

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

UNITED STATES OF AMERICA,
Plaintiff,

v.

ELIZABETH A. GARDNER and FREDRIC
A. GARDNER, each individually and
d/b/a BETHEL ARAM MINISTRIES,
Defendants.

 **COPY**

) Case No.
) CV05-3073-PCT-EHC

DEPOSITION OF ELIZABETH A. GARDNER
Prescott, Arizona
May 31, 2007
8:59 a.m.

REPORTED BY:
Eve K. Burton, RPR, CRR
Certified Reporter No. 50261



LOTT REPORTING, INC.

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1 THE DEPOSITION OF ELIZABETH A. GARDNER,
2 taken on May 31, 2007, commencing at 8:59 a.m., at the
3 offices of Lott Reporting, Inc., located at 316 North
4 Alarcon Street, Prescott, Arizona, before Eve K. Burton,
5 Registered Professional Reporter, Certified Reporter
6 No. 50261, in the State of Arizona.

7
8 APPEARANCES:

9
10 U.S. DEPARTMENT OF JUSTICE
11 By: Martin M. Shoemaker, Esq.
12 Tax Division
13 P.O. Box 7238
14 Washington, D.C. 20044

15
16 Mrs. Elizabeth A. Gardner, In Propria Persona
17 P.O. Box 2038
18 Dewey, Arizona 86327

19
20 Mr. Fredric A. Gardner, In Propria Persona
21 P.O. Box 2038
22 Dewey, Arizona 86327
23
24
25

1 ELIZABETH A. GARDNER,
2 a witness herein, having been first duly sworn by the
3 Certified Court Reporter to speak the truth and nothing
4 but the truth, was examined and testified as follows:

5

6

EXAMINATION

7

BY MR. SHOEMAKER:

8

9

Q. All right. Ms. Gardner, could you state your
full name, please.

10

A. Elizabeth A. Gardner.

11

12

Q. Could you tell me your address, residential
address.

13

A. The actual street address?

14

Q. Yes.

15

16

A. 570 Apache, A-p-a-c-h-e, Knolls, K-n-o-l-l-s,
Trail, T-r-a-i-l.

17

Q. In?

18

MR. GARDNER: Dewey.

19

THE WITNESS: Oh. Where?

20

BY MR. SHOEMAKER:

21

Q. Yes.

22

A. Dewey. I'm sorry.

23

Q. Dewey, Arizona?

24

A. Yeah.

25

Q. And what's the ZIP there?

1 A. 86327.

2 Q. Do you use the post office for other personal
3 purposes?

4 A. Yeah. You can't mail out there.

5 Q. All right. What's your mailing address?

6 A. Post Office Box 2038.

7 Q. And that's in Dewey?

8 A. Yes.

9 Q. Have you had your deposition taken before?

10 A. Yes.

11 Q. When was that?

12 A. 1997 or '5? '7. I'm sorry. 1997, I'm pretty
13 sure.

14 Q. Around 10 years ago?

15 A. Yeah.

16 Q. And what were those circumstances?

17 A. It was an issue -- we had a lawsuit against the
18 radio station. I had a lawsuit against a radio station.

19 Q. You sued a radio station?

20 A. Yes, uh-huh.

21 Q. And they took your deposition during that
22 litigation?

23 A. Yes, uh-huh.

24 Q. All right. Then you understand I'm going to ask
25 you questions.

1 A. Oh, yes.

2 Q. You're under oath. You're going to answer them.

3 If you don't understand me, stop me. Don't talk over me.

4 A. Okay.

5 Q. I'll try not to talk over you.

6 A. Okay.

7 Q. Everything will be taken down by the court

8 reporter --

9 A. I understand.

10 Q. -- and you'll have the opportunity to review it
11 afterwards.

12 Your phone number, is that 928-775-5454?

13 A. Correct.

14 Q. Is that a personal phone number?

15 A. No. It's a church phone number.

16 Q. Do you have a personal phone number?

17 A. No.

18 Q. You have a cell phone number, don't you?

19 A. Cell phone. Belongs to the church.

20 Q. The cell phone belongs to the church?

21 A. Uh-huh.

22 Q. What's the cell phone number?

23 A. 928-710-3379.

24 Q. And when you say "the church," what church are
25 you talking about?

1 A. Bethel, B-e-t-h-e-l, Aram, A-r-a-m, Ministries.

2 Q. And we'll be talking about -- is it Bethel

3 Aram --

4 A. Bethel Aram Ministries.

5 Q. All right. I'll probably mispronounce it. In
6 fact, I'll probably call it Bethel Aram (pronouncing)
7 Ministries, but that's what we'll be talking about.

8 Tell me your education since high school.

9 A. I've been to Bible college: Christ for the
10 Nations Institute in Dallas, Texas.

11 Q. That is the Bible college, or is that --

12 A. Uh-huh. Christ For the Nations Institute.

13 Q. Anything else?

14 A. I've been to -- well, yes. Actual -- been to a
15 school, but I did Internet school: Suffield College.

16 Q. Suffield College was your Internet schooling?

17 A. Yes, uh-huh. And that's a doctorate.

18 Q. Where is Suffield?

19 A. It's in Idaho. And I received my doctorate in
20 theology. And I've been to -- I forgot.

21 Q. Where did you receive a doctorate in theology?

22 A. Suffield.

23 Q. Suffield?

24 A. And I've been to Arizona Paralegal Institute.

25 Q. When were you at Arizona Paralegal Institute?

1 A. '93 through '96. '94? '94 through '96 -- or
2 not -- yeah.

3 MR. GARDNER: '97.

4 THE WITNESS: '97. Excuse me.

5 BY MR. SHOEMAKER:

6 Q. Did you get some sort of a certificate or
7 diploma?

8 A. Yes, I did. Diploma, yes.

9 Q. You passed the --

10 A. Yes.

11 Q. -- paralegal studies --

12 A. Yes.

13 Q. -- or you, I guess -- is there a license for a
14 paralegal?

15 A. Arizona -- I have a degree. It's just a degree
16 in paralegal/legal assistant.

17 Q. So you're qualified to be a paralegal?

18 A. Oh, yes. Oh, yes. They don't give you a
19 license. They just give you a diploma, and you're --

20 Q. When was the doctorate in theology?

21 A. Last year, '06, I finished it.

22 Q. And the Bible college in Dallas, when was that?

23 A. 1976 through '78.

24 Q. And, okay, is that it?

25 A. That's it.

1 Q. All right. In any of these schools or courses,
2 did you have any tax courses?

3 A. No.

4 Q. How about business courses?

5 A. In paralegal.

6 Q. Basic business-law-type stuff?

7 A. Yeah. Law, law-based, business law.

8 Q. Did they touch on income taxes?

9 A. Huh-uh. No. I'm sorry.

10 Q. Okay. Avoid --

11 A. Yes.

12 Q. -- that sort of thing.

13 A. Okay.

14 Q. Could you go through your employment history for
15 the past 20 years.

16 A. 20 years? Last 20 years?

17 Q. Yes.

18 A. We owned a business called Cornerstone Christian
19 Center. It's a Christian bookstore down in Phoenix,
20 Arizona.

21 Q. When did you -- you owned and operated it; is
22 that correct?

23 A. Yes.

24 Q. And when was this?

25 A. 1978 through 1993. No -- yeah. '93.

1 Q. All right. Was that your primary employment
2 during that --

3 A. Yes.

4 Q. -- 15-year period?

5 A. Well, I was a minister also at this time. I
6 owned it -- well, we had a company called Maranatha
7 Enterprises that owned the business, but we operated --
8 but I also was on the evangelistic field preaching also.

