

BEFORE THE OFFICE OF TAX APPEALS

STATE OF CALIFORNIA

IN THE MATTER OF THE APPEAL OF:)
)
DUDLEY RESTAURANTS, INC.) OTA NO. 21067998
)
) APPELLANT.
)
)

CERTIFIED COPY

TRANSCRIPT OF PROCEEDINGS

Via WebEx

Tuesday, October 17, 2023

Reported by:

CHRISTINA RODRIGUEZ
Hearing Reporter

Job No. :
44378 OTA(A)

BEFORE THE OFFICE OF TAX APPEALS

STATE OF CALIFORNIA

IN THE MATTER OF THE APPEAL OF:)
)
DUDLEY RESTAURANTS, INC.) OTA NO. 21067998
)
APPELLANT.)
_____)

TRANSCRIPT OF PROCEEDINGS, recorded
live stream via WebEx, commencing at
9:31 a.m. and concluding at 10:13 a.m.
on Tuesday, October 17, 2023, reported by
Christina L. Rodriguez, Hearing Reporter.

1 APPEARANCES:

2
3 Panel Lead: NATASHA RALSTON

4
5 Panel Members: ANDREW KWEE
6 JOSHUA LAMBERT

7
8 For the Appellant: REX HALVERSON, ATTORNEY

9
10 For the Respondent: STATE OF CALIFORNIA
11 DEPARTMENT OF TAX AND FEE
12 ADMINISTRATION
13
14 RAVINDER SHARMA,
15 TAX COUNSEL
16
17
18
19
20
21
22
23
24
25

I N D E X

E X H I B I T S

(Appellant's Exhibits 1-3 were received at page 7)

(Department's Exhibits A-E were received at page 7)

P R E S E N T A T I O N

PAGE

By Mr. Halverson 10

By Mr. Sharma 21

D I R E C T E X A M I N A T I O N

PAGE

By Mr. Halverson 12, 14, 15, 16

R E B U T T A L S T A T E M E N T

PAGE

By Mr. Halverson 30

1 LIVE STEAM VIA WEBEX, TUESDAY, OCTOBER 17, 2023

2 9:31 a.m.

3
4
5 JUDGE RALSTON: Good morning everyone. I'm
6 Judge Ralston, and today we are here for the appeal of
7 Dudley Restaurants, Inc. Office of Tax Appeals Case
8 Number 21067998. Today's hearing is October 17th, 2023.
9 The time is approximately 9:32 a.m.

10 As you're aware, the Office of Tax Appeals is
11 an independent tax agency and is not affiliated with any
12 other tax agency, including Respondent. OTA is also not
13 a tax court.

14 My name is Natasha Ralston, and I'm the lead
15 Administrative Law Judge who will be conducting this
16 hearing. We also have Judge Kwee and Judge Lambert with
17 us today. As I mentioned, this hearing is being live
18 streamed to the public and is being recorded.

19 The transcript and the video recording are
20 part of the public record and will be available on the
21 Office of Tax Appeal's website. That being said,
22 because we are live stream, please make sure that you
23 don't show any private or sensitive information on the
24 screen so that it's not live stream.

25 Also, we have our Stenographer, Ms. Rodriguez

1 present, and she is reporting this hearing verbatim. So
2 we want to make sure that we have an accurate record.
3 So we are asking that everyone speaks one at a time and
4 does not speak over each other, and when you're not
5 speaking, if you could please make sure you're muted to
6 cut down on any background noise.

7 Also, speak clearly and loudly. If needed,
8 Ms. Rodriguez will stop the hearing and ask for
9 clarification, and after the hearing she will produce
10 the official hearing transcript which will be available
11 on the Office of Tax Appeal's website.

12 The prehearing conference in this matter was
13 held on August 29th, 2023, and Appellant has submitted
14 three exhibits labeled 1 through 3.

15 Mr. Sharma, did you receive Appellant's
16 Exhibit 1 through 3?

17 MR. SHARMA: Good morning. This is Ravinder
18 Sharma.

19 Yes, we did. Thank you.

20 JUDGE RALSTON: Okay. And does CDTFA have any
21 objections to Appellant's Exhibit.

22 MR. SHARMA: The Department has no objections.
23 Thank you.

24 JUDGE RALSTON: Okay. Thank you.

25 So Appellant's Exhibits 1 through 3 are

1 admitted without objection.

2 (Appellant's Exhibits 1-3 were received in
3 evidence by the Administrative Law Judge.)

