

**Tuesday, March 8, 2005**

The Board met at its offices at 5901 Green Valley Circle, Culver City, at 9:30 a.m., with Mr. Chiang, Chair, Mr. Parrish, Vice Chair, Ms. Yee and Mr. Leonard present, Ms. Mandel present on behalf of Mr. Westly in accordance with Government Code section 7.9.

Mr. Chiang stated for the record that the State of California is currently offering a Tax Amnesty Program and reminded taxpayers that they have until March 31, 2005 to apply to participate in this program.

### **CORPORATE FRANCHISE AND PERSONAL INCOME TAXES HEARINGS**

**Rajvinder Singh, 225268**

**Maggie Singh, 225506**

1993-1994, \$12,812.25 Assessment

For Party One:

Appearance Waived

For Party Two:

Maggie Hart (Singh), Taxpayer

For Franchise Tax Board:

Mark McEvilly, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issues: Whether appellant-husband has shown that appellant-wife should not be granted partial innocent spouse relief for 1993 and 1994.

Whether appellant-wife has shown error in the amount of innocent spouse relief granted to her for 1993 and 1994.

Action: Ms. Mandel moved to sustain the action of the Franchise Tax Board. The motion was seconded by Ms. Yee but no vote was taken.

Upon motion of Ms. Yee, seconded by Mr. Chiang and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee, Mr. Leonard and Ms. Mandel voting yes, the Board ordered that the penalties be allocated to the husband, otherwise sustained the action of the Franchise Tax Board.

Upon motion of Ms. Yee, seconded by Mr. Leonard and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee and Mr. Leonard voting yes, Ms. Mandel not participating, the Board directed staff to send a letter to the California Victim Compensation and Government Claims Board recommending favorable consideration of the request for relief of interest filed by the taxpayer.

**Jane Marchiorlatti, 213237**

1991, \$11,759.00 Assessment

For Appellant:

Jon Marchiorlatti, Representative

Jane Marchiorlatti, Taxpayer

For Franchise Tax Board:

Mark McEvilly, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issues: Whether appellant has met her burden to prove error in respondent's denial of her claim for innocent spouse relief.

Whether appellant has shown that respondent's refusal to grant innocent spouse relief amounts to an abuse of discretion.

Action: Upon motion of Ms. Mandel, seconded by Ms. Yee and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee, Mr. Leonard and Ms. Mandel voting yes, the Board submitted the appeal for decision.

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Mr. Chiang directed staff to draft injured spouse claims legislation at the state level. This legislation should follow existing federal law (Int.Rev. Code, § 6402) which allows an injured spouse (third-party spouse) his or her share of a refund from a joint return, when that refund is reduced or eliminated by an unpaid tax liability or other debt of the other spouse filing the joint return.

**G.M.S., 221190**

Year Ended March 31, 1995, \$169,013.00 Assessment

Year Ended March 31, 1996, \$183,011.00 Assessment

**John Marshall, 216967**

1995, \$68,003.00 Assessment

1996, \$64,786.00 Assessment

For Appellant:

Dennis Brager, Attorney

Scott Feinstein, CPA

For Franchise Tax Board:

Michael Smalley, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issues: Whether G.M.S.' payments to its shareholders are reasonable compensation for services or dividends.

Whether G.M.S.' payments to Location Creations, Inc. (which is wholly owned by appellant John Marshall) are income to appellant John Marshall under the assignment of income doctrine.

Appellant's Exhibit: Miscellaneous Documents (Exhibit 3.1)

Action: Upon motion of Ms. Mandel, seconded by Ms. Yee and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee, Mr. Leonard and Ms. Mandel voting yes, the Board submitted the appeal for decision.

Exhibits to these minutes are incorporated by reference.

**Kaldeep S. and Imelda Brar, 262087**

1999, \$23,297.53 Assessment

**Professional Resource Enterprises, Inc., 265288**

1999, \$312,488.00 Assessment

For Appellant:

Robert F. Klueger, Attorney

For Franchise Tax Board:

Shane Hofeling, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issues: Whether appellants incorrectly failed to limit their Los Angeles Revitalization Zone (LARZ) hiring credits to California business income allocated to the LARZ area, as purportedly required by Revenue and Taxation Code sections 17053.17 and 23623.5.

Whether appellants have shown they correctly applied the property factor in determining the amount of their California business income that was allocable to the LARZ.