9 Q. All right. Have you been a minister of some
10 sort, I guess --

11 A. Yes. I'm an ordained minister.

12 Q. -- since '78?

13 A. Yes.

14 Q. All right. Since '93, what's been your primary
15 employment?

16 A. We have none.

17 Q. So you're currently unemployed; is that correct?

18 A. Yes.

19 Q. Where does your income originate?

20 A. We don't have any income.

21 Q. All right. How do you pay the bills?

22 A. I don't have any personal bills.

23 Q. How about --

24 A. The ministry takes care of everything.

25 Q. "The ministry," being Bethel Aram Ministries?

1 A. Right.

2 Q. It pays --

3 A. Yes.

4 Q. -- transportation costs?

5 A. Everything.

6 Q. Food, utilities, housing?

7 A. Yes. I've taken a vow of poverty. I don't know
8 if you're familiar with that.

9 Q. When was the vow of poverty?

10 A. 1993 -- or no. When did I -- 1997. I need my
11 helper here.

12 Q. Bethel Aram Ministries' income, where does that
13 come from?

14 A. Donations.

15 Q. Donations. All donations?

16 A. Yes.

17 Q. Solely donations?

18 A. Solely donations.

19 Q. Are most of the donations related to assisting
20 and forming corporations sole?

21 A. No. Half and half, maybe.

22 Q. What's the other half?

23 A. We have a congregation.

24 Q. And they just donate as a basic Sunday
25 offering-type thing?

1 A. Yes, uh-huh.

2 Q. All right. Bethel Aram Ministries, tell me what
3 that is.

4 A. It's a church.

5 Q. Is it a corporation sole?

6 A. No.

7 Q. Is it a ministry?

8 A. It's a church.

9 Q. All right.

10 A. You have to define to me what you mean by
11 "ministry."

12 Q. Well, I was going to ask you if you know what I
13 mean, or does that -- if I were to just say, Is it a
14 ministry, would you answer it, or would you go into what
15 you're going into?

16 A. Well, it's both. I mean, the church is a body of
17 believers coming together with like-mindedness and it's
18 the ministering to -- ministering to people. Ministry is
19 the church. It's ministering to people. I can't --

20 Q. All right. I've seen in some of your literature
21 and in the CD you sent me that you essentially promote the
22 idea that churches should be or can be formed or
23 structured as corporations sole.

24 A. I think you don't understand. The church is not
25 the corporation sole. It's one person holding the office

1 on behalf of the church. The church stands alone under
 2 the Constitution of freedom of religion. The corporation
 3 sole is like the administrator or the office, like bishop,
 4 pastor, whatever capacity that it holds, whatever office
 5 it holds, whatever has been designated by the body of
 6 believers that holds that office of corporation sole on
 7 behalf of the ministry for the protection of assets and to
 8 hold property, to buy and sell.

9 So this -- there's a lot of confusion about
 10 corporation sole. A lot of people think the church is a
 11 corporation sole. No, it's not the corporation sole. It
 12 can be. Some statutes allow that, allow -- you know, say
 13 that it can be the church. But in our position, it's the
 14 office of one person, because --

15 Q. Well, would it be an officeholder of the church?

16 A. There you go. Right. Correct.

17 Q. Okay. Well, do you have a corporation sole?

18 A. I am a corporation sole, yes.

19 Q. What is the name of it?

20 A. Elizabeth -- Evangelist/Prophetess Gardner,
 21 incorporation sole. The office is, I think, a prophetess.

22 Q. All right. Is that registered with the State of
 23 Nevada?

24 A. Yes.

25 Q. And when was that set up?

1 A. I think 2000 or 1999, I think.

2 Q. Was that your first corporation sole?

3 A. Yes, uh-huh.

4 Q. All right.

5 A. Do you understand the Catholic church, their
6 operation as a corporation sole?

7 Q. You know, I hear that a lot, but I've never
8 really gotten confirmation of that.

9 A. See, this is where corporation sole came from is
10 the Catholic church. They are the ones that really
11 brought it into view back in the 1400s or whatever. It's
12 an ancient religious order that came up, and then now we
13 developed the United States, and our similar state
14 statutes took it here because the Catholic church is here.
15 It's like the vicar of the Catholic church, the bishop,
16 they hold the office over the assets of the church,
17 administrative.

18 Q. All right. I'm trying to get terms down.

19 A. Okay.

20 Q. So you're a corporation sole.

21 A. I hold the office of corporation --

22 Q. You hold the office of corporation sole for --

23 A. Yes.

24 Q. -- Bethel Aram Ministries?

25 A. Correct.

1 Q. Okay. And the corporation sole you're talking
2 about was established in 1999?

3 A. Correct.

4 Q. When was Bethel Aram Ministries founded?

5 A. Oh, 1990 -- was that -- maybe it's not -- 1993.

6 Q. Can you tell me about the hierarchy of Bethel
7 Aram Ministries?

8 A. Hierarchy? What do you mean by hierarchy?

9 Q. Sorry. Management. Who is in management, for
10 want of a better --

11 A. There is no such thing as management in the
12 church. There is no such thing as management in the
13 church. That's business. Church is not a business. It's
14 a -- church really means the ecclesiae, the called-out
15 ones, a group of people like-minded together that believe
16 in the same thing.

17 Q. All right. In a nonbusiness sense, who manages
18 Bethel Aram Ministries?

19 A. Well, there is -- the management -- the
20 corporation sole does the management. It's the overseer,
21 the administrator, of the assets that does the speaking on
22 behalf of the church. We do have elders.

23 Q. Are you the only person associated with the
24 corporation sole that you've been talking about, the
25 evangelist?

1 A. Evangelist (pronouncing).

2 Q. Evangelist (pronouncing).

3 A. Okay. The sole, that's why it's called a "sole."

4 Q. Yes.

5 A. It's one person. But we do have, quote-quote --
6 we could say, for secular terms, a board of elders.

7 Q. All right. A board of elders?

8 A. We call it a council of elders. See, in the
9 501(c)(3), they call it a board. We call it a council.

10 Q. The council of elders, is that the council of
11 elders for Bethel Aram Ministries or for the corporation
12 sole --

13 A. No, no.

14 Q. -- that you're talking about?

15 A. The corporation sole does not function like a
16 regular corporation. A corporation sole is a religious
17 entity derived out of Christendom, out of the church, that
18 gives asset protection for the buildings, for the assets,
19 and someone to oversee everything.

20 The bishop, like -- or the vicar of the
21 Catholic church does the same thing. Many, many --
22 there's -- the synagogues have a -- the Mormon church is a
23 corporation sole. There are many churches, quote-quote,
24 that were known, like denominational, that have
25 corporation sole. It's also in just small churches, too.

1 And that's what we are. We're not a big denomination.

2 Q. Does your husband have his own corporation sole?

3 A. No. There is no reason for it.

4 Q. So Bethel Aram Ministries has a council of
5 elders?

6 A. Uh-huh.

7 Q. Who are the elders?

8 A. Okay. Now you're getting into church questions.

9 Bethel Aram Ministries is not here to answer that
10 question. I don't think --

11 Q. Well, you're a pastor of Bethel Aram Ministries,
12 are you not?

13 A. I am a pastor, but --

14 Q. Your husband is a pastor of Bethel Aram
15 Ministries, correct?

16 A. Correct.

17 Q. Is there another pastor in Bethel Aram
18 Ministries?

19 A. No. There's an elder.

20 Q. And who is the elder?

21 A. I can't tell you that. I don't know if that's --

22 because a church has to stand on its own. Bethel Aram
23 Ministries is not being deposed today. I am.

24 Q. Are you refusing to answer the question?

25 A. Yes. I think Bethel Aram Ministries should

1 answer that separately.

