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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ARIZONA
PRESCOTT DIVISION

UNITED STATES OF AMERICA,)
)
Plaintiff,)
) NO. CV05-3073-PCT-EHC
vs.)
)
ELIZABETH A. GARDNER and)
FREDRIC A. GARDNER, each)
individually and d/b/a)
BETHEL ARAM MINISTRIES,)
)
Defendants.)

DEPOSITION UPON ORAL EXAMINATION OF LOYAL L. RITTER

May 16, 2007
4:00 p.m.
617 Washington Street
Wenatchee, Washington

COPY

TAKEN AT THE INSTANCE OF THE PLAINTIFF

CERTIFIED COPY

REPORTED BY:
C. KAY VAUGHAN, RPR, CCR



1 APPEARANCES:

2 FOR THE PLAINTIFF:

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11 PRO SE: (TELEPHONICALLY)

12 MS. ELIZABETH A. GARDNER
13 MR. FREDRIC A. GARDNER
14 P.O. Box 2038
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16 (928) 775-5454/(928) 775-9899

17 ALSO PRESENT: (TELEPHONICALLY)

18 MR. DAVID BORDEN

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I N D E X

USA V. GARDNER
NO. CV05-3073-PCT-EHC
May 16, 2007

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E X H I B I T S

	<u>MKD</u>	<u>ID</u>
Exhibit No. 1, Copies of Three Checks from L. Ritter to Bethel Aram Ministries, Check Nos. 4935, 5000 and 5019	24	24
Exhibit No. 2, Bethel Aram Ministries Donation Sheet	28	25
Exhibit No. 3, Bethel Aram Ministries Contribution Agreement	28	26
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BE IT REMEMBERED that on Wednesday, May 16, 2007, at 4:00 p.m., at 617 Washington Street, Wenatchee, Washington, the deposition of LOYAL L. RITTER was taken before C. Kay Vaughan, Registered Professional Reporter and Notary Public. The following proceedings took place:

LOYAL L. RITTER, being first duly sworn to tell the truth, the whole truth and nothing but the truth, testified as follows:

EXAMINATION

BY MR. SHOEMAKER:

Q. All right. Mr. Ritter, could you give me your full name, please.

A. Loyal Lee Clayton Ritter.

Q. Could you give me your home address.

A. 16043 Chumstick Highway, Leavenworth, Washington, 98826.

Q. All right. Mr. Ritter, have you ever had your deposition taken before?

A. No.

Q. All right. Let me just explain briefly what's going to happen here. I'm going to ask you a

1 series of questions. I'd just ask that you answer
2 them completely, truthfully.

3 A. Uh-huh.

4 Q. If I ask you something you do not understand,
5 please stop me and I will try to clarify it.

6 A. Okay.

7 Q. Also avoid nonverbal or nonoral gestures. The
8 court reporter here is going to take down
9 everything we say. And she can't pick up nods
10 or --

11 A. Don't have those emotions like they do on the
12 Internet there, huh?

13 Q. Exactly.

14 A. Okay.

15 Q. After I'm finished talking, Mr. and Mrs. Gardner
16 will have the opportunity to also ask you
17 questions.

18 A. Okay.

19 Q. And that will be it.

20 A. All right.

21 MS. GARDNER: Could you possibly speak a
22 little louder?

23 THE WITNESS: Can you not hear me?

24 MS. GARDNER: Yeah, now I do, but I couldn't
25 hear you, Martin, very well.

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MR. SHOEMAKER: All right. We'll try to make that a point.

MS. GARDNER: Okay.

Q. (By Mr. Shoemaker) Could you tell me your employment for the past five years.

A. I have been a real estate agent or Broker for the last five years in Leavenworth. That's how I earn my living.

Q. Do you have income from other sources?

A. No. That's it.

Q. Do you know Elizabeth Gardner?

A. I do know Elizabeth Gardner.

Q. Do you know Fredric Gardner?

A. Yeah. I know him by Rick. Probably the same person, I would imagine. Rick is short for Fredric. So I've spoken with him.

Q. Are you familiar with Bethel Aram Ministries?

A. Yes, I am.

Q. And how did you first learn of those two individuals and Bethel Aram Ministries?

A. I believe it was through the Internet. I was searching for information about corporate soles and I came upon their Website. And that's how I contacted -- I think I spoke with Elizabeth first. I may have even e-mailed and then talked

1 to them at that point.

