

APR 05 2001

JAMES A KRAUER
111 MONUMENT Circle Suite 900
INDIANAPOLIS, IN. 46244-0941

Ref: Kenneth Payne Taxation
IPOD-1265 CT/G
SIR:

The animosity in your 3/15/01 letter is unprofessional. The questions asked were asked because a) it was a different course of action than previously taken by tax lawyer Fred Scott and b) the size of the 1999 did not square with my recollection.

For the record, it was not my job responsibility to keep records, and I did not conceal or destroy RECORDS. I am quite willing to be of help in analyzing company transactions; perhaps to cast shed light on specific instances on transactions. No one has asked me.

Concerning my 1999, it was the practice at times in Year 2000, for me to pay various business obligations via cashiers checks purchased at Union Planters (WBO) bank from the proceeds of checks made payable to me marked "business expense". Copies of those cashiers checks were given to Connie Kiefer, Vicki Perry or other secretaries for accounting purposes. As receiver in possession of all records at 8060 Monroe Rd Suite (upstairs and downstairs) you must have those cashiers checks IN YOUR POSSESSION

contract. Please forward copies of all those cashiers checks so that I can make the appropriate offset for my taxes. The amounts are significant.

Second, you also took control of my personal and personal effects. My personal check records (1 plantain) were sent and kept at my office. I need those records for tax preparation purposes. Again, the amounts are significant and will reduce my tax liability greatly.

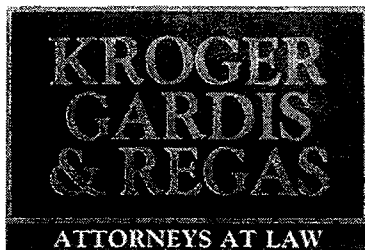
Third, ~~with respect to~~ on a completely separate subject, should my trial end in some kind of conviction, I will be required to prove my educational level to the U.S. Bureau of Prisons. My office contained two INDIAN UNIVERSITY DIPLOMAS. Please forward those diplomas to me.

Finally, there were numerous personal effects including family pictures etc in my office. Please forward all personal effects to me.

In conclusion, please send a) all 2,000 cashier checks; b) all personal check records; c) diplomas; and d) all personal effects to my daughter.



A April 15 looms please send ASAP
Thankyou for your help in this matter
Kenneth Pigeon



FOUNDED 1937

JAMES A. KNAUER
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R. M. KROGER
JOHN E. GARDIS
WILLIAM J. REGAS

April 11, 2001

Mr. Kenneth R. Payne
c/o Marion County Jail
40 South Alabama Street
Indianapolis, Indiana 46204

Re: *Kenneth R. Payne 1099 and other Miscellaneous Matters*

Dear Mr. Payne:

Your letter received on April 5, 2001, asking me to expend the resources of the Receivership Estate for your personal tax problems and to complete this work prior to April 15, 2001, is fairly ridiculous.

My biggest problem at the moment is dealing with the claims of all of the people that you defrauded.

I have no intention of compiling business records in some format that will make it easier for you to deal with the problems which you brought on yourself.

Just as befits any adverse party in civil litigation, I will make the documents available to your tax representative in the order in which I found them to be kept in the regular course of business. That order, of course, was not very good. Many of the records are missing. No records will leave my control and no copies of the records will be provided to you that are not paid for, in advance. As I stated earlier, your tax representative may review the records, make whatever notes they deem appropriate, and receive pre-paid copies.

With regard to your personal effects, once again, I do not intend to pay staff personnel to search through the remaining 150 boxes that we have in storage for your personal effects. I will allow your representative, under supervised circumstances, to do this and, depending upon what items your representatives may claim are your personal effects, will then determine to

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Mr. Kenneth R. Payne
April 11, 2001
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what extent they will be released.

Please have your representative contact me with regard to the foregoing matters.

Sincerely,

A handwritten signature in black ink, appearing to read 'James A. Knauer'. The signature is written in a cursive style with a large, sweeping initial 'J'.

James A. Knauer

JAK:hns