

BEFORE THE OFFICE OF TAX APPEALS

STATE OF CALIFORNIA

IN THE MATTER OF THE APPEAL OF, )  
 )  
 R. ISLEY, ) OTA NO. 20116974  
 )  
 APPELLANT. )  
 )  
 )

## TRANSCRIPT OF ELECTRONIC PROCEEDINGS

State of California

Friday, November 18, 2022

Reported by:  
ERNALYN M. ALONZO  
HEARING REPORTER

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Transcript of Electronic Proceedings,  
taken in the State of California, commencing  
at 9:42 a.m. and concluding at 12:32 p.m. on  
Friday, November 18, 2022, reported by  
Ernalyn M. Alonzo, Hearing Reporter, in and  
for the State of California.

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APPEARANCES:

Panel Lead: ALJ JOHN JOHNSON

Panel Members: ALJ KENNY GAST  
ALJ OVSEP AKOPCHIKYAN

For the Appellant: R. ISLEY  
A. WINBUSH  
J. MORROW  
STEVEN MATHER

For the Respondent: STATE OF CALIFORNIA  
FRANCHISE TAX BOARD  
  
PARVIS IRANPOUR  
RON HOFSDAL

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I N D E X

E X H I B I T S

(Appellant's Exhibits 1-5 were received at page 7.)  
(Department's Exhibits A-DD were received at page 7.)

OPENING STATEMENT

PAGE

By Mr. Mather 8

APPELLANT'S  
WITNESSES:

DIRECT

CROSS

REDIRECT

RECROSS

J. Morrow	14	19	28	
A. Winbush	30	42	45	
R. Isley	45	65	71	

PRESENTATION

PAGE

By Mr. Mather 74  
By Mr. Iranpour 83

CLOSING STATEMENT

PAGE

By Mr. Mather 92  
By Mr. Iranpour 91

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
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California; Friday, November 18, 2022

9:42 a.m.

JUDGE JOHNSON: We'll go on the record.

This is the Appeal of Isley, OTA Case Number  
2011 -- excuse me one second. Sorry -- OTA Case Number  
20116974. It's 9:42 on November 18th, 2022.

This appeal is being conducted electronically  
lead by myself Judge Johnson here in Sacramento,  
California. While I'm the lead Administrative Law Judge  
for purposes of conducting the hearing, there will be the  
panel of three ALJs here that will decide this appeal.

At this point, let me say good morning to my  
fellow co-Panelists today.

Good morning, Judge Gast.

JUDGE GAST: Good morning.

JUDGE JOHNSON: And good morning,  
Judge Akopchikyan.

JUDGE AKOPCHIKYAN: Good morning.

JUDGE JOHNSON: Before I introduce the parties,  
I'd like to remind everyone that the Office of Tax Appeals  
is not a court. It is an independent appeals body. The  
office is staffed by tax experts and is independent of the  
State's tax agencies. We do not engage in any ex parte  
communications with either party. So everything we have

1 on the record has been shared with both parties.

2 Our decision will be based on the arguments and  
3 evidence provided by the parties on appeal in conjunction  
4 with the appropriate application of the law. We have read  
5 the briefs and examined the exhibits and are looking  
6 forward to your arguments today. I know it's taken many  
7 steps to get to this point, and I appreciate the parties  
8 efforts, especially seeing how far we are from the tax  
9 years at issue.

10 Let's have the parties introduce themselves.  
11 I'll start with Appellants.

12 MR. MATHER: Good morning, Your Honor. It's  
13 Steve Mather appearing for Ronald Isley.

14 Ron, do you want to --

15 MR. ISLEY: Ron Isley.

16 JUDGE JOHNSON: Good morning.

17 And Mr. Morrow.

18 MR. MORROW: Jessie Morrow.

19 JUDGE JOHNSON: Thank you.

20 And Ms. Winbush.

21 MS. WINBUSH: Angela Winbush. Good morning.

22 JUDGE JOHNSON: Good morning.

23 And then we have Respondent Franchise Tax Board  
24 introduce themselves as well.

25 MR. IRANPOUR: Good morning. This is Parvis

1 Iranpour, I-r-a-n-p-o-u-r.

2 MR. HOFSDAL: And my name is Ronald Hofsdal.

3 JUDGE JOHNSON: This is Judge Johnson, again.

4 Thank you.

5 We have four issues on appeal; it's whether  
6 Appellant has established that he was a nonresident for  
7 tax years 1997, 1998, and 1999; whether Appellant has  
8 established reasonable cause sufficient to abate the  
9 late-filing penalties for tax years 1997, 1998, and 1999;  
10 whether Appellant has shown error in Respondent's  
11 calculation of the post amnesty penalties for tax years  
12 1997, 1998, and 199; and whether Appellant has shown error  
13 in Respondent's calculation of interest to be paid to  
14 Appellant on any refunds related to the tax years at  
15 issue.

16 Appellants have submitted Exhibits 1 through 5.  
17 Respondent has submitted Exhibits A through DD, and those  
18 are now admitted into evidence in the record.

19 (Appellant's Exhibits 1-5 were received  
20 in evidence by the Administrative Law Judge.)

21 (Department's Exhibits A-DD were received in  
22 evidence by the Administrative Law Judge.)

23 At this point we're ready to move on to the  
24 parties' presentations, which we'll start with Appellant's  
25 opening presentation of five minutes.

1           Any questions before we get started, Appellant?

2           MR. MATHER: Do I -- if I go over by a minute or  
3 two or is that okay, or am I confined to five?

4           JUDGE JOHNSON: We have a kind of long hearing,  
5 but we will give you a bit of leniency if it's a minute or  
6 two. I think that's going to be okay.

7           MR. MATHER: Okay.

8           And any questions before we get started from  
9 Respondent's side?

10          MR. IRANPOUR: No.

11          JUDGE JOHNSON: Okay. Great.

12          Mr. Mather, please begin when you're ready.

13          MR. MATHER: Thank you, Your Honor.

14

15                           OPENING STATEMENT

16          MR. MATHER: I'd like to take a few minutes to  
17 outline the tax history for Mr. Ronald Isley. This  
18 process started, basically, in May of 1984 when the IRS  
19 made audit assessments against Mr. Isley for 1976 and  
20 1978. This caused a bankruptcy to be filed in New Jersey  
21 in October of 1984.

22               Over the course of next nine years, this  
23 bankruptcy proceeding paid out or collected over a million  
24 dollars from Mr. Isley's share of royalties and profits  
25 from the recording business. It was later discovered that



1 the IRS had actually, because these cases -- the case of  
2 Mr. Isley and the case of his two brothers -- had been  
3 substantively consolidated, the IRS took monies that had  
4 been received on Mr. -- on Ronald Isley's behalf and paid  
5 them to one of his brother's liability.

6 The result of that, even though the bankruptcy  
7 was paid off in full -- the New Jersey bankruptcy -- the  
8 result was it left a large amount unpaid for 1976 and  
9 1978. Those accounts got into the hands of a very  
10 aggressive IRS revenue officer -- collection officer,  
11 which forced another bankruptcy to be filed in April of  
12 1997 in California. Shortly after the bankruptcy, the IRS  
13 issued a notice claiming over \$2 million in taxes for the  
14 tax years '92 to '94, and the bankruptcy was ultimately  
15 resolved again with a full payment of all the claims made  
16 in the bankruptcy in large part by a financing mechanism  
17 done through an entity sponsored by David Pulman.

18 That financing mechanism paid the IRS \$2 million  
19 and actually over funded the bankruptcy estate. After the  
20 bankruptcy case was over in the year 2000, the IRS  
21 proceeded to indict Mr. Isley for tax evasion largely  
22 abating payment of tax in October of 2004. Now, we enter  
23 into the picture with the Franchise Tax Board. In March  
24 of 2005, Mr. Isley applied for amnesty with the Franchise  
25 Tax Board. I have the document by which Mr. Isley

1 applied.

2 In June of 2005, the Franchise Tax Board issued  
3 an Amnesty Balance Due Notice acknowledging his claim but  
4 only listing the 1992 through 1996 years our years. Our  
5 years are '97 through '98. And the Franchise Tax Board at  
6 that point said that they were not eligible for amnesty.  
7 In December an amnesty installment agreement was approved  
8 by the Franchise Tax Board, and payments were made  
9 directly from Mr. Isley's bank account.

10 In March of 2006, we received a Notice of State  
11 Income Tax Due for 1997, 1998, and 1999. We're still not  
12 sure why we got that notice. The next month I wrote to  
13 the Franchise Tax Board indicating we had an amnesty  
14 installment agreement in place, which at least in the  
15 installment agreement, referenced '97, '98, and '99 years  
16 in addition to the '92 through '96 years that the prior  
17 notice had indicated what he was eligible for.

18 There were -- there was no particular contact  
19 with the Franchise Tax Board then for the next four years.  
20 Although, in the interim another \$565,000 of excess  
21 collections in the bankruptcy -- in the California  
22 bankruptcy case were paid out to the IRS, who was the  
23 priority claimant. In March of 2010, I received the next  
24 contact from the Franchise Tax Board from the Collection  
25 Division.

1           At that point the collector said that the '97,  
2       '98, and '99 returns were not filed, at least not  
3       indicated as filed in the system. Notwithstanding the  
4       fact that we'd received a Notice of Stated Income Tax Due.  
5       At that point in April of 2010, we filed 540NR returns for  
6       '97, '98 and '99 and later in the year set up an  
7       installment agreement with the Franchise Tax Board.

8           After almost no contact from the Franchise Tax  
9       Board, at least no contact that I received, on January 21  
10      of 2014 -- so almost three years later -- over three years  
11      later -- the Franchise Tax Board issued NPAs Notices of  
12      Proposed Assessment disallowing the nonresident status  
13      that was claimed on the duplicate original returns that  
14      were filed in April of 2010. Again, there was no  
15      particular contact from the Franchise Tax Board after  
16      that.

17           And then in 2018, Mr. Isley was -- sold his  
18      catalog of royalty rights and writer's rights and  
19      recording rights in a large transaction. And low and  
20      behold the Franchise Tax Board's lien pops up. And we  
21      contacted the Franchise Tax Board, determined that  
22      apparently the duplicate -- well, apparently, the  
23      assessments from these Notices of Proposed Assessment had  
24      been made, and FTB was claiming the entire balance that  
25      had to be paid to get that sale closed. And then within a

1     year after that, we filed an amended return, again seeking  
2     back to the nonresident status.

3             So that's kind of the procedural context of the  
4     case. The merits of the case are that Mr. Isley did live  
5     in California at the beginning of 1997. In the middle of  
6     1997, he found a house in St. Louis. His dream house  
7     closed before late the '97 or early '98. Mr. Isley and  
8     his wife Angela Winbush moved to St. Louis that was his  
9     dream house. That closed by the end of -- before the end  
10    of 1997. And in late '97 or early '98, Mr. Isley and his  
11    wife, Angela Winbush, moved to St. Louis with Mr. Isley  
12    never to return, and 25 years later he's still in the same  
13    house.

14            So the question of domicile is -- is maybe a  
15    little up in the air for 1997. Maybe not so good for the  
16    taxpayer for 1997. For 1998 and 1999, the Franchise Tax  
17    Board literally has nothing to show domicile in any place  
18    other than St. Louis. And, in fact, the entire Franchise  
19    Tax Board case is double and triple hearsay comments taken  
20    out of context that this is going to be contradicted in  
21    this hearing by the testimony of the three witnesses that  
22    were there for the move, and it all points to all of the  
23    relevant points after the move.

24            And that concludes my remarks.

25            JUDGE JOHNSON: All right. Thank you,

1 Mr. Mather.

2 With that, we're ready to move onto witness  
3 testimony. I'll swear in all three witnesses at the same  
4 time. If the three of you would like to unmute yourselves  
5 and raise your right hand.

6

7 J. MORROW,

8 produced as a witness, and having been first duly sworn by  
9 the Administrative Law Judge, was examined and testified  
10 as follows:

11

12 A. WINBUSH,

13 produced as a witness, and having been first duly sworn by  
14 the Administrative Law Judge, was examined and testified  
15 as follows:

16

17 R. ISLEY,

18 produced as a witness, and having been first duly sworn by  
19 the Administrative Law Judge, was examined and testified  
20 as follows:

21

22 JUDGE JOHNSON: Thank you very much. Okay. A  
23 yes from all three of you.

24 Mr. Mather, I will start the 60-minute clock, and  
25 I believe you wanted to start with Mr. Morrow first; is

1       that correct?

