit 11. Ms. Hall, this document states that it is
8 drafted by Darlene Coleman, and it's dated
9 September 4th, 2014; is that correct?

10 (Exhibit 11 marked.)

11 A. Yes.

12 Q. And it's related to the taxpayer at issue in
13 this case, correct?

14 A. Yes.

15 Q. And on the second page, there is a description
16 of the property at issue in this case. And again, it
17 relates to, quote, wedding dresses, bridesmaid dresses,
18 prom dresses, shoes, bridal veils, pillows,
19 miscellaneous furniture, sewing machine, and pressing
20 machine. And it states: "Revenue officer believes that
21 all the dresses for retail sale are new and are in good
22 condition. The furniture, one couch and one chair, are
23 in average condition and can be sold at used sale
24 prices." Did I read that correctly?

25 A. Yes.

1 Q. Did you ever voice any disagreement about this
2 description?

3 A. I've never seen this description till today.
4 I've never seen this document.

5 Q. There in paragraph 7, this version of this
6 memo -- and I should state this appears to be the same
7 type of memo that was reflected in Exhibit 10; is that
8 correct?

9 A. It appears to be, yes.

10 Q. A subsequent version, perhaps?

11 A. Perhaps.

12 Q. In paragraph 7, it now states: "Equity in
13 property equals approximately \$10,000. Property has no
14 superior encumbrances. The value was determined by
15 researching this specialized industry and determined
16 that assets sold at retail are significantly reduced to
17 below wholesale because of the specialty of the market.

18 "In addition, the revenue officer consulted
19 with PALS Patricia Hall who agreed with the fair market
20 value of \$10,000. Expenses involved with the seizure
21 are estimated to be \$10,000 and include moving, storage,
22 and advertising expenses." Did I read that all
23 correctly?

24 A. Yes, you did.

25 Q. Were you party to any discussions about

1 changing this description in this memo?

2 A. No, not that I'm aware of.

3 Q. And you've never seen that memo before?

4 A. No, sir.

5 Q. Ms. Hall, I'll hand you what's being marked as
6 Exhibit 12. Ms. Hall, does this look similar to the
7 Exhibits 10 and 11?

8 (Exhibit 12 marked.)

9 A. Yes.

10 Q. It appears to be the same basic document, but
11 perhaps there are some changes in it?

12 A. Yes.

13 Q. It's -- this document is dated January 26th,
14 2015; is that correct?

15 A. Yes.

16 Q. And it is authored by Darlene Coleman; is that
17 correct?

18 A. Yes.

19 Q. If you look to paragraph 6 of this document, it
20 describes the assets at issue in this case, and it
21 describes wedding dresses, bridesmaid dresses, prom
22 dresses, shoes, bridal veils and pillows, miscellaneous
23 furniture, sewing machine, and pressing machine; is that
24 correct?

25 A. Yes.

1 Q. And it then states: "Revenue officer
2 observation shows that all of the dresses and
3 accessories are for retail sale, are new, and are in
4 good condition." Did I read that correctly?

5 A. Yes, you did.

6 Q. It then states: "The furniture, parenthesis,
7 one couch and one chair, close parenthesis, are in
8 average condition and will be sold at used sale prices."
9 Did I read that correctly?

10 A. Yes, you did.

11 Q. Were you party to any discussion about changing
12 the language in this paragraph?

13 A. No. I'm -- again, I've never seen this till
14 today.

15 Q. Okay. In paragraph 7, there's a new sentence
16 at the end which states that, "Based on cost of
17 expenses, it was determined that a perishable goods sale
18 would be conducted by having a one-day sale which will
19 negate the expenses and maximize a positive outcome."
20 Did I read that correctly?

21 A. Yes, you did.

22 Q. And you didn't have any discussions about
23 changing that paragraph?

24 A. No, because I -- again, I don't know what this
25 is. I've never seen it.

1 (Exhibit 13 marked.)

2 Q. Ms. Hall, I'll hand you what I'm marking as
3 Exhibit 13. Do you recognize this document?

4 A. No.

5 Q. Does this document appear to have been -- it
6 bears a date of February 2nd, 2015; is that correct?

7 A. Yes.

8 Q. And who is listed as the author?

9 A. Darlene Coleman.

10 Q. And what is the subject line of the memo?

11 A. Perishable goods sale, paren, seizure paren --
12 parenthesis.

13 Q. Does this document appear to be signed by
14 several management persons?

15 A. Management and adviser, yes, sir.

16 Q. And that would be Joseph Roberts, the group
17 manager; LaDonna Eastep, seizure adviser; and Jonathan
18 Say, territory manager?

