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10 UNITED STATES DISTRICT COURT
 11 FOR THE CENTRAL DISTRICT OF CALIFORNIA
 12 WESTERN DIVISION
 13

14 UNITED STATES OF AMERICA,
 15 Plaintiff,
 16 v.
 17 SEAN DAVID MORTON, et al.,
 18 Defendants.

No. 2:15-cr-00611-SVW
 TRIAL BRIEF OF THE UNITED
 STATES OF AMERICA

19 Plaintiff United States of America, by and through its counsel
 20 of record, the United States Attorney for the Central District of
 21 California, hereby submits its trial brief in the above-captioned
 22 case.

23 **I. Status of the Case**

24 Trial is to begin on April 4, 2017. The government anticipates
 25 three days to present its case-in-chief.

26 Pursuant to defendant Sean David Morton's request and following
 27 a Faretta hearing, defendant Sean David Morton elected to proceed pro
 28

1 se. Despite requests from the United States, defendant Sean David
2 Morton has not participated in any pre-trial conferences regarding
3 jury instructions, entered into any stipulations regarding evidence,
4 or produced any reciprocal discovery to the United States.

5 The Court appointed counsel to defendant Melissa Morton who is
6 Steven Brody.

7 **II. Statement of the Case**

8 Defendants Sean David Morton and Melissa Morton are charged in
9 the superseding indictment filed on January 27, 2016, Docket No. 17,
10 with the following crimes:

- 11 • one count of conspiring to defraud the United States in
12 violation of 18 U.S.C. § 371 (count 1),
- 13 • two counts each of filing false claims against the United
14 States in violation of 18 U.S.C. § 287 (counts 2 and 3
15 against Sean David Morton and counts 4 and 5 against
16 Melissa Morton) which claimed false Form 1099-OID¹ income
17 and withholding; and
- 18 • various counts of passing, presenting, and/or offering,
19 false or fictitious financial instruments in violation of
20 18 U.S.C. § 514 (counts 6-7 and 9-32 for Sean David Morton
21

22
23 ¹ When used correctly, a Form 1099-OID ("Original Issue Discount")
24 is an information return used to report income from certain
25 investments and financial transactions. For example, when a person
26 purchases a bond at a value that is discounted from its price at
27 maturity, he or she may be required to report income and pay tax on
28 the annual growth in the bond's value until it reaches maturity. When
the bond is redeemed, the bond's issuer may be required to withhold
tax from the redemption and pay it over to the IRS. Information about
income and withholding would be reported on a Form 1099-OID, which is
prepared by the bond's issuer and filed with the IRS.

1 and counts 8 and 33-56 for Melissa Morton) either on their
2 own behalf or ones they marketed, sold, prepared, and
3 passed on behalf of their "clients."

4 **a. Defendants' and their "redemption" scheme.**

5 The charges against defendants stem from their participation in
6 the "redemption" scheme, the most prevalent nationwide scheme in use
7 by tax defiers and sovereign citizens, which has been used in some
8 form since at least 1987. See United States v. Grosshans, 821 F.2d
9 1247, 1253 (6th Cir. 1987).

10 The theory behind the scheme is as follows: when the United
11 States went off the gold standard in 1933, the government used
12 citizen's birth certificates to collateralize paper money by creating
13 a fictitious "strawman" identity in the name of each United States
14 citizen. The "strawman" identity is signified by using all capital
15 letters when spelling a person's name (or some other variation using
16 strange punctuation when spelling a person's name). The value of
17 one's birth certificate is held in the person's "strawman" identity
18 by the Treasury Department in a Treasury Direct Account and the
19 "strawman" account purportedly can be "redeemed" and used to pay tax
20 and other debts, purchase homes, vehicles, and so on. See Monroe v.
21 Beard, 536 F.3d 198, 203 n.3 (3d Cir. 2008); United States v.
22 Getzschman, 81 F. App'x 619, 620-21 (8th Cir. 2003); Gravatt v.
23 United States, 100 Fed. Cl. 279 (Fed. Cl. 2011); United States v.
24 Morris, 2011 WL 588060, *1 (D. Colo. Jan. 14, 2011); United States v.
25 Call, 2009 WL 6047137, *3 n.1 (D. Nev. Nov. 24, 2009); Bryant v.
26 Washington Mut. Bank, 524 F. Supp. 2d 753, 758-760 (W.D. Va. 2007).
27 This scheme has been repeatedly rejected by the courts. United States
28 v. Allison, 264 F. App'x 450, 452 (5th Cir. 2008) (redemption scheme

1 is nonsensical and soundly rejected in this and other jurisdictions);
2 United States v. Levy, 849 F. Supp. 2d 1353, 1357-58 (S.D. Fla. 2012)
3 ("every court which has considered the 'redemption theory' has
4 dismissed it as frivolous").