2               MR. MATHER:   That's correct.

3               JUDGE JOHNSON:   Okay.   You may start when you're  
4       ready.

5

6                               DIRECT EXAMINATION

7       BY MR. MATHER:

8               Q    Mr. Morrow, could you state your name and  
9       address?

10              A    Jessie Morrow, Kendall Ridge Drive, Chesterfield,  
11       Missouri.

12              Q    When did you first meet Ron Isley and Angela  
13       Winbush?

14              A    This was -- I don't know.   Obviously, I don't  
15       remember the exact date, sir.   But in a time period it was  
16       back in the 90s.   And I had been friends with the Winbush  
17       family for many years, and they were customers of mine.  
18       And on one occasion when Mr. Isley was in St. Louis, I was  
19       introduced to him.

20              Q    And do you remember what that occasion was?

21              A    I believe they were in town for a funeral at that  
22       point.   And when I first found out it was -- there was a  
23       funeral going on, and that's what made the trip happen at  
24       that time.   And then he let me know that he was interested  
25       in looking at properties.   And so I started taking him out

1 riding and looking at houses, and we looked at -- I mean,  
2 we got exhausted looking at houses just trying to find  
3 something that -- that really got his interest.

4 And finally I told him. I said, hey, I didn't  
5 want to show you this house, but I'm going to show it to  
6 you because it was one I was saving to buy myself. And I  
7 took him to this home, and we knocked on the door and  
8 engaged the property owner. He let us in and gave us a  
9 tour of the house.

10 Q So how are you familiar with the house?

11 A Well, initially, I had watched it being built  
12 because I lived in the neighborhood. And I knew some of  
13 the contractors who had supplied product for the house  
14 going up, marble and such, and a lot of plumbing stuff  
15 that had gone into the house. And it was a good quality  
16 house being built.

17 And so that's how I got interested in the house.  
18 So I'd go back from time to time and would look at the  
19 progress of it being built. So I had that -- that's I  
20 generated my interest and fell in love with the house  
21 myself. And so --

22 Q And so then you knocked on the door. I -- sorry.  
23 I interpreted you. You knocked on the door, and what  
24 happened next?

25 A Well, we kind of -- you know, I kind of spoke

1 with the owner, and I had met him like once before a long  
2 time earlier. But anyway, I told him that -- could we ask  
3 him if we could take a look at his home, and he let us  
4 come in. And he was friendly, took us around and showed  
5 us the house. And Mr. Isley indicated to me that he  
6 really liked that house. And we started talking to the  
7 gentleman about if he would be interested in selling the  
8 house.

9 And he was like no. I don't think so. He was  
10 kind of back and forth about it. And we started talking  
11 about the possibility of selling the house. And then we  
12 started talking about price, and we got into the  
13 negotiating of the price. And we came to an agreement and  
14 principle. I mean, we didn't write anything up, but we  
15 got into an agreement. And he said, hey, my wife is not  
16 here. It was just the three of us talking. The wife  
17 wasn't there.

18 So we hung around and chitchatted until the wife  
19 did come home. He told her, hey, I sold your house. And  
20 so we got her in and brought her up to speed of what was  
21 going on. And she, you know, made some adjustments to the  
22 purchase. She said, hey, that piece of furniture over  
23 there, that bedroom outfit, my son gave it to me. So I  
24 wouldn't dare sell that. And she picked out a couple of  
25 things that, you know, that she wouldn't let go.



1           And all in all we ended up that evening shaking  
2           hands and everybody going out to dinner to celebrate the  
3           sale.

4           Q    So that all occurred in one day?

5           A    In one evening, yes.  One afternoon and evening.

6           Q    And was some of the furniture of the house sold  
7           with the house then?

8           A    It was.

9           Q    And what -- what did you understand -- did the  
10          Isleys eventually close the sale on the house?

11          A    Yes.  Yes, they did.

12          Q    And what did you observe in that respect?

13          A    Well, the normal things, you know.  You know,  
14          they moved in, and they brought furniture from California.  
15          I mean, there was, you know, there were beds enough in the  
16          house that they could move in and be in the home.  And  
17          then they got furniture shipped in from California.  And  
18          kind of finished filling it out on the -- some of the  
19          empty space.

20          Q    And do you remember the timeframe on when these  
21          things happened or --

22          A    You know, I -- I don't remember dates and times.  
23          I remember that at that time I was an automobile dealer  
24          myself and put the deal together.  We actually ended up  
25          putting a Navigator into this deal to close it.  And I was

1 a Navigator dealer at the time.

2 Q So the seller got a Navigator as part of the  
3 deal?

4 A Yes, sir.

5 Q What type of things did you observe that the  
6 Isleys moved into the house?

7 A Well, you know, because we'd become friends, you  
8 know, I'd make, you know, frequent visits to the house.  
9 You know, when something came in, you know, that, you  
10 know, he'd show me different furniture that came in, you  
11 know, sofas and that sort of thing that came in from  
12 California. This was what I had in California. This is  
13 what I had in California, that sort of thing.

14 Q And did you believe they still kept a residence a  
15 house in California, a house in California, or did you not  
16 know?

17 A I didn't know. You know, I didn't know anything  
18 at that time. I didn't ask those things.

19 Q Okay. And how often did you see the Isleys after  
20 they moved in?

21 A Fairly regular. I mean, probably every week,  
22 unless they were, you know, touring or something or  
23 working.

24 Q And how long did Ronald stay in that house then?

25 A He's still there now.

1           Q    And was there -- other than the time he was in  
2   prison, was there any time that he was away from the house  
3   for extended periods of time that you observed?

4           A    No, sir.

5           Q    When did Angela and Ron separate, if you  
6   remember?

7           A    Well, I remember it. I just wouldn't remember  
8   the dates for it.

9           Q    So was it months after they moved or years after?  
10   Do you recall?

11          A    Now it's hard for me to remember back like that.  
12   But I mean, I imagine if I had to guess maybe a couple of  
13   years later.

14          Q    And who ended up with the house after they  
15   separated?

16          A    Ronald. Ronald Isley.

17               MR. MATHER: I have no further questions.

18               JUDGE JOHNSON: Thank you.

19               Let me turn it over to Franchise Tax Board.

20

21                               CROSS-EXAMINATION

22   BY MR. IRANPOUR:

23          Q    Good morning, Mr. Morrow. Thank you for being  
24   here. I have a few questions for you. So you indicated  
25   that you met Ms. Winbush before you met Mr. Isley;

1 correct?

2 A I indicated that I knew their family because they  
3 were customers of mine, her mom and so on and so on. But  
4 I met her about essentially the time I met Ronald. I just  
5 knew of her.

6 Q And can you estimate or you said around the early  
7 90s. But can you estimate around which year in the 90s  
8 you met them?

9 A You know, it could have been mid-90s. I wouldn't  
10 say early 90s. I'm not so sure. And I was really judging  
11 that by the timeframe of this automobile and all those  
12 things and when they came out, you know. So I wouldn't  
13 know what year it was.

14 Q Okay. Would you say that you knew -- or you had  
15 met or were you closer to Ms. Winbush than you were with  
16 Mr. Isley, considering you knew the Winbush family?

17 A Say that again, please.

18 Q Would you say you knew Ms. Angela Winbush more  
19 than Mr. Isley, given that you knew her family?

20 A Well, I knew of her or because of the family, and  
21 they were my -- they bought cars from me. Their family  
22 bought cars from me -- a lot of cars and not just a  
23 one-time event. I knew the family pretty well. And her  
24 uncle probably bought a dozen cars from me. So I knew the  
25 family pretty well.

1 Q At the time were you a real estate agent?

2 A I was an automobile -- I was a Lincoln Mercury  
3 dealer.

4 Q Why would they approach you, do you think?

5 A What do you mean why would they approach me?

6 Q If you're not a real estate agent, why would they  
7 approach you to help them find a real estate property in  
8 Missouri?

9 A Well, it wasn't that we didn't go out and maybe  
10 could have used an agent. It just so happened that they  
11 had met me, and I went showing them houses because as I  
12 said, I didn't want to show the -- I didn't want him to  
13 buy the house they ended up buying I preferred buying it  
14 myself. I lived in the neighborhood, and I wanted to do  
15 an upgrade but I wasn't really ready to do it. And so I  
16 showed it to him, and he ended up buying it.

17 Q Mr. Morrow, my understanding is that Ms. Winbush  
18 made the arrangements to purchase the property; is that  
19 correct?

20 A What do you mean by make the arrangements? I  
21 mean, I don't know who -- what they did on paperwork. I  
22 don't -- you know, I wasn't a part of that. I did sort of  
23 sit down and just go with him to meet the man, and we sat  
24 around and talked about some prices, whatever they were at  
25 that time. But wasn't involved in the paperwork or loans

1 or anything like that.

2 Q Did you know the title of the property was under  
3 her name only?

4 A No, sir.

5 Q How would you describe your relationship to  
6 Mr. Isley in 1997?

7 A I think we were great new friends. We had just  
8 met in that timeframe.

9 Q Would you say you were more of a business  
10 acquaintance or more of a personal friendship?

11 A More personal friendship, although, they bought  
12 cars from me as well. But I mean, you know, we would go  
13 to lunch, go eat, that sort of thing. And so we were  
14 personal friends.

15 Q Did you have access to Mr. Isley's personal and  
16 business calendar?

17 A Oh, no.

18 Q Was there any reason why you would have access to  
19 his calendars?

20 A No, sir.

21 Q During 1997, '98, and '99, how often would you  
22 say you and Mr. Isley got together professionally?

23 A Well, we never got together what I call  
24 professionally, unless there was an occasion where he was,  
25 you know, thinking about an automobile of some sort and --

1 in terms of professional. But, I mean, we got together  
2 socially and, you know, go out to eat, or I would go to  
3 their shows or something like that.

4 Q How many times would you estimate? Once a month?  
5 Once a year?

6 A Maybe once or twice a week.

7 Q Once or twice a week?

8 A Yeah. Not all the time, but sometimes once or  
9 twice a week.

10 Q And this was between tax years '97 and '99;  
11 correct?

12 A Yes, sir.

13 Q And when you guys got together, what would you  
14 talk about during those get together?

15 A Any number of things. Nothing that I would think  
16 was, you know, big stuff. We were just getting to know  
17 each other. I mean, we talk -- you know, we would talk  
18 about music sometimes. We would talk movies sometimes.  
19 He loved old movies. I loved old movies. So we had a lot  
20 of common things that we would talk about. And by him  
21 being new in town I'd take him out and try to discover new  
22 restaurants with him or take him to a place he would enjoy  
23 going to. So -- but it was a personal relationship,  
24 personal friendship.

25 Q Okay. Mr. Morrow, I want to back up for one

1 second. You said you guys -- you and Mr. Isley met -- got  
2 together maybe once or two times a week. Can you specify  
3 for each tax year, for 1997 for example, how many times  
4 did you guys get together?

5 A Oh, I don't know. And I don't know the timing  
6 would be the same at one end of that timeframe to the  
7 other. I mean, sometimes when, you know, when their  
8 schedule is light, you know, then I would get to see them.  
9 And then some -- next thing you know they're out of town  
10 and gone. But --

11 Q So would you --

12 A Go ahead.

13 Q So would you say once or twice per week, was it  
14 more towards the end of 1999?

15 A No. It could have been in the very beginning.  
16 Even when I made the suggestion of, we talk to the  
17 gentleman about the home, I mean, when we sealed it, we'd  
18 gone to dinner. So we -- that was always a common thing  
19 for us to maybe go somewhere and eat.

20 Q Okay. Given that you only got together once or  
21 twice every week and you did not have access to his  
22 calendar, you didn't actually observe Mr. Isley's business  
23 operations personally, did you?

24 A Well, I don't know what you mean by -- business  
25 to me was they would leave town and go on tour somewhere



1 and say, we're going to Chicago. We're going to Texas or  
2 whatever. But I live right in the neighborhood. And even  
3 for a while I actually lived in the same -- maybe four  
4 houses from him. So I saw him pretty regular.

5 Q My understanding is that you're testifying that  
6 Mr. Isley's residence and business operations were in  
7 Missouri at all times since he purchased the property; is  
8 that correct?

9 A Yes, sir.

10 Q So then you are testifying that his business  
11 operations were from Missouri. So I'm asking if you  
12 personally observed those business operations?

13 A No. What I'm saying is I'm testifying that  
14 Mr. Isley lived there, and I was a regular guest there and  
15 met and -- and sometimes when they were going out on the  
16 road, I'd actually have a key to the house or something in  
17 case he wanted me to turn water on or something for the  
18 lawn or turn something off or move something or collect a  
19 package being shipped in and put it in the garage for him  
20 or something.

21 So I was not part of his business, and I didn't  
22 pry into his business. I mean, I just knew he was an  
23 entertainer, so -- but I didn't sit down and do business  
24 with him, that sort of thing.

25 Q Mr. Morrow, did you know Appellant had other

1       apartments in Los Angeles when the Wyndmoor house was  
2       purchased?