4 And, lets see, Respondent has submitted
5 Exhibits A through E.

6 Mr. Halverson, did you receive Respondent's
7 Exhibits?

8 MR. HALVERSON: Yes.

9 JUDGE RALSTON: Okay. And did you have any
10 objections to those exhibits?

11 MR. HALVERSON: We do not.

12 JUDGE RALSTON: Respondent's Exhibits A
13 through E are admitted without objection.

14 (Department's Exhibits A-E were received in
15 evidence by the Administrative Law Judge.)

16 Respondent's CDTFA does not intend to call any
17 witnesses.

18 Is that still correct, Mr. Sharma?

19 MR. SHARMA: That is correct. Thank you.

20 JUDGE RALSTON: And Mr. Halverson, you have
21 previously identified four witnesses to testify under
22 oath; is that still the case?

23 MR. HALVERSON: Yes.

24 JUDGE RALSTON: Okay. And those witnesses are
25 Ryan Dudley, Mark Poli, Dustin Adams, and Patrick

1 Lister; is that correct?

2 MR. HALVERSON: That's correct.

3 JUDGE RALSTON: Okay.

4 Does CDTFA have any objections to any of the
5 Appellant's witnesses?

6 MR. SHARMA: This is Ravinder Sharma.

7 Department has no objection. Thank you.

8 JUDGE RALSTON: Thank you.

9 So prior to you beginning your Opening
10 Statement, I will swear in your witnesses at the same
11 time, and I'll let you know when we're ready to do that.
12 As far as time estimate, Appellants will have
13 approximately thirty minutes to present their case and
14 approximately 30 minutes for witness testimony.

15 CDTFA will then have 30 minutes to present
16 their case, and Appellant will have 10 minutes for a
17 rebuttal closing statement.

18 We'll also give CDTFA the opportunity to
19 question any of the witnesses after their testimony,
20 and, of course, the panel members may have questions as
21 we go through out.

22 Does anyone have any questions at this point?

23 As far as the witnesses, please don't sign off
24 right after your testimony. I'll let you know when it's
25 okay to do so, that way we want to make sure that the

1 panel can ask any questions that we need to ask.

2 And so, Mr. Halverson, were you planning on
3 starting with your opening statement and then moving
4 right into witness testimony?

5 MR. HALVERSON: I am.

6 JUDGE RALSTON: Okay.

7 So we'll go ahead and proceed that way.

8 And then for CDTFA, we'll give you the
9 opportunity to question the witnesses. Did you want me
10 to give you a chance after each witnesses? Or after
11 each witness? Or did you want to save the questions
12 until the end and then I can ask you all at once?

13 Mr. Sharma?

14 MR. SHARMA: Sorry. I'm sor -- this is
15 Ravinder Sharma.

16 No, we will wait for the witnesses. And then
17 we will determine at the end of that if we have any
18 questions. Thank you.

19 JUDGE RALSTON: Sounds good. Thank you.

20 Okay. So does anyone have any questions
21 before we begin? Okay. Not seeing any questions.

22 So I'm going to ask the four witnesses to
23 raise their right-hand.

24 (Whereupon all prospective witnesses were duly
25 sworn by the Administrative Law Judge)

1 JUDGE RALSTON: Just for the record, all four
2 witnesses have stated in the affirmative.

3 So Mr. Halverson, you can go ahead and begin
4 when you're ready.

5
6 PRESENTATION

7 MR. HALVERSON: Well, good morning.

8 My name is Rex Halverson, and I'm with the
9 firm Rex Halverson and Associates. I've been practicing
10 State Local Tax for the last 45 years and had the
11 pleasure of sitting on the Board of Equalization from
12 1995 to '98 as the Deputy's State Controller taxation
13 for Kathleen Connell.

14 In that capacity, I've voted on tax cases each
15 month just as you do today.

16 I represent Dudley Restaurants, Inc., which
17 owns The Cellar Restaurant. Dudley Restaurants, Inc. is
18 owned by Ryan Dudley, who will testify shortly. This
19 restaurant is a high-end restaurant located in
20 Fullerton, California.

21 There's only one issue on the case before you
22 and it involves credit card tip income. Total credit
23 card tips in the audit amount is \$615,434 dollars. Of
24 that amount, \$134,701 dollars constituted mandatory
25 tips, which are taxable. The remainder were \$480,733

1 dollars represents the optional credit card tips.

