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1 INDICATE HIS SOURCE OF INCOME?

2 A. YES, HE DID.

3 Q. HOW DID HE DO THAT?

4 A. A W-2 SHOWING WAGES AND HE HAD SOME INTEREST INCOME AND  
5 DIVIDEND INCOME.

6 Q. THE INTEREST AND DIVIDEND INCOME WAS HOW MUCH?

7 A. THE INTEREST INCOME WAS \$2,338, AND THE DIVIDEND INCOME  
8 WAS \$33.

9 Q. MR. WELTY, THE W-2 WAS ISSUED BY WHAT AGENCY?

10 A. THE DEPARTMENT OF THE ARMY.

11 Q. DOES THAT ACCOUNT, THAT W-2, ACCOUNT FOR ALL THE OTHER  
12 INCOME THAT IS REPORTED?

13 A. YES, IT DOES.

14 Q. ANYWHERE ON THE TAX RETURN DID MR. WARD INDICATE HE WAS A  
15 CAR BROKER?

16 A. NO, IT DOES NOT.

17 Q. IN ANY ONE OF THESE TAX RETURNS, MR. WELTY, DOES MR. WARD  
18 REPORT ANY INCOME ON A SCHEDULE C FOR SELF-EMPLOYMENT FOR  
19 BUSINESS OR ANY SORT OF ACTIVITY OTHER THAN HIS BEING IN THE  
20 ARMY?

21 A. NO, HE DOES NOT.

22 Q. I HAND YOU GOVERNMENT 29-A THROUGH F, AND ASK YOU IF YOU  
23 RECOGNIZE THOSE DOCUMENTS?

24 A. YES. THESE ARE CERTIFIED FORM 1040 U.S. INDIVIDUAL  
25 INCOME TAX RETURNS FOR GEORGE AND VIRGINIA HIGH FOR THE YEARS

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1 OF 1988 INCLUDING AN ORIGINAL AND AMENDED, 1989, AN ORIGINAL  
2 AND AN AMENDED, AND A 1990 AND 1991.

3 Q. MR. WELTY, CAN YOU TELL US, SIR, WHETHER THOSE ARE  
4 CERTIFIED TAX RETURNS?

5 A. YES, THEY ARE.

6 MR. MOYE: YOUR HONOR, I TENDER GOVERNMENT EXHIBITS  
7 29-A THROUGH F.

8 MR. MORRISON: NO OBJECTION.

9 MR. ABBOTT: NO OBJECTION.

10 THE COURT: LET THEM IN.

11 BY MR. MOYE:

12 Q. MR. WELTY, STARTING WITH THE CALENDAR YEAR 1988, WHAT IS  
13 THAT NUMBER?

14 A. THIS IS EXHIBIT 29-A.

15 Q. HANG ON TO THAT AND I WILL TAKE THE REST. IS THAT THE  
16 ORIGINAL OR THE AMENDED?

17 A. THIS IS THE ORIGINAL 1988 FORM 1040.

18 Q. WHEN WAS THAT FILED?

19 A. THIS WAS A RETURN THAT WAS FILED IN OCTOBER OF 1990.

20 Q. AND DO YOU KNOW FROM YOUR RESEARCH WHETHER OR NOT AN  
21 EXTENSION WAS GRANTED TO ALLOW THE '88 RETURN TO BE FILED IN  
22 1990?