3           A    No.  I didn't know him well enough to know where  
4       he was coming from.  I just know he bought a house.

5           Q    Did you know that he owned -- did you know of any  
6       other properties owned by Mr. Isley?

7           A    No, sir.

8           Q    Did you know that Appellant acquired an apartment  
9       in Los Angeles with his then girlfriend now wife Kandy  
10      Johnson in 2002?

11          A    No, sir.

12          Q    In light of this new information, Mr. Morrow, is  
13      it possible that perhaps you didn't know about Appellant's  
14      California activities as well as you thought you did?

15          A    Well, I never said I knew much about his  
16      California activities at all.  I just knew he was my  
17      neighbor, and we were friends.  Because, you know, when he  
18      leaves town, I think he's on the road, and he comes back  
19      to town and then we get together and do something social  
20      in town.

21          Q    Right.  So just to be clear.  You were not aware  
22      of any of his California activities during the tax years;  
23      right?

24          A    No.

25          Q    You know what he was doing --

1           A    No.

2           Q    -- in Missouri, but not necessarily what was  
3   happening in California?

4           A    Well, when he was at home he was just at home.  
5   His --

6           Q    Right?

7           A    He didn't have like an office that he went to.  
8   Home was his place on Wyndmoor, and -- which is the house  
9   I spoke about, and that's where I always visited him at.  
10   And the only time there was business conducted was when we  
11   bought the home itself and try to negotiate the deal to  
12   buy the house, but I was not in business.

13          Q    I understand. Great thank you for your  
14   testimony, Mr. Morrow.

15               MR. IRANPOUR: I have no further questions.

16               MR. MORROW: Thank you.

17               JUDGE JOHNSON: This is Judge Johnson. Thank  
18   you.

19               Let me turn to my co-Panelists. Judge Gast, did  
20   you have any questions for Mr. Morrow?

21               JUDGE GAST: This is Judge Gast. I do not have  
22   any questions. Thank you.

23               JUDGE JOHNSON: Thank you.

24               And, Judge Akopchikyan, any questions for  
25   Mr. Morrow?

1 JUDGE AKOPCHIKYAN: Judge Akopchikyan speaking.  
2 No questions here. Thank you.

3 JUDGE JOHNSON: Thank you.

4 Mr. Mather, did you have any further questions  
5 for Mr. Morrow?

6 MR. MATHER: Just one, Your Honor.

7

8 REDIRECT EXAMINATION

9 BY MR. MATHER:

10 Q Mr. Morrow, you testified about meeting once or  
11 twice a week with Mr. Isley. Were those -- just to be  
12 clear, were those meetings in St. Louis, or did you ever  
13 meet with him in California?

14 A This was a meeting, you know, just go maybe watch  
15 a football game together or sit around and laugh and talk.  
16 These were not, like, business meetings. These were,  
17 like, home visits, you know.

18 Q Right.

19 A Like, I'd just go hang out and watch TV or -- it  
20 was not a business visit at all.

21 Q No. I -- I guess the point is or I was trying to  
22 make is, were those in St. Louis, or were they sometimes  
23 in California?

24 A Well, I've gone to their show in California, but  
25 yeah. I've been to their show or something in California,

1 but other than that, that's about it.

2 Q Had you ever been to an apartment or a condo or a  
3 house that they had in California?

4 A No.

5 MR. MATHER: No further questions.

6 JUDGE JOHNSON: This is Judge Johnson. Thank you  
7 very much.

8 And then, Mr. Morrow, I believe we're done with  
9 you for today. So thank you very much for taking time on  
10 your Friday to join us and provide your testimony. You're  
11 free to kind of log off here as soon as you're ready.

12 MR. MORROW: Okay. Thank you.

13 JUDGE JOHNSON: Thank you. Take care.

14 Mr. Mather, I think you'd like to next have  
15 testimony from Ms. Winbush; correct?

16 MR. MATHER: Yes, that's correct.

17 JUDGE JOHNSON: Okay. Ms. Winbush, I believe we  
18 had some background noise, so we did mute you. If you hit  
19 star-six on your phone, that should unmute you. I'd just  
20 remind you that you're under oath.

21 MS. WINBUSH: I think I'm unmuted.

22 JUDGE JOHNSON: We can hear you now. Thank you  
23 very much.

24 Mr. Mather, you can begin whenever you're ready.

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Q Ms. Winbush, could you state your name and address?

Q When did you live in Los Angeles?

Q And what addresses did you have in Los Angeles, you recall?

Q And so can you describe those houses, your  
properties?

Q In what years did you live in the Courtney house?

Q Okay. Now when did you marry Ronald Isley?

Q And where did you live when you were first  
ed?

Q So you lived in both of them at the same time?

1           A    Yes.  I was renovating the house.  My background  
2   is architecture and city planning.  So, you know, design  
3   nut.

4           Q    When did you become interested in moving to  
5   St. Louis?

6           A    Around the time Uncle Jessie said.  I wasn't  
7   really interested in moving back home because I'm from  
8   St. Louis, Missouri.  But, of course, my -- I had lost my  
9   uncle who is the pastor of our church, my mother's oldest  
10  brother.  And that compelled us to be in St. Louis,  
11  June 1997.

12          Q    Okay.  And so Ronald was there with you for that  
13  funeral?

14          A    Yes.  Yes, he was.

15          Q    And how was it you ended up looking at houses  
16  then on that trip?

17          A    We currently -- even in Los Angeles we were -- I  
18  used to call us Mr. and Mrs. Lookie-loo because we liked  
19  looking at homes.  I liked looking at the architecture and  
20  watching things being built, and we voiced that to my  
21  Uncle Austin Lane and Uncle Jessie Morrow.  And they took  
22  us, came picked us up from my mom's house, and we went  
23  lookie-looing [sic].

24          Q    Now, you referred to him as Uncle Jessie Morrow.  
25  Is he actually your uncle?

1           A    Not biologically, no. Mr. Lane is my biological  
2   uncle, and Mr. Morrow was -- Uncle Austin's -- one of his  
3   besties [sic].

4           Q    Okay. And so what looking did you do in  
5   St. Louis on that occasion?

6           A    Well, to break the, I guess bereavement mode,  
7   they took us out looking. And, of course, my mom was  
8   excited because she was hoping I'd move back eventually.  
9   I'd been gone 30 -- 30 years at least. And went in an  
10   area where both of them lived, which was called Town and  
11   Country. Since both Uncle Austin and Uncle Jessie lived  
12   in that area, so that was the area we looked in. That's  
13   where they took us.

14          Q    And how did you end up finding the house that you  
15   ultimately purchased?

16          A    Well, as Uncle Jessie said, we did ride up to the  
17   Wyndmoor house, and it was not for sale. And he did voice  
18   to us in the car that he watched it being built, and it  
19   was a house he desired to own. So we pressed -- I think  
20   Uncle Austin was driving, but he pressed the gate button  
21   and talked to Paul. And Paul was very congenial, and he  
22   let us in.

23          Q    And Paul was the owner at that time?

24          A    Correct. He and Sharon, yes.

25          Q    And what transpired after you got in?



1           A    Well, we looked around.  It was beautiful.  It's  
2   gorgeous.  When you enter, it has the bay -- like the  
3   Malibu bay windows and very palatial.  Like he said, there  
4   was marble, the white carrara -- I can't remember if it  
5   was the terracotta carrara, but it was beautiful.

6           Q    How big was it, approximately?

7           A    Well, I think we eventually found out it was  
8   11,000 square feet, but the lower level was not finished  
9   so -- and that was 2,000 square feet.  So I don't know  
10   what it was considered to be 9,000 or 11,000.  I'm not  
11   sure at that time, but we eventually finish it.  And I  
12   guess you could consider it a little over 11,000 and some  
13   change.

14          Q    So this was quite a bit larger than the house --  
15   the Courtney house?

16          A    Yeah.  The Courtney house was 4,000 square feet.  
17   So, of course, you can set the Courtney house in the  
18   Wyndmoor house.

19          Q    And how did it come about that you purchased the  
20   house then?

21          A    Well, it was kind of like the dream house.  Ron  
22   loved it.  I loved it as well.  Just wondering how we were  
23   going to pay for it, but there were many discussions.  I  
24   don't remember it being concluded on the first day because  
25   we stayed the whole week.  But there were serious

1 discussions because Paul was thinking of selling it. He  
2 had had several strokes, a few strokes, and wasn't able to  
3 walk up and down. So he let us walk through.

4 His wife Sharon not so excited about selling it.  
5 And so that was the rub, but there were lots of  
6 discussions because we wanted to keep the living room, the  
7 kitchen, and the den, if I recall correctly.

8 Q And so by the time you left St. Louis after that  
9 week, had you pretty well reached an agreement to buy the  
10 house?

11 A So far Paul and Sharon had not reached an  
12 agreement, but we had reached an agreement with Paul. And  
13 yes, we did go to dinner a few nights. Like I said, we  
14 stayed there. We were there for my uncle who was very  
15 well-known in the city. My family is pretty well-known in  
16 the city. So we stayed there a little while longer than  
17 we would have just because of the house.

18 Q And you mentioned you had to figure out how to  
19 pay for it. How did you ultimately pay for it?

20 A Well, in order to open escrow, which everybody  
21 knows here, you have to have some earnest money. So I put  
22 earnest money down and -- just to open the escrow. And  
23 then I think I sold a car or something and put some money  
24 in. And then we were waiting for Ron's money to sell the  
25 car. We did go to a bank. I think it was called Gateway

1 Bank at the time. It was a family bank that we knew. And  
2 those people wound up being at Concord Bank, and that's  
3 where we ended up getting the loan for the house.

4 Q And who is on title, and who was on the loan with  
5 respect to the ownership of the house?

6 A Well, I was on title alone.

7 Q And why was that?

8 A At that time, which you guys have already spoken  
9 about, was the bankruptcies. There were dual bankruptcies  
10 and cases, and I had the best credit because I already  
11 owned property. And I own another two properties, so my  
12 credit was good -- very good.

13 Q And was that why you were, you know, you were the  
14 borrower on the loan as well?

15 A It was suggested by the bank that they would do  
16 it that way. That was the way they could do it.

17 Q And when did the purchase close?

18 A When Ron got his money, it closed because we  
19 needed the larger balance. I'm recalling maybe we put  
20 10 percent, 15 percent down. He put the larger balance  
21 down, and we were hoping to close around Thanksgiving.  
22 And I think it closed the first week in December. I want  
23 to say between the 9th and the 12th because I was actually  
24 traveling.

25 Q And what year are we talking about?

1           A    1997.

2           Q    Okay.  And what happened to the Courtney house  
3 then after you sold or after you purchased the Wyndmoor --  
4 the St. Louis house?

5           A    Well, nothing happened to the Courtney house.  
6 I'm not sure of the question.

7           Q    Oh, did you keep it, or did you sell it, or what  
8 happened?

9           A    Well, eventually it was sold because I had to  
10 move some of the furniture out to fill the guest bedrooms  
11 in the Wyndmoor house.  There was no sleeping apparatus in  
12 that house, so we had to have somewhere to sleep.

13          Q    And do you recall how long after you closed on  
14 the purchase of the St. Louis house that you moved the  
15 furnishings to St. Louis?

16          A    Well, I only recall flying back.  I do recall  
17 sleeping on the floor once Aaron gave me the keys because  
18 there was nowhere to sleep.  I want to say a couple of  
19 months because I had to fly back, pack up, and I still  
20 owned other properties.  So we were trying to conclude all  
21 of that in one time, and I was the foot soldier.

22                So I would say we tried to move in right away.  
23 That's why we asked for the furniture, but we didn't have  
24 total furnishings until maybe January or February of '98.

25          Q    Okay.  Once you had the furnishings there, did

1       you then stay there most of the time?

2           A     Yeah, of course. This was the dream house.

3           Q     In what respect was it the dream house?

4           A     Well, the Isleys were very well-known and had  
5     beautiful homes that got caught up in their cases. So  
6     this was, I guess, the home that we didn't have to build.  
7     It was already built. The dream that was already built.

8           Q     And was -- was the Courtney house a dream house?

9           A     Oh, well, it was beautiful. It was fully with  
10    marble, marble steps. It was beautiful as well. It was  
11    just smaller.

12          Q     So the Courtney house was sold at some -- in some  
13    number of months after you purchased the St. Louis house.  
14    What other California properties, if any, did you have  
15    residence -- residences?

16          A     Yeah. I wouldn't state that it was sold in  
17    months because you might not be correct.

18          Q     Oh, okay.

19          A     But it was sold -- yeah, don't say that. It was  
20    sold after we purchased the Wyndmoor house. And I owned  
21    some other properties, a duplex and another house in  
22    Ladera Heights, co-owner with another singing partner.  
23    And I had studios. I owned the building next door, and  
24    that was prior to marriage so -- and the Courtney house  
25    prior to marriage and so was the Shoreham Towers, if

1       you're -- if that's where you're trying to go.