19 A. Yes.

20 Q. Okay. And if you'll look to the third page of
21 this document, you'll see a description of assets. And
22 it states: "Approximate fair market value \$100,000 for
23 entire store and zero dollar encumbrances." Did I read
24 that correctly?

25 A. Yes, you did.

1 Q. Did you ever have discussions about this
2 paragraph in this memo?

3 A. No. Not that I -- again, I don't know anything
4 about the memo.

5 Q. What's the date of the memo?

6 A. February 2nd, 2015.

7 Q. So it appears, as of February 2nd, 2015, that
8 Ms. Coleman had provided a memo that reflected a fair
9 market value of the assets of \$100,000?

10 A. Yes, sir.

11 Q. And this memo was signed off by Joseph Roberts,
12 LaDonna Eastep, and Jonathan Say, correct?

13 A. Correct.

14 Q. If you'll look to the fifth page of this
15 Exhibit 13, there is a listing of Estimated Equity.

16 A. Here?

17 Q. Yes, ma'am.

18 A. Okay.

19 Q. What is the amount of estimated equity
20 reflected in this memo?

21 A. A hundred thousand.

22 Q. And this memo was drafted after the decision to
23 conduct a perishable goods seizure?

24 A. I don't know.

25 MR. SMITH: Objection, form --

1 Q. If --

2 MR. SMITH: -- foundation.

3 Q. If the date of February 2nd, 2015, is correct,
4 was this memo drafted after the decisions that you were
5 involved in to conduct a perishable goods seizure?

6 MR. SMITH: Objection, form.

7 A. I guess -- yeah, the -- I'm not -- what was the
8 date that we decided? I apologize. I lost that memo.

9 Q. Your memo, Exhibit 2, was dated August 25th,
10 2014.

11 A. Okay. And so this was -- yes, then this was
12 drafted after.

13 Q. Okay. And this memo that was drafted after the
14 recommendation for a perishable goods seizure reflects
15 an estimated equity in the property of how much?

16 A. At a hundred thousand to start.

17 Q. 100,000?

18 A. Yes.

19 Q. Okay. Now, if you go down a few more
20 paragraphs, there's a listing of fair market value. I
21 assume that's what "FMV" stands for.

22 A. Yes.

23 Q. And it states: "This was determined by the
24 valuation of similarly related businesses and the
25 specialization of the bridal shop market. It was

1 determined that the value of said assets would be
2 greatly reduced if moved from the store location prior
3 to seizure. The amount determined for estimated value
4 of all assets at \$100,000 was lowered to \$10,000 with a
5 reduced forced sale value of \$6,000." Did I read that
6 correctly?

7 A. Yes, you did.

8 Q. Did you have any discussion with anyone about
9 changing the language reflected in this memo?

10 A. No. I wasn't aware of this memo.

11 Q. At the very bottom of this memo -- or this page
12 of the memo, it further states: "It has been determined
13 that the expense of moving and storage would
14 significantly diminish the remaining equity; therefore,
15 a perishable goods sale would be the best option for the
16 service to receive proceeds necessary to full pay the
17 tax liability." Did I read that correct?

18 A. Yes, you did.

19 Q. Is that an appropriate standard for determining
20 whether a perishable goods seizure is proper?

21 MR. SMITH: I'm going to object that it
22 calls for a legal conclusion.

23 You can answer.

24 Q. Based upon your understanding?

25 A. No. I don't understand why this is in here.

1 Q. What does that mean to you?

2 A. What does this statement mean to me?

3 Q. Yes, ma'am.

4 MR. SMITH: Objection, foundation.

5 A. I wouldn't have made it this way, so I don't
6 know.

7 Q. Going back up to the fair market value
8 paragraph, you've not informed me in this deposition
9 that the specialization of the bridal shop market was a
10 basis for the valuation that was provided. Is there a
11 reason that's in this paragraph justifying the value?

12 A. Could be the way that she chose to word it. I
13 don't know.

14 Q. But that wasn't the way you describe it,
15 correct?

16 A. That's not the way I'd describe it, but --

17 Q. Was that a factor in your valuation?

18 A. You could word it that way, yes.

19 Q. What do you mean "you could word it that way"?

20 A. Well, the fact that it's a specialized asset.
21 Again, I look at what the asset is. So if you want to
22 term it as a specialized asset you could do that.

23 Q. Okay. What about the valuation of similarly
24 related businesses?

25 A. That would -- that would be the same.

1 Q. What does that mean?

2 A. Well, when I'm looking at an asset to value it,
3 I'm looking at what is this asset value compared to
4 somebody else selling the same thing in that same
5 condition.

