

1 IN THE UNITED STATES BANKRUPTCY COURT

2 FOR THE DISTRICT OF ARIZONA

3 -----
4 In Re:) No. 2:13-bk-17237-SSC
5 JAN MARY WALLACE aka JAN JARDINE)
6 aka JUANITA MARY JARDINE,)
7 Debtor.)
8 -----

8 MEETING OF CREDITORS

9 Eric M. Haley, Trustee, Presiding

10 November 4, 2013

11 Digitally Recorded Proceedings

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23 Transcribed by: Shanna Barr, CETD
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A P P E A R A N C E S

For Debtor:

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2 November 4, 2013

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4 THE COURT: Okay. Good afternoon. This is the
5 time set for the 1:30 meetings of creditors. My name is
6 Eric Haley, and I have been appointed as your trustee in
7 these bankruptcy proceedings. As your trustee, it's my
8 duty to administer your case, including the collection
9 and distribution of all nonexempt assets. I'll be
10 calling each of you up to testify in connection with your
11 case. When you are called up, you'll need to present one
12 form of picture identification and proof of your Social
13 Security number. Your testimony will be under oath and
14 it will be recorded, so please speak as loudly and as
15 clearly as you can and do your best to wait until I
16 finish asking my questions before you begin your answers.

17 Your failure to testify truthfully today and to
18 fully and completely disclose all of your assets is a
19 felony. It's one that can be punishable by up to five
20 years in prison and possibly fines.

21 We'll begin today with the Wallace case,
22 Case 13-17237.

23 MS. WALLACE: Do you need my passport also?

24 THE COURT: That's -- yeah. That works as a
25 picture ID, sure.

1 MS. WALLACE: Yes.

2 MR. STEIMEL: Good afternoon. Lyndon Steimel with
3 the debtor.

4 THE COURT: Afternoon, Counselor.

5 All right. I'm returning to the debtor a Canadian
6 passport and a Social Security card. Thank you. I'll
7 give you a moment to get those items put away. I don't
8 want you to lose them, but when you're ready, please
9 raise your right hand for me to be sworn in.

10 Do you solemnly swear the testimony you're about
11 to give is the truth, the whole truth, and nothing but
12 the truth?

13 MS. WALLACE: I do.

14 THE COURT: Would you state your full name for the
15 record, please?

16 MS. WALLACE: Jan Mary Wallace.

17 THE COURT: Thank you, Ms. Wallace.

18 Do you understand the importance of the oath you
19 just took?

20 MS. WALLACE: Yes.

21 THE COURT: Is your address correct as it's listed
22 in your petition?

23 MS. WALLACE: Yes.

24 THE COURT: You gave -- is that where you
25 currently reside?

1 MS. WALLACE: Yes.

2 THE COURT: You gave --

3 MS. WALLACE: In Arizona.

4 THE COURT: Okay.

5 MS. WALLACE: I also have a place I reside in
6 Canada.

7 THE COURT: Is that -- do you own the residence in
8 Canada?

9 MS. WALLACE: No.

10 THE COURT: You gave me a phone number ending in
11 8139. Is that still a good way to reach you?

12 MS. WALLACE: Yes.

13 THE COURT: Did you receive the bankruptcy
14 information sheet that I sent?

15 MS. WALLACE: Yes.

16 THE COURT: How long have you lived in Arizona?

17 MS. WALLACE: For -- from the time I ever got --

18 THE COURT: From before this case.

19 MS. WALLACE: Twenty years, I was --

20 THE COURT: Twenty, okay.

21 MS. WALLACE: -- in Arizona.

22 THE COURT: Have you ever filed a bankruptcy case
23 before?

24 MS. WALLACE: Not personally, no.

25 THE COURT: Okay. So explain that.

1 MS. WALLACE: Business. I've been the CEO of six
2 public companies.

3 THE COURT: Okay.

4 MS. WALLACE: So I've done bankruptcies (inaudible).

5 THE COURT: How many of them have you put into
6 bankruptcy?

7 MS. WALLACE: Three.

8 THE COURT: Okay. You -- by that you mean -- did
9 you have ownership interest in these companies?

10 MS. WALLACE: No.

11 THE COURT: You were a member of the board and
12 you --

13 MS. WALLACE: Yes.

14 THE COURT: -- represented the company at each of
15 the --

16 MS. WALLACE: I was -- yes.

17 THE COURT: -- meetings like this?

18 MS. WALLACE: Yes.

19 THE COURT: Okay. And you said three?

20 MS. WALLACE: Yes.

21 THE COURT: As CEO?

22 MS. WALLACE: Yes.

23 THE COURT: Did you -- and when I ask you these
24 questions, you understand that I'm talking about the case
25 13-17237, the one that brings us here today, correct?