2           Q     Okay. But after you moved the furniture from  
3     Courtney, did you stay much at Courtney? Or what happened  
4     to that house?

5           A     No. It was eventually sold as I just stated a  
6     while ago. It was eventually sold, but I did keep the  
7     Shoreham Towers.

8           Q     Specifically with respect to Courtney, after the  
9     furniture moved a couple of months after you purchased  
10    St. Louis, was there furniture left in Courtney, or was it  
11    empty at that point?

12          A     Almost empty because I had to have a special  
13    truck to move my grand piano. So there were layers of  
14    moving.

15          Q     And so you mentioned the Shoreham Towers. What  
16    was the size of that?

17          A     It was a smaller condo, two bathrooms, one  
18    bedroom as I recall.

19          Q     And who -- when you purchased the St. Louis  
20    house, was that -- was the Shoreham Tower rented out to  
21    somebody, or was it vacant for you to use?

22          A     Mostly vacant but Ernie had been staying there.  
23    Ernie and his wife Tracy had been staying there. It was  
24    not rented. They were staying there.

25          Q     When you say Ernie, that's Ronald's --

1           A    My brother-in-law.

2           Q    -- brother?

3           A    Uh-huh.  Yeah.

4           Q    Ernie Isley?

5           A    Isley.  Correct.  Correct.

6           Q    Yes.  And did you have offices in Los Angeles  
7 when you lived in the Courtney house?

8           A    Yes.

9           Q    And where were they?

10          A    They started out 7707 Sunset and then moved to  
11 the Westwood Towers.  And then we had a location on Virgin  
12 Records and also Ocean Way on Sunset.  Most of my things  
13 revolved around Sunset, and most of our doings, recording  
14 and office work, was around Sunset or Westwood.

15          Q    And what was the plan with respect to the  
16 Westwood offices when you moved to St. Louis?

17          A    Well, we were leasing those.  I didn't own those.  
18 So eventually the lease would run out, and we would move  
19 the furniture either to storage.  And I think the  
20 conference room was moved to storage, and then the other  
21 things were moved to the studio.

22          Q    And so how long after you purchased the St. Louis  
23 house do you think it was before you gave up the Westwood  
24 office?

25          A    Well, we negotiated it, and it was not a

1       congenial negotiation, but we wanted to get out of the  
2       lease early.

3             Q     And so how long did that take, if you recall?

4             A     It took a couple of months. We were wrestling.  
5       I had to involve the real estate friend of mine who had  
6       gotten us into the lease.

7             Q     And what did you do for offices in St. Louis  
8       after the Westwood was --

9             A     Oh, I apologize. What did you say. Finish it.

10            Q     Oh, I'm sorry. I paused too long. What did you  
11       do for offices in St. Louis after the Westwood office was  
12       given up?

13            A     Well, we're a traveling office. So I can setup  
14       an office anywhere. I setup an office in the kitchen  
15       because there was a built-in desk in that home. At that  
16       time everything was dial up, so I put the computer in  
17       there and the fax machines there so it would be accessible  
18       in the house.

19            Q     And you mentioned something about the basement.  
20       Did you do anything with the basement?

21            A     Yes. Around 1998, '99, we ingratiated ourselves  
22       onto another family friend named Chuck, and he helped me  
23       put together an office downstairs. And we actually  
24       finished the lower level. Beautiful.

25            Q     And what was that? Was that additional



1 residential space or was it office space or a combination?

2 A For me it was just straight office space, and I  
3 put some recording equipment down there as well.

4 Q When did you consider yourself to be a resident  
5 of Missouri?

6 A Well, 1998.

7 Q And did you file your taxes as a Missouri  
8 resident for 1998 to the best of your recollection?

9 A To the best of my recollection, yes. '98 and 99  
10 would have been a question because I still owned property  
11 there in Cali, and I was going back and forth. So, you  
12 know, they track your movements, but I spent most of my  
13 time in Missouri in '98 and '99 because of the house --  
14 because of the Wyndmoor Terrace house.

15 Q All right. And when did you separate from  
16 Ronald -- or strike that.

17 When did you get divorced?

18 A Latter part of 2001.

19 Q And who got -- who kept the house in the divorce?

20 A Ronald.

21 Q And why was that?

22 A Well, he desired it, and I signed it over.

23 MR. MATHER: I have no further questions.

24 JUDGE JOHNSON: This is Judge Johnson. Thank  
25 you.

1           Let me turn it over to Respondent to see if they  
2           have any questions for Ms. Winbush.

3  
4                           CROSS-EXAMINATION

5           BY MR. IRANPOUR:

6           Q     Good morning, Ms. Winbush. Thank you for being  
7           here. I only have a few questions for you. Mr. Isley  
8           claims that in 1997 or early 1998 sometime before his 1997  
9           tax return was due, he met with his tax professional.  
10          Were you at the meeting?

11          A     Who would that have been, because we had separate  
12          tax professionals.

13          Q     You had separate tax professionals. That  
14          information is not known. So I mean --

15          A     We had a plethora of tax things going on. So  
16          unless you tell me the name, it could have been Al Simon.  
17          It could have been Mr. Mather. I don't know who it could  
18          have been. So I can't testify to that.

19          Q     Perhaps Mr. Mather knows the name of the tax  
20          professional. But anyway, do you recall him meeting with  
21          any tax professional at the time?

22          A     I recall him meeting with lots of tax attorneys  
23          at the time. We flew back and forth to New York and New  
24          Jersey, and we met with a lot of people in Los Angeles.

25          Q     Okay. And generally since you did have separate

1 tax professionals, would there be a reason why you would  
2 join him when he met with his tax professionals?

3 A As a wife, support, and I kept a lot of files,  
4 which the IRS wound up taking because I kept copious notes  
5 and files to stay organized.

6 Q Okay. Mr. Isley claims that on one occasion he  
7 met with his tax professional who advised him that he was  
8 not a California resident. Were you present at that  
9 meeting?

10 A I may have been or may not have been. I don't  
11 recall, but I do recall that I met with -- I had a  
12 professional in Missouri name Bob Cole, and he let me know  
13 I wouldn't be able to file as a Missouri resident in '97  
14 because we did not conclude our business until December.  
15 So I was still a California resident, which was not a  
16 problem and -- but in 1998 because I spent more time in  
17 Missouri than Cali, I could file as a Missouri resident,  
18 plus I was from Missouri. I still have a Missouri I.D.  
19 and Cali I.D.

20 Q I understand. I have one more question. Will  
21 you please turn to Exhibit 10, please, in your hearing  
22 exhibits?

23 A I don't have any exhibits.

24 Q Okay. Well, one second. Exhibit N is a letter  
25 from the Missouri Department of Revenue that indicates the

1 following: The Missouri Department of Revenue received a  
2 request for information concerning Ronald Isley. At this  
3 time the department has no record of a 1997, 1998, or 1999  
4 Missouri individual tax return being filed. You indicated  
5 that you did file Missouri income tax returns. Is that  
6 still your position?

7 A Well, I did in '98 and 99 but not '97.

8 MR. IRANPOUR: Okay. No further questions.  
9 Thank you.

10 JUDGE JOHNSON: This is Judge Johnson. Thank you  
11 very much.

12 Let me turn to the Panel.

13 Judge Gast, do you have any questions?

14 JUDGE GAST: This is Judge Gast. I don't have  
15 any questions. Thank you.

16 JUDGE JOHNSON: Thank you.

17 And, Judge Akopchikyan, any questions?

18 JUDGE AKOPCHIKYAN: This is Judge Akopchikyan.  
19 No questions. Thank you.

20 JUDGE JOHNSON: Thank you.

21 And, Mr. Mather, did you have any follow-up  
22 questions for Ms. Winbush?

23 MR. MATHER: Yes, one question. Thank you.

24 ///

25 ///

## REDIRECT EXAMINATION

BY MR. MATHER:

Q Ms. Winbush, did you ever file a joint return with Mr. Isley?

A No.

MR. MATHER: No further questions.

JUDGE JOHNSON: This is Judge Johnson again.  
Thank you very much.

Okay, Ms. Winbush. Again, thank you for your time. I appreciate you taking time out on Friday to join us today and help out this matter. You are free to disconnect whenever you're ready, and I hope you have a great day.

MS. WINBUSH: Thank you very much. Bless you  
all. Bye-bye.

JUDGE JOHNSON: All right. Mr. Mather, if you are ready, we can move on to Mr. Isley for the last witness.

Mr. Isley, as a reminder you're still under oath.

Mr. Mather, you can begin whenever you're ready.

## DIRECT EXAMINATION

BY MR. MATHER:

Q Mr. Isley, could you state your name and address?

A Ron Isley. 300 Wyndmoor Terrace Court, Town and

1 Country, St. Louis.

2 Q How long have you lived at this address?

3 A 25 years.

4 Q Where did you live before you lived in that  
5 house?

6 A Courtney -- Courtney, California.

7 Q So that was in Los Angeles area?

8 A Yes, it is.

9 Q Who did you live with in that house?

10 A Angela Winbush.

11 Q When did you and Angela get married?

12 A '93, June 26th, I think.

13 Q And did you -- where did you live during the  
14 marriage?

15 A The Courtney house.

16 Q And when did you become interested in moving to  
17 St. Louis?

18 A In -- I think it was June in '97.

19 Q And what was the occasion for that, or how did  
20 that come about?

21 A I went to her family's funeral. Her mother was  
22 talking about getting a house, and we were looking at a  
23 lot of -- we were looking at some houses here. We met --  
24 I met with Jessie Morrow, and he said it was another house  
25 here that he was interested in, and he wasn't ready to buy

1       it. So he said you may be interested in this house, and  
2       that's how we met this fellow that owned the house here in  
3       St. Louis.

4           Q     So how did you come to have Jessie show you  
5       around? Had you met him before this trip to St. Louis?

6           A     Yeah. I met him a couple of times. I think  
7       Angela's mother bought a car from him, and so I was  
8       involved with her getting that car. I think that's when I  
9       first met him, yeah.

10          Q     And so why -- how did it come about he showed you  
11       houses? He's a car salesman. Why did he show you houses?

12          A     Well, we were talking about houses and talking to  
13       Angela helping her mother get a place here -- another  
14       place here in St. Louis. And so he said a couple of  
15       houses were for sale, and he said he would show it, you  
16       know, help me see those places.

17          Q     And did you look at other houses before you  
18       looked at the Wyndmoor house?

19          A     Yes. The one -- the house two doors from the  
20       Wyndmoor house and the fellow said that house is going to  
21       be for sale because he was talking to this -- Ron, and he  
22       had a stroke. And he was talking about he didn't want to  
23       go up and down the steps. And that's when -- that's when  
24       we called, and the guy showed us the house.

25          Q     And so it sounded from the testimony earlier that

1       you just kind of went up and knocked on the door and asked  
2       to look at it. Is that what you recall?

3             A     Yes.

4             Q     And what was your impression of the house when  
5       they -- when you got your tour?

6             A     When he opened the door I kind of flipped out  
7       because I said, this is exactly what I was looking for in  
8       a house. All the windows and you could see the -- the  
9       whole property, the swimming pool, just everything. So,  
10      you know, I was just really impressed. At that time, you  
11      know, I made a statement. I said, "I don't even have to  
12      see the rest of the house." That's how impressed I was.

13            Q     And --

14            A     And believe me we looked at a lot of houses  
15      before at that time. You know, I had a house in New  
16      Jersey, one of the biggest houses in New Jersey in Alpine,  
17      New Jersey, being built. Which was under -- having  
18      problems with the house because we were -- we had a  
19      bankruptcy. But it's one of the biggest houses in New  
20      Jersey.

21            Q     And what happened to that house?

22            A     It was sold in the bankruptcy.

23            Q     And that was --

24            A     All of our properties.

25            Q     That was the first -- the New Jersey bankruptcy;



1 is that right?

2 A Yes. Yes.

3 Q And did you like the rest of the house?

4 A Loved it.

5 Q So was that your dream house basically?

6 A Yes, it was.

7 Q And what was Angela's impression of the house?

8 A She was -- she was just -- just flipped out too.

9 Q And so how soon was it before you talked the  
10 owner into making you an offer?

11 A We talked that day about what he would sell it  
12 for, and he said \$1,600,000. And we discussed maybe -- I  
13 don't know if it was that day or the next day, talking  
14 about putting down \$200,000. I got \$200,000 from one of  
15 the promoters that we we're doing some dates for and put  
16 that down on a house. And later I got \$250,000 on a  
17 publishing deal, the Windswept, and put that down on the  
18 house. Then she sold her car for \$70,000, and that was  
19 the down payment.