6 Q. Now, did you value a business itself or the
7 inventory?

8 A. The inventory.

9 Q. Okay. Did you utilize the valuation of
10 similarly related businesses as a basis for the value
11 here? And I'm talking about the value of the business
12 itself.

13 A. No. Because I didn't value the business; I
14 valued the assets only.

15 Q. So this description is really not accurate.

16 A. I --

17 MR. SMITH: Objection, foundation.

18 A. I don't know because I didn't write this. I
19 don't know.

20 Q. Does this paragraph reflect your reasoning for
21 the fair market value you determined?

22 A. I'm not sure I would say it that way, no. I --
23 again, I explained to you how I come up with it.

24 Q. I'm just asking whether this accurately
25 reflects the way you valued it. Doesn't appear to me to

1 do so.

2 A. No. I valued it based on the assets, not on
3 the business. Now, the wording I can't clarify.

4 (Exhibit 14 marked.)

5 Q. Ms. Hall, I'll hand you what I'm marking as
6 Exhibit 14. Ms. Hall, do you recognize this document?

7 A. No. Just similar to the last one.

8 Q. Does it look like a similar document to
9 Exhibit 13 but perhaps a subsequent version?

10 A. Yes.

11 Q. And this document is dated March 2nd, 2015; is
12 that correct?

13 A. That's correct.

14 Q. And it reflects a signature of Joseph Roberts;
15 is that correct?

16 A. Yes.

17 Q. And Jonathan Say?

18 A. Yes.

19 Q. And Jeffrey Daniel?

20 A. Yes.

21 Q. But does not reflect a signature of LaDonna
22 Eastep?

23 A. That's correct.

24 Q. And if you'll turn with me to the second page,
25 there's Description of Property to be Seized. Based

1 upon the descriptions that we've gone through in the
2 other memos, it looks like quite a bit of the
3 description is missing from this description. Would you
4 agree with that?

5 A. I would say they summarized it, yes.

6 Q. Cut out some other portions of it?

7 A. Yes.

8 Q. Okay. The third page reflects a paragraph that
9 is now termed "Assets" rather than "Fair Market Value."

10 A. Okay.

11 Q. And it states: "The taxpayer is a retail
12 bridal shop, and the original market value was
13 calculated at the retail amount." Is that correct?

14 A. That's correct.

15 Q. "The taxpayer does not have a high-end
16 clientele, and her dresses are lower quality and cost
17 dresses." Is that correct?

18 A. That's correct.

19 Q. Now, I'm going to ask you, is that consistent
20 with the description provided in the revenue officer's
21 prior memos that you and I have just looked at?

22 MR. SMITH: Objection, form and foundation.

23 You can answer.

24 A. It's not the same description, no, sir.

25 Q. It's a very different description, is it not?

1 MR. SMITH: Same objection.

2 Q. I can go back and --

3 A. Oh, okay. I'm not sure -- I wasn't sure --
4 it's a different description, yes, I agree.

5 Q. To quote the description in the prior one -- in
6 the prior versions, it's stated that "all of the dresses
7 and accessories for retail sale are new and are in good
8 condition."

9 A. Okay.

10 Q. We saw that on various versions of these memos,
11 that exact discrimination.

12 A. Okay.

13 Q. Is that correct?

14 A. That's correct.

15 Q. But this memo, Exhibit 14, which is dated two
16 days before the seizure, is not fully signed by all of
17 the management personnel, at least not Ms. Eastep.

18 A. Can I clarify?

19 Q. Yes, ma'am.

20 A. She's not management personnel.

21 Q. Okay. She's a seizure --

22 A. -- adviser.

23 Q. -- adviser?

24 A. Right. She's a revenue officer with the title
25 of seizure adviser.

1 Q. And this memorandum states that it is for
2 several people, and she's listed among them.

3 A. That's correct.

4 Q. And all of the other people have signed off on
5 it.

6 A. That's correct.

7 Q. Okay. But this one, in contrast to the
8 descriptions in the other memos that we just went
9 through, states that "the taxpayer does not have a high-
10 end clientele and her dresses are lower quality and cost
11 dresses," correct?

12 A. That's correct.

13 Q. It then states: "The approximate fair value is
14 based upon the wholesale value of the dresses
15 considering their original cost and the fact that a
16 large part of the inventory is dresses and accessories
17 that are not from the current upcoming bridal season."

18 That's not consistent with the descriptions
19 in the prior memos, is it?

20 MR. SMITH: Objection, foundation.

21 You can answer.

22 A. It's not. To me it's clarifying it, but no,
23 it's not the same.

24 Q. Did you have any discussions about changing the
25 language in this memo?

1 A. No. I didn't have anything to do with this
2 memo.

3 Q. Were you party to any calls where it was
4 discussed?

5 A. This memo specifically, no.

6 Q. Goes on to state: "The dresses will have to be
7 marketed to either wholesalers or other bridal shops as
8 the inventory will not be able to be marketed to
9 individual buyers. Our procedures prohibit potential
10 individual buyers from trying on the inventory and thus
11 limit severely the potential market for sale.

