

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 FREDRIC A. GARDNER
Prescott, Arizona
May 31, 2007
11:40 a.m.

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



LOTT REPORTING, INC.

316 North Alarcon Street
Prescott, AZ 86301
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I N D E X

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E X H I B I T S

NO.	DESCRIPTION	PAGE
	(None marked)	

1 THE DEPOSITION OF FREDRIC A. GARDNER, taken
2 on May 31, 2007, commencing at 11:40 a.m., at the offices
3 of Lott Reporting, Inc., located at 316 North Alarcon
4 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

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

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1 FREDRIC 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 Q. All right. Mr. Gardner, could you give your full
9 name, please.

10 A. Fredric -- that's F-r-e-d-r-i-c -- A. Gardner.

11 Q. Could you tell me your residential address.

12 A. 570 Apache Knolls Trail, Dewey, Arizona 86327.

13 Q. Do you have a different mailing address?

14 MRS. GARDNER: Yes, you do.

15 THE WITNESS: Oh, yeah. P.O. Box 2038,
16 Dewey, Arizona.

17 BY MR. SHOEMAKER:

18 Q. Is your phone number also --

19 A. Pardon me?

20 Q. Is your phone number also 928-775-5454?

21 A. Yes.

22 Q. And is your cell phone number the same as your
23 wife's? Do you have a separate cell phone number?

24 A. I do, yeah, but I don't know it.

25 MRS. GARDNER: 602-692-2335.

1 THE WITNESS: I never call me.

2 BY MR. SHOEMAKER:

3 Q. All right. Mr. Gardner, you sat in on the
4 deposition of your wife this morning; is that correct?

5 A. Yes.

6 Q. And, in fact, you had at least a minor speaking
7 role in that deposition; is that right?

8 A. Minor.

9 Q. So you know what a deposition is?

10 A. Yes, sir.

11 Q. Prior to coming here today, have you had your
12 deposition taken before?

13 A. Yes. In the same case where we sued a radio
14 station, yes.

15 Q. All right. Could you tell me your post-high
16 school education?

17 A. I attended Kent State University. I've also
18 attended ABI educational courses for banking. I have
19 attended Christ For the Nations Institute, 1976 and '77.
20 I also have education in accounting from the Paralegal
21 Institute of Phoenix. I also have estate and financial
22 planning degrees from the Career Institute of Atlanta,
23 Georgia. And that's about it.

24 Q. What year did you get your degree at Kent State?

25 A. I didn't finish at Kent State. The war in -- no.

1 Kent State, I didn't finish my final year.

2 Q. All right. What was your final year?

3 A. My final year was 19- -- let's see -- '68.

4 Q. Did you have a major?

5 A. Business.

6 Q. Did you take tax classes as part of that --

7 A. Accounting classes, mostly.

8 Q. All right. Was there any tax classes, specific
9 tax classes, at Kent State, that you took?

10 A. Boy, that's a long time ago. I can't remember.
11 Yes, I did, as a matter of fact. It was around
12 corporations.

13 Q. You're a certified estate planner; is that
14 correct?

15 A. Yes, sir.

16 Q. Is that a formal licensed position?

17 A. No. It's -- it depends on the state that you
18 live in. State of Arizona does require you to pass an
19 examination, but it's a certificate from the institute
20 that I attended.

21 Q. Where did you learn about corporation soles?

22 A. Learned about corporation sole with assisting my
23 wife in research.

24 Q. And where did you learn about LLCs or trusts?

25 A. I learned about LLCs through my courses with

1 accounting and in estate planning and financial planning
2 schooling. Similar with trusts.

3 Q. All right. Can you give me your employment
4 history since leaving Kent State?

5 A. Oh, since leaving Kent State, I worked -- for
6 six years, I was in the banking industry.

7 Q. In what capacity?

8 A. Loan officer. And after that, we attended Bible
9 college. And then from there, we came to Phoenix, and we
10 established our corporation, Maranatha Enterprises.

11 Q. That's the bookstore?

12 A. That's the bookstore. And in 1993, we sold that
13 to another entity. And we went full-time into ministry.

14 Q. Are you an ordained minister?

15 A. Yes, sir.

16 Q. And when did you receive your ordination?

17 A. 1978.

18 Q. When did your wife become an ordained minister?

19 A. 1978.

20 Q. When were you married?

21 A. 1973.

22 Q. You're a pastor of Bethel Aram Ministries; is
23 that correct?

24 A. Yes.

25 Q. You're one of the three elders on the board of

1 elders of Bethel Aram Ministries; is that correct?

2 A. Yes. Yes.

3 Q. What does David Bordon do for Bethel Aram
4 Ministries?

5 A. He helps us when we're --

6 MRS. GARDNER: He serves as an elder.

7 THE WITNESS: He serves as an elder, and he
8 also helps us when we're not at home. See, we travel and
9 minister, so he stays at home and takes care of the
10 congregation at home.