2 Q. Do you remember what the Website's address was or

3 the name?

4 A. I think it was www.corporatesoles.org, to the

5 best of my recollection.

6 Q. If I said could it have been www.corpsole.org --

7 A. Very possible. Absolutely. It could be, yeah.

8 Q. So you were interested in corporation soles; is

9 that correct?

10 A. Uh-huh.

11 Q. You were doing Internet research and you came upon

12 that Website?

13 A. That's correct. Amongst many others.

14 Q. All right. And the corpsole.org Website led you

15 to the Gardners; is that correct?

16 A. Yes. It had a "contact us" section, I believe,

17 and it -- I think it had their e-mail address. I

18 think that's how I first made contact was by

19 clicking on the "contact us" e-mail link.

20 Q. So you contacted the Gardners first?

21 A. Yes.

22 Q. They didn't contact you first?

23 A. That's correct.

24 Q. All right. When was this?

25 A. Somewhere in 2003. I would guess -- November of

1 So I received that through the e-mail from my
2 inquiry.

3 Q. And on the donation sheet it talks about making
4 separate checks out to Bethel Aram, Carol
5 Spackman, State of Nevada. Did you, in fact, make
6 separate checks out to those three?

7 A. I made -- it was a -- I think it was \$1,000 was
8 the amount to set up the corporate sole, that
9 donation level. 200 went to Carol Spackman.
10 Plus filing fees, I believe. And this is --
11 breaks it down a little bit farther, which is my
12 commitment to make donations to Bethel Aram
13 Ministries.

14 Q. All right. This will be Exhibit 3. Tell me
15 exactly what Exhibit 3 is.

16 A. It is a Contribution Agreement that I formed with
17 Bethel Aram Ministries so that I could make
18 multiple payments and start the paperwork, you
19 know, sooner than later. And so this is what was
20 put together and sent to me again through e-mail,
21 which is --

22 Q. Sent to you from whom?

23 A. Bethel Aram Ministries.

24 Q. When you were dealing with Bethel Aram Ministries,
25 what person were you talking to?

1 A. I believe the second page has Elizabeth's
2 signature on it. And that's -- that's who sent
3 me that one, I believe.
4 Q. All right. Other than Elizabeth or Rick Gardner,
5 did you speak with anyone else associated with
6 Bethel Aram?
7 A. Bethel Aram? No, I don't believe so. Huh-uh.
8 Q. All right. Okay. I sent you a subpoena in this
9 case, correct?
10 A. Yes, you did.
11 Q. And the subpoena requested that you send all -- or
12 bring with you all documents in your possession or
13 control, including checks, correspondence,
14 contracts, agreements and promotional material in
15 any way related to Bethel Aram Ministries,
16 Elizabeth Gardner or Fredric Gardner. Have you
17 done that?
18 A. Yes. That's what these two piece of paper are,
19 the questions and answers pages that I have here
20 that I read over, and then the corporation sole
21 documents. Those are the sum total of what I
22 have that would have anything to do with Bethel
23 Aram Ministries.
24 Q. This Corporation Sole Questions and Answer
25 document will be Exhibit 4.

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MR. SHOEMAKER: Your objection is noted.

MS. GARDNER: I can't hear you. I cannot hear you, sir.

MR. SHOEMAKER: Noted.

MS. GARDNER: Noted? Okay. Thank you.

Q. (By Mr. Shoemaker) All right. One more exhibit. I'm going to make -- in your notebook you have a tab 4, a set of documents leading off with "What is a Corporation Sole," and I'm going to make this deposition Exhibit 5 and I'll make a copy of it.

(PLAINTIFF'S EXHIBIT NO. 5
MARKED FOR IDENTIFICATION.)

Q. Can you tell me what exactly deposition Exhibit 5 is?

A. Exhibit 5 is a number of pages that help me to understand a little more of what a corporate sole is; that I can open, you know, a bank account with a corporate sole, how to do it, and how to change personal property to a corporate sole if I desire to do that and how to dissolve a 501(c)(3). So it's just part of the manual that I have that tried to identify in a little greater detail what a corporate sole is.

Q. All right. And where did that document, Exhibit 5, come from?

1 A. This came from Bethel Aram Ministries. It was
2 part of the packet that was sent to me with the
3 Secretary of State Corporate Charter.