23 A. NO, ONE WAS NOT.

24 Q. CAN YOU TELL US WHAT THE SOURCE OF INCOME LISTED ON THE  
25 RETURN WAS?

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- 1 A. SOURCE OF INCOME WAS INTEREST INCOME, SCHEDULE C, BUSINESS  
2 INCOME AND SCHEDULE E, RENTAL INCOME.
- 3 Q. NOW, THE RENTAL INCOME, WAS THAT A GAIN OR A LOSS THAT IS  
4 REFLECTED ON THE RETURN?
- 5 A. IT WAS A LOSS.
- 6 Q. WHAT WAS THE AMOUNT OF LOSS?
- 7 A. \$88,108.
- 8 Q. WHAT WAS THE INCOME FROM SCHEDULE C?
- 9 A. FROM SCHEDULE C THE BUSINESS INCOME WAS \$24,099.
- 10 Q. AND THAT WAS A GAIN?
- 11 A. THAT WAS A GAIN.
- 12 Q. WHAT WAS THE IDENTIFIED BUSINESS ACTIVITY?
- 13 A. ON THE SCHEDULE C IT -- THE BUSINESS ACTIVITY WAS REAL  
14 ESTATE SALES AND MARKETING.
- 15 Q. AND WHAT WAS -- CAN YOU TELL US WHAT THE GROSS INCOME FOR  
16 THE BUSINESS WAS AND WHAT WAS THE NET?
- 17 A. THE GROSS INCOME ON THE SCHEDULE C, 180 -- EXCUSE ME,  
18 \$18,030. AND THE NET PROFIT OR LOSS WAS A PROFIT OF \$5,030.  
19 THAT WAS THE FIRST SCHEDULE C. THERE ARE TWO OF THEM. THE  
20 SECOND SCHEDULE C HAD GROSS RECEIPTS AND SALES OF \$95,746. THE  
21 NET PROFIT OR LOSS WAS A PROFIT OF \$18,796.
- 22 Q. ARE THERE TWO SCHEDULE C'S ATTACHED?
- 23 A. YES, THERE ARE TWO.
- 24 Q. WHAT IS THE DIFFERENCE BETWEEN THE TWO?
- 25 A. THE FIRST ONE IS FOR THE BUSINESS NAMES REAL ESTATE SALES

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1 AND MARKETING. THE SECOND IS ONE FOR A REAL ESTATE BUSINESS  
2 CALLED HIGH'S REALTY. BOTH HAVE THE SAME ADDRESS, BUSINESS  
3 ADDRESS.

4 Q. NOW, LET ME SHOW YOU GOVERNMENT EXHIBIT 29-B, AND ASK YOU,  
5 SIR, WHAT THIS DOCUMENT IS?

6 A. EXHIBIT 29-D OR B, I'M SORRY. B IS THE FORM 1040X, THE  
7 AMENDED U.S. INDIVIDUAL INCOME TAX RETURN FOR THE YEAR 1988 FOR  
8 GEORGE AND VIRGINIA HIGH.

9 Q. WHEN WAS THE 1040X, THE AMENDED RETURN, FILED?

10 A. THIS AMENDED RETURN WAS FILED AND RECEIVED ON MAY 8, 1992.

11 Q. AND WHAT WAS -- CAN YOU TELL BY LOOKING AT GOVERNMENT'S  
12 29-B, THE 1040X, WHAT WAS THE AMENDMENT THAT WAS MADE TO THE  
13 ORIGINAL 1988 INCOME TAX RETURN?

14 A. THEY WERE DECREASING THE AMOUNT OF TOTAL INCOME BY \$51,000  
15 PER A LOAN THEY RECEIVED THEY HAD REPORTED AS INCOME ON THE  
16 PREVIOUS RETURN.

17 Q. THE LOAN, CAN YOU TELL US WHAT THE AMOUNT OF THE LOAN WAS?

18 A. THE AMOUNT OF THE LOAN WAS \$51,000.

19 Q. CAN YOU TELL US WHAT THE LOAN RELATED TO? DOES IN ANY WAY  
20 THE DOCUMENT REFLECT THAT?

21 A. NO, IT DOESN'T REALLY SAY EXCEPT IT HAD SOMETHING TO DO  
22 WITH THE REAL ESTATE BUSINESS.

23 Q. AS ADJUSTED BY THE AMENDED RETURN, GOVERNMENT'S 29-B, WHAT  
24 WAS THE INCOME FOR 1988?

25 A. THE ADJUSTED GROSS INCOME FROM 1988 WOULD HAVE BEEN A LOSS

1 OF \$114,529.

2 Q. DID THAT GENERATE ANY KIND OF A REFUND, OR DO YOU KNOW?

3 A. NO, IT DID NOT. ACTUALLY AS FAR AS THE AMOUNT OF TAX,  
4 THERE WAS NO CHANGE IN THE AMOUNT OF TAX SINCE IT WAS A LOSS  
5 AND ORIGINALLY REPORTED AS A LOSS. THEY WERE JUST INCREASING  
6 THE LOSS.