5 The scheme has three primary components, two of which the
6 defendants subscribed: (1) filing false tax returns based on false IRS
7 Forms 1099-OID; (2) using fictitious financial obligations to pay tax
8 and other debts; and (3) filing false liens and other retaliatory
9 documents, such as UCC Financing Statements, against government
10 officials who have engaged with the sovereign citizen/tax defier. In
11 this instance, defendants have thus far participated in 2 of the 3
12 parts of the scheme, as they filed false income tax returns and
13 claimed large refunds based on False Forms 1099-OIDs, and made, used,
14 and sold fictitious financial instruments to pay their tax debts with
15 the IRS and sold their bond "product" to pay commercial debts for
16 their clients.

17 **b. Defendants' Form 1099-OID scheme**

18 The Form 1099-OID scheme ("the OID scheme") is a fraudulent tax
19 scheme aimed at causing the Internal Revenue Service (IRS) to pay out
20 false claims for income tax refunds. The scheme misuses Forms 1099-
21 OID, which are a type of information return (similar to a Form W-2)
22 used to report income from certain investments, to claim fictitious
23 income and withholdings which are used to support false claims for
24 tax refunds. Typically, the false Forms 1099-OID list a debt, a line
25 of credit, or a group of expenses as if it were an item of income;
26 the Form 1099-OID then purports that 100 percent of the income was
27 withheld to pay taxes. For example, if an individual had a home
28 mortgage, valued at \$200,000, the Form 1099-OID as used in the scheme

1 would make it appear as if the mortgage company paid the individual
2 \$200,000 and withheld all of that payment—the full \$200,000—for tax
3 purposes.

4 Participants in the Form 1099-OID scheme then prepare false
5 federal income tax returns using the data from the false Forms 1099-
6 OID. In the home mortgage example, the tax return would report the
7 filer's legitimate income and withholding plus an extra, false
8 \$200,000 of interest income and withholding. This generates a claim
9 for a large refund to which the individual is not entitled.

10 **c. Defendants' Participation in the OID Scheme**

11 On various dates as alleged in the superseding indictment,
12 defendants filed income tax returns with the Internal Revenue Service
13 (IRS) for years 2005, 2006, 2007, and 2008 for Sean David Morton and
14 2007 for Melissa Morton, which falsely claimed they had OID income
15 from Bank of America, American Express, Capital One, Providian,
16 and/or Chase banks, reported large withholding, and claimed they were
17 owed refunds. The government alleged these acts in count one, overt
18 acts numbers 17 through 21, 40 through 46, and counts two through
19 five. In fact, as alleged in count one, overt acts 21 through 25,
20 the IRS did issue an erroneous refund of \$480,322.55 to defendant
21 Sean David Morton based on false OID income and withholding on a 2008
22 income tax return, to which defendant Sean David Morton was not
23 entitled, and which was deposited into defendants' joint checking
24 account with Washington Mutual (WAMU). The government will show that
25 the same day the refund was deposited into defendants' joint account,
26 defendants took immediate steps to place the money outside of the
27 government's grasp, and opened two additional Washington Mutual joint

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1 accounts, transferred \$110,467 and \$250,000 of the erroneous refund
2 respectively to the two new accounts, and withdrew \$70,000 in cash.

3 Indeed, when the IRS took steps to collect the erroneous refund,
4 defendants began a campaign to thwart the government's collection
5 efforts. The government will prove that when the IRS levied on
6 defendants' WAMU joint bank account wherein the erroneous refund was
7 deposited, defendant MELISSA MORTON sent repeated letters to the IRS
8 wherein she lied to the IRS in saying it was her sole and separate
9 account. Defendants continued their campaign to harass the IRS
10 revenue officer assigned to collect the erroneous refund, as alleged
11 in count one, overt acts 26 through 39, in an attempt to intimidate
12 the revenue officer and halt his collection efforts against
13 defendants. In fact, the deluge of "notices" sent to the revenue
14 officer was a precursor to their next scheme that involved the bond
15 process, more fully described below.