2 Optional tips are not subject to California
3 sales tax per regulation 1603H.

4 The last re-audit, the Department reduced the
5 optional tips by \$155,018 dollars and conceded that
6 these tips were not subject to sales tax for the period
7 of March 2014 to March 2015, but the Department did not
8 do the same for optional tips that were received for the
9 period July 2012 through February 2014.

10 We're here today to argue that further
11 reduction of tip income in the amount of \$323,643
12 dollars is necessary as all of of these tips were paid
13 to the employees of the restaurant. Department, on the
14 other hand, will argue that the employer misappropriated
15 these tips, and, as such, the tips were included in
16 Retailer's Taxable Gross Receipts.

17 So lets dig into Appellant's Exhibits before
18 you. Lets start with Exhibit 1. Exhibit 1 is a letter
19 written to the CDTFA by Ryan Dudley, the owner of Dudley
20 Restaurants. It states, rather clearly, that, quote:

21 "Credit card tips are entered into a
22 spreadsheet and then paid via check on a weekly basis.
23 The policy existed for 18 years and prior to when I took
24 over the business in 2004. It has never been an issue
25 in either of the two prior audits."

1 Now, I'd like to ask Mr. Dudley a few
2 questions regarding this statement.

3
4 R. DUDLEY,
5 Called as a witness on behalf of Dudley Restaurants,
6 Inc., having first been duly sworn by the Administrative
7 Law Judge, was examined and testified as follows:

8 THE WITNESS: I do.

9
10 DIRECT EXAMINATION

11 BY MR. HALVERSON:

12 Q Ryan, you mentioned in Exhibit 1, all credit
13 card tips are entered in a spreadsheet, and then paid
14 via check on a weekly basis; is that statement true?

15 A Good morning. Yeah, that's absolutely true.

16 Q The CDFTA auditor assume tips were paid out of
17 cash on a daily basis, but that is not in your policy or
18 standard operating procedure; is it?

19 A No, it's not.

20 Q Isn't it true that the PSO -- POS report shows
21 cash on a hand daily, and that the amount is
22 significantly less than the tips for the prior night so
23 tips could not have been handed to employees in cash
24 each day; is that true?

25 A Yes, sir.

1 Q Have you historically -- and by that, I mean,
2 always provided employees with separate checks for their
3 wages and their credit card tips?

4 A We did up until about 18 months ago. But yes,
5 prior to that, we -- we docked the system that was in
6 place for my ownership and about -- again, as a result
7 of this process, I decided to go to a different type of
8 system, which is -- it's called Kickfin, and effectively
9 transmits cash from our checking accounts to a -- what I
10 call a "virtual vault".

11 The money is held there, and then the employee
12 tips are put in on a nightly basis. They upload a debit
13 card, and then their funds are transferred immediately
14 into their checking accounts.

15 Q No more questions. Thank you.

16 A Thank you.

17 MR. HALVERSON: Now, I'd like to ask questions
18 of, first, Dustin Adams.

19
20 D. ADAMS,
21 Called as a witness on behalf of Dudley Restaurants,
22 Inc., having first been duly sworn by the Administrative
23 Law Judge, was examined and testified as follows:

24 THE WITNESS: I do.

25 ///

1 BY MR. HALVERSON:

2 Q We've introduced 11 affidavits from employees
3 at Dudley Restaurants, Inc. that all attest the fact
4 that they received a weekly check for their share of
5 credit card tips.

6 Do you personally know all of these employees
7 or at least many of them?

8 A Yeah.

9 Q Can you attest to the fact that they worked at
10 The Cellar Restaurant?

11 A Yeah.

12 Q Did you sign one of these affidavits yourself
13 attesting to the fact that you were paid your wages and
14 your credit card tips in two different checks?

15 A I did.

16 Q Were the tip checks paid to you and other
17 employees in a weekly basis during your entire career
18 working at Cellar Restaurant?

19 A Yes.

20 Q Were you ever paid cash out of cash on hand at
21 the restaurant for your share of credit card tip income?

22 A No. No.

23 Q How long have you worked for Dudley
24 Restaurants, Inc.?

25 A Nine years. Going on ten.

1 Q Thank you.

2 MR. HALVERSON: Now, Patrick Lister, same
3 questions.

4
5 P. LISTER,
6 Called as a witness on behalf of Dudley Restaurants,
7 Inc., having first been duly sworn by the Administrative
8 Law Judge, was examined and testified as follows:

9 THE WITNESS: I do.

10
11 BY MR. HALVERSON:

12 Q We've introduced 11 affidavits from employees
13 at Dudley's Restaurants, Inc. that all attest the fact
14 that they received a weekly check for their share of
15 credit card tips.