7 Q. WHAT DID THE LOSS INCREASE FROM AND TO?

8 A. THE TAXABLE INCOME LOSS INCREASED FROM \$85,819 TO  
9 \$136,819.

10 Q. I HAND YOU GOVERNMENT EXHIBIT 29-C, AND ASK YOU, SIR, WHAT  
11 THAT IS?

12 A. EXHIBIT 29-C IS A CERTIFIED COPY OF FORM 1040, U.S.  
13 INDIVIDUAL TAX RETURN FOR YEAR 1989 FOR GEORGE AND VIRGINIA  
14 HIGH.

15 Q. AND IN THAT RETURN, MR. WELTY, CAN YOU TELL US WHAT THE  
16 RECORDED INCOME WAS, THE ADJUSTED GROSS?

17 A. THE ADJUSTED GROSS INCOME WAS A LOSS OF \$40,161.

18 Q. CAN YOU TELL US HOW THAT LOSS WAS CALCULATED IN THE  
19 RETURN?

20 A. YES. IT WAS CALCULATED ON SCHEDULE C, A BUSINESS INCOME  
21 LOSS OF \$23,669. AND ON THE SCHEDULE E, THE RENTAL INCOME LOSS  
22 OF \$16,462.

23 Q. NOW, THE BUSINESS THAT WAS RECORDED ON THE SCHEDULE C, AND  
24 IS THERE ONE SCHEDULE C OR MORE THAN ONE?

25 A. THERE ARE TWO SCHEDULE C'S.

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1 Q. WHAT LINE OF BUSINESS ARE THOSE?

2 A. REAL ESTATE. THE FIRST ONE SAYS REAL ESTATE BROKER AND  
3 THE SECOND ONE SAYS REAL ESTATE SALES ASSOCIATE.

4 Q. AND DOES EACH ONE OF THOSE SCHEDULE C INDEPENDENTLY OF THE  
5 OTHER REFLECT A LOSS?

6 A. YES.

7 Q. I HAND YOU GOVERNMENT'S 29-D, AS IN DOG.

8 A. EXHIBIT EXHIBIT 29-D IS A CERTIFIED COPY OF FORM 1040X,  
9 THE AMENDED U.S. INDIVIDUAL INCOME TAX RETURN FOR 1989 FOR  
10 GEORGE AND VIRGINIA HIGH.

11 Q. NOW, THAT RETURN, CAN YOU TELL US HOW THAT AMENDED RETURN  
12 -- FIRST, WHEN WAS IT FILED?

13 A. IT WAS FILED ON MAY 8, 1992.

14 Q. IS THAT THE SAME DAY ON WHICH GOVERNMENT'S 29-B, THE  
15 AMENDED RETURN FOR 1988 WAS FILED?

16 A. THAT IS CORRECT.

17 Q. CAN YOU TELL US HOW THE 1989 RETURN THAT YOU HAVE  
18 IDENTIFIED, THAT IS, GOVERNMENT'S 29-C, WAS CHANGED BY THE  
19 AMOUNT?

20 A. OKAY. IN THE 1989 AMENDED RETURN, THEY WERE INCREASING  
21 THE ACTUAL INCOME BY SOME \$86,613.

22 Q. AND TO WHAT DID THEY ATTRIBUTE THIS INCREASE?

23 A. THE EXPLANATION SAYS THAT THE INDIVIDUAL DID NOT KNOW THAT  
24 GAMBLING AND FOUND FINANCIAL RESOURCES WERE TAXABLE IN THE U.S.  
25 ITEMIZED DEDUCTIONS. AND THE U.S. ITEMIZED DEDUCTIONS WERE