Appellant's Exhibit: Miscellaneous Documents (Exhibit 3.2)

Action: Upon motion of Ms. Mandel, seconded by Ms. Yee and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee, Mr. Leonard and Ms. Mandel voting yes, the Board submitted the appeal for decision.

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Dwight Sean and Tina Marie Jones, 163810 – Request to Vacate Decision Dated January 9, 2003

Action: Upon motion of Ms. Mandel, seconded by Mr. Chiang and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee, Mr. Leonard and Ms. Mandel voting yes, the Board vacated its decision of January 9, 2003.

Dwight Sean and Tina Marie Jones, 163810

1993, \$107,098.00 Tax

1994, \$279,036.00 Tax

1995, \$56,134.00 Tax, \$14,033.50 Late Filing Penalty

For Appellant: William Weintraub, Attorney  
Sean Jones, Taxpayer  
Maxwell Jones, Witness

For Franchise Tax Board: Edward Kline, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issues: Whether or not appellants have established that they were not California residents for tax purposes during the appeal years.

Whether or not appellants have established that their failure to timely file their 1995 California income tax return until April 15, 1997 was due to reasonable cause and not a lack of willful neglect on their part.

Appellant's Exhibit: Statements of James Dixon, David Simantob, and Liz Stewart, and Chronology of Events (Exhibit 3.3)

Action: Upon motion of Mr. Parrish, seconded by Mr. Leonard and unanimously carried, Mr. Chiang, Mr. Parrish and Mr. Leonard voting yes, Ms. Yee and Ms. Mandel abstaining, the Board reversed the action of the Franchise Tax Board.

Hilltopper Publications, Inc., Judith Mancini, and Thomas K. Vodrey (Assumers), 250265

1996, \$45,626.00 Assessment

Year Ended August 5, 1997, \$111,707.00

For Appellant: Kenneth G. Gordon, Attorney  
Anthony Glass, Representative  
Ann Hodges, Tax Counsel

For Franchise Tax Board:

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issue: Whether or not appellant (Hilltopper Publications, Inc.) has established that the fair market value of its goodwill as of February 1995 – for purposes of determining the built-in-gain tax on its S corporation election – was approximately \$250,000 rather than approximately \$18 million, as determined by respondent based upon the contractual allocation to goodwill in the approximately \$3 million purchase price paid for appellant's assets in November 1995.

Appellant's Exhibit: US Tax Court *Garwood Irrigation Company v. IRS*, No. 1459-03 (Exhibit 3.4)

Action: Upon motion of Ms. Mandel, seconded by Mr. Parrish and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee, Mr. Leonard and Ms. Mandel voting yes, the Board submitted the appeal for decision.

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Louis and Judith Woods Mancini, 255117

1996, \$21,277.00 Assessment

1997, \$64,166.00 Assessment

For Appellant:

Kenneth G. Gordon, Attorney

Anthony Glass, Representative

For Franchise Tax Board:

Ann Hodges, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issues: Whether appellants have met their burden to prove error in respondent's determination that they must recognize gain on the distribution of an installment note to shareholder Judith Mancini, by S corporation Hilltopper Publications, Inc.

Whether appellants have met their burden to prove error in respondent's determination that the income in question is California-source income.

Whether appellants have shown that they should be allowed credit for taxes paid to another state.

Action: Upon motion of Ms. Mandel, seconded by Mr. Parrish and unanimously carried, Mr. Parrish, Ms. Yee, Mr. Leonard and Ms. Mandel voting yes, Mr. Chiang absent, the Board submitted the appeal for decision.

The Board recessed at 12:20 p.m. and reconvened at 1:30 p.m. with Mr. Chiang, Mr. Parrish, Ms. Yee, Mr. Leonard and Ms. Mandel present.

Edgar Symore Brower and Pauline Y. Brower, 264244

1999, \$5,582.00 Assessment

2000, \$7,961.00 Assessment

2001, \$7,224.00 Assessment

For Appellant:

Barbara Kelley, CPA

For Franchise Tax Board:

Renel Sapiandante, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issue: Whether appellants are entitled to a charitable deduction with respect to a residential structure allegedly donated to charity.

Appellant's Exhibit: Statement by Barbara Kelley and Itemized Donations (Exhibit 3.5)

Action: Upon motion of Ms. Mandel, seconded by Mr. Parrish and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee, Mr. Leonard and Ms. Mandel voting yes, the Board submitted the appeal for decision.

Len and Jasmine Forman, 222703

1999, \$19,602.00 Claim for Refund

For Claimant:

Wayne R. Johnson, Attorney

Marvin Goldschmidt, CPA

For Franchise Tax Board:

Renel Sapiandante, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: A disqualifying contribution was disclosed to Mr. Westly. No other disqualifying contributions were disclosed.

