

My Credibility

Summary

My sisters used to trust me (page 1). Then the secret advisors attacked my credibility. Why? Because (1) I have experience in accounting and they don't want my sisters and others like you to believe me, or, (2) because I have actually done some thing wrong?

(1) Common sense says the secret advisors would want me to see their accountings if they had nothing to hide. Especially after I point out their omission of \$28,334.00 in federal tax and \$5,712.00 in Virginia tax for tax year 1991 (page 2), and their planned omission of about \$113,336.00 in federal tax, and \$22,848.00 in Virginia tax for tax year 1992 (page 2-5). I have an MBA, I have worked for the IRS, and I have done my homework. I am the one who they most want to not see their accountings.

or

(2) If I have done something wrong, what is it? I can't get them to identify it (.....*For the umpteenth time, I will ignore your plaintive request that I identify your "wrongdoings"*, Edward White, July 20, 1995). Please compel Jo Anne Barnes and Edward White (Please set aside whatever the innocent family may send you. Jean Nader has been set up to protect them) to identify in writing exactly what it is that they have accused me of. Allow me to respond if they do. They should have some legitimate reason for destroying my credibility. They don't.

Now my sisters do not trust my advice. They trust the secret advisors advice. About one million dollars in real estate is at stake (B8845 p1444 and B8307 p1446). I believe my sisters will never understand that they should not trust the secret advisors advise unless they hear it from a just power.

I beg you; I literally get down on my knees and beg you, to verify fraud by trying to pin down Jo Anne Barnes and Edward White to an accountable position on their implications of my "*wrongdoings*". Why did they destroy my credibility?(page 3). If a Judge can't pin them down to an accountable position on this, please understand how the public and I can't.

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, all of the beneficial owners of that certain real property located in Fairfax County, Virginia, and more particularly described on the attached and incorporated Exhibit A ("Property"), do hereby nominate, constitute and appoint Anthony Miner/O'Connell of Fairfax County, Virginia, our true and lawful agent and attorney-in-fact to do, execute and perform all and every act necessary to be done in and about the Property. And the execution or performance of any act or thing pursuant to these presents shall be as binding upon the undersigned, as fully and amply, to all intents and purposes, as if they have been duly executed and acknowledged or performed by the undersigned.

And we hereby ratify and confirm all lawful acts and things heretofore done by the said attorney-in-fact on our behalf.

This power shall not terminate upon the disability of the principals.

Any person, firm or corporation shall be fully protected in relying upon this power of attorney unless and until such person, firm or corporation has received actual written notice of its revocation or a notice of its revocation has been recorded among the land records of Fairfax County, Virginia.

WITNESS the following signatures and seals, this 16TH day of OCTOBER, 1992.

Part of the Virginia Land Trust containing our remaining real estate recorded in B8845 p1444 and B8307 p1446.

Jean Mary O'Connell Nader (SEAL)
Jean Mary O'Connell/Nader

Sheila O'Connell (SEAL)
Sheila Ann/O'Connell

Anthony Miner O'Connell (SEAL)
Anthony Miner O'Connell

Anthony Miner O'Connell (SEAL)
Anthony Miner/O'Connell, Trustee,
Under the Last Will and Testament of
Harold A. O'Connell

CODE OF VIRGINIA 55-17.1
ANTHONY O'CONNELL
6541 FRANCONIA ROAD
SPRINGFIELD, VIRGINIA 22150

BK 8845 1444

1991 capital gains tax on about \$98,898.65 wanted by the IRS:
(\$28,334.00 in federal tax and \$5,712.00 in Virginia tax plus penalties and interest)

Anthony O'Connell

2. My copy also does not show the principal of \$125,188.17 paid to my mother by the Lynch Note in April of 1991. It does show the interest. With a gross profit percentage of .79 on the installment sale, about \$ 98,898.65 of the \$125,188.17 should have been reported on line 13 of the 1040 as a capital gain. It appears that this omission is up and above the penalties and interest already acknowledged. Why was it not reported? Will you amend the return?

To Edward White, May 29, 1992

Lawyer

With regard to the income tax matter and the capital gain from the receipt of principal on the Lynch note in April 1991, I was following the 1990 return and simply did not pick up the fact that there was a principal payment in 1991. I will most certainly pay any interest and penalty which might accrue in this regard, and sincerely appreciate your calling it to my attention.