12 "Also considered is the fragility of the
13 inventory as the dresses have been in the taxpayers'
14 shop for more than one season and the fact that when
15 moved the inventory value will drop. Based upon this
16 set of circumstances and based upon sales of similar
17 merchandise, the value of the inventory is considered to
18 be \$10,000." Did I read that correctly?

19 A. Yes, you did.

20 Q. Were there, in fact, any sales of similar
21 merchandise?

22 A. Bridal dresses?

23 Q. Yes, ma'am.

24 A. I haven't sold any, but I don't know if anybody
25 else has.

1 Q. Okay. So if there had not been, that would be
2 an incorrect statement in that memo; is that correct?

3 MR. SMITH: Objection, form and foundation.

4 A. If there hadn't been, I guess so. I mean --
5 but again, I don't know.

6 Q. Do you know if Darlene Coleman was aware of any
7 sales of similar merchandise?

8 A. I have no idea.

9 Q. Okay. I want to talk about a conference call
10 that occurred two days prior to the sale. Were you a
11 party to any conference call?

12 A. Not that -- the only conference call I was a
13 party to was the four-way conference call with the
14 revenue officer, my manager, and her manager, which is
15 Crystal Ferguson and Joseph Roberts.

16 Q. Do you know if your manager was party to any
17 conference call two days prior to the sale?

18 A. I don't know for sure, no.

19 Q. On or about March 2nd of 2014? Do you know?

20 A. I don't know for sure. No, I can't answer
21 that.

22 Q. Did you ever discuss with her or anyone else a
23 conference call on or about March 2nd, 2014, that
24 involved some concerns about going forward with the
25 perishable goods sale?

1 A. I didn't discuss specifics on any of it. I do
2 know that there was concerns that it wasn't approved
3 yet, and I documented that in some part -- some way in
4 ICS history, but I don't recall the date. And it was to
5 do with -- I know my manager and my coworker had to
6 travel from out of state, and that was why I needed to
7 make sure it was approved to move forward before they
8 traveled and before I notified any potential bidders.

9 Q. Okay. So what steps did you take?

10 A. I would have spoke to my manager to find out if
11 it was approved or not.

12 Q. But nothing else substantively, just
13 facilitating or talking to her?

14 A. No.

15 Q. Okay.

16 A. I -- not here, no.

17 Q. I'll hand you what I'm going to mark as
18 Exhibit 15 just to help -- this is the ICS history that
19 I think will help refresh your memory on that. Now, is
20 this your entry into the ICS history system that you
21 were just referencing?

22 (Exhibit 15 marked.)

23 A. That's -- it's dated March 2nd? Yes.

24 Q. Yes, ma'am.

25 And what does that state that you -- what

1 does your entry state that you did?

2 A. I spoke with the revenue officer. She advised
3 that the writ was signed, but the seizure packet hadn't
4 been approved yet. She called later in the day and
5 advised seizure was not approved as perishable goods
6 seizure.

7 Q. So did she say why?

8 A. No. If she did, I don't recall what it was.

9 Q. Okay. But again, this is the same date as the
10 memo you and I just --

11 A. March 2nd, yes.

12 Q. -- looked at, Exhibit 14.

13 A. Right.

14 Q. Correct?

15 A. Right. Let me look and see if I see -- I'm
16 looking at the date stamp.

17 Q. That's okay.

18 So on that very same date you get a call
19 from the revenue officer who says the seizure was not
20 approved as a perishable goods seizure.

21 A. Correct.

22 Q. So somebody appears to have backed off on doing
23 a perishable goods seizure.

24 MR. SMITH: Objection, form and foundation.

25 You can answer.

1 A. I don't know if it was ever approved at all.

2 Q. Okay.

3 A. So I can't answer that. I can just tell you
4 that at that time she told me it was not approved.

5 Q. And then what did you do after that?

6 A. I called and spoke to my manager, the PALS
7 manager, which is Crystal Ferguson, advised her of the
8 status. And then after she contacted collection, TM,
9 which is territory manager, and AD, the area director,
10 further discussion resulted in determination it's still
11 a perishable goods seizure and the current estimated
12 fair market value is \$10,000. And the PALS manager
13 advised I will need to update memo, but AD agreed to the
14 perishable goods seizure.

15 Q. So did she say -- did you have any discussion
16 about what would be -- what would need to be done to
17 that memo?