16 As seen in counts two through five, defendants made multiple
17 false claims by way of requesting refunds on their income tax returns
18 generated by their use of false Forms 1099-OID income and
19 withholding. Defendants attached false Forms 1099-OIDs to their
20 returns to give the appearance that they had Form 1099-OID income and
21 withholding. The banks listed on defendants' Schedules B filed with
22 their income tax returns were banks in which defendants owed money
23 for credit cards or had bank accounts. At trial, witnesses from the
24 different banks listed on defendants' Schedules B will testify that
25 they did not issue defendants Forms 1099-OIDs, that defendants did
26 not have any OID income as stated on the return, and in fact, many of
27 the banks do not offer original issue discount income as a product to
28 their customers. The government will show through an IRS witness

1 that when defendants put false OID income and withholding on their
2 income tax returns as their sole source of income and withholding,
3 the conduct generated false refunds to which they were not entitled.
4 The government will show that defendants' scheme was part and parcel
5 of their conspiracy to get refunds to which they were not entitled.
6 And when they did get an erroneous refund, defendants moved it out of
7 the reach of the government, quickly.

8 **d. Defendants' Use of Fictitious Financial Instruments**

9 As alleged in counts six through eight, when the IRS attempted
10 to collect the erroneous refund from defendants, defendants made and
11 presented to the IRS various "coupons" and "bonds" that purported to
12 pay off their debt with the IRS. Defendants created and submitted
13 these documents, which have indicia of legitimate financial
14 instruments and instruct the recipient (here, the IRS) to draw upon
15 funds with the United States Treasury to satisfy defendants' IRS
16 debt. The government's expert will testify that in his opinion the
17 financial instruments at issue purport to be genuine financial
18 instruments issued under the authority of the United States, but are
19 actually worthless paper.

20 Further, as alleged in counts 9 through 56, defendants sold the
21 bond scheme to others who were in debt with governmental
22 organizations, like the IRS or State of California, or private
23 banking institutions, like CitiMortgage or PennyMac, for mortgage or
24 credit card debt. Defendants charged their clients thousands to
25 prepare and file useless UCC-1 documents declaring their clients'
26 "strawman" statuses, and to prepare and send false bonds to the
27 government/banks which purported to pay off the clients' debt. The
28 government will present evidence to show how defendant Sean David

1 Morton sold the bond packages to clients in financial trouble, and
2 how defendant Melissa Morton prepared and mailed all of the paperwork
3 and bonds to the banks/institutions on behalf of their clients. When
4 the government/banks rejected the bonds as junk, defendants further
5 encouraged their clients to file suit against the banks, and charged
6 their clients thousands more to prepare court filings for them. In
7 the end, the only ones who ever saw any debt relief was defendants,
8 who profited by peddling this scheme.

9 **III. Applicable Law**

10 **a. 18 U.S.C. § 371**

11 Count one charges the defendants with conspiring to defraud the
12 United States by obstructing the lawful functions of the Internal
13 Revenue Service by deceitful or dishonest means. The United States
14 must prove the following beyond a reasonable doubt:

15 First, beginning in or about March 2009, and continuing at least
16 until in or about April 2013, there was an agreement between
17 defendants to defraud the United States by obstructing the lawful
18 functions of the Internal Revenue Service by deceitful or dishonest
19 means as charged in the superseding indictment;

20 Second, defendants became members of the conspiracy knowing of
21 at least one of its objects and intending to help accomplish it; and

22 Third, one of the members of the conspiracy performed at least
23 one overt act on or after March 2009 for the purpose of carrying out
24 the conspiracy.

