# Superior Court of Washington

**County of Example**

|  |  |
| --- | --- |
| In re the Marriage of:JANE D. SMITH,Petitioner,andJOHN D. SMITH,Respondent. | **No.** 55-5-55555-5**DECLARATION OF RESPONDENT JOHN SMITH IN SUPPORT OF MODIFICATION OF SPOUSAL MAINTENANCE** |

**I. INTRODUCTION**

I, John Smith (Respondent / Father), submit this declaration in support of my motion for modification of maintenance. When Jane and I divorced, I earned a much higher income than I do now; and, as a result, my maintenance obligation was set at $10,000 per month, along with property distribution payments to Jane of over $7,000 per month, for a total of **$17,000 per month to Jane**. Subsequently someone ran a successful YouTube attack campaign against my business. My **pre-tax** income is now only **$15,000 per month**. That makes it impossible to meet my financial obligations to Jane while also paying taxes (let alone my costs of living and other obligations). I have nonetheless paid Jane at the expense of the IRS. The IRS responded by levying me in December 2020, resulting in non-payments to Jane in January and February 2021.

I ask the Court to eliminate or greatly reduce my maintenance obligation.

**II. BACKGROUND**

Jane and I married in July 2000, separated in May 2017 (17-year marriage), and finally divorced in June 2018. It was her third divorce and my second. We have no dependent children of the relationship. Jane now lives in Oklahoma. I live in Nantuck, WA.

 **1. High-Earning Business**. I am a real estate broker and developed a real estate investing school that has become my sole source of income. I give international lectures through my company, Max Real Estate Incorporated (MRE, Inc.), and sell my books and related products. Around the time of our divorce, business was booming. Gross profits were close to $4 million, and I (along with Jane) made approximately $500,000 per year.

 **2. Divorce Decree**. We entered an agreed divorce decree that contained the following relevant terms:

 A. *MRE, Inc.*. I would pay Jane $800,000 for her community interest in MRE, Inc., broken into monthly installments of $5,000 per month. *§3.3(g) of Decree of Dissolution; Court Docket #165*.

 B. *Book Royalties*. Jane would receive an additional $2,000 per month from me in royalties on my first book. *Id. at §3.3(i).*

 D. *Maintenance*. I would pay Jane approximately $10,000 per month in maintenance. *Id. at §3.7.*

**III. CHANGE IN CIRCUMSTANCES**

 **1. YouTube Attack**. My business revenue steadily decreased in the years after the divorce. On November 29, 2018 Yak Johnson’s YouTube channel published a video calling me a fraud. That video would go on to receive over 1.1 million views and appear next to most of my channel’s videos. True and correct screenshots are attached as **Exhibit A**.

The gross revenue for MRE, Inc. declined by more than half beginning in 2019. *See MRE, Inc.’s tax returns and 2020 Income Statement in sealed financial source documents*.

I initially responded to the downturn by trying to operate the business more efficiently, but my personal income eventually decreased by more than half as well. The following were my yearly gross incomes:

* 2019: $300,237
* 2020: $179,794 (approximately $15,000 per month before taxes)

*See John Smith’s tax returns and 2020 Form 433A in sealed financial source documents*.

**2. Aftermath of Decreased Revenue**. Despite greatly decreasing income, I paid Jane the amounts the decree required. I could not, however, meet many of my other obligations. I owed about $100,000 in attorney fees to McKinley Irvin from the divorce, and I owed the IRS over $100,000 for back taxes. I temporarily solved this problem by “treading water” with the IRS. That is, I would pay the IRS the back amounts I owed, but I did not pay the full amount for current year. This worked until December 2019, when the IRS issued the afore-mentioned levy against me (and Jane), garnishing all bank accounts and wages. *See IRS levy in sealed financial source documents.* The IRS temporarily lifted the levy on January 22, 2020 (*see release of levy in sealed financial source documents*), leaving me free to transact business but virtually penniless (*see John Smith’s bank records in sealed financial source documents*). My latest bank statement shows I have less than $50 in my personal account. *See John Smith’s bank records in sealed financial source documents.*

**III. INABILITY TO PAY JANE**

Even if the IRS levy had not occurred, I could not continue to pay $10,000 per month in maintenance. It was difficult to pay those amounts when I made a gross income of approximately $500,000 per year. And it is impossible now that I make less than $180,000 gross per year.

 Page 4 of my Form 433A Collection Statement to the IRS demonstrates this plainly. *See Form 433A in sealed financial source documents*. It shows my gross monthly income for 2020 was approximately $15,000, but my monthly expenses were $25,678. Granted, my food and clothing expenses were high--$2,450 per month. But even if I stopped eating and buying clothes entirely, my monthly expenses would have still been $23,228. That amount is over $8,000 more than I make per month. On top of that, I need to somehow pay the IRS the over $100,000 I put off.

 Moreover, I cannot quickly reduce my monthly expenses or sell assets. Please consider:

* My home probably has no equity. The mortgage balance is $443,000, whereas the home value is around $370,000. Attached as **Exhibit A** are true and correct copies of my mortgage statement and tax assessor’s valuation. I had bought the condo during the 2006 real estate bubble and even now the value does not approach what I paid for it.
* My only car is a 2002 Honda Civic. I sold or returned my more expensive ones.
* My $960 per month life insurance policy is required per the divorce decree.
* My $7,000 per month in “secured debts” are the amounts I pay Jane for her share of the former community’s business. Those amounts are unmodifiable property distributions.

The only readily identifiable means of making ends meet is to drastically reduce maintenance and to enter payment plans for past-due amounts.

**IV. JANE’S INCOME**

At the time of our divorce, Jane made approximately $4,000 per month gross and $3,000 per month net as teacher at North Oklahoma Christian School (along with $10,000 per month in maintenance and $7,000 per month from her share of my business). I assume she now makes approximately $4,500 per month gross as a teacher. As shown on my financial declaration, that would make her current gross monthly income $21,500 ($4,500 wages + $10,000 maintenance + $7,000 property award = $21,000) and her net (after tax) income $17,589 per month.

**V. PROPOSED MAINTENANCE**

I propose that the Court eliminate my maintenance obligation. As shown on the “Proposed” version of my financial declaration, this would leave me with a net monthly income of $11,214 and Jane a net monthly income of $10,192. Her income would be slightly lower than mine, but my financial obligations are much higher than hers. I have a significantly more debt to service than she does, including a new IRS debt of over $100,000.

 In the alternative to eliminating my maintenance, I ask the court to temporarily suspend or greatly reduce my obligation.

**VI. REQUESTED RELIEF**

 **A. Modify Maintenance**. Eliminate or, in the alternative, suspend or greatly reduce, my maintenance obligation.

I declare under penalty of perjury under the laws of the state of Washington that the foregoing is true and correct.

Signed at [City & State] on [Date].

Signature:

 JOHN C. SMITH