18 A. No. Not specifics. I documented what I was
19 told.

20 Q. And she just told you the memo needed to be
21 updated.

22 A. Correct.

23 Q. And that based upon those changes in the memo
24 they went ahead and approved the perishable goods
25 seizure.

1 A. That's what I was told, yes, sir.

2 Q. But you didn't have any discussion about what
3 needed to be changed in that memo.

4 A. If there was, I don't recall what it was
5 because it wasn't something I had to do.

6 Q. Let's talk about your communications related to
7 this case. Did you ever text anybody related to this
8 case?

9 A. No. I don't text work-related at all.

10 Q. Okay. No text messages related to the seizure?

11 A. No.

12 Q. All of those communications -- written
13 communications would've been either an e-mail or a
14 memo --

15 A. Correct.

16 Q. -- I assume?

17 Okay. Let's talk about the sale. What was
18 your role at the sale?

19 A. I was what you call the PALS assigned to this
20 case, so it was my job to do all the paperwork
21 associated with it. I -- what I actually did during the
22 sale was I handled the creation of the notice of sale
23 that was put out. I also maintained the database,
24 entered all the inventory into our database, which is
25 what we use to do inventory sales with. I generated all

1 the paperwork for that. I entered into the -- all the
2 bidders -- registered bidders, I got all that in.

3 And then after the actual sale, I enter in
4 the information in regards to what individual lots sold
5 for and then create the certificates of sale, print them
6 out, sign them, and issue them to the buyers.

7 Q. Okay.

8 A. And --

9 Q. Did you know any of the buyers prior to the
10 date of the sale?

11 A. I only knew one buyer from other sales.

12 Q. Who was that?

13 A. Randy Baccus.

14 Q. Okay.

15 THE REPORTER: I'm sorry. Randy --

16 THE WITNESS: Randy Baccus.

17 MR. FREEMAN: B-a-c-c-u-s, I believe.

18 THE WITNESS: Just a minute I'll tell you.

19 Yeah, B-a-c-c-u-s.

20 Q. Why were there so few buyers at the sale?

21 A. I can speculate, but I can't say for sure.

22 Q. Go ahead.

23 A. Because there's not very much time frame for
24 people to get there. It's a quick turnaround sale.

25 Q. I mean, how would anybody know this is

1 happening? Only if y'all go out and give them a flyer?

2 A. And phone calls. We also called and tried to
3 bring in people that way.

4 Q. You called them the day of the sale?

5 A. Yes, that morning.

6 Q. So that morning and then sold it --
7 approximately what time did you start selling it?

8 A. I think 1 o'clock.

9 Q. Okay. And what did you do to advertise it?

10 A. There was a flyer that was created that we had
11 basically all created. We just needed to verify that
12 the seizure was going to go forward. We did that flyer.
13 We made numerous phone calls that day.

14 Prior to it, I had made phone calls -- as
15 soon as I was told that it was approved, I had a list of
16 potential bidders that I called on Monday -- I believe
17 it was Monday evening -- and advised them, Hey, this is
18 going to happen. I can't tell you the specifics on
19 where it's going to take place, but it's in Dallas,
20 Texas. If you are interested and in the area that
21 morning after the seizure is executed, then we will call
22 you to let you know where to show up and when.

23 Q. Okay. Did anybody else make those calls?

24 A. Of -- to potential bidders?

25 Q. Yes, ma'am.

1 A. Yes. I'm the one who called the one on the
2 list because I had that list, but any -- that day of the
3 sale, we pulled up and Googled bridal shops in that
4 area, and we started calling. It was myself and other
5 revenue officers.

6 Q. Okay. What other revenue officers would be
7 making those calls?

8 A. Honestly, I don't remember who was there.

9 Q. Okay.

10 A. I couldn't tell you who did what or not.

11 Q. Do you know if there were any text messages to
12 any of those purchasers --

13 A. I --

14 Q. -- potential purchasers?

15 A. I have no idea.

16 Q. Okay.

17 A. I can tell you this: Our government cell
18 phones we are not allowed to text-message on, so I don't
19 know.

20 Q. Okay. Were there any children present at the
21 seizure or the sale? Either?

22 A. At the seizure and sale?

23 Q. Yes, ma'am.

24 A. No.

25 Q. None whatsoever?

1 A. Not during the seizure or sale process, no,
2 sir.

3 Q. When were they there?

4 A. Later on in the evening during the removal of
5 the assets there were some children there that belonged
6 to one of the bidders.