25 As enumerated above, the government anticipates that the
26 evidence will show that defendants conspired to defraud the United
27 States by the submission of false income tax returns for various tax
28 years that included false Forms 1099-OID attached to the return,

1 false Schedules B that reported non-existent OID income, and returns
2 that claimed false withholding on the false OID income, all to
3 generate large tax refunds to which neither defendant was entitled.
4 The government will show that a 2008 income tax return submitted by
5 defendant Sean David Morton was false, but the IRS erroneously issued
6 a refund of \$480,322, which was deposited into defendants' joint
7 account with WAMU. Later, when the IRS took efforts to collect the
8 erroneous refund by levying the joint account in which the refund was
9 deposited, defendant Melissa Morton lied repeatedly in letters to the
10 revenue officer, and claimed the levy was illegal because the account
11 belonged solely in her name. Additionally, the government will show
12 the multitude of frivolous documents sent to the IRS by both
13 defendants in an attempt to hamper collection efforts and obtain
14 further fraudulent refunds. Any one of these overt acts is
15 sufficient to convict the defendants of the conspiracy charged.

16 **b. 18 U.S.C. § 287**

17 Counts two through five charge that defendants submitted false,
18 fictitious, and fraudulent claims to the United States via the income
19 tax returns filed with false Form 1099-OID income and withholding.

20 The United States must prove the following beyond a reasonable
21 doubt with respect to their respective false income tax returns, as
22 charged in the superseding indictment:

23 First, defendants presented or caused to be presented a claim
24 against the United States or agency of the United States;

25 Second, claims were false, fictitious, or fraudulent; and

26 Third, defendants knew their claims were false, fictitious, or
27 fraudulent.

28

1 A tax return seeking a refund is a claim against the United
2 States. United States v. Drape, 668 F.2d 22, 26 (1st Cir. 1982).
3 Form 843, Claim for Refund, is also a claim against the United
4 States. United States v. Strong, 1997 WL 269359, *2 (7th Cir. 1997).
5 The offense is complete upon filing the claim; the government need
6 not pay or honor it. United States v. Coachman, 727 F.2d 1293, 1302
7 (D.C. Cir. 1984). The government also need not prove that the claims
8 were material, as "[m]ateriality is not an element required by 18
9 U.S.C. § 287." Id. at 455.

10 The applicable mental state for § 287 offenses is knowledge that
11 the claim was false when it was filed. United States v. Irwin, 654
12 F.2d 671(10th Cir. 1981) overruled on other grounds by United States
13 v. Daily, 921 F.2d 994, 1004 n. 11 (10th Cir. 1990); United States v.
14 Holloway, 731 F.2d 378, 380-81 (6th Cir. 1984). The term "willfully"
15 is not used in § 287 and so willfulness is not an element of the
16 crime. United States v. Irwin, 654 F.2d at 682.

17 The government will show the claims, two claims for each
18 defendant, constituted false claims for income tax refund to the IRS.
19 The government will show that the returns reported the false 1099-OID
20 income and claimed false withholding generated for the large claimed
21 refunds on each return. The government will present witnesses from
22 the banks listed on defendants' Schedules B, who will state that
23 defendants did not have any OID income, and in fact, many of the
24 banks do not offer OIDs as a product to their customers. Further,
25 the government will have an IRS employee, who is knowledgeable about
26 the system wherein banks report OID income and withholding to the
27 IRS, who will testify that no banks reported OID income or
28 withholding for defendants in the years at issue.

1 The government's evidence will also prove that defendants acted
2 with knowledge that the claims they filed were false, fictitious, and
3 fraudulent. Several facts point to the defendants' knowledge of
4 falsity, including the transparently fraudulent nature of the 1099-
5 OID scheme. A person may not create tax documents out of whole
6 cloth, purporting that a financial institution paid out a made-up
7 amount of money and withheld an equally made-up amount as a federal
8 income tax payment. Further, defendants had knowledge that their
9 returns that claimed false 1099-OID income was a scam when the IRS
10 sent defendants letters informing them as such.

11 **c. 18 U.S.C. § 514**

12 Counts six and seven and counts nine through thirty-two of the
13 superseding indictment charge defendant Sean David Morton with
14 violations of Title 18, United States Code, Section 514. Count eight
15 and counts thirty-three through fifty-six of the of the superseding
16 indictment charge defendant Melissa Morton with violations of Title
17 18, United States Code, Section 514.