16 Do you personally know all of these employees
17 or at least most of them?

18 A Yes.

19 Q Can you attest to the fact that they worked at
20 The Cellar Restaurant?

21 A Yes.

22 Q Did you sign one of the affidavits yourself
23 attesting to the fact that you were paid your wages and
24 your credit card tips in two different checks?

25 A Yes.

1 Q Were the tips check paid to you and other
2 employees on a weekly basis during your entire career
3 working at The Cellar Restaurant?

4 A Yes.

5 Q Were you ever paid cash out of cash on hand at
6 the restaurant for your share of credit card tip income?

7 A No.

8 Q How long have you worked at Dudley
9 Restaurants, Inc.?

10 A Since August 2013. So a little over ten
11 years.

12 Q Thank you.

13 MR. HALVERSON: Mark Poli, same questions.

14
15 M. POLI,
16 Called as a witness on behalf of Dudley Restaurants,
17 Inc., having first been duly sworn by the Administrative
18 Law Judge, was examined and testified as follows:

19 THE WITNESS: I do.

20
21 BY MR. HALVERSON:

22 Q We've introduced 11 affidavits for employees
23 at Dudley Restaurants, Inc. that all attest to the fact
24 that they received a weekly check for their share of
25 credit card tips.

1 Do you personally know all of these employees
2 or at least most of them?

3 A I do not see the affidavits.

4 Q I misunderstood you. Can you repeat?

5 A I have not seen -- sorry I'm sick. I haven't
6 seen the affidavits. I'm not a manager, so I don't know
7 who was introduced.

8 Q Okay. So I'll skip over to you can attest to
9 the fact that they worked at The Cellar Restaurant.

10 Did you sign one of these affidavits yourself
11 attesting to the fact that you were paid your wages and
12 your credit card tips in two different checks?

13 A Yes.

14 Q Were the tip checks paid to you and the other
15 employees on a weekly basis during your entire crew
16 working at The Cellar Restaurant?

17 A Correct --

18 Q Were you --

19 A -- yes.

20 Q Were you ever paid cash out of cash on hand at
21 the restaurant for your share of credit card tip income?

22 A No.

23 Q How long did you work -- or have you worked
24 for Dudley Restaurants, Inc.?

25 A For Dudley, I worked 17 years. I worked 17

1 years.

2 MR. HALVERSON: Thank you.

3 Now, I'd like to walk you through Exhibit 3,
4 that was put together by Kai Mickey, a former BLE sales
5 tax auditor, and handled this audit on behalf of my
6 firm. Although, there are 119 pages of these, to the
7 exhibit, it is not as daunting as it seems.

8 We're going to start with page 3. Page 3 got
9 columns A through I; and column D reflects the total
10 mandatory and optional credit card tips paid by
11 customers or collected each month.

12 So you can see the amount is \$614,434. The
13 allowed optional tips each month are reflected in column
14 F, and that's \$478,661; and column G totals these
15 optional tips by quarter, so column G has got a total of
16 \$478,661.

17 We're only concerned about column H, which
18 totals \$323,643 for the period January 12th through
19 February 2014 as the Departments already conceded column
20 I. Representing optional tips collected from March 2014
21 through March 2015.

22 So \$323,643 is the subject of this appeal.
23 Ask yourself, why did the Department allow some of the
24 tip income for March 2014 through March 2015 to be
25 deleted from the audit, but not for January 12th through

1 February 14 periods. Department has argued that our
2 proof is untrustworthy. We vehemently disagree.

3 Now, turn to page 5.

4 Although, \$12,226.25 is in column D, a total
5 of actually \$12,350.63, shown in column F, was the
6 actual tip income that was paid out to employees in July
7 2012. Pardon me, July 2012. The difference were
8 \$124.38 cents could have been caused by a June tip that
9 was paid out in July or some other timing difference,
10 but it is not substantial.

11 Because remember, these were paid out tip --
12 were paid out monthly.

13 Now, turn to page 6 and 7.

14 Pages 6 and 7 total each check written to each
15 employee for their tip income, and there are total of 39
16 checks. And the 39 checks total, as you can see on page
17 7, column E, \$12,350.63. The exact number we just
18 discussed on page 5 and Exhibit 3.