Issue: Whether or not appellants have established entitlement to the claimed worthless stock deduction or, in the alternative, a deduction for a capital loss on the complete liquidation of the corporation.

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Appellant's Exhibit: Declarations of Len and Jasmine Forman (Exhibit 3.6)

Action: Upon motion of Mr. Parrish, seconded by Mr. Leonard and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee and Mr. Leonard voting yes, Ms. Mandel absent and not participating in accordance with Government Code section 15626, the Board ordered that the appeal be submitted for decision, granting the appellant 45 days to submit supporting documents, the Franchise Tax Board 30 days to respond, and the Appeals Division 30 days thereafter to review the appellant's supporting documents, the Franchise Tax Board's response and provide its recommendation to the Board.

**Amir Mostafavi, 250124**

1999, \$6,030.00 Tax, \$100.00 Late Filing Penalty

For Appellant: Semion Baraz, Enrolled Agent

For Franchise Tax Board: Edward Kline, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issues: Whether appellant has met his burden to prove that he was involved in day trading and is entitled to claimed business expense deductions.

Whether appellant is entitled to his claimed mortgage interest deduction.

Whether appellant has shown reasonable cause sufficient to abate the late filing penalty.

Appellant's Exhibit: Miscellaneous Documents (Exhibit 3.7)

Action: Upon motion of Mr. Leonard, seconded by Mr. Parrish and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee, Mr. Leonard and Ms. Mandel voting yes, the Board ordered that the appeal be submitted for decision, granting the appellant 30 days to submit supporting documents, the Franchise Tax Board 30 days to respond, and the Appeals Division 30 days thereafter to review the appellant's supporting documents, the Franchise Tax Board's response and provide its recommendation to the Board.

**Gadi Meir, 251905**

2001, \$1,431.75 Claim for Refund

For Claimant: Gadi Meir, Taxpayer

For Franchise Tax Board: Jozel Brunett, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issue: Whether appellant has shown that he had reasonable cause for failing to timely respond to respondent's Demand for Tax Return letter, so that the notice and demand penalty should be abated.

Action: Upon motion of Ms. Mandel, seconded by Ms. Yee and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee, Mr. Leonard and Ms. Mandel voting yes, the Board submitted the appeal for decision.

**George C. Brown, 261151**

2000, \$121.00 Assessment

For Appellant: George C. Brown, Taxpayer

For Franchise Tax Board: Jozel Brunett, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

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Issue: Whether appellant has shown that respondent incorrectly used his retirement income, received after he moved to Nevada, in its calculation of appellant's California tax liability.

Action: Upon motion of Ms. Mandel, seconded by Ms. Yee and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee, Mr. Leonard and Ms. Mandel voting yes, the Board submitted the appeal for decision.

**Robert E. Wesley, 262544**

2001, \$4,425.00 Tax, \$1,106.25 Late Filing Penalty

For Appellant: Robert E. Wesley, Taxpayer

For Franchise Tax Board: Jozel Brunett, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issues: Whether appellant has met his burden to prove error in the proposed assessment.  
Whether appellant has shown reasonable cause for relief from the late filing penalty.

Whether a frivolous appeal penalty should be imposed.

Appellant's Exhibit: Miscellaneous Documents (Exhibit 3.8)

Action: Upon motion of Ms. Mandel, seconded by Mr. Parrish and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee, Mr. Leonard and Ms. Mandel voting yes, the Board submitted the appeal for decision.

**HOMEOWNER AND RENTER PROPERTY TAX ASSISTANCE CLAIM HEARINGS**

**Barbara Smith, 255544**

2003, \$348.00

For Claimant: Barbara Smith, Taxpayer

For Franchise Tax Board: Suzanne Small, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issue: Whether respondent properly denied appellant's claim for property tax assistance.

Appellant's Exhibit: Notice of Inspection from landlord (Exhibit 3.9)

Action: Upon motion of Ms. Mandel, seconded by Mr. Chiang and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee, Mr. Leonard and Ms. Mandel voting yes, the Board submitted the appeal for decision.

**David E. Ligons, 260988**

2003, \$472.00

For Claimant: David Ligons, Taxpayer

For Franchise Tax Board: Suzanne Small, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issue: Whether respondent properly denied appellant's claim for property tax assistance.