2 Q. If I were to serve a subpoena on Bethel Aram
3 Ministries --

4 A. Uh-huh.

5 Q. -- who would be the person who would --

6 A. Our -- the attorney.

7 Q. -- who would testify on behalf of Bethel Aram
8 Ministries?

9 A. It could be the elder. It could be me. I don't
10 know. Whoever the attorney --

11 Q. But you're not going to tell me who is on the
12 council of elders; is that correct?

13 A. I don't think it's -- it's privileged information
14 for the privacy of the church. That's private.

15 Q. All right. But you're telling me there's --

16 A. This has nothing -- the church is not involved
17 with this. You're deposing me as a person, Elizabeth A.
18 Gardner, not Elizabeth Gardner as a person --

19 Q. I'm deposing you based on all your knowledge,
20 however acquired. And it sounds like you know who is on
21 the council of elders --

22 A. Oh, of course, I do.

23 Q. -- but you're simply refusing to answer it.

24 A. I'm refusing to answer because it's a church
25 issue, and the church is not a part of this lawsuit.

1 Q. Isn't one of your defenses that, Hey, we're
2 getting into church issues, and we shouldn't be?

3 A. Yes.

4 Q. All right.

5 A. The church has intervened in this lawsuit, as you
6 know.

7 Q. Yes. Whose decision was it to try to intervene?

8 A. It was my decision but -- and the board's
9 decision.

10 Q. Okay. So it sounds like -- well, is there anyone
11 other than yourself who has -- or is there anyone other
12 than you who has more knowledge of the goings on of Bethel
13 Aram Ministries?

14 A. Ric and one of the elders, I think.

15 Q. The unnamed elder?

16 A. Well, really, they all do, because we talk about
17 it a lot.

18 Q. All right. How many elders are there, total?

19 A. There's one other elder.

20 Q. Okay. So there's Ric, you and one other person?

21 A. Correct.

22 Q. And who would be the decision makers for Bethel
23 Aram Ministries?

24 A. I would be, as the corporation sole. The final.
25 I would say the final.

1 Q. All right. Does Bethel Aram have employees?
2 A. No.
3 Q. Does it have workers?
4 A. What do you mean by "workers"?
5 Q. Well, anybody who does work for them.
6 A. Well, we have ministers. I'm a minister.
7 Q. Okay. Other than you and your husband --
8 A. No. We're the ministers of the corporation sole.
9 Q. All right. So you and your husband are the only
10 workers for --
11 A. Well, if you want to -- we're not "workers."
12 Q. I'm using just common -- this isn't a term of art
13 here. It's -- even the Internal Revenue Code doesn't
14 really define "worker."
15 A. We -- I do the preaching. I preach. I counsel.
16 He does some, but I do it mostly. I'm general pastor.
17 Q. Who does like financial records or bookkeeping,
18 to the extent there is --
19 A. Oh, he does.
20 Q. -- administrative work?
21 A. He does.
22 Q. Okay. "He," being your husband?
23 A. I'm sorry. My husband, Ric.
24 Q. Okay. What is Bethel Aram Ministries' address?
25 A. Same as my address. The church and the parsonage

1 is together.

2 Q. All right. Do you have a separate structure,
3 like a church building?

4 A. No. It's all together.

5 Q. So you hold services in your home --

6 A. Uh-huh.

7 Q. -- is that correct?

8 A. Uh-huh. And not in my home. It belongs to -- it
9 legally belongs to Bethel Aram Ministries.

10 Q. And you were going, "Uh-huh, uh-huh." Was that a
11 "yes"?

12 A. What was the question, please?

13 Q. What was the question? Do you hold services in
14 your home?

15 A. Yes. Yes, we do. Every Sunday morning and
16 Thursdays.

17 Q. All right. And then you meant not your home; it
18 belongs to the church, but it's still --

19 A. Allows me to live there.

20 Q. It's still your residence?

21 A. No, it's not my residence.

22 Q. Well, where do you live?

23 A. Well, that's where I live, but --

24 Q. Okay.

25 A. Okay.

1 Q. You reside there?

2 A. I reside there.

3 Q. All right. We just talked about this a little
4 bit. How do you and your husband split up your Bethel
5 Aram Ministries duties?

6 A. I don't think we really -- I do most of the -- I
7 do most of the talking on the phone, because I have more
8 education on the corporation sole, because I studied it
9 and researched it. And being an ex-nun, I know about the
10 Catholic church capacity of a corporation sole. So I do
11 most -- I do most of the -- everything. He talks to
12 people and --

13 MR. SHOEMAKER: What?

14 THE WITNESS: He's not allowed to speak,
15 right?

16 MR. SHOEMAKER: You can chime in, if you'd
17 like.

18 MR. GARDNER: I'm sorry. Because I didn't
19 want to interrupt. But I do things -- the menial jobs,
20 things that are administrative, I guess you'd say.

21 BY MR. SHOEMAKER:

22 Q. All right. I was going to say, it sounds like
23 you're the face of the church. You do the public
24 speaking, seminars, sermons --

25 A. What do you mean by "seminars"?

1 A. No.

2 Q. Any experience in tax-related matters?

3 A. No.

4 Q. Any education in tax-related matters?

5 A. I would say yes.

6 Q. And where was that? How did you -- how did that
7 come about?

8 A. Just studying the stat- -- not the statutes --
9 the code and --

10 Q. Self-study?

11 A. Self-study, yes.

12 Q. All right. You give talks, public speaking
13 engagements, related to Internal Revenue Code Section
14 501(c)(3); is that correct?

15 A. I give education on the difference between
16 corporation sole and 501(c)(3).

17 Q. All right. And you wrote a book on that subject;
18 is that correct?

19 A. Correct.

20 Q. All right. So how did you obtain your expertise
21 in 501(c)(3)?

22 A. Through the code.

23 Q. Self-study?

24 A. Self-study.

25 Q. All right. How did you first learn of the

1 structure called corporation sole?

2 A. Through the Catholic church.

3 Q. Is Bethel Aram Ministries Catholic?

4 A. No.

5 Q. Were you raised Catholic?

6 A. Yes. I'm an ex-nun.

7 Q. Oh. And what research have you done to educate
8 yourself as to what a corporation sole is?

9 A. Much.

10 Q. Much self-study again?

11 A. Much research.

12 Q. Much research looking at books?

13 A. Catholic church doctrine, talking to bishops and
14 canon law lawyers, which -- canon law lawyers. And
15 researched statutes and case cites.

16 Q. Have you researched both state and federal law on
17 that subject?

18 A. Yes, uh-huh.

19 Q. Now, you help people set up their own corporation
20 sole; is that correct?

21 A. I don't help them set it up. I help them
22 establish it. I -- yes. Not people. Just pastors and
23 ministers, those of the church leadership.

24 Q. Well, you've established a lot of corporation
25 soles for persons --

1 other churches, so I know that they are part of the
2 church.

3 Q. Do these references come from across the country?

4 A. Oh, yes.

5 Q. Is there a predominant geographic region where
6 they come from, like locally?

7 A. No. Just various -- they're at various churches.

8 Q. So you might -- you are just as likely to get
9 someone from Michigan as someone from --

10 A. Florida.

11 Q. -- Florida to --

12 A. Texas or whatever.

13 Q. -- call you up?

14 A. Yes. Yeah.

15 Q. All right. Okay. If someone were to call you
16 and say, "Ms. Gardner" --

17 Do they call you Reverend Gardner or just
18 Ms. Gardner?

19 A. Just call me Elizabeth.

20 Q. All right.

21 -- "Elizabeth, I've been on this Web site or
22 I've heard about you. I'm interested in a corporation
23 sole," could you walk me through how --

24 A. I would --

25 Q. -- how it happens?

1 Q. -- religious articles, a corporation sole --

2 A. Right.

3 Q. -- manual.

4 A. Like this would be (indicating) -- is that what
5 you mean?

6 Q. Yes.

7 A. Yes. A package --

8 Q. A notebook --

9 A. Notebook. There you go.

10 Q. -- of materials?

11 A. Yes.

✓ 12 Q. All right. Do you charge for this?