1 MS. WALLACE: Yes.

2 THE COURT: Okay. Did you review and sign your
3 petition schedules and statements before you filed them?

4 MS. WALLACE: Yes.

5 THE COURT: And do you understand that you signed
6 those documents under oath?

7 MS. WALLACE: Yes.

8 THE COURT: And are all of your assets identified
9 in those schedules?

10 MS. WALLACE: Yes.

11 THE COURT: Everything you own, is it in there?

12 MS. WALLACE: Yes.

13 THE COURT: And all of your creditors, are
14 those -- are all creditors disclosed in your schedules?

15 MS. WALLACE: As best that I have knowledge of.

16 THE COURT: Okay. Are you paying or do you owe
17 any child or spousal support obligations?

18 MS. WALLACE: No.

19 THE COURT: Have you filed tax returns for all
20 years up through 2012?

21 MS. WALLACE: Yes.

22 THE COURT: And I requested copies of the past
23 couple years tax returns. Did you send me true copies of
24 what you filed for those years?

25 MS. WALLACE: Yes.

1 THE COURT: In the past year, have you made any
2 payments to any family members?

3 MS. WALLACE: No.

4 THE COURT: Not -- through yourself or maybe
5 through a company? Nothing?

6 MS. WALLACE: Nothing.

7 THE COURT: None of your family members received
8 any money?

9 MS. WALLACE: No.

10 THE COURT: In the past two years, have you sold,
11 given away, or otherwise transferred anything?

12 MS. WALLACE: I think -- I can't remember what
13 year, if it was 2011. My sister helped me out with
14 money, and I transferred a 2007 Prius.

15 THE COURT: Right. How much money was that
16 supposed to compensate your sister for? Do you --

17 MS. WALLACE: Well, she's been doing it since 2010
18 when I lost my house.

19 THE COURT: Okay. How much do you think she gave
20 you total?

21 MS. WALLACE: Probably about 17-, 18-, 20,000
22 dollars and still helps me.

23 THE COURT: Okay. And then -- and in return, you
24 transferred the Prius to her?

25 MS. WALLACE: Yes.

1 THE COURT: And when did you do that?

2 MS. WALLACE: I believe it crossed the border and
3 I paid customs, I want to say, in 2011. Canadian
4 customs.

5 THE COURT: What city does your sister live in?

6 MS. WALLACE: Mississauga. Do you want me to
7 spell it?

8 THE COURT: Please.

9 MS. WALLACE: M-i-s-s-i-s-s-a-u-g-a.

10 THE COURT: Is that the one the Canadian children
11 have to learn how to spell like we have to do
12 Mississippi?

13 MS. WALLACE: Very much like Mississippi.

14 THE COURT: Okay. What does Secured Diversified
15 Investments do?

16 MS. WALLACE: It was a public company that owned
17 commercial properties.

18 THE COURT: And did you have any ownership
19 interest, or you were on the board, simply?

20 MS. WALLACE: I was on the board, and as a member
21 of the board I had shares, but all --

22 THE COURT: Okay.

23 MS. WALLACE: -- those shares were dissolved.

24 THE COURT: When it was -- that was one of the
25 ones that you --

1 MS. WALLACE: Yes. In bankruptcy.

2 THE COURT: -- have guided through bankruptcy?

3 MS. WALLACE: Yes.

4 THE COURT: And the other one, is it pronounced

5 Davi Skin?

6 MS. WALLACE: Davi.

7 THE COURT: Davi.

8 MS. WALLACE: Yes.

9 THE COURT: Same deal?

10 MS. WALLACE: Same deal.

11 THE COURT: You were CEO?

12 MS. WALLACE: Yes.

13 THE COURT: And you had some stock?

14 MS. WALLACE: All gone.

15 THE COURT: But that stock is gone for -- as

16 another bankruptcy?

17 MS. WALLACE: Yes. Nevada.

18 THE COURT: Okay. Your 2011 returns show that

19 you -- it looks like you sold some patents.

20 MS. WALLACE: Oh.

21 THE COURT: Do you have patents?

22 MS. WALLACE: No. The patents, they go back to

23 actually 2007, 2008. I put a million-four into a company

24 in 2000 --

25 THE COURT: Okay.

1 MS. WALLACE: -- called MW Medical, and it went to
2 bankruptcy court here in Arizona. And I lost my 1.4, and
3 the bankruptcy court awarded me all the assets of that
4 company.

5 THE COURT: Okay.

6 MS. WALLACE: So those assets were sold to a
7 company out of San Francisco, and they bought them in, I
8 believe it was, 2008, 2009. It had to meet patent
9 benchmarks.