To Anthony O'Connell, June 11, 1992

1992 capital gain tax on about \$395,594.62 wanted by the IRS.
(About \$113,336.00 in federal tax, and \$22,848.00 in Virginia tax. Rate projected from \$98,898.65 in 1991 because of accounting deceptions)

Anthony O'Connell

1. As you know, the Lynch Limited Partnership plans to pay my Mother's estate \$545,820.43 on April 21, 1992. What is your best guess as to when and in what amount(s) you will make distribution(s) to the beneficiaries?

To Edward White, March 30, 1992

Lawyer

Question 1. As soon as the money is received, the tax liabilities evaluated and upon consolation with the Co-executor.....I do not know what your problem is but in the future, please address all correspondence to Mrs. Nader. ..I am trying to be patient with you, But I find that this estate is time consuming enough without having to deal with letters such as the last two that I have received.

To Anthony O'Connell, April 4, 1992

Lawyer

The Question of capital gains comes up often in estate situations. Any asset owed by a decedent at the time of death is given a "stepped up" basis to its value at the death of death. If the heirs then sell the asset the only taxable capital gain (or loss) is the change in value between the date of death and the date of sale. The Accotink property falls in that category, though the basis on the share formerly held in trust has a basis as of the date of your father's death. The Lynch note will not produce any capital gain since it was taxed in the estate as part of your mother's assets. It will produce an income tax effect on the fiduciary income tax return since \$26,917.17 in interest was received by the estate. This is included in the \$56,928.52 referred to above.

To the beneficiaries, November 13, 1992

Anthony O'Connell

The Lynch Note to the estate, a result of the installment sale of my mother's residence on 4/21/88, carries with it a taxable capital gain. The IRS requires that this capital gains tax be paid by the estate or the beneficiaries if the taxable capital gain is passed through the estate to the beneficiaries before the end of the tax year.

The gross profit percentage on the sale was seventy-nine percent (79%). The payoff of the Lynch note to the estate on 4/21/92 was \$545,820.42 of which \$45,067.74 was income and \$500,752.68 was capital. Of that \$500,752.68 in capital, 79% or \$395,594.62 is taxable capital gain.

Edward White, copy to Jo Ann Barnes, November 16, 1992 (page 4)

Lawyer

Regretfully I have to amend my letter of Friday. There is no "stepped up basis" on the Lynch note according to the accountants who are preparing the fiduciary income tax return. This is subject to a credit for tax paid on part of it in the estate tax return, but it will result in an estimated \$35,000 to \$40,000.00 in tax to the estate due to the note payoff. This is one of the reasons why a further disbursement would not be wise.

To the beneficiaries, November 16, 1992 (page 5)

Why did they destroy my credibility?

Based on the above common sense says they would want me to see their accountings if they had nothing to hide:

As far as an income prediction for the Estate is concerned, I can make no intelligent prediction since I do not know how long it will remain open. I have been continuously burned in making gratuitous comments about the tax liability of the heirs, and counsel and other attorney friends have stated to me, that given the performance of Mr. O'Connell, that I should make no comment at all. I tried to be helpful, but that did not work. I can only say that had I not been adamant about re-valuing the Accotink property, Mr. O'Connell's initial approach would have cost this estate dearly. From the comments in his recent demands for "information", I can see that he is jumping to conclusions based on no knowledge at all. I will not reply directly to him on any future aspect of this estate. As a matter of fact I am precluded as an attorney from dealing with an adverse party who is represented by counsel. I have no intentions of having him dictate the duties of the fiduciaries. If his counsel wishes to discuss anything, I am certainly available.Finally, I would like, for the record some memorandum from you and Sheila concerning a further reduction in the Accotink valuation.

Edward White to the innocent family member, February 2, 1993

Reference for page 3

Anthony O'Connell
6541 Franconia Road
Springfield, Virginia 22150
{703} 971-2855
November 16, 1992

Mr. Ed White, Attorney
118 South Royal Street
Alexandria, Virginia 22314

Ref: Your letter of 11/13/92

Dear Mr. White:

Thank you for your letter. You mention that distributions from my mother's estate to the beneficiaries are tax free (except from after death income), and that the Lynch Note will not produce any capital gains.