13 A. No.

14 Q. Do you have suggested donations?

15 A. The church does.

16 Q. All right. What's the typical suggested donation
17 for --

18 A. 1,200.

19 Q. \$1,200 for a basic corporation sole?

20 A. Uh-huh. Yes.

21 Q. Now, is that donation mandatory?

22 A. No.

23 Q. Is it ever negotiated?

24 A. Never. Once in a while, I may have someone, "You
25 know, I can't afford it." I say, "Okay, that's fine."

1 Q. Do you do any for free?

2 A. Yes.

3 Q. What percentage are for free?

4 A. Oh, very little. People are just happy to donate
5 to the ministry to support our ministry.

6 Q. Is the same type of paperwork involved for a
7 trust? Do you set up trusts for individuals?

8 A. We establish trusts for church-related purposes
9 and for estate planning for the pastors and ministers. We
10 only deal with pastors and ministers. We don't deal with
11 the congregations or the general public.

12 Q. You don't register trusts with states; is that
13 correct?

14 A. No. It's a church trust.

15 Q. What's the typical suggested donation for setting
16 up a church trust for someone?

17 A. 800, I think.

18 Q. And the same line of questions for an LLC, or
19 limited liability company.

20 A. The questions? Oh, they have to -- there's --
21 it's a little different for the LLC.

22 Q. All right. What's different?

23 A. Well, you have to have a name, and we have to
24 make sure the name is available. And so we have to call
25 the state and see if that name is available.

1 Q. All right. You register those with --

2 A. Nevada.

3 Q. -- a state; is that correct?

4 A. Oh, yes.

5 Q. And you use Nevada --

6 A. Yeah.

7 Q. -- for your LLCs?

8 A. Yes.

9 Q. What is the Nevada fee for registering LLCs?

10 A. 155.

11 Q. And what's your suggested donation --

12 A. 500.

13 Q. -- for LLCs? \$500?

14 A. Uh-huh.

15 Q. "Yes"?

16 A. Yes.

17 Q. Are LLCs just set up for ministers?

18 A. Yes. Those who are -- usually, the LLCs are set
19 up for, like, a church or a ministry -- it's like a -- we
20 have for this -- it's a nursing -- this church wanted to
21 do a nursing home for Christian people, a Christian
22 nursing home. So we suggested that they -- that the
23 church didn't do it. We try to keep business away from
24 church. So we told them to set up an LLC to run the
25 business, and then the net profits would be distributed to

1 Q. I was going to say, a church doesn't have to
2 be --

3 A. A church is not --

4 Q. -- any entity --

5 A. But see --

6 Q. -- is that correct?

7 A. Don't get confused. A church is not
8 incorporated. It's just the office of one person. That's
9 why we do that. Because the 501(c)(3) incorporates the
10 whole church, the whole body.

11 Q. Did I hear you misspeak? You said the church is
12 just the office of one person?

13 A. I'm sorry; you did mishear me. I'm sorry. A
14 corporation sole is -- holds the office on behalf of the
15 church. The church is separate from the corporation sole.
16 The church is a body of believers, as I told you earlier.
17 The corporation sole is one person in the body that's
18 appointed in this position to hold the assets, to carry on
19 administratively, the voice of the ministry.

20 Q. You've answered this, but I'll ask it anyway.

21 A. Okay.

22 Q. What states do you register your corporation
23 soles in?

24 A. Nevada.

25 Q. Solely Nevada?

1 A. Yes. Because it has the best statutes.

2 Q. And is that true also for your LLCs?

3 A. Yes.

4 Q. Had you previously tried other states?

5 A. We've been looking at Arizona. And we looked at
6 California. And California, forget it. Arizona, okay.

7 But really --

8 Q. How about the State of Washington?

9 A. No. I don't like their statutes at all.

10 Q. There's a lot of corporation soles incorporated
11 up there?

12 A. Oh, but they're bad corporation soles.

13 MR. GARDNER: Nasty.

14 THE WITNESS: Illegal corporation soles. I
15 know about them.

16 MR. GARDNER: Can I say something?

17 MR. SHOEMAKER: Yes, you may.

18 MR. GARDNER: Okay. In the State of
19 Washington -- the difference between the State of Nevada
20 is, Washington really uses corporation sole as a business
21 trust.

22 State of Nevada, the reason why we use it is
23 because it's exclusively for church and church operations.
24 Their statute is specific in the fact that it can hold
25 church property and act on behalf of the church as far as

1 the legal aspect of it goes, where the church can be
2 operated separately as the congregation goes. Sort of
3 like an unincorporated association, so to speak. So the
4 assets are being protected. It's -- the statutes of
5 Nevada are very strict on that that you don't use it for
6 any other purpose except religious purposes.

7 BY MR. SHOEMAKER:

8 Q. So you've researched other states --

9 A. Oh, yes.

10 Q. -- and determined that Nevada is the best?

11 A. Correct.

12 Q. Now, the term "business" has a commercial
13 connotation, but, that aside, I'm going to ask you: Do
14 you conduct most of your --

15 A. Church business.

16 Q. -- church business by telephone, by email, by
17 mail, or can you split it up?

18 A. "Church business," meaning what? What kind of
19 church business are you referring to?

20 Q. The church business involving LLCs, trusts and
21 corporation soles.

22 A. Well, usually if it's out of state -- I mean, we
23 can't travel to every state -- we do it by email or
24 sometimes telephone, fax, mail.

25 Q. Do you have many in-person meetings with persons

1 Q. And then that registered agent, that's her
2 duty --

3 A. Right.

4 Q. -- to get it to the actual entity or person --

5 A. Yes.

6 Q. -- or whoever she is serving as a registered
7 agent for?

8 A. Correct.

↓ 9 Q. How many corporation soles have you established?

10 A. Oh, approximately? I can't tell you exactly,
11 because I didn't keep a count.

12 Q. Give me an approximate.

13 A. About 300.

14 Q. Over what period of time?

15 A. Oh, '97, so 10 years.

16 Q. 300 in the last 10 years?

17 A. Yeah.

18 Q. How many in the past year?

19 A. About two a month. Say about 24.

20 Q. Is that usually how it goes, about two a month?

↑ 21 A. Yeah. Sometimes one a month.

22 Q. In the past --

23 A. Sometimes none a month.

24 Q. In the past 10 years, has there been for whatever
25 reason any particular year a spike or where you did three

1 times or four times in a month?

2 A. When we first started, I think it was a spike.
3 It was like a spike because people were all interested.
4 And now they're pretty much getting it. But I think a lot
5 has to do with the situation of the lawsuit. I think when
6 that's cleared up --

↓ 7 Q. Now, at your husband's deposition, I'm going to
8 ask how many corporation soles he has established.

9 MR. GARDNER: None.

10 BY MR. SHOEMAKER:

11 Q. Okay. So you're the --

12 A. I'm the -- I'm it.

13 Q. -- the establisher?

14 A. Yeah.

15 Q. Is that true also for LLCs and trusts?

16 A. Uh-huh.

17 Q. Is that a "yes"?

18 A. Yeah, that's a yes, but -- and a no exact,
19 because he does some of the trust work, because he is an
20 estate planner, certified estate planner, so he does most
21 of the trusts. And he does some of the LLCs, too.

↑ 22 Q. When is the last time you filed a Form 1040?

23 A. 1993.

24 Q. 1993?

25 A. Uh-huh.

1 Q. All right. And your legal department is being
2 set up so that -- to assist those persons who you've
3 helped establish these entities for if they face IRS
4 problems?

5 A. Correct.

6 MR. GARDNER: May I interject?

7 THE WITNESS: No.

8 BY MR. SHOEMAKER:

9 Q. Do you assist persons in having their corporation
10 soles declared exempt from local property taxes?

11 A. No, I can't do that.

↓ 12 Q. Are you familiar with the Web site
13 www.corpssole.org?