Action: Upon motion of Mr. Parrish, seconded by Mr. Leonard and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee, Mr. Leonard and Ms. Mandel voting yes, the Board adopted a decision which modified the action of the Franchise Tax Board.

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### SALES AND USE TAX APPEALS HEARINGS

Toscana International Trading, Inc., 217895

7-1-99 to 6-30-02, \$5,638.45 Tax, \$1,939.50 Negligence Penalty

For Petitioner:

Javier Gutierrez, Taxpayer

Ginny Gutierrez

Camilo A. Gutierrez, Bookkeeper

Alex Perez, Manager

For Sales and Use Tax Department:

Kevin Hanks, Hearing Representative

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issues: Whether petitioner has presented documentation to demonstrate that the amount of audited taxable sales is overstated.

Whether the understatement is the result of negligence.

Action: Upon motion of Ms. Mandel, seconded by Mr. Parrish and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee, Mr. Leonard and Ms. Mandel voting yes, the Board ordered that the petition be submitted for decision.

Artistic Resources Corporation, 224742

7-6-96 to 12-31-99, \$8,191.01 Tax

For Petitioner:

Adrian Stern, CPA

Michael Little, Witness

For Sales and Use Tax Department:

Mark Woolston, Hearing Representative

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issue: Whether petitioner properly reported tax on its sales.

Action: Upon motion of Ms. Mandel, seconded by Mr. Chiang and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee, Mr. Leonard and Ms. Mandel voting yes, the Board ordered that the petition be submitted for decision.

James Mulligan, 236450

10-1-99 to 3-31-00, \$16,681.00 Tax

For Petitioner:

Cruz Saavedra, Attorney

James Mulligan, Taxpayer

For Sales and Use Tax Department:

Sharon Jarvis, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issues: Whether petitioner is personally responsible for the unpaid tax liability of Tools Plus, Inc., for the fourth quarter of 2000 and the first quarter of 2001.

Whether the Notice of Determination is barred by the statute of limitations.

Action: Upon motion of Ms. Mandel, seconded by Mr. Chiang and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee, Mr. Leonard and Ms. Mandel voting yes, the Board ordered that the petition be submitted for decision.

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Mario Cruz, 161101

9-21-00, \$6,219.00 Tax, \$00.00 Failure to File Penalty

Fleetpower, Inc., 213068

12-29-00, \$6,550.00 Tax

For Petitioner:

Cory J. Briggs, Attorney

For Sales and Use Tax Department:

Anthony Epolite, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issues: Whether petitioner Mario Cruz owes use tax on his purchase and use of the truck in California.

Whether petitioner Fleetpower, Inc., owes use tax on its purchase and use of the truck in California.

Action: Upon motion of Ms. Mandel, seconded by Ms. Yee and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee, Mr. Leonard and Ms. Mandel voting yes, the Board ordered that the petition be submitted for decision.

Ilya Meller, 219832

1-1-99 to 12-31-01, \$9,095.29 Tax

For Petitioner:

Ilya Meller, Taxpayer

For Sales and Use Tax Department:

Kevin Hanks, Hearing Representative

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issues: Whether sales of hospital beds, mattresses, and cervical pillows prescribed by physicians and covered by MediCare, Part B, qualify as exempt sales of medicines or exempt sales to the United States.

Whether petitioner received, and reasonably relied upon, erroneous written advice from the Board and is entitled to relief under Revenue and Taxation Code section 6596.

Whether the Department's calculation of the measure of tax is excessive.

Whether petitioner is entitled to relief from the imposition of interest.

Action: Upon motion of Ms. Mandel, seconded by Ms. Yee and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee, Mr. Leonard and Ms. Mandel voting yes, the Board ordered that the petition be submitted for decision.

Mr. Chiang requested the Appeals Division to check that every single taxpayer receives a mailed notice to one of our Small Business Fairs. In addition, Mr. Chiang requested that the department check when information on prescription medicines was ran in our Tax Information Bulletin.

Steve Gonzalez Alfaro, 198278

1-1-99 to 9-30-01, \$6,993.71 Tax

For Petitioner:

Steve Gonzalez Alfaro, Taxpayer

For Sales and Use Tax Department:

Robert Tucker, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issue: Whether petitioner has provided sufficient credible evidence to show that the sales at issue qualify as exempt sales in foreign commerce.

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Action: Upon motion of Mr. Parrish, seconded by Ms. Mandel and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee, Mr. Leonard and Ms. Mandel voting yes, the Board ordered that the petition be submitted for decision.