20 Q And the title to the house was not in your name.  
21 Why was that?

22 A Because I had to, you know, going through the  
23 problems with the bankruptcy.

24 Q Would you have able to get the loan that you  
25 needed to buy the house?

1           A    Well, we talked to the bank and the bank -- the  
2           person at the bank said the best way to do it was to put  
3           it in her name until we could straighten out my problems.

4           Q    So were you -- were you on the loan too, or was  
5           it just Angela?

6           A    I don't know if I -- I can't remember if I was on  
7           the loan, but he knew I would be making the payments  
8           still.

9           MR. MATHER:  I'm sorry.  Could I take a 30-second  
10          break?

11          JUDGE JOHNSON:  This is Judge Johnson.  We'll go  
12          off the record, and we'll pause for a minute here.

13          (There is a pause in the proceedings.)

14          JUDGE JOHNSON:  We'll go back on the record as  
15          soon as you're ready to begin.

16          MR. MATHER:  Yes, I'm ready.

17          BY MR. MATHER:

18          Q    So what involvement did you have with the bank on  
19          the loan?  Did you negotiate the loan terms, or did Angela  
20          work on that mostly?

21          A    I don't remember anybody -- you know, we had  
22          professional people here in St. Louis that we were talking  
23          to.  And the house was just basically put in her name  
24          until I straightened out the problems that I had.

25          Q    And when did the purchase close, if you recall?

1           A    It closed about a week in December of '97, 1997.

2           Q    And what furniture was purchased with the house,  
3 if you recall?

4           A    The den furniture was purchased with it, and I  
5 think some -- some furniture in the kitchen and maybe a  
6 couple of chairs in the living room.

7           Q    So where did you get the rest of the furniture  
8 for it?

9           A    All of the furniture was shipped from California  
10 here. And then later on we ordered other, you know,  
11 pieces here.

12          Q    So when you say from California, where was that  
13 furniture in California?

14          A    The furniture was in the Courtney house. All  
15 that furniture was shipped here.

16          Q    And how long after you closed on the house and  
17 got possession did that -- did you ship that furniture?

18          A    I think it was a couple of weeks after we closed  
19 on the house here.

20          Q    So do you think it was in 1997, or could it have  
21 been January?

22          A    1997. I would say in December.

23          Q    Okay. And what was left in Courtney after you  
24 moved these things?

25          A    Nothing.

1           Q    So did you ever spend the night in Courtney again  
2 after the furniture was moved?

3           A    No. No. Everything was moved out of there.

4           Q    And what happened to that house ultimately? I  
5 guess it was Angela's house, right, from before marriage?

6           A    Yes.

7           Q    So what happened to the house?

8           A    It was sold.

9           Q    I'm sorry?

10          A    Sold. Sold.

11          Q    And how long after you bought the St. Louis house  
12 do you think it was before the Courtney house was sold?

13          A    I don't -- that I don't remember, but I know it  
14 was sold.

15          Q    And --

16          A    I never went back to it.

17          Q    -- what offices did you have in Los Angeles when  
18 you were living in the Courtney house?

19          A    Offices in -- well, we had some offices in  
20 Westwood, and that was sold to -- then we gave those  
21 offices up about maybe two months after living here.

22          Q    Okay. So was that the plan when you moved to  
23 St. Louis that you would give up the Westwood space?

24          A    We talked about it.

25          Q    And was it easy to give up?

1           A    Well, she had some people that she went to, and  
2   they did something with the leases and so forth.

3           Q    Did the landlord want to let you out of the  
4   lease, do you recall?

5           A    I don't -- I can't recall that. I think they  
6   were kind of angry.

7           Q    So what happened to the furniture or -- and  
8   equipment from the Westwood office?

9           A    Some of them was put in storage and some of it --  
10   some of the pieces that we liked came here in St. Louis.

11          Q    And where did you put them in St. Louis?

12          A    In this house. In the Wyndmoor house.

13          Q    And did you have an office in the Wyndmoor house?

14          A    We made it, you know, downstairs with recording  
15   equipment. And a lot of stuff was upstairs, but the  
16   majority of stuff was put downstairs.

17          Q    Is it still there?

18          A    Yes. The house has been rearranged, but it's  
19   still there. There's more of it here.

20          Q    So after you moved to the St. Louis house, how  
21   often did you have to come back to California for  
22   business?

23          A    Well, when we did a date in California, you know.  
24   We would work in California for maybe two times a year.

25          Q    So did you come to California to record anything?

1           A    No.

2           Q    Where did you do your recording after you moved  
3 to St. Louis?

4           A    When we moved to St. Louis, I went to Chicago to  
5 do four albums with R. Kelly.

6           Q    And --

7           A    In Chicago.

8           Q    And if you were in California for any reason,  
9 where would you stay?

10          A    At the -- what's the name of the hotel? I always  
11 call it the Ritz Terrace, but it's not the Ritz Terrace.  
12 What's the name of the hotel?

13          Q    I don't particularly need the name, but it was a  
14 hotel?

15          A    Yes.

16          Q    So you didn't stay in the Shoreham Tower?

17          A    No.

18          Q    And at least early on after you moved, who was  
19 staying at the Shoreham Tower?

20          A    My brother and his wife.

21          Q    And that's Ernie?

22          A    Ernie Isley and his wife Tracy. They stayed  
23 there until they moved to St. Louis.

24          Q    And when was that?

25          A    Maybe two or three months after we were here.

1           Q   And so then was the Shoreham Towers empty after  
2   that?

3           A   I know it was for sale. I don't know when it  
4   sold but, you know.

5           Q   But that was Angela's property also; right?

6           A   That's correct.

7           Q   And she had that from before when you were  
8   married?

9           A   Yes.

10          Q   After you moved to St. Louis, what business  
11   contacts did you keep in California?

12          A   Well, I kept business contacts with -- with the  
13   record company.

14          Q   What record company was that?

15          A   Warner Bros. and DreamWorks.

16          Q   Did you have -- did you have a studio or use of a  
17   studio with Warner Bros.?

18          A   Yeah. We had use of a studio. It was over there  
19   on -- it wasn't their lot, but we had -- I'm trying to  
20   think of the name of the company. But anyway it was like  
21   a lease studio.

22          Q   Was that just for you or was that for lots of  
23   people that recorded for Warner Bros.?

24          A   Now, we mostly use it ourselves.

25          Q   Okay. But you were -- were you in California? I

1 mean after you moved to St. Louis, did you use that studio  
2 much?

3 A We used it before I moved to St. Louis, but when  
4 we moved to St. Louis then we didn't use that studio.  
5 Only studio that I used in California was around 2004 when  
6 I did the Burt Bacharach album. I did that, and I did  
7 that album at Capitol Studio in California. But any other  
8 records I was doing, I did my albums there in Chicago.

9 Q And what about bank accounts? Did you keep  
10 California bank accounts?

11 A Yes, I have a bank account there. I kept the  
12 same at the same bank, Citizen National Bank.

13 Q City National, isn't it?

14 A City, yes.

15 Q And is that for you personally, or is that for  
16 one of your companies?

17 A For my touring company, yes.

18 Q Which is called -- what's that called?

19 A Isley Brothers Touring.

20 Q Okay. And why did you keep a California bank  
21 account for that?

22 A I kept -- my accountant is there. You know, he  
23 keeps up with all our business.

24 Q So the accountant for the business was in  
25 California also?



1           A    In California, yes.

2           Q    Okay.  And that was so you kept the one from  
3 before you -- you had him before you moved and kept him  
4 after?

5           A    Yes.

6           Q    Okay.  Did you get a Missouri driver's license as  
7 soon as you moved?

8           A    No.

9           Q    Why not?

10          A    Because I had like three years left on my  
11 California license and, you know, I don't drive that much  
12 at all.  Even now I don't drive at all, but I had three  
13 years left on my -- on the California license, so I just  
14 kept that.

15          Q    And what happened when that expired then?

16          A    I got a driver's license here in Missouri.

17          Q    After you moved to St. Louis, did you ever rent  
18 or buy a house or apartment in California?

19          A    No.  My wife -- my new wife had an apartment  
20 there in California.

21          Q    And did you help her rent that, or how did she --  
22 well, why don't you describe how you met her, and how she  
23 became your wife?

24          A    Well, she's a singer, and she sings with -- does  
25 background singing at the beginning.  And she's been doing

1       that and getting paid from that. And her sister -- she  
2       had a couple of sisters. They work for me right now, and  
3       they've been with us 20-something years.

4           Q     So would they be paid by the touring company?

5           A     Yes.

6           Q     And was that -- was that your apartment then?

7           A     No. That was her apartment.

8           Q     And when did you get married?

9           A     June of -- February -- no. August 14th, 2005.

10          Q     Okay. And this apartment, if you recall, this  
11       apartment was it in Los Angeles that Kandy had?

12          A     She had a couple of apartments. One was in --  
13       one was -- I don't know how close. One was I -- dam. I'm  
14       trying to think. What was the name of the place of the  
15       first apartment you had?

16          Q     That's fine. It doesn't particularly matter.  
17       Did Kandy live in those alone, or did she live in there  
18       with her sisters?

19          A     Yes, her and her sister.

20          Q     One sister?

21          A     Yes.

22          Q     And did you say the sister was also a singer, the  
23       backup singer for your band?

24          A     Yes. She's still with the band now.

25          Q     And so describe what that is. What does that

1 mean? Do they go on the road when you're touring?

2 A They go on the road with us. They go into the  
3 studio with us. They're assigned to us. They have their  
4 own group assigned to us, the whole nine.

5 Q So when did you get divorced from Angela?

6 A 20-- 9/11. When was 9/11? That was 1921 [sic].

7 Q 2001, I think?

8 A Yes.

9 Q You mean the World Trade Center 9/11?

10 A Yeah.

11 Q So it was around that time?

12 A It was exactly that time, yes.

13 Q And who got the house in -- the Wyndmoor house in  
14 the divorce?

15 A I paid her out of this house, you know, and that  
16 was -- that was in 2021. And I kept --

17 Q 2001. Sorry.

18 A Yes. I'm sorry.

19 Q And so was there ever a time where you, you know,  
20 around the time of the divorce where you weren't living in  
21 the Wyndmoor house?

22 A No.

23 Q And was there ever a time since the end of '97  
24 that you didn't consider Wyndmoor to be your residence?

25 A No.

1           Q    What was the longest time you think you stayed in  
2   California after you moved in to the Wyndmoor house, like  
3   at one stretch?

4           A    I can't remember a long stretch, unless we were  
5   in the studio.  If we were in the studio recording a  
6   record in 2004, we did the Burt Bacharach record, probably  
7   the longest time.

8           Q    How long would that have been?

9           A    Well, it would be just off and on.  Like, we did  
10  two songs.  Then later on come back and do another two  
11  songs.  Later on come back do another two songs, you know,  
12  like that.

13          Q    Now, before you moved to St. Louis when you were  
14  still in California, you had IRS and Franchise Tax Board  
15  trying to collect taxes from you; didn't you?

16          A    Yes.

17          Q    And what happened?  I mean, you filed a  
18  bankruptcy, right, to at least put that on hold for  
19  awhile?

20          A    Yes.

21          Q    Were there other reasons you needed to file  
22  bankruptcy?

23          A    Well, I had other lawyers and other people, you  
24  know, that were working, you know, that did work for us.  
25  And, you know, we were just in bankruptcy waiting to get

1 out.

2 Q So that was filed in 1997, I think April of '97,  
3 and so -- and then I think you testified before that June  
4 of '97 was when you were in St. Louis for the funeral?

5 A Yes.

6 Q So was the move to St. Louis connected to the  
7 filing of the bankruptcy at all?

8 A No.

9 Q And they didn't move the bankruptcy to St. Louis,  
10 did they?

11 A No.

12 Q What happened in that bankruptcy in general? How  
13 did it end up?

14 A Well, we paid -- well, I paid off whatever was,  
15 you know -- it was a couple of million dollars, first  
16 payment. And they had -- we left a million dollars up  
17 there with the IRS, and they were collecting my royalties  
18 at the time.

19 Q You paid some of it through a deal with David  
20 Pullman; right?

21 A That's correct. The two --

22 Q How did that deal work?

23 A Well, he -- well, I was told whatever I owed at  
24 the time was paid off, the \$2 million, and they kept a  
25 million dollars up there until the end of the bankruptcy.

1           Q   And so during this bankruptcy, which was 1997  
2           through 2000, I believe, what did you think was happening  
3           with your tax returns?

4           A   I thought that -- I thought -- my people, I  
5           thought they were handling it, and come to find out they  
6           wasn't. You know, it wasn't being handled properly.

7           Q   So did you think that it was getting filed  
8           through the bankruptcy somehow, or what did you think?