18 In order for defendants Sean David Morton and Melissa Morton to
19 be found guilty of this crime, the government must prove each of the
20 following elements beyond a reasonable doubt:

21 First, that the defendant passed, uttered, presented, or offered
22 - or attempted to pass, utter, present, or offer - the false or
23 fictitious instrument, document, or other items identified in the
24 superseding indictment;

25 Second, that the instrument, document or other items appeared,
26 represented, purported or contrived through scheme or artifice, to be
27 an actual security or other financial instrument issued under the
28

1 authority of the United States or other political subdivision of the
2 United States; and

3 Third, that the defendant did so with the intent to defraud.

4 18 U.S.C. § 514(a)(2) criminalizes the passing, with intent to
5 defraud, of a fictitious financial instrument that "appears to be
6 'actual' in the sense that it bears a family resemblance to genuine
7 financial instruments." See, e.g., United States v. Howick, 263 F.3d
8 1056, 1067-68 (9th Cir. 2001). It is a statute explicitly designed to
9 criminalize the passing of fictitious - as opposed to counterfeit -
10 monetary instruments. Id.; 18 U.S.C. § 514.

11 Counts nine through fifty-six charge that defendants caused
12 their clients' bond to be knowingly passed, uttered, presented and
13 offered, pursuant to 18 U.S.C. §§ 2(b) and 514. Each of these counts
14 require proof of the same elements as set forth above.
15

16 The government will present each bond that was created, mailed
17 and presented to the government/banks as charged in the superseding
18 indictment by defendants. With respect to counts six through eight,
19 the government will show that the bonds were signed by defendants,
20 and mailed by the defendants to the IRS. The government will show
21 that defendants included other paperwork with the coupons/bonds as
22 "directions" for the recipient on how to cash the bonds. The
23 coupons/bonds have indicia of legitimacy, which often include a
24 statement amount, the use of unique symbols and border patterns,
25 thumbprints, dates of expiration, and use of the term "Indemnity
26 Bonds" on the bonds' title. The government's expert will show how
27 the coupons and bonds and accompanying paperwork purport to commit
28

1 Treasury funds to satisfy the debts of defendants, in an attempt to
2 fool the recipients into cashing the bonds and absolving the debt.

3 With respect to counts 9 through 56, the government will show
4 how clients of defendants paid thousands for useless UCC paperwork,
5 notices, and bonds. The government will show that the bonds giving
6 rise to these charges were signed and initialed by both defendants,
7 notarized and mailed by defendant Melissa Morton to various
8 government/banking institutions, and contain the same indicia of
9 legitimacy as those bonds defendants used themselves. The government
10 will show how the bonds purport to commit Treasury funds to satisfy
11 the debts of their clients which they owed to the government/banking
12 institutions and have indicia of being an actual and legitimate
13 financial instrument issued under the authority of the United States,
14 but again, are only worthless pieces of paper sold by defendants.
15

16 **IV. Stipulations**

17 At present, there are no stipulations regarding the admission of
18 evidence by defendants. Defendant SEAN DAVID MORTON has not
19 participated in any pre-trial meetings with the United States,
20 including failure to attend a meeting on March 20, 2017 to discuss
21 jury instructions and stipulations.

22 There has been little communication regarding stipulations with
23 defendant MELISSA MORTON.

24 **V. Witnesses**

25 Because there are no stipulations, the United States has
26 prepared for the need to call foundational witnesses from the IRS and
27 banks. With this, the United States' anticipated witness list is as
28 follows:

1 1. David Kropp - Kropp will testify concerning IRS tax forms,
2 IRS procedures, federal tax rules, preparation of income tax forms
3 (including Form 1040 and 1040X).

4 2. Kristy Morgan - Morgan will testify as an IRS custodian of
5 record in order to authenticate tax returns and transcripts, the
6 organizational practice of sending out frivolous filing letters to
7 apprise taxpayers that their returns have no basis in law, including
8 defendants.

9 3. FORM 1099-OID bank representatives:

10 a. A representative from Bank of America, N.A.

11 b. A representative from American Express

12 c. A representative from Capital One

13 d. A representative from JP Morgan Chase Bank, N.A.,

14 f.k.a. Washington Mutual, and Providian, now owned by
15 Chase.