**Larry Cooke, 246683**

7-1-95 to 6-30-98, \$00.00 Tax, \$763.78 Negligence Penalty

**Peggy Cooke, 249465**

7-1-95 to 6-30-98, \$00.00 Tax, \$763.78 Negligence Penalty

For Petitioner: Larry Cooke, Taxpayer

For Sales and Use Tax Department: Sharon Jarvis, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issue: Whether petitioners are liable for the unpaid tax liability of Big Bear as responsible corporate officers.

Action: Upon motion of Mr. Leonard, seconded by Mr. Parrish and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee, Mr. Leonard and Ms. Mandel voting yes, the Board ordered that the petition be submitted for decision, granting the petitioner 30 days to file supporting documents, the Department 30 days to respond, and the Appeals Division 30 days thereafter to review the petitioner's supporting documents, the Department's response and provide its recommendation to the Board.

**Ramiro Bedolla and Josef Vencek, 168320**

1-18-01, \$7,083.60 Tax, \$708.36 Failure to File Penalty

For Petitioner: Ramiro Bedolla, Taxpayer

For Sales and Use Tax Department: Kevin Hanks, Hearing Representative

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issues: Whether petitioners purchased the vehicle for use in California.

Whether petitioners received misinformation qualifying for relief under Revenue and Taxation Code section 6595.

Action: Upon motion of Mr. Parrish, seconded by Mr. Leonard and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee, Mr. Leonard and Ms. Mandel voting yes, the Board ordered that the failure to file penalty be deleted, otherwise redetermined as recommended by the Appeals Division.

Upon motion of Mr. Leonard, seconded by Mr. Parrish and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee, Mr. Leonard and Ms. Mandel voting yes, the Board ordered that staff offer the petitioner a generous payment plan.

**Richard James Alonzo and Tama Guadalupe Cesin (a.k.a. Irma Alonzo), 246517**

4-1-00 to 2-28-03, \$4,670.83 Tax

For Petitioner: Irma Alonzo, Taxpayer

Richard Alonzo, Taxpayer

For Sales and Use Tax Department: Kevin Hanks, Hearing Representative

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issue: Whether the evidence shows that the audited amount of taxable sales is excessive because petitioner did not provide any dining facilities for its customers.

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Action: Upon motion of Ms. Mandel, seconded by Mr. Parrish and unanimously carried, Mr. Chiang, Mr. Parrish, Ms. Yee, Mr. Leonard and Ms. Mandel voting yes, the Board ordered that the petition be submitted for decision.

Patricia Ann Kinnaman, Nick D. Byassee, and Leslie Ida Morse, 89002213250, 89002213260

9-1-93 to 8-14-95, \$106,093.97 Tax, \$29,287.38 Fraud Penalty

8-15-95 to 12-31-95, \$39,538.46 Tax, \$9,884.63 Fraud Penalty

Dominion Saddlery, Inc., 89002409640, 208946

8-15-95 to 6-30-98, \$00.00 Tax, \$48,506.93 Fraud Penalty

7-1-98 to 12-31-98, \$11,908.48 Tax, \$2,977.14 Fraud Penalty

For Petitioner:

Farley J. Neuman, Attorney

Nate Holden, Representative

Patricia Ann Kinnaman, Taxpayer

For Sales and Use Tax Department:

Robert Tucker, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issues: Whether the evidence establishes that petitioners were fraudulent.

Whether the determinations for certain periods were barred by the statute of limitations.

Whether restitution paid pursuant to the criminal matter settled all liabilities determined in the audits, preventing the Board from collecting any additional liability due.

Whether the audited measure of tax is excessive.

Whether Ms. Kinnaman is personally liable for partnership debt.

Whether predecessor liability can be asserted against the partnership for the period August 15, 1995 through December 31, 1995.

Action: Upon motion of Mr. Parrish, seconded by Mr. Leonard and duly carried, Mr. Parrish and Mr. Leonard voting yes, Ms. Yee voting no, Mr. Chiang abstaining, Ms. Mandel absent, the Board removed all remaining tax liability since the payment of \$300,000.00 and \$20,000.00, respectively, which was restitution to the Board in terms of the criminal court order, constitutes settlement, satisfaction of all obligations of petitioner to the Board.

The Board adjourned at 6:03 p.m.

*The foregoing minutes are adopted by the Board on May 25, 2005.*

Note: The following cases were removed from the calendar prior to the meeting: *Alorica, Inc.*, 224473; *Richard and Susan Eberhardt*, 258769; and, *Honorine T. Flanagan*, 266371.