14 A. Let me see. Yes.

15 Q. Is that your Web site?

16 A. No. It's the church's Web site.

17 Q. It's Bethel Aram Ministries' Web site?

18 A. Correct.

19 Q. Who started the Web site?

20 A. The church did.

21 Q. When was it started?

22 THE WITNESS: Four years ago?

23 Four years ago.

24 BY MR. SHOEMAKER:

25 Q. 2003?

1 A. Yeah.

2 Q. Who is in charge of the content that's on the Web
3 site?

4 A. A pastor from Australia.

5 Q. Who is that? What's his name?

6 A. Martin Spratt.

7 Q. What's his connection with Bethel Aram
8 Ministries?

9 A. He's a corporation sole, and he has a church. He
10 was here, and he had a church here. And then he now is a
11 missionary and working and is now in Australia and lives
12 in Australia.

13 Q. Does Bethel Aram Ministries just use him as the
14 computer person to input or change --

15 A. Correct, yeah.

16 Q. -- or modify --

17 A. Yes. He controls the Web site.

18 Q. Well, who makes decisions about what goes on the
19 Web site?

20 A. The church. And -- and I have input, too,
21 because I do a lot of writing. I do all the writing, in
22 fact, on behalf of the church.

23 Q. If something were to be removed from the Web
24 site, who has the authority to move it -- remove it?

25 A. I do.

1 Q. You do?

2 A. Uh-huh.

3 Q. "Yes"?

4 A. Yes.

5 Q. Does your husband?

6 A. Oh, sure. Well, he would refer to me first.

7 MR. GARDNER: We'll talk it over.

8 BY MR. SHOEMAKER:

9 Q. On the Web site, www.corpsole.org, I've seen some
10 biographical data about you and your husband.

11 A. As pastors?

12 Q. As pastors. Is that information correct?

13 A. Correct.

14 MR. SHOEMAKER: All right. Let's take a
15 little break here, about 5 minutes.

16 (Recess taken from 10:00 a.m. to 10:04 a.m.)

17 BY MR. SHOEMAKER:

18 Q. Mrs. Gardner, are you familiar with legal
19 problems faced by other corporation sole promoters?

20 A. Yes.

21 Q. You understand the IRS is kind of going after
22 corporation soles?

23 A. Oh, yes. Oh, yes. I didn't know that at first,
24 but when it started, everybody says, "Do you know what's
25 going on?" I said, "What?" I couldn't imagine that

1 Q. Now, why is a corporation sole for church
2 purposes better than another type of corporation or a
3 regular type of corporation?

4 A. Corporation sole is not the church. It's one
5 person holding the office on behalf of the church. And
6 the reason why we prefer corporation sole is because we
7 don't want to be a 501(c)(3), but we still want to be
8 recognized as nonprofit in the general public and to
9 receive --

10 Q. Well, a church that qualifies or is tax exempt
11 under 501(c)(3) is going to be tax exempt regardless of
12 its structure; is that correct?

13 A. A church is not exempt under 501(c)(3). It's
14 exempt under 508. A church is -- 508 gives the exemption.
15 The church does not have to file a 501(c)(3). There's no
16 law, there's no statute, that a church has to be a
17 501(c)(3).

18 Q. All right. I think that's where there's some
19 misunderstanding, because I understand 508 as just saying
20 churches don't have to file an application with the IRS --

21 A. To be --

22 Q. -- to be a 501(c)(3).

23 A. No, not to be -- to be exempt.

24 Q. To be exempt under 501(c)(3)?

25 A. Right. Right. There is no law -- you can talk

1 to the Treasury Department. There's no statute, no
2 federal law stating that a church has to file.

3 Q. All right. But what I'm saying is a corporate
4 church --

5 A. Corporate church?

6 Q. -- a church that's formed as a corporation --

7 A. Nonprofit corporation.

8 Q. -- doesn't have to file that application either.

9 A. No.

10 Q. And a church that's under the auspices of a
11 corporation sole, it doesn't have to file that application
12 either --

13 A. No.

14 Q. -- and that's because all these entities are
15 churches.

16 A. Correct. Or a parachurch.

17 Q. So what benefits does a corporation sole church
18 have over a nonprofit corporation church?

19 A. Number one is, not incorporated. The Bible -- if
20 you want to get into the spiritual aspects of it, the
21 Bible says make no covenant with the nations.

22 Q. But it's still registered with the state?

23 A. No, no, no. The corporation sole is not -- it's
24 not -- remember, one person is not the church. The
25 corp- -- the 501(c) incorporates the whole body, the

1 church.

2 The corp sole only incorporates one person.
3 And that's why we want it that way, because it does not
4 bring the body under an entity. It doesn't become "it."
5 As you know, a corporation is an "it." And when you
6 become -- and this is our spiritual -- it's a spiritual --
7 if you want me to go into it -- and a religious belief
8 with us, that we do not want to be -- we want to keep
9 separation of church and state pure and go all the way.

10 And the church should be free under a
11 constitutional right of religion. It has no filing
12 requirements. It does not have to incorporate. It just
13 is the church. And so when --

14 Q. But a corporation sole has filing requirements.

15 A. Correct. That's -- but that's the office of one
16 person. That's not the church. Remember, we're sitting
17 here; I'm a corporation sole. We're all -- and every one
18 of us is part of the church. But only I hold the office
19 of corporation sole. You don't. Ric doesn't, and neither
20 does this young lady.

21 Q. All right. What tax benefits, if any, does a
22 corporation sole have that a nonprofit corporation --

23 A. There is no difference.

24 Q. -- does not have?

25 A. There is no difference.

1 corporation sole program?

2 A. Yes. There is no -- we don't have no program.

3 Q. But you're not denying that you set up

4 corporation soles for individuals?

5 A. I establish -- I help them establish corporation
6 soles for church and ministry.

7 Q. And you've established over 300 in the past
8 decade?

9 A. Yes. For church and ministry, which is totally
10 legal.

11 Q. All right. Well, nobody said it wasn't.

12 A. Okay.

13 Q. All right.

14 A. So this -- I don't have seminars, number one. I
15 don't promote anything. I'm only -- when I speak on
16 corporation sole versus 501(c)(3), I'm invited to the
17 church, to a church where church ministers and leaders are
18 there, and it's usually a conference of -- for church
19 business. We'll say that word, "business." My booklets
20 have nothing to do with tax. It just gives the code as
21 for church --

22 Q. The title has a tax section on it.

23 A. Well, because, you know, when you write a book,
24 you have to grab ahold of --

25 Q. Okay. Almost every page of the book --

1 Q. All right. So if the interrogatory would have
2 been reworded to state: State the number of corporation
3 sole packages you have established during the past five
4 years, you would have answered that in probably, what, 150
5 or something like that?

6 A. Well, I don't even know if I would have answered
7 it that way, also, because I don't do it. The church does
8 it. I do it for the church. So it's really Bethel Aram
9 Ministries that's doing the corporation sole.