9           A   I really thought so. I definitely really thought  
10          so.

11          Q   And the bankruptcy had paid hundreds and  
12          thousands of dollars to lawyers and accountants, didn't  
13          it?

14          A   Oh, yes.

15          Q   But none of that ended up resulting in a tax  
16          return for you?

17          A   I guess not.

18                JUDGE JOHNSON: This is Judge Johnson.  
19          Mr. Mather, just a reminder that we're getting close to  
20          about 60 minutes. Maybe another five minutes, if that's  
21          going to work for you?

22                MR. MATHER: Okay. That should be about right.

23          BY MR. MATHER:

24          Q   So a lot of the balance that was collected from  
25          you ultimately was penalties. Why did you think that it's

1 not fair to impose those penalties on you?

2 A Because I left all the money, over a million  
3 dollars they were holding. And then they did -- I assumed  
4 they were gonna -- all of that was being taken care of.

5 Q And that was effectively your money, right,  
6 because that was over and above what they needed to pay  
7 off the creditors?

8 A Yes.

9 Q And how did your taxes for '97, '98, and '99  
10 ultimately get paid?

11 A '97, '98?

12 Q Yeah, the years in our case here.

13 A Oh, you mean -- I think they were paid -- they  
14 were paid off through a record deal.

15 Q So, yeah. What was the record deal?

16 A Which record deal?

17 Q The one in 2018 where you sold the catalog?

18 A Oh, yeah. We sold the catalog, and I think it  
19 was altogether about \$4 or \$5 million paid off.

20 Q And do you remember why the Franchise Tax Board  
21 had to be paid then?

22 A They had a lien. Yeah, we couldn't take the  
23 money out without paying it.

24 Q And when you sell the catalog, does that mean,  
25 are you -- you don't get royalties anymore? You sold

1        basically all your royalties?

2            A     Yeah.

3            Q     So what's your income now?

4            A     I don't know.

5            Q     You get income from touring still though; right?

6            A     Yeah.

7            Q     So when you were touring all the time since you  
8 moved to St. Louis, how would -- where would you go? I  
9 mean, how would the tour work? Would you be in St. Louis  
10 at the start of the tour?

11          A     Yes.

12          Q     And then how did you handle the travel and  
13 everything? How did it all work?

14          A     I handled -- from St. Louis we would go to the  
15 airport and back and forth.

16          Q     And where did you return when you -- when you --

17          A     We had a bus too.

18          Q     So if it was closer you would go by bus?

19          A     Yes. The bus that was here. My bus was here at  
20 St. Louis at the house.

21          Q     So you had parking that was large enough for the  
22 bus?

23          A     Yes.

24          Q     So was there at any time since the end of 1997  
25 where you didn't come back to St. Louis whenever your



1 business required you to be elsewhere?

2 A No.

3 MR. MATHER: I have no further questions.

4 JUDGE JOHNSON: This is Judge Johnson. Thank  
5 you.

6 Before we go to Franchise Tax Board, could I ask  
7 you an estimate of how much time you will need for  
8 questions.

9 MR. IRANPOUR: Thank you, Judge Johnson. Just a  
10 few. We only have a few questions. I don't think it'll  
11 take more than, you know, 10, 15 minutes.

12 JUDGE JOHNSON: Okay. Just want to make sure you  
13 won't use 45 minutes or something like that.

14 MR. IRANPOUR: Oh, no.

15 JUDGE JOHNSON: You can proceed when you're  
16 ready.

17 MR. IRANPOUR: Thank you.

18

19 CROSS-EXAMINATION

20 BY MR. IRANPOUR:

21 Q Mr. Isley, thanks for being here. You're  
22 claiming you changed domicile from California to Missouri  
23 when your ex-wife purchased the Wyndmoor property;  
24 correct?

25 A When I purchased the Wyndmoor property.

1 Q Was your property -- was your name on the title?  
2 A I don't know.  
3 Q You don't know if your name was on the title?  
4 A I don't know. It became on the title about 2021.  
5 Q Right. But during 1997 when it was purchased in  
6 mid-December 1997 was your name on the title?  
7 A I don't think so.  
8 Q Okay. Given that the Wyndmoor property was not  
9 purchased until mid-December 1997, is it fair to say you  
10 were a California resident until at least mid-December  
11 1997?  
12 A Could you say that again? Repeat that.  
13 Q Sure. Given that the Wyndmoor property was not  
14 available to move in until mid-December 1997?  
15 A Yes.  
16 Q Is it fair for you to say that you were a  
17 California resident until at least mid-December 1197?  
18 A Yes.  
19 Q Mr. Isley, do you have the exhibits available to  
20 you?  
21 A Do I have what?  
22 Q The hearing exhibits.  
23 A No.  
24 Q You don't have the hearing exhibits that OTA  
25 sent?

1           A    No.

2           Q    Okay.  I'm turning to page 211 under -- which is  
3   Exhibit AA.  This is the Progressive Auto Insurance policy  
4   that was purchased in July 1998.  I'm going to read  
5   something under the notes section since you don't have the  
6   exhibits available to you.

7           A    No.

8           Q    Under the notes section it says, "Both Angela and  
9   Ron are entertainers and live in California.  St. Louis is  
10  their second home.  They only drive for pleasure."

11           MR. IRANPOUR:  Judges, can you see that in the  
12  record?

13           JUDGE JOHNSON:  This is Judge Johnson.  You're  
14  talking about the note section at the bottom of the page  
15  there?

16           MR. IRANPOUR:  Yes.  Yes.

17           JUDGE JOHNSON:  We can see that, yes.  Thank you.

18           MR. IRANPOUR:  Thank you.

19  BY MR. IRANPOUR:

20           Q    Mr. Isley, in 1997 you filed for voluntary  
21  Chapter 11 bankruptcy to pause the IRS from seizing your  
22  assets; correct?

23           A    I believe so.

24           Q    You filed that bankruptcy petition in  
25  Los Angeles; true?

1           A    I think so.

2           Q    Why did you choose Los Angeles as the forum?

3           A    Because my lawyers and everything, you know, at  
4 the time.

5           Q    Lawyers and what else?

6           A    My lawyers and whoever I was involved with at  
7 that time. That was the city -- that was the suggestion.

8           Q    Mr. Isley, I'm turning now to page 107, which is  
9 Exhibit G. On paragraph 27 it states, "At a June 17,  
10 1999, examination by the bankruptcy trustee in  
11 Los Angeles, California, Defendant Isley who was then  
12 under oath when asked whether he lived in St. Louis,  
13 Missouri, and whether he was aware of his then-wife Angela  
14 Winbush had made arrangements to purchase a house there  
15 did not disclose to the bankruptcy trustee that he owned a  
16 house in St. Louis, Missouri, whether his funds were used  
17 to purchase property there." Is that accurate?

18          A    I don't know.

19               MR. IRANPOUR: Okay. Judges, I just want to make  
20 sure that everybody can read that paragraph.

21               JUDGE JOHNSON: This is Judge Johnson. We can  
22 see that paragraph as well. It may also help to explain  
23 what the document is as you go to the page in it.

24               MR. IRANPOUR: Thank you. I apologize.

25               BY MR. IRANPOUR:

1           Q    This is the indictment, Mr. Isley.  This is your  
2   2004 criminal indictment for the federal criminal tax  
3   case.

4                   Next question, this federal criminal case was  
5   brought in California, even though Section 3237 of  
6   Title 18 of the U.S. Code allows criminal tax cases to be  
7   tried where the taxpayer resides.  Why didn't you dispute  
8   jurisdiction if you're a Missouri resident?

9           A    Like I said, the lawyers were handling that, and  
10   that's the way it was handled.

11           Q    Okay.  Last question, Mr. Isley.  If you  
12   considered yourself a Missouri resident, did you file  
13   income tax with Missouri for 1997, 1998, or 1999?

14           A    In 1998 I was talking to Bob Cole here in  
15   St. Louis, and I thought he was handling that.

16           Q    Right.  But we confirmed in Exhibit 9 earlier  
17   that the Department of Missouri Revenue did not have any  
18   records for your 1997 and 1998 or 1999 tax years.

19                   MR. IRANPOUR:  I have no further questions, Your  
20   Honor -- Judges.  Thank you.

21                   JUDGE JOHNSON:  This is Judge Johnson.  Thank  
22   you.  Let me turn to the Panel.

23                   Judge Gast, do you have any questions for  
24   Mr. Isley?

25                   JUDGE GAST:  This is Judge Gast.  I do not have

1 | any questions. Thank you.

2 JUDGE JOHNSON: Thank you.

3 And, Judge Akopchikyan, any questions for  
4 Mr. Isley?

5 MR. AKOPCHIKYAN: No questions for Mr. Isley, but  
6 I have a quick question for Mr. Mather.

7                   Based on today's testimony, is it correct to say  
8           that Appellant does not contest that he was a California  
9           domiciliary before moving to Missouri?

10 MR. MATHER: I suppose -- well, you've heard the  
11 testimony. I think the Franchise Tax Board has literally  
12 nothing to indicate otherwise for '98 and '99, and they  
13 haven't conceded those. So I don't think I'll concede '97  
14 officially.

15 JUDGE AKOPCHIKYAN: I'm saying before '97. Let's  
16 say '96 and '95 was Mr. Isley domiciled in California?

17 MR. MATHER: Yes, he was.

18 JUDGE AKOPCHIKYAN: Okay. Thank you.

19 JUDGE JOHNSON: Judge Johnson, thank you.

20                   Mr. Mather, any follow up questions for  
21   Mr. Isley?

22 MR. MATHER: Just one, Your Honor.

23 | ///

24 | ///

25 | *///*



1 JUDGE JOHNSON: This is Judge Johnson. Let me  
2 turn it over to Mr. Mather. Did you want to add any  
3 comments to that?

4 MR. MATHER: We would be willing to concede the  
5 tax amount for 1997. The post-amnesty penalty, we think,  
6 is inappropriate.

7 JUDGE JOHNSON: Okay. Judge Johnson again. And  
8 back to Respondent. So you're proposing that the -- just  
9 going through the issues here. The tax assessment for  
10 1998 and 1999 will be conceded by Franchise Tax Board.  
11 That would also remove the late-filing penalties for those  
12 two years. And would that also remove the post-amnesty  
13 penalties for those two years?

14 MR. IRANPOUR: Yes, that's correct.

15 JUDGE JOHNSON: Okay. And so that would leave  
16 the 1997 tax amount, which Mr. Mather, you said that  
17 you're willing to concede that amount?

18 MR. MATHER: Yes.

19 JUDGE JOHNSON: Okay. And so then we have before  
20 us still the -- is the late-filing penalty for 1997 still  
21 at issue, Mr. Mather?

22 MR. MATHER: Yes. Yes, it is.

23 JUDGE JOHNSON: Okay.

24 MR. MATHER: If the post-amnesty penalty is still  
25 at issue, then the late-filing is still at issue.



1 JUDGE JOHNSON: All right. So we'll have those  
2 penalties at issue for 1997. And then we also have that  
3 fourth issue about whether the calculation of interest to  
4 be paid to Appellant and any refunds related to the years  
5 at issue. I'm not sure the parties have much to discuss  
6 about that, but I know that was an issue that was kind of  
7 mentioned at the briefs and the conference. So we'll  
8 leave that one as well for the parties to discuss as they  
9 wish.

10 With that change, do the parties need any  
11 additional time to help revise their arguments?

12 MR. MATHER: No.

13 MR. IRANPOUR: No.

14 JUDGE JOHNSON: Okay. If you don't mind  
15 including those at the beginning of your arguments when  
16 it's your turn to present, that would be helpful for the  
17 record as well. With that, we're ready for Appellant's  
18 presentation of arguments.

19 Mr. Mather, are you ready to go forward?

20 MR. MATHER: Yes.

21 JUDGE JOHNSON: Okay. You have 25 minutes.  
22 Please proceed.

23 MR. MATHER: Thank you.

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STATE OF CALIFORNIA OFFICE OF TAX APPEALS

1 about a collector from the Franchise Tax Board. And at  
2 that time the collector says 1997, 1998, and 1999 were not  
3 filed returns. So again, no explanation of where the  
4 assessments that had been made in 2006 came from, if it  
5 wasn't a return, where was it from?

6 So at that point we submitted the duplicate  
7 original tax returns in April of 2010, which appear in the  
8 record in the case. I labeled them -- I labeled them  
9 "Duplicate Originals" because we believe something must  
10 have been filed before to generate the assessment noted  
11 the original 2006 assessment notices. Again, I didn't  
12 hear anything for three or four years. Then in  
13 January 21st of 2014, the FTB apparently issued Notices of  
14 Proposed Assessments. Even though I had been dealing with  
15 the Franchise Tax Board, no copy was sent to me.

