

Request for Sealed Filing of this Motion, and Request for Judicial Notice of Exhibit.

Request for Termination of Proceedings

re: Mark Feathers 3-15755

Respondent has been involuntarily involved in U.S. tax court proceedings for some five years or longer. The primarily issues of Respondent and IRS relate to two matters. The first of these issues is that IRS's categorizes the proceeds from a "note receivable" of Respondent's investment companies as "revenues" rather than as "loan proceeds". The tax treatment of the former is much different than that of the latter. This "note receivable" is also referenced by Enforcement in the proceedings here against Respondent. The second issues is that Respondent, through the date of the seizure of his companies in 2012, was an active licensed mortgage broker in the State of California, and that when Respondent's companies were seized, his personal business records were taken from Respondent. These records are necessary for Respondent to allow him to demonstrate to IRS and to tax court that of the loan brokering fees that he collected by way of his licensing, that he made substantial payments from those gross revenues of commissions to other licensed agents working under his broker's license. Respondent has asked many times, over a number of years, that his records be returned. Enforcement has denied holding Respondent's materials. District court directed the Receiver to make company records available to Respondent. However, these records were held in Southern California, and the Receiver advised Respondent (from Respondent's memory) he must pay substantial photocopy expenses which could be thousand of dollars to copy his own company records. Respondent could not afford copying fees, nor travel expenses, having declared both chapter 7 and chapter 11 bankruptcy due to his legal and financial position.

Tax court in March of 2020 directed Respondent and the Commissioner of IRS to file status updates by August 12, 2020. Exhibit 1, attached, is a sworn status update of Lesley A. Hale, Esq., General Attorney for IRS. Respondent asks for this court to take judicial notice of Exhibit 1. Respondent points out to this court that on Page 3 of Exhibit 1, paragraph 5 (continued from page 2), Ms. Hale states that the Receiver's counsel told her of his belief that "SEC" does "possess" petitioner's personal records. Respondent has no question to basis the truthfulness or accuracy of Ms. Hales comments. Very alarmingly, on appearance Enforcement is wrongly, and without lawful basis, and without informing Respondent of same (ever), holding Respondent's personal records, and which Respondent believes include his private business records. District court did not ever authorize the seizure, or continued holding, of Respondent's personal records. Based on Ms. Hale's writings of the receiver's counsel, Enforcement appears to be interfering with Respondent's ability to defend himself in U.S. tax court. And, this matter now legitimately brings to question whether Enforcement has met its lawful obligations to turn over all evidentiary materials held in their possession for Respondent to defend himself in these proceedings.

Based on the above, Respondent requests for these proceedings to be terminated. Respondent does not have the resources to continue to litigate against a federal agency that appears to be, and willing to be, operating outside of lawful means. In the alternative, Respondent re-iterates his request of 8-18-20 for the court to modify these to 120 day proceedings. And, his request of 8-18-20 to re-consider the matter of allowing Respondent to subpoena the work papers of Enforcement, and of SBA and FDIC, as they may hold information of value to this court. Enforcement, per Rule 322, and other federal agencies, may request a protective order on work papers, and similar materials asked for by Respondent, in which case, Respondent can review these materials in private, and without these papers being made public. While these matters are under consideration by this court, Respondent asks for a stay in proceedings. **Because of the highly charged nature of Respondent's representations herein, and Respondent's desire to not be the center of public attention in these disputes, and Respondent's concerns over future retaliation by Enforcement, Respondent asks that this motion and exhibits attached thereto be sealed from public filing.**

Respectfully,



Mark Feathers, *pro se*, Respondent 8-18-20

UNITED STATES TAX COURT

MARK FEATHERS &)
NATALIE E. FEATHERS,)
)
Petitioners,)
)
v.) Docket No. 9371-14
)
COMMISSIONER OF INTERNAL) Filed Electronically
REVENUE,)
)
Respondent.)

RESPONDENT'S STATUS REPORT

PURSUANT to the Court's order dated March 17, 2020, the following is a report of respondent's counsel on the status of this case.

1. On March 17, 2020, this Court issued an order ordering the parties to file status reports on or before August 12, 2020, concerning the then present status of this case, including the parties' attempts to resolve this case, and the steps the parties have taken to prepare this case for trial.

2. In a status report filed on March 11, 2020, respondent's counsel informed the Court that petitioner Mark Feathers told respondent's counsel he was involved in an administrative proceeding with the Securities and Exchange Commission ("SEC") and he had subpoenaed, but not yet received, documents in the SEC proceeding he believed to be relevant to this case.

3. On August 10, 2020, petitioner Mark Feathers informed respondent's counsel that the administrative judge in the SEC proceeding quashed his subpoena and he has appealed. Contrary to his previous statements, Mr. Feathers also informed respondent's counsel that the receiver, not the SEC, has the books and records relevant to this case.

4. On July 17, 2020, the receiver filed a Motion to Modify Order Concluding Receivership in the Northern District of California District Court. This motion seeks the court's permission to destroy the records held by the receiver related to Mr. Feathers' SEC case because the U.S. Attorney's Office has not responded to the receiver's request to take possession of the documents. Mr. Feathers has filed an opposition to the motion. A hearing on the motion is scheduled for September 24, 2020.

5. On August 10, 2020, respondent's counsel spoke with David Zaro, the attorney for the receiver, by telephone. Mr. Zaro stated that the documents sought by Mr. Feathers have been available for years, but Mr. Feathers has not taken advantage of his opportunity to review these documents. Mr. Zaro stated that the receiver possesses approximately 30 boxes of documents and several hard drives, which include accounting records for the receivership entities, including Small Business Capital Corporation, and investor files. He stated that Mr. Feathers

cannot access the investor files because they have investor contact information. He further stated that the receiver does not possess any of petitioners' personal records, but he believes that the SEC and U.S. Attorney's Office possess petitioners' personal records.

6. Last year, on October 7, 2019, Mr. Feathers told respondent's counsel that he would request the books and records from the U.S. Attorney's Office. Respondent's counsel does not know the status of this request.

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7. Mr. Feathers also recently informed respondent's counsel that he is dealing with serious health issues, as well as challenging circumstances with respect to his housing.

MICHAEL J. DESMOND
Chief Counsel
Internal Revenue Service

Date: AUG 11 2020

By: 

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Docket No. 9371-14

CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing RESPONDENT'S STATUS REPORT was served on petitioners by mailing the same on AUG 11 2020 in a postage paid wrapper addressed as follows:

Mark Feathers

[REDACTED]
[REDACTED]
Menlo Park, CA [REDACTED]

Natalie E. Feathers

[REDACTED]
Mountain View, CA [REDACTED]

Date: AUG 11 2020

Lesley A. Hale

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