19 I'd add that all of these checks are noted are
20 in Exhibit 3 and pages 14 and 15 of Appellant's General
21 Ledger. Their noted on the screen shots from QuickBooks
22 on pages 16 through 54 of the exhibit, and copies of
23 each tip check are also included in full in page 50 --
24 pages 55 to 58. The letter are hard to read, but not
25 impossible.

1 Now, lets look at page 60.

2 Page 60 reflects the total tip income that's
3 paid to employees in July 2013, so roughly, I'm taking
4 one from 2012, and one from 2013 -- one month. It
5 reflects a total of \$10,926.12 was paid out to
6 employees, and that's made up of \$1,273.93, which is
7 reflective of 14B next to it, in mandatory tips, plus
8 \$9,652.19 in optional tips.

9 Now, if you'll turn to page 9.

10 Again, we've listed every check that was paid
11 out for this month. There are total of 50 checks. They
12 total \$9,550.73. The difference are \$101.46 cents,
13 again, is insignificant. I'd add that all these checks
14 are noted in Exhibit 3, on pages 62 through 63 of
15 Appellant's General Ledger, included here.

16 Two, they're on the screen shots from
17 QuickBooks on pages 64 through 113, and copies of each
18 check are also included in full on pages 114 through
19 119. Again, the letter are hard to read, but not
20 impossible to make out.

21 These two months represent our proof of what
22 went on through the entire period of January 12th
23 through February 14. We're taking into consideration,
24 along with the witness affidavits and testimony,
25 Appellants have clearly proven they're entitled to a

1 reduction of gross receipts of \$323,643.

2 The Department, on the other hand, has used
3 smoke mirrors, assumptions, nasty insinuations to
4 convince the OTA that their cases are tight. That's not
5 the case of tips. That is assiduous credibility and
6 flies in the face of truth.

7 Thank you. We'll be happy to take questions.

8 JUDGE RALSTON: Thank you.

9 Mr. Sharma, does CDTFA have any questions for
10 any of the witnesses.

11 MR. SHARMA: The Department has no question.

12 Thank you.

13 JUDGE RALSTON: Okay. Thank you.

14 Judge Kwee, did you have any questions for
15 Appellant or the witnesses?

16 JUDGE KWEE: Hi. This is Judge Kwee. I don't
17 have any questions at this time.

18 Thank you.

19 JUDGE RALSTON: Thank you.

20 Judge Lambert, did you have any questions for
21 Appellant or the witnesses?

22 JUDGE LAMBERT: This is Judge Lambert. I have
23 no questions at this time.

24 Thanks.

25 JUDGE RALSTON: Thank you.

1 Okay. We are now ready for Respondent's
2 presentation.

3 Please begin when you're ready.

4
5 PRESENTATION

6 MR. SHARMA: Good morning. This is Ravinder
7 Sharma.

8 Appellant Incorporation operated in restaurant
9 selling, beer, wine, and liquor since November 2004.
10 The Department performed an audit examination for the
11 period of April 1, 2012, through March 31, 2015.

12 Records available for the audit: Further
13 income tax returns for years 2012 to 2014.

14 Bank statements, profit and lost statements,
15 and point of sales sale summary reports for the audit
16 period; wine purchases for 2012, incomplete tax sheet,
17 and 1099-K merchant statements for 2012 to 2014.

18 Despite various requests, Appellant did not
19 provide daily cash tips, daily sales reports, point of
20 sales data download, purchase in wine sales, or any
21 purchase generals for the audit period.

22 The Department compared gross receipts, the
23 cost of good sold, for title income tax returns and
24 calculated average mark-up of 179 percent for 2012 to
25 2014. Exhibit A, page 337, the mark-up was low for this

1 type of business, especially when compared to the
2 mark-up of 266 percent for the prior audit.

3 Exhibit A, page 335. The Department compared
4 Appellant's Reported Gross Receipts for Title Income Tax
5 Return to Reported Total Sales for Sales of Used Tax
6 Return and found difference of around \$161,000 dollars
7 for 2012.

8 Exhibit A, page 345. These differences were
9 not assessed as bank deposits analysis -- which the
10 Department will discuss later -- it resulted in higher
11 additional assessment. Based on these analysis, the
12 Department determined that Appellant's books of records
13 were not complete, not reliable, and inadequate for
14 sales and used tax purposes.

15 So the Department used indirect audit method
16 to verify the accuracy of reported funds and to
17 determine unreported taxable sales. During the audit
18 process, Appellant objected to the Department's use of
19 mark-up method and requested to use bank deposits
20 method.

21 The Department reviewed and analyzed bank
22 statements, and other available information, to
23 determine total bank deposits of around \$3.7 million
24 dollars for the audit period.