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- 1 HIGHER DUE TO FINANCIAL RECORDS RECOVERED.
- 2 Q. SO WHAT WAS THE EFFECT OF THE CHANGE?
- 3 A. THE EFFECT OF THE CHANGE WAS AN ACTUAL INCREASE IN THE
- 4 AMOUNT OF TAX DUE OF \$2,835.
- 5 Q. CAN YOU TELL US FROM LOOKING AT THE DOCUMENT WHETHER THAT
- 6 AMOUNT OF MONEY WAS TENDERED TO THE INTERNAL REVENUE SERVICE
- 7 WITH THE AMENDED RETURN?
- 8 A. NO, IT WAS NOT.
- 9 Q. NOW, THE GAMBLING INCOME, WAS THAT REPORTED?
- 10 A. ON THE ORIGINAL RETURN?
- 11 Q. ON THE AMENDED RETURN.
- 12 A. OH, ON THE AMENDED. I DON'T SEE WHERE IT WAS EXACTLY
- 13 LISTED, BUT IT WAS EXPLAINED ON THE SECOND PAGE.
- 14 Q. WHAT WAS THE INCREASE IN THE TOTAL INCOME WITHOUT REGARD
- 15 TO DEDUCTIONS, JUST THE INCOME CHANGE?
- 16 A. TOTAL INCOME WAS INCREASED BY \$86,613 FOR THAT YEAR.
- 17 Q. YOU INDICATED THERE WERE SOME CHANGES IN DEDUCTIONS?
- 18 A. CORRECT.
- 19 Q. CAN YOU TELL US BRIEFLY WHAT THOSE WERE?
- 20 A. THE ITEMIZED DEDUCTIONS WERE INCREASED BY \$15,782. THE
- 21 EXEMPTIONS WERE NOT CHANGED.
- 22 Q. LET ME HAND YOU GOVERNMENT EXHIBIT NO. 29-E, AND ASK YOU,
- 23 SIR, WHAT THAT DOCUMENT IS?
- 24 A. EXHIBIT 29-E IS A CERTIFIED COPY OF FORM 1040 U.S.
- 25 INDIVIDUAL INCOME TAX RETURN FOR THE YEAR OF 1990 FOR GEORGE

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1 AND VIRGINIA HIGH.

2 Q. AND THAT RETURN, DOES IT REFLECT A PROFIT OR A LOSS?

3 A. THE ADJUSTED GROSS INCOME REFLECTS A LOSS.

4 Q. WHAT WAS THE LOSS?

5 A. \$18,840.

6 Q. CAN YOU TELL US HOW THAT LOSS IN ADJUSTED GROSS INCOME WAS  
7 ARRIVED AT?

8 A. OKAY. THEY HAD INTEREST INCOME OF \$271, A BUSINESS INCOME  
9 GAIN OF \$19,757, A RENTAL PROPERTY SCHEDULE E LOSS OF \$43,868.  
10 AND THEN THERE WAS OTHER INCOME OF \$5,000, A GAIN, TO COME UP  
11 WITH THAT LOSS AMOUNT.

12 Q. WHAT WAS THE DATE OF THAT RETURN?

13 A. THIS RETURN WAS FILED AND RECEIVED ON AUGUST 19, 1991.

14 Q. ANY INDICATION OF AN EXTENSION BEING REQUESTED AND  
15 GRANTED?

16 A. NO, THERE WAS NOT.

17 Q. THE INCOME FROM SCHEDULE C ON THAT RETURN, WHAT WERE THE  
18 SOURCES OF THE INCOME?

19 A. THE SOURCES OF THE INCOME, TWO SCHEDULE C'S. THE FIRST  
20 ONE WAS FOR REAL ESTATE BROKER AND THE SECOND ONE WAS LISTED  
21 REAL ESTATE SALES ASSOCIATE.

22 Q. DID EITHER OF THOSE SCHEDULE C'S REPORT A PROFIT?

23 A. YES, THEY DID.

24 Q. WHICH ONE?

25 A. THE FIRST ONE WAS A PROFIT OF \$6,548.



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1 Q. AND THE SECOND ONE REPORTED WHAT?