7 Q. Okay. So no children related to any of the
8 government agents?

9 A. No.

10 Q. Okay. Do you know which bidder that was?

11 A. I believe they were related to Randy Baccus.

12 Q. Okay. What was -- what kind of day was this,
13 this day that it was sold, weatherwise?

14 A. I don't recall. I don't believe it --

15 Q. Was it bad weather?

16 A. -- was storming.

17 I don't believe so, but --

18 Q. Okay.

19 A. -- I can't tell you for sure.

20 Q. Okay. Along with the purchasers, there was a
21 gentleman named Stephen Jedlowski.

22 A. Okay.

23 Q. Was he a -- did he purchase items during this
24 sale?

25 A. Did I issue a notice of -- a certificate of

1 sale to him?

2 Q. Yes, ma'am.

3 A. Then yes, he did.

4 Q. Was he one of the agents that was involved in
5 the seizure?

6 MR. SMITH: Objection --

7 A. IRS agent?

8 MR. SMITH: I'm sorry.

9 Objection, form.

10 You can answer.

11 Q. Was he one of the government agents involved in
12 the seizure?

13 A. Not with the Federal Government, no, sir.

14 Q. But he was one of the agents involved --

15 MR. SMITH: Objection --

16 Q. -- as a straight --

17 A. No --

18 Q. -- straight --

19 THE REPORTER: Wait.

20 A. No.

21 THE WITNESS: Okay.

22 MR. SMITH: Objection, form.

23 You can answer, Patty.

24 A. My understanding is he was a police officer for
25 the City of Dallas. I found this out afterwards. I --

1 he was there during part of it. Whether he was called
2 by TIGTA or how he got to be at that location, I can't
3 answer that. I do understand he was there in uniform
4 earlier that day, but during the sale, there was no
5 uniform personnel that participated in the auction.

6 Q. Okay. Am I correct he was involved in seizing
7 the assets?

8 A. No.

9 MR. SMITH: Objection, form.

10 You can answer.

11 A. No.

12 Q. So City --

13 A. City of Dallas is not involved in any of our
14 seizure. Seizure's only done by Federal IRS employees.

15 Q. So --

16 A. TIGTA wasn't even involved. They provided
17 protection, but not the seizure.

18 Q. So why would -- why would Darlene Coleman list
19 out people involved and include Dallas police officers?

20 A. You'd have to ask Darlene Coleman that.

21 Q. Why would she include the TIGTA officers?

22 MR. SMITH: Objection, foundation.

23 A. Because TIGTA was involved providing
24 protection. That's part of their role with our agency.

25 Q. Okay. So if he was involved in securing the

1 premises or the seizure, would it be appropriate to sell
2 items to him?

3 MR. SMITH: Objection, form and foundation
4 and calls for a hypothetical.

5 THE WITNESS: Can I answer what I know in
6 reference to IRS employees?

7 MR. SMITH: Yes. If you're answering a
8 hypothetical, just note that you're answering a
9 hypothetical and if you know as far as --

10 THE WITNESS: Okay.

11 A. Hypothetically, if I'm aware or any of the PALS
12 is aware of an IRS employee being -- wanting to
13 participate, they have to obtain written permission
14 prior to that and provide that or I cannot sell it to
15 them. It's in the -- either the Internal Revenue Code
16 or the Internal Revenue Manual, one or the other. I can
17 tell you, as a PALS, I have never allowed an IRS
18 employee to participate in my sales.

19 Q. Would you have knowingly allowed a TIGTA agent
20 to participate in the sales?

21 MR. SMITH: Same objections, calls for a
22 hypothetical.

23 A. Well, and again, that would be the same. My
24 understanding -- and I could be wrong, but I understand
25 TIGTA is a part of the IRS.

1 THE WITNESS: Is that correct?

2 MR. SMITH: Just -- he's asking questions.
3 Just answer his questions.

4 THE WITNESS: Oh, I -- okay. I'm sorry.

5 A. No, I would not allow a TIGTA agent because my
6 understanding is, is they are IRS personnel also.

7 Q. Okay. So it's strictly because they're part of
8 the IRS, not because they're part of some task force
9 that helps you seize the assets.

10 MR. SMITH: Same objections.

11 You can answer.

12 A. Again, I can tell you IRS personnel are not
13 allowed, with a few exceptions, and I've never had that
14 happen.

15 Q. So --

16 A. Dallas police officer was not part of IRS,
17 period.

18 Q. I'm just going to be straight. If you knew he
19 was -- if you knew he was part of the seizing -- the
20 force that seized or secured the property, would you
21 have sold any assets to him?