25 Exhibit A, pages 13 and 14. After adjusting

1 for personal loan job, \$40,000 dollars and optional tips
2 payment of \$155,000 dollars for March 2014 through March
3 2015. The Department calculated audited taxable
4 deposits of \$3.5 million dollars for the audit period.

5 Exhibit A, page 12. Appellant reported
6 taxable sales of around \$3 million dollars resulting in
7 unreported taxable sales of little more than \$487,000
8 dollars for the audit period.

9 Exhibit A, page 12. The Department used
10 available books and records to determine unreported,
11 said presumption of, little more than \$42,000 dollars
12 subject to used tax for the audit period.

13 Exhibit A, page 27. During the appeals
14 process, Appellant conceded to the assessment of \$42,000
15 dollars. When the Department is not satisfied with the
16 amount of tax that reported by the taxpayer, the
17 Department may determine the amount required to be paid
18 based on any information which is in it's possession, or
19 may come into it's possession.

20 In the case of an appeal, the Department has a
21 minimum initial burden of showing that the determination
22 was reasonable and rational. Once that department has
23 met its initial burden, the burden of proof should
24 exclude the taxpayer to establish that it results
25 different from the Department's determination is

1 warranted.

2 Unsupported sessions are not sufficient to
3 satisfy a taxpayer's burden of proof. The Department
4 used Appellant's books and records to determine the
5 audit liberty. Doing so, produced a reasonable and
6 rational determination. Appellant contends that there's
7 no change in Appellant's tip policy, and tips was not an
8 issue in the prior two audits.

9 In response, the Department submits that as
10 for Department's records, there is only one prior audit
11 for Appellant's seller permit, and payment of tips was
12 not an issue as the prior audit was not conducted based
13 on bank deposits method.

14 Appellant contends that it was deposited cash
15 tips in the bank accounts, and then paid by checks to
16 the employees. Of April 2012 to February 2014, all of
17 Appellant's worksheet claimed this amount starting from
18 January 2012. January 2012 to March 2012 is not part of
19 this audit.

20 Appellant further contends that it maintained
21 a tips account, 20900, for detail accounting of tips
22 collected and paid with checks to the employees.
23 However, despite various requests, Appellant has not
24 provided bank deposit slips and details of tips account
25 for the period from April 2012 to February 2014.

1 In support of its contentions, Appellants
2 submitted 119 pages of accounting records, Exhibit 3, to
3 the Office of Tax Appeals. In reviewing Appellant's
4 submission to the Office of Tax Appeals and previous
5 submissions to the Department, the Department made a few
6 observations.

7 Summary for check number 33523 and 33609,
8 Exhibit 3, page 25 and 45, provides description details
9 as to the account activity such as prospect, employee
10 taxes, and various deductions. Remaining summaries
11 provide no descriptions, instead show the description as
12 "what did you pay for?" Summary for same two checks
13 show \$23.76 cents as a deduction.

14 Exhibit A, page 362. Whereas Appellant's
15 submission. Exhibit 3, page 25 and 45, shows these
16 amount as tips paid to the employees. Further, all
17 these summaries contain a statement, "this is not a
18 legal pay stub."

19 Summary for the same two checks shows that
20 further taxes were added to the employees wages/salary
21 and claimed tips amounts were subjected to count for the
22 Net Payment. Which means further taxes were paid to the
23 employees, and tips were not paid -- or tips were
24 adjusted.

25 Payroll summary for July 2012 shows cash tips

1 payment of \$5,253 dollars. Exhibit A, page 376, whereas
2 Appellant's submission to the Office of Tax Appeals
3 shows tips payment of \$12,350 dollars with checks.

4 Exhibit 3, page 6 and 7. Payroll summary for
5 July 2012 shows total cash tips of \$37 dollars.

6 Exhibit A, page 376, whereas Appellant's
7 submission to the Office of Tax Appeals show tips of
8 \$446.37 cents with checks. Exhibit 3, page 24, 35, 44,
9 and 54, payroll summary for July 2012 shows total cash
10 tips of \$180 dollars for Andy Chow.

11 Exhibit A, page 376. Whereas Appellant's
12 submission to the Office of Tax Appeals shows total tips
13 of \$804.35 cents with checks.

14 Exhibit 3, page 18, 28, 38, and 48, payroll
15 summary for July 2012 shows total cash tips of \$863
16 dollars for Dustin Laufenberg.