Perhaps I am misinterpreting your letter or perhaps I'm just plain wrong. I hope I am wrong.


The Lynch Note to the estate, a result of the installment sale of my mother's residence on 4/21/88, carries with it a taxable capital gain. The IRS requires that this capital gains tax be paid by the estate or the beneficiaries if the taxable capital gain is passed through the estate to the beneficiaries before the end of the tax year.

The gross profit percentage on the sale was seventy-nine percent (79%). The payoff of the Lynch note to the estate on 4/21/92 was \$545,820.42 of which \$45,067.74 was income and \$500,752.68 was capital. Of that \$500,752.68 in capital, 79% or \$395,594.62 is taxable capital gain.

In order for the beneficiaries to minimize penalties and interest on their quarterly estimated tax payments to the IRS, would you please tell us what share of the capital gains tax liability or any tax liability, has been distributed from the estate to the beneficiaries?

I make much better tax plans if I know what my projected taxable and non-taxable income is going to be. Six weeks remain in the tax year. Would you please send the beneficiaries, with all deliberate haste, your close out schedule for my mother's estate? Please be as specific in dollars and dates as you possible can.

Yours truly,


Anthony O'Connell

Copy to:

Ms. Jean O'Connell Nader

Ms. Sheila O'Connell

Ms. JoAnn Barnes (with a copy of your 11/13/92 letter)

EDWARD J. WHITE
ATTORNEY AT LAW
118 SOUTH ROYAL STREET
ALEXANDRIA, VIRGINIA 22314
TELEPHONE 836-5444

Reference for page 3

November 16, 1992

Mr. Anthony M. O'Connell
6541 Franconia Rd.
Springfield, Va. 22150

Mrs. Jean M. Nader
350 Fourth Ave.
New Kensington, Pa. 15068

Mrs. Sheila O'Connell-Shevenell
44 Carlton St.
Portland, Maine 04102

Re: Estate of Jean M. O'Connell

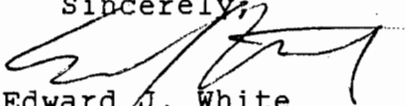
Regretfully I have to amend my letter of Friday. There is no "stepped up basis" on the Lynch note according to the accountants who are preparing the fiduciary income tax return. This is subject to a credit for tax paid on part of it in the estate tax return, but it will result in an estimated \$35,000 to \$40,000.00 in tax to the estate due to the note payoff. This is one of the reasons why a further disbursement would not be wise.

In addition, Jo Ann Barnes commented to me today that the Accotink valuation could well result in a question by the IRS and she feels no disbursement should be made.

Some sale of the Edwards accounts will probably be needed.

Jo Ann also reminds me that each of you should check with your own tax adviser after receiving the K-1 forms as to payment of estimated income taxes.

My telephone call to the CPA (firm) or my follow up letter of November 16, 1992 is not mentioned.

Sincerely,

Edward J. White

- (1) A \$ 35,000 to \$40,000 tax is not true for \$395,594.62 in taxable capital gain. The tax would be about four times that of the \$98,898.65 in 1991, or about \$113,336.00 in federal tax, and \$22,848.00 in Virginia tax.
- (2) No one but Jo Anne Barnes and Edward White can tell the beneficiaries what Jo Anne Barnes and Edward White are going to do. On January 22, 1993 I find out that their K-1's pass \$171,903.00 of this \$397,330 (Jo Anne Barnes figure) in taxable capital gain on to the beneficiaries to pay on their individual tax returns. This intentional secrecy is one reason that I, as holder of Note # 2, could not coordinate a more beneficial spread of the taxable distributions to the beneficiaries. The beneficiaries were hit with an unnecessarily high income tax by the lumping of the taxable income distributions from the Estate and the Trust in 1992:

	1991	1992	1993
Estate (Holder of Note # 1)	\$ 0	\$ 217,338	\$ 180
Trust (Holder of Note # 2)	<u>98,019</u>	<u>423,222</u>	<u>0</u>
	\$ 98,019	\$ 640,560	\$ 180