10 Q. Okay. Bethel Aram Ministries --

11 A. I am the --

12 It writes them. It does the, you know --

13 MR. GARDNER: Agent.

14 THE WITNESS: -- agent. The agent, if you
15 want to call it that, the pastor.

16 BY MR. SHOEMAKER:

17 Q. Have I asked how many LLCs you've established in
18 the last decade?

19 A. Did you ask that question here? No, you haven't
20 asked me that.

21 Q. How many?

22 A. None.

23 Q. How many has Bethel Aram Ministries established?

24 A. Maybe four or five.

25 MR. GARDNER: In the last decade?

1 THE WITNESS: In the last decade?

2 BY MR. SHOEMAKER:

3 Q. Ever. 18?

4 THE WITNESS: Really? That many?

5 MR. GARDNER: 18.

6 THE WITNESS: 18?

7 MR. GARDNER: Over 10 years, yeah.

8 THE WITNESS: Over 10 years. Are you sure?

9 BY MR. SHOEMAKER:

10 Q. Bethel Aram Ministries has established 18 LLCs in
11 the past 10 years?

12 A. I didn't think that many. That seems ridiculous.
13 No way.

14 THE WITNESS: Where did you get that number?

15 MR. GARDNER: In the last 10 years.

16 THE WITNESS: Honey, we have not done
17 that -- I mean, hardly any. We've done, I'd say, maybe
18 eight.

19 MR. GARDNER: You're talking 10 --

20 BY MR. SHOEMAKER:

21 Q. All right. Let me just cut you off here. Your
22 husband believes the number is about 18?

23 A. I believe it's maybe 10, at the most.

24 Q. And you believe it's maybe 10, at the most?

25 A. Yeah.

1 this next exhibit is Exhibit 18.

↓ 2 (Document marked previously as Government
3 Exhibit No. 18 was presented.)

4 BY MR. SHOEMAKER:

5 Q. It's two pages, handwritten by me --

6 A. Handwritten by you. Okay.

7 Q. -- based on --

8 A. My -- what I say.

9 Q. -- what you said in that --

10 A. Video.

11 Q. -- video.

12 A. Okay. That's good.

13 Q. And, one, I just want you to look at it, and
14 we'll go through it and see if it's accurate.

15 A. Okay.

16 Q. You gave an example --

17 A. Uh-huh.

18 Q. -- in your speech --

19 A. Uh-huh.

20 Q. -- and you talked about the relationship
21 essentially between a corporation sole, LLC and a trust.

22 A. Uh-huh.

23 Q. And you talked about the first page there of
24 Exhibit 18.

25 A. Remember, this is an example.

1 Q. Yes.

2 A. Okay.

3 Q. You said there is an individual businessman, and
4 he conducts XYZ Business.

5 A. Uh-huh.

6 Q. And it's a good idea to put the XYZ under the
7 name of the LLC or operate the business through the LLC.
8 LLC is a pass-through entity.

9 A. Uh-huh.

10 Q. And then you talked about, the LLC had to have at
11 least two members. And it would be a good idea to make
12 one of the members a trust, which you or Bethel Aram would
13 set up --

14 A. Uh-huh.

15 Q. -- along with the LLC --

16 A. Uh-huh.

17 Q. -- and the corporation sole.

18 A. Uh-huh.

19 Q. Okay. And in your example, in your speech, you
20 said the individual would be the managing member but own
21 10 percent --

22 A. As an example.

23 Q. -- as an example. The trust would own 90
24 percent. And is that pretty much what that first page
25 represents?

1 A. Yes. Want to go to page 2?

2 Q. Yes. Go to page 2.

3 Okay. In your example, you said let's say
4 the business has income, net income, of \$100,000 for a
5 particular year.

6 A. Uh-huh.

7 Q. 10,000 of it, 10 percent of it, goes to the
8 individual businessman.

9 A. Uh-huh.

10 Q. And then 90 percent of it, \$90,000, go to the
11 90 percent owner, the trust?

12 A. Uh-huh.

13 Q. And then there is a separate corporation sole?

14 A. Ministry, yeah.

15 Q. And I take it the individual businessman has that
16 corporation sole. It's --

17 A. Yeah, when I say corporation sole -- in fact,
18 we're going to redo that video -- it's going to be
19 ministry. It's really when I -- I think it says on there
20 ministry. It says church ministry on there. It doesn't
21 say corporation sole. It says church ministry. This is
22 incorrect.

23 Q. Okay. So the corporation sole could be
24 changed -- and I will change it.

25 A. It should be church ministry.

↓
1 Q. Should just be changed to church?

2 A. Church, yeah.

3 Q. Church or church ministry?

4 A. Either one, yeah.

5 MR. GARDNER: Church.

6 THE WITNESS: Church, parachurch. Do you
7 understand parachurch?

8 BY MR. SHOEMAKER:

9 Q. But it could also be a corporation sole, couldn't
10 it? Or does it matter?

11 A. No. The corporation sole is a person. I mean,
12 he could hold it. He does. He holds the assets for the
13 church. But it's for the church.

14 Q. And, well, the church that's listed on the second
15 page of that exhibit now is the church that the individual
16 businessman is the corporation sole for?

17 A. Right.

18 Q. Okay. Going further into the example --

19 A. Okay.

20 Q. -- you talk about an individual can give up to
21 50 percent of their AGI, adjusted gross income, to a
22 charity.

23 A. Correct.

24 Q. So in this example, the person takes his \$10,000
25 distribution, gives 50 percent of it to the church

1 ministry, gives \$5,000 to it, so he's left with \$5,000.

2 The trust can give 100 percent --

3 A. Correct. Per IRS 642.

4 Q. Is that a publication or a statute?

5 A. Statute.

6 Q. -- could give 100 percent to a --

7 A. Nonprofit.

8 Q. -- nonprofit. So in this example, it gives
9 100 percent, 90,000, to the church ministry. So the end
10 result is, the church ministry has \$95,000 to do its
11 deeds?

12 A. Right.

13 Q. The individual businessman has \$5,000 --

14 A. To live on.

15 Q. -- and it's your position that he's taxable --

16 A. Oh, yeah.

17 Q. -- he's taxed on that 5,000?

18 A. Well, he's taxed on the 10,000, but after his
19 deduction he could -- on his Schedule C, I think it is, he
20 could take whatever he donates to the ministry.

21 Q. He's taxable on his --

22 A. His income.

23 Q. Well, AGI is --

24 A. Adjusted gross.

25 Q. -- above tax.

1 MR. GARDNER: Uh-huh.

2 BY MR. SHOEMAKER:

3 Q. So he's going to be taxed on the 5,000?

4 A. Yeah. After the deduction.

5 Q. All right. And in the example, I believe, he had
6 a spouse who earned 20,000.

7 A. Right. She works. Then she's got to add that to
8 that amount.

9 Q. All right. Just so it sounds like I at least
10 followed you. And does that Exhibit 18, from what you can
11 tell, match what you speak about or spoke about at least
12 in that?

13 A. Yeah. Not totally, but it gives an illustration,
14 yes.

15 Q. Okay. Okay. All right.

16 A. Now, this business is for -- if this church
17 wants -- wants to use a business, sometimes, like I told
18 you earlier, the church will start a business, say,
19 selling widgets, to support its ministry. Like we have a
20 lot of on-the-street ministries. We have food ministries,
21 parachurch ministries that support -- they form a company.
22 They'll sell widgets to support that ministry, and that's
23 what this illustration is for.

24 We have a pastor that has, like I told you,
25 a nursing home, and this is the illustration we tell them.

CORPORATION SOLE

VS.