2 A. THE SECOND ONE IS A LOSS OF \$561.

3 Q. NOW, I HAND YOU GOVERNMENT EXHIBIT NO. 29-F, AND ASK YOU,  
4 SIR, WHAT THAT DOCUMENT IS?

5 A. EXHIBIT 29-F IS A CERTIFIED COPY OF FORM 1040 U.S.  
6 INDIVIDUAL TAX RETURN FOR 1991 FOR GEORGE AND VIRGINIA HIGH.

7 Q. CAN YOU TELL US, MR. WELTY, WHEN WAS THAT RETURN FILED?

8 A. OKAY. THIS RETURN WAS FILED TIMELY, THAT IS, WHEN THE  
9 RETURN WAS FILED BEFORE APRIL 15TH OF THE DEADLINE WHICH WOULD  
10 HAVE BEEN 1992. IN THIS CASE THEY DON'T PUT A RECEIVE DATE  
11 STAMP YOU CAN TELL IT WAS A TIMELY FILED RETURN AND BY THE  
12 JULIAN DATE, THE ACTUAL DATE OF THE YEAR, AND THE LOCATOR  
13 NUMBER ON THE RETURN YOU CAN TELL IT WAS FILED BY APRIL 15TH OF  
14 '92.

15 Q. CAN YOU TELL BY LOOKING AT THE SIGNATURE LINES TELL ON  
16 WHAT DAY THE SIGNATURES WERE ATTACHED OR AFFIXED TO THE  
17 DOCUMENT?

18 A. THE DATE ON THE SIGNATURES IS APRIL 15TH, 1992.

19 Q. NOW, I WANT YOU TO TELL US WHEN IN RELATION TO THE FILING  
20 OF THE 1991 RETURN, THAT IS 29-F, THE TWO AMENDED RETURNS, 29,  
21 I BELIEVE (IT'S B AND D, WERE FILED?

22 A. THE TWO AMENDED RETURNS FOR '88 AND '89 WERE FILED ON MAY  
23 8TH, 1992 AND THE ORIGINAL ONE FROM 1991 WAS FILED AROUND APRIL  
24 15TH OF 1992.

25 Q. APPROXIMATELY TWO OR THREE WEEKS LATER?

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1 A. CORRECT.

2 Q. WHAT IS THE REPORTED INCOME ON THE 1991 RETURN?

3 A. THE 1991 RETURN SHOWS AN ADJUSTED GROSS INCOME GAIN OF  
4 \$155,437.

5 Q. WHAT IS THE SOURCE OF THE INCOME THAT IS REFLECTED ON THE  
6 TAX RETURN?

7 A. THE SOURCE OF THE INCOME IS A SCHEDULE C BUSINESS INCOME  
8 OF \$34,420. THE SCHEDULE E RENTAL INCOME LOSS OF \$3,982. THE  
9 OTHER INCOME WRITTEN IN HERE IS GAMBLING, OF \$125,000, AND THAT  
10 IS A GAIN.

11 Q. NOW, IS THERE ANY SCHEDULE THAT IS ATTACHED TO THE RETURN  
12 TO REFLECT THE GAMBLING INCOME?

13 A. NO, I DID NOT SEE ONE.

14 Q. I HAND YOU AGAIN THE DOCUMENT AND REFER YOU TO SCHEDULE A,  
15 THE BOTTOM OF THE SCHEDULE. WHAT IS SCHEDULE A?

16 A. SCHEDULE A IS FOR ITEMIZING YOUR DEDUCTIONS, THINGS THAT  
17 ARE DEDUCTIBLE AGAINST THE ADJUSTED GROSS INCOME IN COMPUTING  
18 TAXABLE INCOME.

19 Q. IS THERE AN ENTRY THERE RELATED TO GAMBLING?

20 A. YES. ON LINE 25 IT SAYS OTHER MISCELLANEOUS DEDUCTIONS,  
21 IT SAYS GAMBLING LOSSES.

22 Q. HOW MUCH ARE THE GAMBLING LOSSES?

23 A. \$125,000.

24 Q. HOW MUCH WAS THE REPORTED GAMBLING INCOME ON THE FRONT  
25 COVER OF THE 1040?

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1 A. \$125,000.