16 These bank representatives will testify the defendants were not
17 issued 1099-OIDs for the subject tax years, that no withholdings were
18 made on their behalf by the banks, and that the accounts listed on
19 the return of Sean David Morton/Melissa Morton were not debt
20 obligations generating OID income.

21 4. A representative from JP Morgan Chase Bank, N.A., re:

22 Washington Mutual accounts.

23 The government anticipates that this bank representative will
24 testify as a custodian of record regarding accounts held by
25 defendants with Washington Mutual, including bank opening documents
26 and certain bank account statements.

27 5. Bennett Ellenbogen, or other representative from the

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1 Securities & Exchange Commission - Ellenbogen will testify
2 about a civil case against defendants brought by the SEC, wherein he
3 conducted sworn depositions of defendants.

4 6. Mark Everson, Internal Revenue Service - Everson will
5 describe the IRS electronic filer ("FIRE") system, and that no 1099-
6 OID returns were filed in the names of the defendants by the listed
7 financial institutions enumerated on Schedule B of defendants'
8 returns.

9 7. Patricia Ballin, Fletcher Jones Motorcars - Ballin will
10 testify regarding Melissa Morton's purchase of a Mercedes Benz ML320
11 with the dealership, and how Melissa Morton paid for the down payment
12 of the vehicle.

13 8. Ted Lepkojus, former employee, Internal Revenue Service -
14 Lepkojus, the revenue officer assigned to collect the erroneous
15 refund issued to defendants, will authenticate various items of
16 correspondence submitted by the defendants during the collection
17 process, including letters from defendant Melissa Morton falsely
18 stating that the bank accounts levied by the IRS were her separate
19 property, when in fact, the account was jointly held with defendant
20 Sean David Morton.

21 9. Zinaida Gabay - Gabay will testify that she hired the
22 defendants to provide bond paperwork to help get her son out of
23 prison, that she and her husband paid over \$10,000 for this process,
24 and that the process did not work.

25 10. Tayo Aboke, U.S. Trustee's Office - Aboke will authenticate
26 the transcript and audio recording of a 11 U.S.C. § 341 creditors
27 meeting conducted on 9/6/2013 as part of the defendants' bankruptcy
28 in this district, wherein defendants made false statements under oath

1 regarding their assets, and will provide testimony regarding his job
2 responsibilities as a bankruptcy auditor and the purpose and
3 mechanics of the Schedule B-asset statement.

4 11. Sam Leslie, Chapter 7 Trustee - Leslie will authenticate
5 the transcript and audio recording a creditors meeting conducted on
6 7/25/2013 as part of the defendants' bankruptcy, wherein defendants
7 make false statements regarding their assets and income tax filing
8 history.

9 12. Jeff Fountain, Internal Revenue Service - Fountain, a
10 revenue officer, will authenticate correspondence submitted by
11 Dannion Brinkley to him, including a fictitious instrument prepared
12 by defendant Melissa Morton, and signed by defendant Sean David
13 Morton, that was mailed to Fountain to pay off Brinkley's debt with
14 the IRS.

15 13. Luke Yoo, Special Agent, IRS-Criminal Investigations - Yoo
16 will testify as to the search warrant executed on the defendants'
17 residence and authenticate items seized during the search and photos
18 of the search site.

19 14. John Kirsling, Special Agent, IRS-Criminal Investigations -
20 Kirsling will testify regarding the forensic imaging of digital
21 devices seized during the search warrant of defendants' residence,
22 and authenticate PDF and Word files and metadata of the bond files
23 found on defendant Melissa Morton's computer pertaining to said
24 files.

25 15. Banking institutions that received defendants' bonds on
26 behalf of defendants' clients

27 a. A representative from PennyMac Bank will testify
28 regarding Alain Medel's mortgage and the company's receipt of

1 frivolous correspondence and financial instruments from the
2 defendants to pay said debt of Medel.

3 b. A representative from CitiMortgage will testify
4 regarding David Wurster's mortgage and the company's receipt of
5 frivolous correspondence and financial instruments from the
6 defendants to pay said debt of Wurster.

7 c. A representative from Chase Bank will testify regarding
8 Mark Urban's mortgage and the company's receipt of frivolous
9 correspondence and financial instruments from the defendants to pay
10 said debt of Urban.