501 (C) (3) CORPORATION

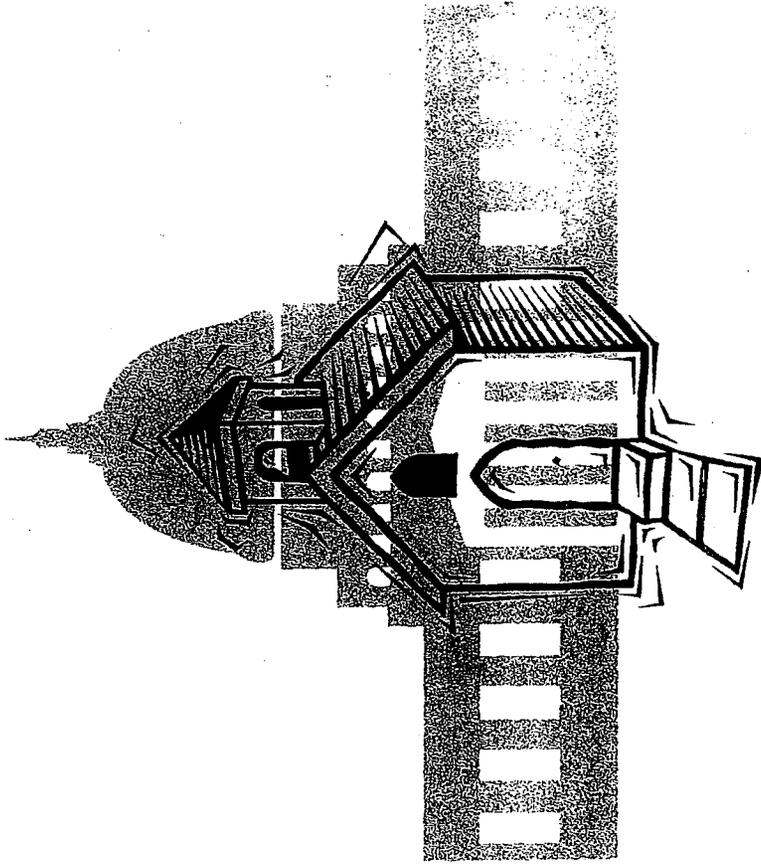


Exhibit D

ELIZABETH GARDNER



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CORPORATION SOLE

VS.

501 (C) (3) CORPORATION

by

ELIZABETH GARDNER

ABOUT THE AUTHOR

ELIZABETH GARDNER holds ordination with the Independent Assembly of God, the Full Gospel Fellowship International, Brothers of Christ International and Bethel Aram Ministries.

She attended Christ for the Nations Bible Institute and has been an ordained minister since 1978. She completed her doctorate in Theology with Suffolk University in 2006. She ministered as an evangelist for three and a half years and is active as a pastor in Dewey, Arizona.

She also attended The Paralegal Institute of Arizona and has a degree as a Certified Paralegal/Legal Assistant. She specialized in Contracts, Business Organizations, Litigation and Trial Practice.

She is the author of several books including: *Lord, Why Me?*; *Christmas, A Christian Holiday, Or is It?*; *Corporation Sole vs. 501(c)(3) Corporation*; and a booklet, *How to Protect Everything You Own in This Life and After*.

Since 1997, Elizabeth has been writing Articles of Incorporation for the office of corporation sole within the Canon Law for churches and various ministries. She has been dedicated to warning and teaching the body of Messiah of the trappings of 501(c)(3) Corporation and how they can release themselves legally from the worldly system of Babylon. Her ministry embraces the church's obligation to come back under the headship of the Master Yahshua, and still remain as a tax exempt status to those who desire to have a donation acknowledgment for the gifts they give to the ministry.

FROM THE AUTHOR

In America today, most churches and ministries are licensed, regulated business enterprises. Most churches in America have incorporated with the state and have obtained tax-exempt status from the Internal Revenue Service under Title 26, U.S. Code, Section 501(c)(3). Incorporation has become so common that such a practice is rarely questioned, and to speak out publicly against incorporation will often subject the critic to immediate censure and verbal abuse.

In spite of the fact that there is no justifiable reason for a church to incorporate under a government charter [contract] as a business entity and to seek tax-exempt status; the church seems to be blind to this reality. It has become a state government business agency. It is, by statute and IRS code, immune from taxes and not required to incorporate for any reason. In most cases, attorneys and accountants have convinced the clergy to file for this status to gain alleged benefits and privileges offered by the government, such as: (a) Limited Liability – clergy and members are not liable for church actions (b) Perpetuity – continuous succession, irrespective of changes in membership (c) Tax Exemption – government exemption from property, sales, and income taxes, etc.; and (d) Tax Deduction – for charitable organizations – for income tax purposes.

Many thousands of churches in America have joined in a contractual agreement with the Babylonian System and have incorporated as non-profit businesses functioning as statutory business corporations under the control of the state government and the Internal Revenue Service. Prior to 1954, this incorporation status was virtually not known. We now have to judge whether Yahshua/Jesus, the Messiah, is the sovereign head of His called-out-ones or the State is.

They *aren't* really the "ecclesia", the called-out-ones, by our Lord Yahshua. The true church cannot enter into a contract

of submission and collusion with the world and remain called out and in union with the Messiah. If it does, it desires to be other than the church of the Most High, the called-out-ones. The true church is represented as sojourners. Its citizenship lies in the heavenly region. This earthly region in which it is traveling is a foreign country. As Israel was instructed not to make any covenant with the foreign countries they passed through on the way to the Promised Land, so we as citizens of the same Kingdom are under the same mandate.

This book is addressed to the called-out-ones who desire to be separate people and in total submission to the Lord Messiah and to remain the "ecclesia." It is for those who have incorporated and have become a state agent of government but now want to be unincorporated. This book is for those who have never incorporated but desire to put in order "their calling" in the ministry to encourage privacy back to the church and provides for an arrangement in the church in which the house of God may not be divided against itself.

If, after reading this book, you have any questions please contact:

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and (b) *SHALL NOT* applies to: (a) *Churches*, their integrated auxiliaries, and conventions or associations of churches.

IRS Code Section 6033(a) provides church "Mandatory Exceptions" from the need for filing returns of any kind. It also acknowledges the church has complete *immunity* to disclosure. The regulations explain that it is not necessary to maintain records of any kind.

In Section 6033(1)(g)(1)(i) it states that annual returns are not required to be filed by an organization *described* in section 501(c)(3), which has established its right to exemption from taxation under 501(a) and which is organized and operated exclusively for religious purposes.

In Section 6033(2)(a)(i)(iii) of the Code it states: (a) Mandatory Exceptions, (i) *Churches*, their integrated auxiliaries, etc. (iii) *exclusively* religious activities of a *Religious Order*.

As stated, the corporation sole has complete *immunity* to disclosure. The regulations explain that it is not necessary to maintain records of any kind except for the organizations' own purposes and reasons.

In Section 170(B) provides for Charitable Contributions and gifts that can be deducted for an individual.

In Section 170 B(1)(a)(i) it states: (1) Individuals (a) General Rule for any charitable contribution to: (i) A church or association of churches.

The church/ministry (called-out-ones) are recognized under Section 170 for charitable contribution.

Since the IRS Codes are subject to the First Amendment to the United States Constitution, there are NO requirements for a corporation sole of the church or the church related ministries to apply to the IRS for recognition of tax exemption or tax-exempt status. In fact, the codes themselves provide a specific EXCEPTION to reporting and taxation for churches/ministry.

The IRS Codes are for corporations, i.e. non-profit and for-profit business corporations. The corporation sole is **NOT** a business corporation of any kind. Even though it is not a business corporation, IRS recognizes the corporation sole as in

the same status and category as a non-profit corporation, without being one, and without being under their jurisdiction. They understand the difference between a church, the called-out-ones, and a non-profit business corporation.

The Benefits of the canon law corporation sole are:

1. They are not subject to the "public policy" rule and regulations governing the 501(c)(3) noted on page 33.
2. They are not created by the government and are not under any government agency including the IRS.
3. They are subject to the private government of those who create them.
4. The only rules for their government are the laws and constitution as signed by the founder.
5. The government is not able to interfere in any way.
6. The government may not alter or amend the charter/covenant.
7. All church workers are no longer classified as employees, but considered as ministers of the gospel.
8. No government control of the administration.
9. There are no filing requirements of any kind.
10. There are no withholding or self-employment taxes or income tax with corporation sole.
11. The corporation sole can receive donations and give tax-deductible receipts.
12. The corporation sole can do and operate as any individual can in this world, but at the same time not be part of it.
13. Most of all, the headship becomes Messiah and not the government.