4 Q. All right.

5 MR. SHOEMAKER: That is all I have.
6 Mrs. Gardner, you have the floor.

7 MS. GARDNER: Thank you.

8

9

EXAMINATION

10 BY MS. GARDNER:

11 Q. Loyal, you said that you haven't talked to me
12 since last year. You talked about anything but
13 the conference, the ministers the pastors
14 conference.

15 A. Uh-huh.

16 Q. Did we not at all talk about spiritual things?

17 A. Well, I'm sure that was in there. Absolutely.

18 Q. Do you understand that the corporation sole, what
19 it is?

20 A. Yes, I understand what a corporate sole is.

21 Q. Okay. What is a corporate sole, in your
22 understanding?

23 A. A corporate sole is one person that is the
24 spiritual leader of this particular entity. It's
25 an ongoing, everlasting entity, and that its

WHAT IS A CORPORATION SOLE

A corporation sole is a esteemed creation consisting of one person only, and his successors in some particular position, who are incorporated in order to give them sole legal capacities and advantages, particularly that of perpetuity, which in their natural person they could not have had. The crux of this description is not that the corporation sole is composed of a single person. Rather, it is really composed of a number of persons who, one after another, hold the same office.

If the corporation sole is an overseer, bishop, or pastor, etc. of a church organization, he/she becomes a trustee/steward of that ministry only in the capacity of the corporation sole office. He does not become possessor of it. When he/she leaves the church/ministry for whatever reason, he does not take the assets with him/her. The succeeding corporation sole then takes the office of corporation sole and he/she becomes the trustee/steward of the church/ministry.

The corporation sole is a particular position of an office. The office is not created under law, and is not under the jurisdiction of the state. The office is recorded with the Secretary of State in a particular state for recognition and existence that you are an Ambassador of the Nation of Jesus Christ out of the root of Abraham's seed of Isaac.

A corporation sole is not a corporation in any way or fashion. A corporation is an association of shareholders created under law, and regarded as an artificial person by the courts for doing business. Man cannot incorporate the true body of Christ. If man attempts to incorporate Christ's body, he desires to be other than Christ's body.

If you are a pastor of a church, the congregation does not employ you for a salary. If so, you are considered an employee and income from the exercise of your ministry is considered income from wages for income tax purposes. A corporation sole is not an employee. He/she is a sovereign in his/her own right and is fulfilling the commission of the office of the religious order by performing services required by that order.



WHAT IS A SUCCESSOR CORPORATION SOLE

A corporation sole successor is the one who is succeeded by an established corporation sole in some particular position who continues the same spiritual care of the inhabitants of the church/ministry. All the original rights of the church/ministry are preserved entirely to the successor.

When the corporation sole successor takes position of the established corporation sole, he/she must record his/her office of succession with the state of Nevada by sending a copy of the corporation sole Resolution to the Secretary of State. Beth Aram will help you with this.

If the successor desires to be a corporation sole in his/her own right, articles of incorporation of his/her title [office] must be established in his/her own capacity. This may be accomplished by contacting Bethel Aram Ministries legal department at [928]775-5454, or P. O. Box 2038, Dewey, Arizona 86327.

If you are corporation sole and you are not a pastor of a church or in a ministry that you want to continue on at your demise, and have assets you put in the ministries name, you will want to form a Canon Law Trust to get the assets to your heirs. You cannot give the assets of the corporation sole directly to your heirs. This is illegal under the statutes of corporation sole. In a resolution directive you will donate all the assets of the corporation sole to the trust. Your heirs will be the beneficiary of the Canon Law Trust, thus receiving the assets.

If you are pastor of a church and will be having another pastor or person of the church become your successor, all your personal assets should be put in the Canon Law Trust. Any assets you put in the corporation sole will go directly to the successor.

Ric Gardner of Bethel Aram Ministries is a Certified Estate Planner with special training in Business and Charitable Planning and will help you form your Canon Law Trust.

HOW TO DISSOLVE THE 501(C)(3) CORPORATION

To dissolve a 501(C)(3) corporation, you must call the corporation commission in your state and ask what is the procedure to dissolve a non profit corporation. Every state is different in this procedure. Some states have a form that must be filled out, others require a letter in the effect that you are dissolving your corporation and others do not require anything.

If the church property is not paid in full, a Quitclaim Deed would be made. The deed would be made out the same as the Warranty Deed. The only difference would be the heading would indicate Quitclaim Deed instead of Warranty. After the property is paid off, then a Warranty Deed could be made.