17 Exhibit A, page 376. Whereas Appellant's
18 submission to the Office of Tax Appeals shows total tips
19 of \$1,411.36 cents with checks.

20 Exhibit 3, page 20, 31, 40, and 50. Payroll
21 summary for July 2012 shows total cash tips of \$660
22 dollars for and Andrew Still.

23 Exhibit A, page 376. Whereas Appellant's
24 submission to the Office of Tax Appeals shows total tips
25 of \$2,102.40 with checks.

1 Exhibit 3, page 17, 27, 37, and 47. Based on
2 this review, the Department determined that Appellant's
3 submission are inconsistent, incomplete, and
4 unverifiable.

5 Further, witness's testimony and submission of
6 affidavits misreport that tips were paid with checks,
7 but it does not support Appellant's contention that all
8 tips were first deposited in the bank account. In the
9 absence of complete, reliable, and verifiable bank
10 deposits, the Department is unable to determine that all
11 cash tips were first deposited in the bank account.

12 In order to support further adjustments, it is
13 essential that Appellant established that optional cash
14 tips were actually deposited into the bank account. To
15 the extent that cash tips were not actually deposited
16 into the bank account, the bank deposits amongst
17 understate Appellant's total receipts.

18 It would be incorrect to deduct optional tip
19 payments from bank deposits amounts if the bank deposits
20 amounts do not include the receipts from cash optional
21 tips. The accounting for bank deposit must include the
22 receipts of optional cash tips in order for there to be
23 an applicable deduction against those receipts.

24 As of now, Appellant has not submitted any
25 documentary evidence such as daily cash tips, daily

1 total amount for cash tips, and bank deposit slips so
2 that the Department could verify that all sales and cash
3 tips were deposited in the bank accounts.

4 Based on the foregoing, the Department has
5 fully explained the basis for the deficiency and proved
6 that the determination was reasonable based on the books
7 and records. Appellant has not met it's burden to prove
8 otherwise. Therefore, the Department request that
9 Appellant's appeal to be denied.

10 This concludes my presentation, and I'm
11 available to answer any question you may have.

12 Thank you.

13 JUDGE RALSTON: Okay. Thank you.

14 I'm going to check in with my panel.

15 Judge Kwee, did you have any questions for
16 Respondent?

17 JUDGE KWEE: I have -- this is Judge Kwee.

18 I don't have any questions. Thank you.

19 JUDGE RALSTON: Judge Lambert, did you have
20 any questions for Respondent?

21 JUDGE LAMBERT: This is Judge Lambert.

22 I have no questions at this time. Thanks.

23 JUDGE RALSTON: Thank you.

24 Okay. Mr. Halverson, you have 10 minutes for
25 your rebuttal, and you can begin when you're ready.

1 REBUTTAL STATEMENT

2 MR. HALVERSON: Well, I'm going to make it
3 short and sweet.

4 In our opinion, we've met our burden of proof.
5 We've shown you two months for the two years. We've
6 gone through every check, and they total exactly what we
7 say they total. They are reflective of tip income. The
8 tip income was paid out weekly to the employees. And
9 you have affidavits and testimony to that effect.

10 Now, we would admit that some records may have
11 disappeared over the years according to my discussions
12 with Mr. Dudley. They've had three or five different
13 representatives handling this case over the years, and
14 all records were given to those representatives when
15 they were doing the audit, and some of those records
16 were not available when the auditor requested them from
17 us.

18 And we cannot tell you where they disappeared
19 in the chain of command. But it was never intentional,
20 and we've given them all the records that they asked for
21 that we had. So we think you've -- you should find in
22 favor of the Appellant on this issue, and that's the
23 only issue before you.

24 JUDGE RALSTON: Okay. Thank you very much.
25 Just checking in with my panel.

1 Judge Kwee, did you have any questions before
2 we end this hearing?

3 JUDGE KWEE: This is Judge Kwee.

4 I'm ready to conclude when you are. Thank
5 you.

6 JUDGE RALSTON: Thank you.

7 Judge Lambert, did you have any questions
8 before we conclude.

9 JUDGE LAMBERT: This is Judge Lambert.

10 No questions. Thanks.

11 JUDGE RALSTON: So we are ready to conclude
12 this hearing.

13 I want to thank everyone for attending. The
14 judges will meet and decide this case and issue an
15 opinion within a 100 days.

16 The record is now closed, and this hearing is
17 adjourn.

18 We will resume the hearing at 1:00 p.m. for
19 this afternoon's hearing, but as for the appeal of
20 Dudley Restaurants, we are now concluded.