A benefit of the corporation sole is its ability to support the ministry with income earned outside the ministry by the

corporation sole office and at the same time drastically reduces your income taxes. If you are a corporation sole and you are also a W-2 employee for a company, you may donate 50% of your adjusted gross income you earned to the ministry of the corporation sole and take the deduction off your 1040 form. If your spouse is also working outside the ministry and is a W-2 employee, he/she may also donate 50% of his/her gross income to the corporation sole, thus reducing your tax responsibility drastically and adding more proceeds to the corporation sole for the purpose of the ministry. There is no tax liability for the corporation sole working within the ministry.

Earned income of a private business outside the ministry that has no relationship to the corporation sole is taxable. If you are a corporation sole and operate your *own business* and want to support the ministry by using monies of the business, you will want to form a Partnership LLC (Limited Liability Company) to operate the outside business and form a canon law trust to be the majority member.

The LLC has no corporate IRS return accountability, only the partners do. A 1065 K-1 report is filed for the LLC. In a partnership LLC, a trust can be the majority member (partner) of the LLC, which in turn according to IRS 7701.4 can pass 100% its income to a nonprofit entity. Whatever the percentage amount of the other partner is that partners tax liability. The percentage passed to the ministry of the corporation sole is tax free to the ministry and totally supports the ministry.

The corporation sole presiding within the church is as follows: Christ is the head of the church. Under the headship of Christ, is the congregation [body of Christ], and within the congregation, is the administrative *Office* [Pastor, Elder, Bishop, Apostle, Minister, Deacon, Prophet, etc.] of corporation sole. The Articles of Incorporation of the *Office* only is recorded in the Secretary of State for a Certificate of Existence as an ambassador of the Kingdom of God. The congregation is not recognized by the State or any of its administrations. In

essence, a corporation sole is self-governing within the church like a sovereign nation; the holy kingdom of the Most High.

We choose to record the corporation sole in the state of Nevada. The reason being is they are the only state that will accept the ecclesiastical canon law corporation sole written as an office and not as an entity.

In statutory form surrounding both types of corporation sole, seventeen states in the United States of America have corporation sole separately, directly and openly in their statutes. They are:

| | |
|----------------|---|
| Alabama | Code Section 10-4-1 to 9 (1975) |
| Alaska | Stat. Section 10.40.060 (1985) |
| Arizona | Revised Stat. 42-10-11901-1011908 |
| California | Corp. Code Secs. 10000 to 100 1 5 |
| Colorado | Rev. Stat. 7-52-101 to 104 |
| Hawaii | Rev. Stat. Section 419-1 to 9 |
| Idaho | Code Section 30-304 |
| Michigan | Comp. Laws Ann. Section 458.1-2, 458.271-27 (West 1983) |
| Montana | Code Ann. 35-3-1 01 to 209 (1985) |
| Nevada | Rev. Stat. Section 84.010-080 (1985) |
| New Hampshire | Rev. Stat. Ann. Sec. 306.6-8 (1984) |
| South Carolina | Code Ann. Section 33-31-140 |
| Utah | Code Ann. Sec. 16-7-1 to 12 (1973) |
| Washington | Rev. Code ann. Sec. 24.12.010-040 |
| Wyoming | Stat. Section 17-8-109 to 113 (1977) |

At least nine other states or jurisdictions have at least one corporation sole created under special or private charter, sometimes dating before the time of the passage of a general incorporation statute. They are the District of Columbia, Illinois, Kentucky, Maine, Maryland, Massachusetts, Nebraska, Rhode Island and Texas. No authoritative listing has been found listing the states which have corporations sole under private law or special incorporation. The foregoing nine jurisdictions were drawn from cases citing a corporation sole in a judicial opinion,

incorporated, not the person, not the Church Ministry, nor the congregation.

Are there by-laws in a corporation sole?

No. The corporation sole does not have the usual trappings of a corporation, i.e., 501(c)(3). It does not have by-laws, a board of directors, officers, stock, stockholders, official minutes, or corporate name.

Does the corporation sole have a charter/articles of incorporation?

The older corporation soles are devoid of a royal charter or other formal approved characteristics. Since then the state acknowledgment later became an alleged requirement, or at least a state policy, a theory had to be developed to justify the corporation sole existence of the ancient church.

How are the articles of incorporation sole written?

They can be written by following the statutes requirements of the particular state but are written out of the ecclesiastical, canon law. If they are written out of the state statutes, they are a corporation sole of the state. If they are written out of the canon law, they are pre-dating of its existence of an ancient religious order and not part of the state. The filing is for recognition as a non profit by the state only.

Can a corporation sole receive donations and give tax deductions?

Yes. Because a corporation sole is in the same status [standing] as a 501(c)(3) corporation according to the IRS code as a non profit organization, it can receive and give tax

CORPORATION SOLE QUESTIONS AND ANSWERS

What is a corporation sole?

A corporation sole is an office consisting of one person only, and his successors in some particular position within the Body of Christ or religious order to give them sole legal capacities and advantages, particularly that of perpetuity, which in their natural person they could not have had.

What is an office of corporation sole?

The office of a corporation sole is an official administrative position of a person succeeding one another in some official positions [officeholders] within the Church Ministry for the work of the ministry. Example: Pastor, Elder, Bishop, Apostle, Prophet, Prophetess, Missionary.

What is a corporation sole formed for?

Corporation Sole may be formed to acquire, hold and dispose of Church or religious society property and for the benefit of religion, for eleemosynary works (charity), for education, scientific research and for public worship.

Is the Church Ministry incorporated?

No. The office of corporation sole is

deduction receipts as a state granted Church Ministry can.

Question: *Can a corporation sole be formed to do business?*

Answer: NO! There are a lot of promoters that are making wild claims that corporation sole can be used for business. In reality the IRS will look at this as sole proprietorship or at least a business trust. In both cases the taxation benefit is totally lost. A true corporation sole is not an entity or an organization or a trust.

Question: *Can a corporation sole be formed for estate planning?*

Answer: NO! There are a lot of promoters that are promoting corporation sole as an estate planning tool. A corporation sole is not an instrument for estate planning.

Question: *If I am in ministry as a corporation sole and my spouse is my successor and I die, and my spouse succeeds my office, when my spouse dies, how will she/he get our hereditaments to our children?*

Answer: If you have heirs to pass hereditaments to, a Canon Law Trust can be formed. Your children/heirs are the beneficiaries, thus receiving the hereditaments by your directive.

Question: *If I am presently a 501(c)(3) corporation and desire to be a corporation sole, can this be accomplished?*

Answer: Yes. According to IRS Publication 557 under heading "Dedication and Distribution of Assets of the 501(c)(3) corporation it states that if you dissolve the 501(c)(3) corporation, you

must donate the assets to another exempt purpose described in this chapter, or to the federal government or to a state or local government for a public purpose." In chapter three, page 15 of publication 557 those that are exempt automatically are exempt if they meet the requirements of the 501(c)(3) section of the IRC include: churches, interchurch organizations, auxiliaries of church. "IRS publication 1828 states on page 3, "Churches may be legally organized in a variety of ways under state law, includingcorporation sole." The IRS is stating that a Church Ministry that is under a corporation sole is recognized as the same status as a 501(c)(3) corporation. Thus the assets of the 501(c)(3) corporation can be donated to the corporation sole without loss of assets.

Question: *Can the corporation sole purchase property?*

Answer: Yes. Holding property for Church in the corporation sole is one of the purposes for establishing a corporation sole. This includes: parsonage, vehicles, and buildings for the Church Ministry.

Question: *Does the IRS recognize a corporation sole?*

Answer: Yes. IRS publication 1828 states on page 3, "Churches may be legally organized in a variety of ways under state law, including...corporation sole." The IRS is stating that a Sovereign Church is recognized as the same status as a 501(c)(3) corporation state granted religious organization that is under a corporation sole.

Question: *Does the corporation sole have to file income*