2 Q. DID THE GAMBLING HAVE ANY -- GAMBLING INCOME AND LOSS HAVE  
3 ANY TAXABLE EFFECT IN THIS TAX RETURN?

4 A. NO. WELL, BASICALLY WHAT IT DID, IT JUST WIPED ITSELF  
5 OUT. THEY REPORTED IT AND THEY JUST TOOK IT RIGHT BACK OUT  
6 WHEN YOU ARE COMPUTING THE AMOUNT OF THE TAXABLE INCOME.

7 Q. I WANT TO ASK YOU, MR. WELTY, TO TELL US HOW MANY SCHEDULE  
8 C'S ARE ATTACHED TO THIS PARTICULAR TAX RETURN?

9 A. THERE ARE THREE SCHEDULE C'S.

10 Q. THOSE ARE FOR WHAT COMPANIES?

11 A. FIRST ONE SAYS GENERAL CONTRACTING, THE NAME IS GEORGIA  
12 HOME IMPROVEMENT COMPANY. THE SECOND ONE IS REAL ESTATE  
13 BROKER, THE NAME IS HIGH REALTY, INCORPORATED. THE THIRD ONE  
14 IS REAL ESTATE SALES ASSOCIATE, THE NAME IS HIGH REALTY,  
15 INCORPORATED.

16 Q. IS THERE ANY REFLECTED INCOME FOR GEORGIA HOME  
17 IMPROVEMENT?

18 A. YES, THERE IS.

19 Q. WHAT IS THE REFLECTED INCOME?

20 A. THE GROSS RECEIPTS AND SALES ARE \$34,899.

21 Q. AND HOW ABOUT THE NET INCOME AFTER EXPENSES?

22 A. AFTER EXPENSES THE NET INCOME WAS \$1,409.

23 MR. MOYE: THANK YOU, MR. WELTY.

24 MAY I HAVE JUST A MOMENT, YOUR HONOR?

25 BY MR. MOYE:

1 Q. MR. WELTY, YOU INDICATED IN EACH ONE OF THE RETURNS,  
2 RENTAL INCOME IS REPORTED; IS THAT CORRECT?

3 A. THAT IS CORRECT.

4 Q. I WANT YOU TO START WITH GOVERNMENT'S 29-E, AND I ASK YOU,  
5 SIR, IF BY LOOKING AT THE DOCUMENTS, THE RETURN, YOU CAN TELL  
6 US WHAT PROPERTY RENTAL INCOME WAS REPORTED?

7 THE COURT: ARE YOU GOING THROUGH EACH ONE?

8 MR. MOYE: I WILL, BUT I THINK I WILL BE VERY BRIEF.

9 THE COURT: I THINK THE JURY AND I WILL TAKE THE  
10 BREAK BEFORE YOU ARE BRIEF.

11 (WHEREUPON, THE JURY RETIRED FROM THE  
12 COURTROOM, AND A SHORT RECESS WAS HAD.)

13 (WHEREUPON, THE JURY RETURNED TO THE COURTROOM,  
14 AFTER WHICH THE FOLLOWING PROCEEDINGS WERE HAD.)

15 THE COURT: ALL RIGHT, MR. MOYE.

16 DAVID WELTY, RESUMED

17 DIRECT EXAMINATION, CONTINUED

18 MY MR. MOYE:

19 Q. MR. WELTY, WHEN WE TOOK THE RECESS I WAS ASKING YOU IF THE  
20 RECORDS WOULD REFLECT THE PROPERTIES THAT WERE IDENTIFIED AS  
21 THE RENTAL INCOME?

22 A. THAT IS CORRECT.

23 Q. AND IS THAT A REQUIREMENT OF THE RETURN, THAT THE RENTAL  
24 INCOME BE IDENTIFIED BY PROPERTY?

25 A. CORRECT.

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1 Q. LET ME SHOW YOU GOVERNMENT EXHIBIT NO. 29-F, THE 1990  
2 RETURN, AND ASK YOU, BY LOOKING AT THE SCHEDULE E THAT IS  
3 ATTACHED, I THINK IN TWO PAGES, YOU CAN TELL US WHAT WAS  
4 IDENTIFIED AS RENTAL PROPERTY?