11 MRS. GARDNER: And answers phones.

12 THE WITNESS: And answers the phone for us.

13 BY MR. SHOEMAKER:

14 Q. Now, what do you -- other than being the
15 pastor -- well, as a pastor, what do you do?

16 A. I do music ministry. I also do some counseling
17 of people who have problems. I help Elizabeth with the
18 preparation of each service that we have on Sundays and
19 Thursdays. We also -- I also help -- when we travel, I
20 assist her in ministry there also.

21 Q. What's your role in the corporation
22 sole/trust/LLC aspect of Bethel Aram Ministries?

23 A. My role is I try to educate people in the proper
24 use of LLCs and trusts. And as far as corporation sole
25 goes, mainly my wife handles that portion of it.

1 Q. All right. When did you first learn of the
2 corporation sole structure or form?

3 A. The way it's supposed to be used was 1997 in our
4 research.

5 MRS. GARDNER: Early '90s. '95, '96, when
6 we did the research.

7 THE WITNESS: We started our research in
8 '95, but we've compiled it all and established the way
9 that the corporation should be used, and it all came
10 together in 1997.

11 BY MR. SHOEMAKER:

12 Q. Now, you heard me ask Elizabeth about the
13 paperwork involved or the process of getting a corporation
14 sole set up by Bethel Aram Ministries. Off the top of
15 your head, can you add anything to that? Can you recall
16 if she left anything out or anything like that?

17 A. Not that I can recall, no.

18 Q. Do you meet with persons who want to set up a
19 corporation sole?

20 A. I would be in a room with them, yes.

21 Q. All right. Would you speak with them by
22 telephone also?

23 A. Most the time, I turn it over to my wife.

24 Q. All right. If they weren't -- if your wife
25 wasn't present, would you be handling --

1 A. Yes.

2 Q. -- doing that part?

3 A. Yes.

4 Q. What do you do for the Web site, corpsole.org?

5 A. Nothing.

6 Q. Do you monitor it?

7 A. No, huh-uh.

8 Q. Do you read it? Do you keep track of it?

9 A. Not per se, no.

10 Q. Do you ever have cause to visit it?

11 A. I have gone on it, yes.

12 Q. And for what purpose?

13 A. Mainly, I would say to see to it that things are
14 okay, are correct, as far as content.

15 Q. All right. If something wasn't correct, what
16 steps would you take?

17 A. I would call the person who was the maintenance
18 person or the person who maintains it. We would email him
19 and tell him that there's a mistake and it has to be
20 corrected.

21 Q. All right. Who is that person?

22 A. Martin Spratt.

23 Q. The Australian?

24 A. The Australian.

25 Q. Is he in Australia?

1 BY MR. SHOEMAKER:

2 Q. All right. Going back, the council of elders,
3 you have -- Bethel Aram has three elders; is that correct?

4 A. Uh-huh.

5 Q. Each of these three has an equal vote in Bethel
6 Aram affairs?

7 A. Yes, they do.

8 Q. Does David Bordon have a role in forming
9 corporation soles?

10 A. No, he does not.

11 Q. He's not involved in that --

12 A. No.

13 Q. -- aspect of Bethel Aram Ministries --

14 A. No.

15 Q. -- those sorts of affairs?

16 A. Affairs, no.

17 Q. How about with respect to LLCs or trusts?

18 A. No.

19 Q. All right. All right. Can you remember anything
20 else we talked about earlier with your wife that needs to
21 be covered?

22 A. Let me see my notes real quick.

23 No.

24 MRS. GARDNER: Next page.

25 THE WITNESS: As it pertains to trusts, LLCs

1 or anything in general that you asked her that we wanted
2 to go back to.

3 BY MR. SHOEMAKER:

4 Q. Well, it's probably not important at this point,
5 so we can drop it.

6 A. All right.

7 Q. Let me ask you: Whose idea was it to form Bethel
8 Aram Ministries?

9 A. When we were -- had a ministry in -- we lived in
10 Phoenix at the particular --

11 Q. I'm sorry. "We" means you and your wife; is that
12 correct?

13 A. Yes. We lived in Phoenix, and we were pastoring
14 in a home church that grew to 65 people. And so at that
15 time, we formed Bethel Aram Ministries. And it was solely
16 as the church for the group. We hadn't talked about the
17 possibility of going out and buying a building or
18 anything, but we were meeting in our garage at that time,
19 65 people. And then --

20 MRS. GARDNER: We all decided.

21 THE WITNESS: -- we all decided, you know,
22 the whole congregation -- everybody decided maybe we
23 better form a ministry so that people can --

24 MRS. GARDNER: Identify.

25 THE WITNESS: -- identify us.