22 MR. SMITH: Objection, calls for a
23 hypothetical.

24 A. Hypothetically, he's not part of it, so it's
25 not a question that I'd have to worry about.

1 Q. So it's okay to sell to Stephen Jedlowski.

2 A. Yes.

3 Q. And you don't think anything was wrong about
4 that.

5 A. That's --

6 MR. SMITH: Objection form. (Inaudible.)

7 A. -- my opinion.

8 Q. But you're --

9 THE REPORTER: I'm sorry. Objection, form.
10 And the rest of it?

11 MR. SMITH: You can answer.

12 THE REPORTER: Thank you. One at a time,
13 please.

14 Q. And your opinion is that it was not wrong.

15 A. Correct.

16 Q. Okay. Do you know anything about a veteran's
17 hat that was seized?

18 A. No.

19 Q. What is best case -- what is best practice with
20 cataloging the inventory that you're selling?

21 A. I don't catalog it, so I'm not sure what you're
22 asking me.

23 Q. Who should've cataloged the inventory?

24 A. We don't catalog. We do an inventory. We put
25 it in lots. I don't know if you call that cataloging.

1 Q. But you don't detail what's being sold in those
2 lots?

3 A. We don't have a lot of time to do a lot of
4 details. It may be described simply as, in this case,
5 10 wedding dresses or 13 bridal gowns or 13 colored
6 gowns. No --

7 Q. So the IRS put all the inventory into various
8 lots and sold them --

9 A. That's correct.

10 Q. -- correct?

11 And the IRS did not detail the inventory in
12 those lots.

13 A. We detailed it to the best that we do on all of
14 our inventory sales.

15 Q. And how was that?

16 A. We detailed -- if you let me see the inventory,
17 I'll tell you how I did it. I don't recall
18 specifically. I can tell you it was given to me, I
19 typed it into the -- to our system, and that generated
20 all the forms thereafter.

21 Q. Okay. I mean, you put basically the rough
22 number of dresses in there, and that's it.

23 A. That's --

24 Q. Is that correct?

25 A. That is standard procedure, yes, sir.

1 Q. So you would basically just put, for example, a
2 hundred dresses in Lot A. That's an example, but -- and
3 sell it, and no further -- no further detail.

4 A. Possibly, yes, depending on what the items are.

5 Q. But the IRS would've been the ones in position
6 to create that detail, correct?

7 A. That is correct.

8 Q. Okay. And they chose not to.

9 MR. SMITH: Objection, form.

10 You can answer.

11 Q. You chose not to --

12 A. We -- we --

13 Q. -- correct or no?

14 A. We did it the way we did it, yes, sir.

15 Q. And the way you did it did not create that
16 detail.

17 A. That is correct.

18 Q. And you certified the purchasers in this?

19 A. What do you mean by that?

20 Q. You created the certifications of purchase?

21 A. Certificates of sale.

22 Q. Okay.

23 A. Yes.

24 Q. You did.

25 A. Yes, I did.

1 Q. Okay. And you had -- outside of Mr. Baccus,
2 you had never met any of -- to the best of your
3 knowledge, never met any of the purchasers?

4 A. No.

5 Q. Prior to the day of the sale?

6 A. That's correct.

7 Q. Was everything sold?

8 A. Everything that was seized?

9 Q. Yes, ma'am.

10 A. Yes. There was no lots not sold.

11 Q. Nothing -- was there anything left over at the
12 end of the -- at the end of the process?

13 A. You mean after removal?

14 Q. Yeah.

15 A. After removal, yes. There was stuff -- there
16 was merchandise that was purchased and not removed
17 because they ran out of time.

18 Q. What happened to that merchandise?

19 A. It was left there in the store.

20 Q. Okay. And so the IRS doesn't have possession
21 of it currently.

22 A. No.

23 Q. Okay. Do you know how much was left there?

24 A. No, I don't.

25 Q. Okay. Was that just because a purchaser didn't

1 grab it or take it?

2 A. Right. It's their choice. They purchased it.
3 If they don't want to take it, they don't have to.

4 Q. So could they have possibly come back and taken
5 it later or --

6 A. I have no idea.

7 Q. No idea?

8 Y'all are out of the picture --

9 A. We're --

10 Q. -- at that point?

11 A. Yes, sir. We're completely out after that --
12 that instance there, we walk away.

13 Q. Okay. Did you ever discuss the lease of this
14 particular property that Mii's was leasing?

15 A. I -- yes, I did. I asked the -- I made the
16 suggestion to the revenue officer to see if there was a
17 lease involved because then we could potentially seize
18 the leasehold interest and, therefore, leave the assets
19 at that location and sell it through the regular seizure
20 proceedings because there wouldn't be the expenses of
21 sale of moving and storing.

22 Q. And why didn't that happen?

23 A. There was no leasehold interest there.

24 Q. Okay. Did you have discussions with the
25 landlord?

1 A. No. I never did.

2 MR. FREEMAN: Go off the record for just a
3 second.

4 (A break was taken from 2:14 p.m. to
5 2:21 p.m.)