10 THE COURT: Okay.

11 MS. WALLACE: And that's when I got the money.

12 THE COURT: Okay. So why would it show up on your
13 2011 tax returns?

14 MS. WALLACE: Because in 2007, 2008 and 2009, I
15 was a witness for a court case at a federal court case up
16 in Seattle, Washington, and the person that was finally
17 convicted sent a Form 211 to the tax department saying
18 that I was hiding assets and I had lots of millions of
19 dollars, and they did an investigation, and they took two
20 and a half years, so I had to re-file statements. They
21 wanted to see all of those documents, and I turned
22 everything over. So that's why you see the filings in a
23 later date.

24 THE COURT: Okay. Well, you have a little over
25 \$2 million in general unsecured debt.

1 MS. WALLACE: Yes.

2 THE COURT: And almost no assets.

3 MS. WALLACE: Absolutely correct.

4 THE COURT: Where did that money go?

5 MS. WALLACE: Well, the -- if you look at 1.5 --
6 oh, I'm sorry. The debt is 1.5. Secured assets is the
7 1.5 -- the 1.4 million that the bankruptcy court had
8 awarded back to me. I never got any of that money.

9 THE COURT: Who was supposed to pay it to you?

10 MS. WALLACE: The -- I was supposed to take things
11 like the patents and try to sell them, but all of those
12 assets, because they were a medical device company
13 assets, you could not sell them. And all of the parts
14 and the inventory, that all went away.

15 THE COURT: So you don't have any offshore
16 accounts?

17 MS. WALLACE: I have no offshore accounts. That
18 was the big thing he put, and for two and a half years
19 the tax department did a complete study, and there's no
20 offshore bank accounts.

21 THE COURT: Okay. Well, there are still some
22 questions on my -- I don't think your attorney would be
23 surprised if we didn't look more into this, but I don't
24 have any other questions right now.

25 Are there any parties here who wish to examine

1 this debtor?

2 MR. MURPHY: Brian Murphy as counsel for creditor
3 Thomas & Wong General Contractors.

4 THE COURT: Okay. Hang on a second. I'm sorry.
5 Your name again?

6 MR. MURPHY: Ryan Murphy.

7 THE COURT: Ryan Murphy. And you represent?

8 MR. MURPHY: Thomas & Wong General Contractors, an
9 unsecured creditor.

10 THE COURT: Okay. Go ahead.

11 MR. MURPHY: Ma'am, the form that you submitted,
12 the schedules include a Social Security number that ends
13 in 7593. Is that the Social Security number that you
14 provided to the trustee today?

15 MS. WALLACE: Yes.

16 THE COURT: Have you gone by any other Social
17 Security numbers?

18 MS. WALLACE: No.

19 MR. MURPHY: And --

20 MS. WALLACE: Only my -- well, in Canada it's
21 called a social insurance number.

22 MR. MURPHY: What was that number, ma'am?

23 MS. WALLACE: My Canadian one? I'm trying to
24 think.

25 THE COURT: I'm not sure -- should we -- I don't

1 think we should give it out loud. If --

2 MR. MURPHY: Ma'am, have you gone by any other
3 Social Security number in the United States?

4 MS. WALLACE: Never.

5 MR. MURPHY: Ma'am, did you testify under oath in
6 the proceedings in United States v. Mark Phillips that
7 you had gone by other Social Security numbers?

8 MS. WALLACE: No.

9 MR. MURPHY: Ma'am, I'll quote from page 110 of
10 testimony that you gave in those proceedings on
11 February 22, 2011, starting at line 18:

12 QUESTION: "And if they (inaudible)
13 for a minute United States Social Security
14 number, who knows what it would come back to,
15 right?"

16 ANSWER: "I don't know."

17 QUESTION: "Why did you use that
18 number with Saks Fifth Avenue?"

19 ANSWER: "Because I opened those
20 accounts while I lived -- while I was in
21 Canada."

22 QUESTION: "Now, you also used the
23 number 938-29-1149, correct?"

24 ANSWER: "Yes."

25 QUESTION: "And you said that number

1 on every tax document you have ever filed, you
2 use that as a tax identification number?"