16 Those Notices of Proposed Assessment effectively  
17 removed the nonresident status of Mr. Isley restoring him  
18 to resident status according to the Franchise Tax Board,  
19 and I received no further correspondence from the -- I  
20 didn't receive that correspondence. I didn't receive any  
21 further correspondence. I'm not sure if Mr. Isley  
22 received any correspondence to that effect. So then we  
23 come forward to September of 2018 -- so four-and-a-half  
24 years after the supposed NPAs were issues -- and Mr. Isley  
25 is selling his catalog of royalties for millions of

1       dollars as was indicated and up pops the Franchise Tax  
2       Board lien for 1997, 1988, and 1999, based on the NPA that  
3       no one received, and not based on, you know, an earlier  
4       NPA or any other tax returns that may have been filed  
5       previously.

6               So we then filed a refund claim within the  
7       year -- timely filed as FTB acknowledges -- and this  
8       case -- and that claim was disallowed, and this case  
9       ensued. But because of the kind of ad hoc nature of the  
10      way this issue unfolded, this is not a typical residency  
11      case in term of the case that's presented before this  
12      Board because more typically there's a return filed that's  
13      acknowledged by the Franchise Tax Board in which the  
14      taxpayer claims nonresident status.

15             There's an audit of FTB, and the result of that  
16      audit is, you know, an intensive investigation of, you  
17      know, phone calls, ATM transactions, credit card  
18      transactions, volumes and volumes and volumes of paper.  
19      In this case we don't have any of that because, you know,  
20      this -- this really didn't become an issue until 2019 when  
21      we filed a refund claim, which at that point was -- was  
22      more than 20 years after the fact. So that type of record  
23      just didn't exist anymore.

24             So it appears though now, based on the FTB's  
25      representation, that they're no longer pursuing 1998 or

1 1999 as resident taxpayer for Mr. Isley, and will allow  
2 those claims, including the corresponding penalty.  
3 Correspondingly, based on the testimony that was developed  
4 and the facts that came to light to us during the  
5 preparation for this hearing, we're also not -- no longer  
6 contesting that Mr. Isley was a nonresident in 1997. So  
7 that takes care of the tax.

8 So let's turn then to the two penalties that are  
9 the primary issues left, only with the respect as I  
10 understand it to 1997. So in 1997 -- in April of 1997,  
11 Mr. Isley filed a bankruptcy petition. And for 1997,  
12 1998, 1999, all that time all of his royalties and most of  
13 his income was tied up in the bankruptcy proceeding.  
14 There were literally hundreds of thousands of dollars of  
15 fees paid to attorneys and accountants in this bankruptcy  
16 case, much of it for tax. My firm was engaged at the tail  
17 end of the bankruptcy. As tax counsel we got some of  
18 those fees.

19 But I subsequently had occasion to review it, and  
20 it was over \$300,000 in attorneys' fees and over \$100,000  
21 in accountants' fees. So somehow out of that income that  
22 ended up being attributable to Mr. Isley was not reported  
23 on the tax returns that the bankruptcy estate presumably  
24 filed. And, therefore, Mr. Isley, you know, having really  
25 paid these fees out of pocket because there was a surplus

1 bankruptcy, and they collected more money than there were  
2 claims. So instead of the money going to Mr. Isley, the  
3 money went to those lawyers and accountants to prepare  
4 returns that somehow didn't cover the returns on this  
5 income with the Franchise Tax Board.

6 We submit that's a level of sophistication that's  
7 beyond Mr. Isley's comprehension. To be honest, beyond my  
8 comprehension. So, yeah. In terms of reasonable cause,  
9 we believe that there was reasonable cause based on the  
10 circumstances of the bankruptcy, the confusion, the  
11 division of income, the reporting of some of the income on  
12 a bankruptcy return, and apparently not the right income  
13 on Mr. Isley's return, we believe that constitutes  
14 reasonable cause for relief from the late-filing penalty.

15 With respect to the post-amnesty penalty, I'm not  
16 sure how that could possibly be imposed. Mr. Isley  
17 applied for amnesty timely, was allowed amnesty for years,  
18 but not for our three years. So he was not -- he applied  
19 for amnesty for our three years, was not allowed amnesty  
20 for our three years, and -- but nevertheless a dozen years  
21 later or 10 years or 9 years later, the Franchise Tax  
22 Board imposes -- imposed amnesty penalty for Mr. Isley not  
23 pursuing the amnesty program for the years the Franchise  
24 Tax Board would not permit him to participate for. So  
25 something is wrong here. There must be something wrong.

1           Mr. Isley did everything that he could do to  
2       apply for amnesty, and the Franchise Tax Board,  
3       nevertheless, asserted a post-amnesty penalty for him --  
4       for Mr. Isley not doing what he did do, at least as I  
5       understand the imposition of the penalty. So I apologize  
6       to the Panel for not discovering this sooner. To be  
7       honest, when I saw the FTB's brief and it was pretty  
8       comprehensive and had lots of documentation, it didn't  
9       occur to me that 15 years before we had -- we had applied  
10      for amnesty, and it didn't occur to me until I recovered  
11      my files from storage and saw these documents.

12           But, you know, as I say, I can hold it up. So it  
13      was allowed with respect to some years. It was not  
14      allowed with respect to our years. And, nevertheless,  
15      even having applied for it, we get assessed with the  
16      penalty for not pursuing it. It just can't be. It just  
17      can't be. And I think that it's probably inadvertence on  
18      the part of the Franchise Tax Board. Maybe they didn't  
19      have the records going as far back as I did in my old  
20      paper files, but it is -- it is to me an almost dishonest  
21      assertion of the post-amnesty penalty under the  
22      circumstances of our case.

23           With respect to the interest, the, you know, and  
24      I'm not sure -- I'm not quite clear on the interest issue,  
25      so I'll just briefly cover everything. I believe the

1 Franchise Tax Board concedes that we're entitled to  
2 interest on any amounts that are refunded as required by  
3 statute on the refund. So I don't think that's an issue.  
4 To the extent that interest abatement is an issue in the  
5 case, you know, we received -- the Franchise Tax Board  
6 issued a Notice of State Income Tax Due at first in 2006,  
7 and didn't say what that was based, and has never said  
8 what that was based on.

9 They required us to file returns which, again, we  
10 believe a second time in 2010. Ignored those returns.  
11 Well didn't necessarily ignore but didn't adjust the  
12 accounts based on those returns, and then issued an NPA  
13 again with -- in 2014. So we got eight years almost  
14 between when the Franchise Tax Board issued their first  
15 bill for these three years, and when they issued the NPA.  
16 And to me it's almost an admission that the -- in 2006  
17 Notice of State Income Tax Due must have been based on  
18 returns that FTB no longer has a record of. In which  
19 case, all of these assessments would be untimely on top of  
20 everything else.

21 But, you know, more likely there are some other  
22 notice out there that Franchise Tax Board doesn't have any  
23 longer that was issued and not received and served as the  
24 basis for the initial assessments. But in any event this  
25 is -- this is -- you know, we're here 25 years after the



1 fact, and a lot of the blame for this delay is on the  
2 Franchise Tax Board. Certainly Mr. Isley did not file as  
3 it appears, at least originally, timely 1997, 1998, and  
4 1999 returns due to the confusion of the bankruptcy  
5 estate, but this has taken way too long to sort out.

6 And -- and we had just years of inaction on the  
7 Franchise Tax Board's part when matters that we thought  
8 had been resolved, you know, popped up four years later on  
9 two separate occasions. So based on that and our  
10 understanding of the FTB's concession, we believe that  
11 there should be interest abatement for the 1997 and the  
12 waiver of the late-filing and the post-amnesty penalties,  
13 and that concludes my presentation.

14 JUDGE JOHNSON: This is Judge Johnson. Thank  
15 you.

16 I'm taking one look at the, sort of, the interest  
17 issue as I had it and understood it beforehand. I think  
18 it might have related to the failure to furnish  
19 information penalty that Franchise Tax Board previously  
20 agreed to abate and withdraw. I believe there's a  
21 question as far as calculating interest on that perhaps.

22 Is that anything you want to address, Mr. Mather?

23 MR. MATHER: Well, if the penalties are withdrawn  
24 how can there be interest? That's my comment.

25 JUDGE JOHNSON: Okay. Great. I think it's

1 interest going back the other way, but that works. I just  
2 want to make sure we don't leave anything unsaid here that  
3 we want to discuss.

4 MR. MATHER: Okay.

5 JUDGE JOHNSON: Okay. With that, let check with  
6 my Panel members real quick to see if they have any  
7 questions.

8 Judge Gast, did you want to ask any questions of  
9 Mr. Mather at this time?

10 JUDGE GAST: Yeah. This is Judge Gast.  
11 Mr. Mather, I did have one question with respect to the  
12 amnesty penalty. My understanding is -- and FTB briefed  
13 this issue -- that OTA would not have jurisdiction over a  
14 refund claim unless it's a computation issue. So with  
15 respect to abating the penalty or whether it was  
16 improperly imposed, my understanding is OTA would not have  
17 jurisdiction over this. Do you have any thoughts on that?

18 MR. MATHER: I -- I don't have any authority to  
19 indicate otherwise. But --

20 JUDGE GAST: Okay. Thank you.

21 JUDGE JOHNSON: Judge Johnson again. Any  
22 questions from Judge Akopchikyan?

23 JUDGE AKOPCHIKYAN: No questions here. Thank  
24 you.

25 JUDGE JOHNSON: Thank you.

1 With that, we'll turn it over to Respondent. You  
2 also have 25 minutes to present your position.

3 MR. IRANPOUR: Thank you.

4  
5 PRESENTATION

6 MR. IRANPOUR: Good afternoon.

7 So I'm going to start with the late-filing  
8 penalties because that's one of the remaining issues.

9 Appellant filed his 1997, 1998, and 1999  
10 California nonresident returns in 2010, each tax year over  
11 10 years past due. As a result, FTB imposed the  
12 late-filing penalties for the taxable year computed at the  
13 maximum allowable rate or 25 percent of the unpaid tax.  
14 Appellant does not dispute his late filings. His only  
15 contention is if he qualifies for penalty relief under a  
16 reasonable cause theory; notably that his returns were  
17 late because his accountant advised him, he was not a  
18 California resident and, therefore, had no filing  
19 requirement.

20 First, there is no evidence showing that  
21 Appellant actually relied on his accountant or even that  
22 such a meeting occurred. Regardless, Appellant's  
23 contention about relying on his accountant on the  
24 residency issue is immaterial as Appellant generated  
25 California-sourced income during that taxable year and,

1       therefore, would have had a tax-filing requirement anyway.  
2       For example, for taxable year 1997, Appellant's original  
3       return reported \$475,000 in California-sourced income.  
4       Thus, because Appellant had California-sourced income  
5       during the taxable years at issue, he would have had a  
6       California filing requirement whether or not he was a  
7       resident.

8               Second, even if we consider Appellant's  
9       arguments, Appellant would still not qualify for the  
10      reasonable cause as he failed to satisfy its requirements.  
11      To qualify for reasonable cause based on reliance, the  
12      taxpayer was required to rely on a competent tax  
13      professional and not withhold material information. Here  
14      it's clear that one or perhaps both of those requirements  
15      were violated since tax-filing obligations based on income  
16      source or residency is a rule too elementary for a  
17      competent tax professional to overlook.

18             Because Appellant either failed to rely on a  
19      competent tax professional and/or withheld information  
20      from that professional, Appellant does not qualify for  
21      reasonable cause penalty relief. Accordingly, the  
22      late-filing penalty should stand.

23             Regarding the post-amnesty penalties, this  
24      penalty is imposed against taxpayers that owe or knew of  
25      additional tax for a tax year that qualified for tax

1 amnesty. Tax amnesty was an opportunity for individuals  
2 to pay back taxes without penalties, fees, or fear of  
3 criminal prosecution. It ran from February 1st, 2005,  
4 through March 31st, 2005, and was available for tax years  
5 2002 and prior. The penalty is equal to 50 percent of the  
6 interest accrued on the tax assessments from the original  
7 due date of the tax to March 31st, 2005.

8 FTB has no discretion to determine whether the  
9 post-amnesty penalty should be imposed, and there are no  
10 statutory exceptions for taxpayers who may have acted in  
11 good faith or had reasonable cause for failing to  
12 participate in the amnesty program. Additionally, the law  
13 strictly limits OTA's review of FTB's imposition of the  
14 post-amnesty penalty to only a claim for refund filed on  
15 the basis that FTB erred in its computation of the  
16 penalty.