5 A. OKAY. ON THE TWO SCHEDULE E'S, THE RENTAL PROPERTY  
6 IDENTIFIED WAS 4070 CASCADE ROAD, ATLANTA; 2060 PEACHTREE ROAD,  
7 ATLANTA; 426 PEYTON ROAD, ATLANTA; 3361 RAINBOW DRIVE, DECATUR,  
8 GEORGIA; 215 NORWOOD AVENUE, 2794 -- LOOKS LIKE -- PACES  
9 LITTLE.

10 Q. LET ME HAND YOU THE 1989 RETURN, GOVERNMENT 29-C, AND ASK  
11 YOU, SIR, IF YOU CAN TELL US WHETHER THERE ARE SCHEDULE E'S  
12 ATTACHED TO THAT RETURN?

13 A. YES, THERE ARE FOUR SCHEDULE E'S ATTACHED TO THE 1989  
14 RETURN.

15 Q. CAN YOU TELL US WHAT THE PROPERTIES LISTED WERE?

16 A. 2052 SECOND AVENUE, DECATUR, GEORGIA; 6000 HILLVALE ROAD,  
17 LITHONIA; 2512 MELVILLE AVENUE, DECATUR, GEORGIA; 4771  
18 CAMPBELLTON ROAD, ATLANTA, GEORGIA; 720 COST CREEK COURT,  
19 LITHONIA, GEORGIA; 3361 RAINBOW DRIVE, DECATUR, GEORGIA; 3947  
20 PINEHURST COURT, DECATUR, GEORGIA; 1711 BRIAR BEN COURT,  
21 DECATUR, GEORGIA; 215 NORWOOD AVENUE, ATLANTA, GEORGIA; 2794  
22 PACES LANE, ATLANTA, GEORGIA; AND 4070 CASCADE ROAD, ATLANTA,  
23 GEORGIA.

24 Q. IF YOU WOULD LIKE AT THE LAST OF THE SCHEDULE E'S THAT IS  
25 ATTACHED TO THAT RETURN, MR. WELTY. CAN YOU TELL US WHAT WAS

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1 THE TAXABLE EFFECT, OR WHAT THE EFFECT UPON THE TAX DUE AND  
2 OWING CLAIMING 4070 CASCADE ROAD AS RENTAL PROPERTY?

3 A. IN THE 4070 CASCADE ROAD PROPERTY THERE WAS A NET INCOME  
4 OF \$6,213 FROM THAT PROPERTY.

5 Q. DID THAT INCREASE THE INCOME?

6 A. YES, IT DID.

7 Q. THAT WAS FOR WHICH CALENDAR YEAR?

8 A. 1989.

9 Q. I HAND YOU 29-E, WHICH IS THE 1990 RETURN, AND ASK YOU TO  
10 LOOK AT THE SCHEDULE E'S. CAN YOU TELL US WHAT EFFECTS UPON  
11 THE TAX DUE AND OWING WAS FOR CLAIMING 4070 CASCADE ROAD AS  
12 RENTAL PROPERTY?

13 A. FOR 1990 FOR 4070 CASCADE ROAD, THE INCOME OR GAIN OF  
14 \$23,992 WAS DERIVED FROM THAT RENTAL INCOME.

15 Q. AND FINALLY I HAND YOU GOVERNMENT EXHIBIT 29-F, THE 1991  
16 RETURN, AND ASK YOU IF YOU CAN LOOK AT THE SCHEDULE E ON THAT  
17 RETURN AND I JUST ASK YOU VERY SPECIFICALLY, IS 4070 CASCADE  
18 ROAD LISTED ON ANY ONE OF THOSE SCHEDULE E'S?

19 A. NO, IT IS NOT.

20 Q. CAN YOU TELL WHETHER THERE IS ANY EXPLANATION ON EITHER  
21 THAT RETURN OR THE RETURN FOR THE PREVIOUS YEAR WHICH WOULD  
22 INDICATE THE REASON FOR CASCADE ROAD NOT APPEARING UPON THE  
23 1991 RETURN?

24 A. NO.

25 Q. NOW, MR. WELTY, I HAND YOU GOVERNMENT'S EXHIBIT NOS. 37-A,