3 ANSWER: "It appears on my Bank of
4 America profile as a tax identification
5 number, yes."

6 Ending my quote.

7 Was that the testimony you gave under oath in
8 United States of America v. Phillips?

9 MS. WALLACE: Yes.

10 MR. MURPHY: Was that false testimony?

11 MS. WALLACE: No.

12 MR. MURPHY: Ma'am, have you used the Social
13 Security number 000-99-000?

14 MS. WALLACE: No.

15 MR. MURPHY: The Social Security number
16 124-00-000?

17 MS. WALLACE: No.

18 MR. MURPHY: Ma'am, are your tax return files --
19 now, how long have you lived in the United States of
20 America?

21 MS. WALLACE: Since 19- -- I believe going back to
22 '96.

23 MR. MURPHY: Have you filed a tax return for every
24 year from 1996 forward with the United States government?

25 MS. WALLACE: Yes, I have.

1 MR. MURPHY: When did you -- were you delinquent
2 at any point in your filings, ma'am?

3 MS. WALLACE: Many times.

4 MR. MURPHY: You've made up those delinquencies?

5 MS. WALLACE: Yes.

6 MR. MURPHY: Did any of those reports include
7 income from offshore accounts?

8 MS. WALLACE: No.

9 MR. MURPHY: Is it your testimony, ma'am, that you
10 never had offshore accounts?

11 MS. WALLACE: That is correct.

12 MR. MURPHY: Ma'am, what is Hepburn Holdings
13 Limited?

14 MS. WALLACE: Hepburn Holdings Limited is what's
15 called a custodian account that is held by the public
16 companies, and the stock held in the public companies are
17 listed in the public company records.

18 MR. MURPHY: Ma'am, let me go to the testimony
19 that you gave in the United States of America v. Mark
20 Phillips on February 22, 2011 --

21 MS. WALLACE: Yes.

22 MR. MURPHY: -- at page 113. I'll start at
23 line -- 113, line 6:

24 QUESTION: "Savannah Corporation?"

25 ANSWER: "I have a corporation

1 called Savannah, yes."

2 QUESTION: "MW Fitness?"

3 ANSWER: "That is a defunct
4 corporation."

5 QUESTION: "That was yours?"

6 ANSWER: "Yes."

7 "How about Hepburn Holdings?"

8 ANSWER: "That is in a management
9 account, yes."

10 QUESTION: "And where is that?"

11 ANSWER: "That's in Bermuda."

12 That was the testimony you gave under oath, wasn't
13 it, ma'am?

14 MS. WALLACE: That's correct, yes.

15 MR. MURPHY: Was that false testimony?

16 MS. WALLACE: No. But you -- that's exactly what
17 I answered to you before. It's a custodian account
18 that's held in the public company where you put stock in,
19 and when investors, who come from all over the world for
20 these companies, they hold the stock in the custodian
21 account in Bermuda. They put their money in. The money
22 and the stock is exchanged. The money goes into the
23 public company, and the stock goes to the investor.

24 MR. MURPHY: Do you ever get distributions from
25 that company for the stock that is sold?

1 MS. WALLACE: No.

2 MR. MURPHY: So you never got any money from
3 Hepburn Holdings Limited?

4 MS. WALLACE: Hepburn Holdings Limited is simply a
5 company that's used for custodian accounts.

6 MR. MURPHY: Did you ever get money from
7 Hepburn --

8 MS. WALLACE: Not --

9 MR. MURPHY: -- Holdings Limited?

10 MS. WALLACE: Not that I can recall.

11 MR. MURPHY: Did you ever wire transfer money from
12 Hepburn Holdings Limited to bank accounts in Bermuda?

13 MS. WALLACE: Only if it was from an investor.
14 That's it.

15 THE COURT: Mr. Murphy, do you have any idea how
16 many more questions you have? We don't have an abundance
17 of time here.

18 MR. MURPHY: Understood.

19 THE COURT: And if we have a lot more to go, then
20 we're probably going to have to do a 2004 exam.

21 MR. MURPHY: Let me do this. I'll finish quickly
22 and then reserve my right to do a 2004.

23 THE COURT: Well, sure. That's your right. Can
24 we --

25 MR. MURPHY: Yes?

1 THE COURT: -- just do one more question?

2 MR. MURPHY: Oh, okay.

3 Ma'am, have you transferred any assets at any time
4 to your daughter, Chloe Cutler?

5 MS. WALLACE: No.

6 MR. MURPHY: Never?

7 MS. WALLACE: Not that I can think of.

8 MR. MURPHY: And thank you for your --

9 THE COURT: Do you have a card?

10 MR. MURPHY: Yes, I do.

11 THE COURT: Are there any other parties who wish
12 to examine this debtor?

13 No other parties appearing.

14 I have received and verified debtor's Social
15 Security information and ID. The information matches our
16 records.

17 This meeting is concluded. Thank you.

18 MR. MURPHY: Thank you.

19 * * * * *

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25

1 C E R T I F I C A T E

2 STATE OF WASHINGTON)

3)

4 COUNTY OF KING)

5 I, the undersigned, under my commission as a Notary
6 Public in and for the State of Washington, do hereby
7 certify that the foregoing digitally recorded proceedings
8 were transcribed under my direction as a certified
9 transcriptionist; and that the transcript is true and
10 accurate to the best of my knowledge and ability; that I
11 am not a relative or employee of any attorney or counsel
12 employed by the parties hereto, nor financially
13 interested in its outcome.

14

15 Signed and dated this 19th day of March, 2014

16

17

18 by [s] Shanna Barr

19 SHANNA BARR, CETD

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