Forms for either a warranty deed or a quitclaim deed may be obtained at any stationary store or real estate office. If the corporation sole desires a professional deed, Bethel Aram Ministries' legal department can provide this service.

CHANGING THE PERSONAL PROPERTY OF A CORPORATION SOLE

If a corporation sole desires to place his/her personal property [home] in the name of the corporation sole ministry, he/she may do so. If you are a corporation sole of a church congregation, it would be titled in the name of the corporation sole, but will not include the church name. The home then can be exempt from the property tax, and would protect you from the probate system, liens, creditors, and judgments.

Example:

KNOW TO ALL MEN BY THESE PRESENTS:

That [**The Name that the home is in**] the undersigned grantor, for the consideration of Ten (10) Dollars, and other valuable considerations, do hereby convey to [**JOE SMITH, a corporation sole of ABC Ministry**] all right, title.....

If the corporation sole desires to transfer the home and assets to their heirs, he/she must place the home and assets in a Canon Law Trust that may also be obtained from Bethel Aram Ministries. This trust will protect you from the probate system, liens, creditors, and judgments, as would the corporation sole.

If you need any direction in changing your personal property, feel free to call Bethel Aram Ministries, and the legal department will help you.

This is the best way of making your check. If you are in personal ministry you will NOT need to put Name of office below the signature line unless you desire to.

INQUIRIES FROM IRS

Corporation sole is NOT a corporation according to IRS. It is not found in their regulations. The reason is it is not located in their regulations is because it is not under their jurisdiction. Although it is in the status of a non-profit organization, it is not an organization incorporated under their regulations. Corporation sole is totally separate from a regular corporation.

If the IRS makes inquires concerning the church/ministry, notify them that you are a corporation sole. This will end their inquiry. Do not give them any information, except that you are a corporation sole! If you receive anything you do not understand, contact Bethel Aram Ministries and they will help you. Don't faint, this is not likely to ever happen, especially if you are working the ministry as stated in your corporation sole articles.

WORKERS AS MINISTERS

Remember, a corporation sole does not have employees. Any workers in your church/ministry are considered ministers. An ordination certificate must be made for each worker designating their capacity of ministry they will be performing for the corporation sole church/ministry. The certificates are available at any stationary store. Be sure to purchase golden seals also. They are to be placed at the bottom of the certificate and sealed with the corporation sole seal. *An example of a Certificate is on the next page.*

The workers are rewarded as a donation or monies for their support by the order of the corporation sole without any tax deductions if **the worker takes a Statement of Faith [vow of poverty]**. *An example of a Workers Statement of Faith is on the next page.* The corporation sole does not have to issue a 1099 or W-2 form to the workers/ministers of the order. They are exempt from taxation. But if they work outside the corporation sole, they must file on the wages they receive from the entity they work for. See IRS publication 517 in section 5.

CANON LAW TRUST

If you received a Canon Law Trust, be sure to read it carefully and **sign** your name where indicated immediately.

The Canon Law Trust is used as a member of your LLC and for estate planning. If you do not have a LLC, it will be used for estate planning for the corporation sole.

Remember, you cannot give, donate, or transfer any asset in the corporation sole to your heirs directly. The only way you can get them to your heirs is by donation from the corporation sole to the trust. The asset can never go directly from the corporation sole to the heirs.

After you have signed you corporation sole, write a resolution in the corporation sole indicating that all assets of the corporation sole at the demise of the corporation sole are to be donated to the Canon Law Trust. Your heirs will be the beneficiaries of the trust, thus receiving the assets. If your spouse is your successor, she will write the resolution signed by her as successor to donate the assets to the trust.

If you are passing the corporation sole to someone other than your spouse, and want a portion of the asset to remain in the corporation sole and a portion be passed on to your heirs, a resolution must be made indicating the percentage you want to go to each entity.

If you are a pastor of a church, the church can be put in the name of the corporation sole for protection. If you are not planning to make someone that is part of the church to be your successor to continue the pastorate of the church, you may want to write a resolution at your resignation or demise, the church property is to be put in the name of XYZ and that you relinquish all rights to it after your resignation or demise.

Personal assets can be put in the trust if you wish. I suggest that your home be in the corporation sole. If your state allows exemption for ministry property, it can be taken off the property tax list as the parsonage, thus relieving you of property tax.