11 16. A representative from the United States Postal Service -
12 this witness will confirm that the certified mailing receipts and
13 other postal documents found during the search of the defendants'
14 residence correspond with mailed/delivered packages of notices and
15 bonds to various banks/governmental institutions.

16 17. William Kerr - the government's expert witness regarding
17 false financial instruments at issue.

18 18. Alain Medel - Medel will testify that he paid the
19 defendants to provide bond paperwork to pay off his mortgage with
20 Pennymac, that the paperwork was ineffective, and he paid the
21 defendants additional money to prepare paperwork for a lawsuit
22 against Pennymac which resulted in the case being dismissed.

23 19. Shelly Clark, State of California, Franchise Tax Board -
24 Clark will authenticate correspondence issued to Sean David Morton by
25 the California FTB regarding the falsity of the bond he submitted to
26 the FTB as "payment" for tax debt.

27

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1 20. Barbara Lavender - Lavender will testify that she engaged
2 the defendants to provide bond paperwork to pay off student loan
3 debt, and that the bond was ineffective.

4 **VI. Evidence Issues**

5 A motion to suppress evidence is pending, which the government
6 opposed. Docket Nos. 107, 111, 114.

7 Motions in limine from both the government and defendant Melissa
8 Morton are pending. Docket Nos. 123, 127, 142, 143.

9 The government moved to quash subpoenas by defendant Melissa
10 Morton issued to certain IRS-CI Special Agents. Docket Nos. 140,
11 141.

12 Defendant Sean David Morton has filed numerous motions,
13 including his alleged lack of discovery from the government, to quash
14 the arrest warrant, to request a bill of particulars, and other
15 miscellaneous filings, all of which the government has opposed.
16 Docket Nos. 115-120, 128, 130-137, 139, 145-148, 153.

17 **VII. Jury Instructions**

18 The government and defendant Melissa Morton filed proposed joint
19 jury instructions on March 23, 2017. Docket No. 153. The government
20 requested that defendant Sean David Morton attend a meeting on March
21 20, 2017 to discuss jury instructions and other items, but he did not
22 attend.

23 **VIII. Reciprocal Discovery**

24 On March 20, 2017, the government received the exhibits
25 defendant Melissa Morton intends to introduce and a list of witnesses
26 that she expects to call at trial.

27 To date, despite repeated requests, the government has not
28 received any reciprocal discovery from defendant Sean David Morton.

1 The government has not received any witness list of individuals
2 defendant Sean David Morton intends to call at trial.

3 If either defendant moves to introduce evidence at trial which
4 has not previously been disclosed to the government, the government
5 will move to exclude such evidence and/or witnesses.

6
7 Respectfully submitted,
8 SANDRA R. BROWN
9 Acting United States Attorney
10 THOMAS D. COKER
11 Assistant United States Attorney
12 Chief, Tax Division

11 Dated: 3/23/17

12 _____/s/
13 VALERIE L. MAKAREWICZ
14 JAMES C. HUGHES
15 Assistant United States Attorneys
16 Attorneys for Plaintiff
17 United States of America
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PROOF OF SERVICE BY MAILING

I am over the age of 18 and not a party to the within action. I am employed by the Office of the United States Attorney, Central District of California. My business address is 300 North Los Angeles Street, Suite 7211, Los Angeles, California 90012.

On **March 23, 2017**, I served

TRIAL BRIEF OF THE UNITED STATES OF AMERICA

on each person or entity name below by enclosing a copy in an envelope addressed as shown below and placing the envelope for collection and mailing on the date and at the place shown below following our ordinary office practices. I am readily familiar with the practice of this office for collection and processing correspondence for mailing. On the same day that correspondence is placed for collection and mailing, it is deposited in the ordinary course of business with the United States Postal Service in a sealed envelope with postage fully prepaid. Date of mailing: **March 23, 2017**

Place of mailing: Los Angeles, California

See attached list

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

I declare that I am employed in the office of a member of the bar of this court at whose direction the service was made.

Executed on: **March 23, 2017**, Los Angeles, California.

/s/_____

Barbara Le

1 RE: USA V. SEAN DAVID MORTON, ET AL

2 CASE NO.: CR 15-611 SVW

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Service List

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6 **Sean David Morton**

565 Pier Avenue

7 Box 1274

Hermosa Beach, CA 90274-1274

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