17 In this case, FTB -- Appellant is -- in this  
18 case, FTB had been attempting to contact Mr. Isley for  
19 years without response for the tax year at issue.  
20 Appellant's new argument concerning new documents and new  
21 evidence have not been disclosed to FTB, and there is  
22 nothing in our records to show that was true. Further, he  
23 invoked reasonable cause for this penalty, and because  
24 reasonable cause is not a valid defense of this penalty,  
25 the post-amnesty penalties for taxable years 1997 must

1 stand.

2 Concerning Appellant's demand for interest owed.  
3 Generally, interest on overpayments runs from the date of  
4 payment or credit. However, when a return is filed after  
5 its original due date, no interest is allowable for any  
6 day before the date the return is filed. Except for tax  
7 years 1998 and 1999 and the failure to furnish information  
8 penalties, which has since been voluntarily withdrawn, FTB  
9 has demonstrated that Appellant failed to meet his burden  
10 to overturn the 1997 late-filing penalties and  
11 post-amnesty penalties.

12 As such, FTB does not owe interest to Appellant  
13 for those issues. Appellant's overpayment is limited to  
14 the amounts reflected by the tax year 1998, 1999 tax  
15 assessments, and late-filing penalties, and by the failure  
16 to furnish information penalty, plus the associated  
17 interest for taxable year 1997.

18 This concludes FTB's presentation. I'm happy to  
19 answer any questions the Panel may have.

20 MR. HOFSDAL: Yeah. I have just one thing I'd  
21 like to add, and it just goes to the post-amnesty penalty.  
22 I mean, I think the OTA is correct with regards to they  
23 only have jurisdiction as to the computation. And it's  
24 been a while since I've really dealt with one of these  
25 cases as we all have. But I thought it was my

1 understanding and -- and we may need to just get  
2 verification on this. But I thought it was my  
3 understanding that when a party was in bankruptcy, they  
4 needed to get bankruptcy court approval before they can  
5 seek in the remedy.

6 So that might be a reason why the -- the years  
7 that Mr. Mather pointed out might be different. But we're  
8 more than happy to look into it a little further. It's  
9 been a awhile since I've dealt with post-amnesty, but I do  
10 recall that bankruptcy approval requirement. I just  
11 wanted to put that out there.

12 MR. MATHER: If I might address that point,  
13 Mr. Isley was out of bankruptcy by 2000. So, I mean, at  
14 least he received a discharge of bankruptcy in 2000. So  
15 there wouldn't have been a stay or any bankruptcy-related  
16 conflict with the amnesty program in 2005.

17 JUDGE JOHNSON: Okay. This is Judge Johnson.  
18 Thank you both for the presentations there. I do have one  
19 question for Mr. Mather, I believe.

20 With regard to the filing of the 1997 tax  
21 returns, I know you discussed all the goings on with the  
22 bankruptcy and the various fees that were paid out to  
23 accountants and lawyers at that time. And then you also  
24 mentioned the -- let me see here -- the NPA, I believe it  
25 was. I'm sorry. The Notice of Income Tax Due, you

1 mentioned those were sent out and, therefore, you believe  
2 there must have been something filed before those were  
3 sent, perhaps to, you know, cause FTB to send those  
4 Notices of Income Tax Due. Is it your belief that there  
5 were returns that were timely filed?

6 MR. MATHER: I don't have any evidence to show  
7 that there were timely filed returns. And I kind of doubt  
8 it to be candid because of the bankruptcy confusion. You  
9 know, IRS returns didn't get filed either. You know,  
10 Missouri returns didn't get filed. California returns --  
11 nobody's returns got filed on this sliver of income that  
12 was apparently not subject to the returns of the  
13 bankruptcy estate.

14 So the problem was essentially, you know, income  
15 was coming in. Some of it was going to the bankruptcy  
16 estate. Some of it was going to Mr. Isley. He believed  
17 that all of -- you know, all of that was getting taken care  
18 of in the mix. And it appears that the bankruptcy estate  
19 paid -- you know, filed returns for some portion of the  
20 income but not this portion. And that was not discovered  
21 until later.

22 JUDGE JOHNSON: Okay. Thank you. Judge Johnson  
23 again. So there's no dispute as to whether or not timely  
24 returns were filed. It's only a matter of reasonable  
25 causes.



1           MR. MATHER: Right. I think that's right.  
2       Because, you know, the Notice of State Income Tax Due my  
3       understanding is you can only get that from one of two  
4       ways. Either you file a return or you get an NPA and  
5       don't respond. And so there's no record of an NPA, so  
6       that assumes that there was a return filing. But then  
7       that's in 2006, which would not have been consistent with  
8       returns being filed in '98, '99, and 2000. So it's a  
9       puzzle, but it doesn't seem to answer the question.

10           JUDGE JOHNSON: Judge Johnson. I'll just turn to  
11       Franchise Tax Board as well, if there is anything you want  
12       to add on that point of potential timely returns or  
13       whether there's any evidence showing that they were indeed  
14       filed late for the first time.

15           MR. IRANPOUR: Thank you, Judge Johnson. This is  
16       Parvis. We received his original return in 2010. So  
17       there's no records before that of any filing. And  
18       contrary to Mr. Mather's statement, there was NPAs and  
19       NOAs drafted and issued to taxpayer from 1997, and those  
20       are part of his own Exhibit Number 2.

21           JUDGE JOHNSON: This is Judge Johnson. Thank  
22       you.

23           We'll review those after the hearing when we're  
24       determining the appeal, but thank you for providing the  
25       sources there as well. Let me turn to my Panel at this

1 time.

2 MR. MATHER: One more comment on that. I think  
3 the NPA was the, what I would call the second one, the  
4 2014 NPAs. So that's what's attached to my submission,  
5 not the ones that presume, you know, possibly could have  
6 been issued before the 2006 assessments. But, you know,  
7 nobody has a record of it.

8 JUDGE JOHNSON: Judge Johnson. Thank you.

9 Let me ask my Panel members again once more if  
10 they have questions before we go to optional closing  
11 remarks from both sides.

12 Judge Gast, did you have any questions at this  
13 time?

14 JUDGE GAST: This is the Judge Gast. No  
15 questions. Thank you.

16 JUDGE JOHNSON: Thank you.

17 And, Judge Akopchikyan, any questions?

18 JUDGE AKOPCHIKYAN: This is Judge Akopchikyan  
19 speaking. No questions. Thank you.

20 JUDGE JOHNSON: Okay. Thank you.

21 Both sides have an opportunity for closing  
22 remarks, five minutes, if you'd like to wrap up your  
23 positions.

24 Respondent, you'll be going first. Do you want  
25 to take five minutes or less to do a closing remark?

1 MR. IRANPOUR: Sure. Thank you.

2 JUDGE JOHNSON: Please proceed.

3

4 CLOSING STATEMENT

5 MR. IRANPOUR: Regarding late-filing penalties,  
6 to qualify for reasonable cause based on reliance,  
7 Appellant was required to rely on a competent tax  
8 professional and not withhold information. Appellant  
9 clearly violated one, if not both of these requirements,  
10 as he had California-source income in 1997. Either  
11 Appellant's tax professional did not know California  
12 imposed taxes and filing obligations on California-source  
13 income, deeming that tax professional incompetent, or  
14 Appellant withheld that information from the accountant.  
15 Either scenario disqualified Appellant from invoking a  
16 reasonable cause doctrine.

17 Regarding the post-amnesty penalties, as noted  
18 earlier we did not agree with the contention that there is  
19 a computation error with the assessment. And further, the  
20 reasonable cause that Appellant has raised is not a valid  
21 defense of the penalty either. In light of this, the  
22 penalty must stand as well.

23 And finally regarding Appellant's demand for  
24 interest due except for the failure furnish pen --  
25 information penalty and the assessments for 1998 and 1999,

1       which has been voluntarily withdrawn, FTB has demonstrated  
2       that Appellant has failed to meet his burden to overturn  
3       the late-filing penalty and the post-amnesty penalties.  
4       S.

5               As such, the overpayment is limited to those  
6       amounts reflected by the 1998 and 1999 assessments, as  
7       well as the failure to furnish information penalty, plus  
8       the associated interest for taxable years 1997 -- for  
9       taxable years 1998 to 1999. For the reasons stated, FTB's  
10      action should be sustained in its entirety.

11             Thank you.

12             JUDGE JOHNSON: This is Judge Johnson. Thank  
13      you.

14             And Mr. Mather, you have up to 5 minutes for  
15      closing remarks if you prefer.

16             MR. MATHER: Thank you.

17  
18                             CLOSING STATEMENT

19             MR. MATHER: Just briefly, you know, my  
20      understanding and maybe that's wrong, is that by conceding  
21      the tax amount for 1998 and 1999 that also eliminates all  
22      of the associated penalties for those years and interest  
23      would be paid on that. And, you know, if there's an  
24      argument that's being made that that's not correct, then  
25      we would continue to maintain that should be the result.

1           With respect to 1997, again, I won't revisit the  
2           late-filing. We've covered our ground on that, but the  
3           post-amnesty penalty, I think, should just be  
4           administratively withdrawn because it was clearly asserted  
5           in error by the Franchise Tax Board, and there was nothing  
6           more that Mr. Isley could possibly have done with respect  
7           to the amnesty program for '97, '98, and '99.

8           And whether or not this Board has jurisdiction to  
9           do anything about that, I think the Franchise Tax Board  
10          should administratively withdraw that penalty so that we  
11          don't have to pursue this matter in superior court.

12          JUDGE JOHNSON: This is Judge Johnson. Thank  
13          you.

14          Let me just return to Respondent on that first  
15          issue you raised there to clarify. The late-filing  
16          penalties and the post-amnesty penalties for both 1998 and  
17          1999 were being conceded; is that correct?

18          MR. IRANPOUR: That's correct.

19          JUDGE JOHNSON: Okay. Thank you.

20          Does that clarify that issue for you, Mr. Mather?

21          MR. MATHER: Yes, it does.

22          JUDGE JOHNSON: Okay. Great. Thank you.

23          Let me do one last check with my co-Panelists to  
24          make sure there's no final questions before we wrap up  
25          today.

1 Judge Gast, any questions?

2 JUDGE GAST: This is Judge Gast. No further  
3 questions. Thank you.

4 JUDGE JOHNSON: Okay. And Judge Akopchikyan, any  
5 questions?

6 JUDGE AKOPCHIKYAN: No questions here. Thank  
7 you.

8 JUDGE JOHNSON: Okay. So the evidence have been  
9 admitted into the record. We have your arguments and your  
10 briefs as well as your oral arguments and the testimony  
11 presented today. The record is now closed, and the  
12 parties can expect our written opinion no later than 100  
13 days from today.

14 Let me just check with the parties to make sure  
15 we have no final questions, starting with Appellant.

16 MR. MATHER: No further questions. Although, I  
17 will ask Judge Gast how the baby is. I ran into  
18 Judge Gast outside the hospital or at a restaurant near  
19 the hospital recently. So --

20 JUDGE JOHNSON: It could be a small world. Yeah.

21 JUDGE GAST: Thank you.

22 MR. MATHER: The baby is fine?

23 THE GAST: Yes. Thank you.

24 JUDGE JOHNSON: Any final questions from  
25 Respondent?

1                   MR. IRANPOUR: No, thank you.

2                   JUDGE JOHNSON: Okay. And Mr. Isley you've been  
3 patiently waiting for us. Any final questions or comments  
4 that you'd like to add?

5                   MR. ISLEY: No, thank you.

6                   JUDGE JOHNSON: Thank you very much.

7                   What I'll do just to make sure that I'm clear on  
8 what we're deciding going forward is I'll issue a  
9 post-hearing order that's going to sort of commemorate  
10 what we have as far as concessions to make sure we got it  
11 correct, and I'll give you both a window to respond if you  
12 think there's anything that's out of sort with what we're  
13 showing as the remaining issues. It'll go to both parties  
14 within 15 days to take a look at it.

15                   Also, I want to mention that at one point there  
16 were some documents shown on the screen. I think there  
17 was some personal identifiable information -- private  
18 information that was shown. So we may cut that part out  
19 of the hearing. So you'll note, if you watch the hearing  
20 again, you might see a part where it skips. The record  
21 will remain complete as far as the written record because  
22 none of that was spoken into the record, but if you watch  
23 the video just a heads up that some might be missing  
24 there.

25                   MR. MATHER: Thank you. I apologize for that.

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JUDGE JOHNSON: I wish to thank, again, both parties and Mr. Isley and the others witnesses that were here earlier for their efforts on appeal. With that, we are now off the record.

This concludes the hearing for the Appeal of Isley, and OTA's hearings for today are done as well. Thank you, everyone. Have a great weekend.

(Proceedings adjourned at 12:32 p.m.)



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I, Ernalyne M. Alonzo, Hearing Reporter in and for  
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I further certify that I am in no way interested  
in the outcome of said action.

I have hereunto subscribed my name this  
12/27/2022 day of December, 2022.

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