6 MR. FREEMAN: Back on the record to say
7 we're done, and I'll pass the witness.

8 MR. SMITH: Okay.

9 THE REPORTER: Any further stipulations for
10 the record?

11 MR. SMITH: No.

12 THE WITNESS: Oh, I'm not done?

13 EXAMINATION

14 BY MR. SMITH:

15 Q. Yeah, I'm just going to ask you a couple of
16 questions, Patty --

17 A. Okay.

18 Q. -- just to, I think, clarify some stuff that's
19 in the record.

20 THE REPORTER: Can you speak up for me?

21 Q. So when you talked about all of the things that
22 went into your decision to value the inventory in this
23 case, was it also informed by your past experience at
24 PALS?

25 A. Yes.

1 Q. Okay. I'm going to have to stay away from
2 specifics, but you have sold inventory of a store
3 before?

4 MR. FREEMAN: Objection, form.

5 Q. Have you ever sold inventory before?

6 A. Yes.

7 Q. Have you ever sold other kinds of personal
8 property?

9 A. Yes.

10 Q. As opposed to real estate?

11 A. Yes.

12 Q. Okay. Does personal property -- as far as
13 compared to fair market value, does personal property
14 generally do as well or less well than something like
15 real estate?

16 A. Not as well. Real estate has appreciation
17 versus personal property does not.

18 Q. Have you ever had any experience selling what
19 are sometimes called specialty goods?

20 A. Yes.

21 Q. Okay. Let me just refer you back to Exhibit 2.

22 MR. SMITH: Jason, do you want me to show
23 her my copy, or does she still have Exhibit 2?

24 A. Okay.

25 Q. Let's go to the second page of Exhibit 2.

1 Let's go to the first paragraph -- first full paragraph
2 where it refers to, in the last sentence, "prior sale
3 experience with this type of asset." Do you see that?

4 A. Yes.

5 Q. Okay. Does that refer to specialty goods?

6 A. Yes.

7 Q. Is that meant to refer specifically to bridal
8 dresses?

9 A. No.

10 MR. SMITH: With that, I will pass the
11 witness.

12 FURTHER EXAMINATION

13 BY MR. FREEMAN:

14 Q. Just a couple questions. Do you take a
15 discount off of the fair market value to determine the
16 reduced forced sale value of real property?

17 A. Yes.

18 Q. What is that?

19 A. The same percentage.

20 Q. Same?

21 Is gold personal property?

22 A. Yes.

23 Q. Do you take a reduction off of the fair market
24 value of gold to determine the reduced forced sale
25 value?

1 A. Yes.

2 Q. Is that the same reduction that's typically
3 taken?

4 A. No.

5 Q. Is it more or less?

6 A. Less.

7 Q. So that is an instance of personal property
8 that actually is sold -- that actually is reduced less
9 than real estate?

10 A. Yes.

11 MR. FREEMAN: Right. Okay. No more
12 questions.

13 THE REPORTER: Thank you. All original
14 exhibits will be retained by the court reporter and
15 attached to the original transcript. This deposition is
16 now complete.

17 (Proceedings concluded at 2:26 p.m.)

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UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

TONY AND MII'S, INC., §
TONY THANGSONGCHAROEN, §
AND SOMNUEK §
THANGSONGCHAROEN, §

Plaintiffs §

v. § CIVIL CAUSE NO.
 § 3:17-CV-0609-B

THE UNITED STATES OF §
AMERICA §

Defendant §

REPORTER'S CERTIFICATION
DEPOSITION OF PATRICIA MARY HALL
November 30, 2018

I, Jennifer L. Campbell, Certified Shorthand
Reporter in and for the State of Texas, hereby certify
to the following:

That the witness, PATRICIA MARY HALL, was duly
sworn by the officer and that the transcript of the oral
deposition is a true record of the testimony given by
the witness;

I further certify that pursuant to FRCP Rule
30(e)(1) that the signature of the deponent:

_____ was requested by the deponent or a party
before the completion of the deposition and is to be
returned within 30 days from the date of receipt of the
transcript. If returned, the attached Changes and

1 Signature page contains any changes and the reasons
2 therefor;

3 X was not requested by the deponent or a
4 party before the completion of the deposition.

5 I further certify that I am neither counsel
6 for, related to, nor employed by any of the parties or
7 attorneys to the action in which this proceeding was
8 taken. Further, I am not a relative or employee of any
9 attorney of record in this cause, nor am I financially
10 or otherwise interested in the outcome of the action.

11 Subscribed and sworn to on this the 17th day
12 of December, 2018.

13
14 

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