21 Thank you everyone for attending.

22 (Proceedings concluded at 10:13 a.m.)
23
24
25

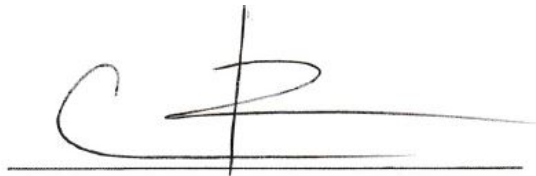
1 HEARING REPORTER'S CERTIFICATE

2
3 I, Christina L. Rodriguez, Hearing Reporter in
4 and for the State of California, do hereby certify:

5 That the foregoing transcript of proceedings
6 was taken before me at the time and place set forth,
7 that the testimony and proceedings were reported
8 stenographically by me and later transcribed by
9 computer-aided transcription under my direction and
10 supervision, that the foregoing is a true record of the
11 testimony and proceedings taken at that time.

12 I further certify that I am in no way
13 interested in the outcome of said action.

14 I have hereunto subscribed my name this 23rd
15 day of October, 2023.

16
17
18
19
20 

21 Hearing Reporter
22
23
24
25

<hr/>	\$	<hr/>	2	<hr/>
\$1,273.93 20:6	\$863 27:15			362 26:14
\$1,411.36 27:19	\$9,550.73 20:12			37 28:1
\$10,926.12 20:5	\$9,652.19 20:8		20 27:20	376 27:1,6,11,17, 23
\$101.46 20:12	<hr/>	<hr/>	2004 11:24 22:9	38 27:14
\$12,226.25 19:4	1		2012 11:9 19:7	39 19:15,16
\$12,350 27:3	1 6:14,16,25 11:18		20:4 22:11,13,16,	<hr/>
\$12,350.63 19:5, 17	12:12 22:11		17,24 23:7 25:16,	4
\$124.38 19:8	1-3 7:2		18,25 26:25 27:5,	
\$134,701 10:24	10 8:16 29:24		9,15,21	40 27:20
\$155,000 24:2	100 31:15		2013 16:10 20:3,4	44 27:8
\$155,018 11:5	1099-K 22:17		2014 11:7,9 18:19,	45 10:10 26:8,15
\$161,000 23:6	10:13 31:22		20,24 22:13,17,25	47 28:1
\$180 27:10	11 14:2 15:12		24:2 25:16,25	48 27:14
\$2,102.40 27:25	16:22		2015 11:7 18:21,	<hr/>
\$23.76 26:13	113 20:17		24 22:11 24:3	5
\$3 24:6	114 20:18		2023 5:1,8 6:13	
\$3.5 24:4	119 18:6 20:19		20900 25:21	
\$3.7 23:23	26:2		21067998 5:8	5 19:3,18
\$323,643 11:11	12 24:5,9		24 27:8	50 19:23 20:11
18:18,22 21:1	12th 18:18,25		25 26:8,15	27:20
\$37 27:5	20:22		266 23:2	54 19:22 27:9
\$40,000 24:1	13 23:25		27 24:13 28:1	55 19:24
\$42,000 24:11,14	14 19:1,20 20:23		28 27:14	58 19:24
\$446.37 27:8	23:25		29th 6:13	<hr/>
\$478,661 18:14, 16	14B 20:7		<hr/>	6
\$480,733 10:25	15 19:20		3	
\$487,000 24:7	16 19:22		3 6:14,16,25 18:3,8	6 19:13,14 27:4
\$5,253 27:1	1603H 11:3		19:18,20 20:14	60 20:1,2
\$614,434 18:12	17 5:1 17:25 28:1		26:2,8,15 27:4,8,	62 20:14
\$615,434 10:23	179 22:24		14,20 28:1	63 20:14
\$660 27:21	17th 5:8		30 8:14,15	64 20:17
\$804.35 27:13	18 11:23 13:4		31 22:11 27:20	<hr/>
	27:14		335 23:3	7
	1995 10:12		33523 26:7	7 19:13,14,17 27:4
	1:00 31:18		33609 26:7	<hr/>
			337 22:25	9
			345 23:8	
			35 27:8	9 20:9
				98 10:12

9:31 5:2**9:32** 5:9

A

A-E 7:14**a.m.** 5:2,9 31:22**absence** 28:9**absolutely** 12:15**account** 25:21,24
26:9 28:8,11,14,
16**accounting**
25:21 26:2 28:21**accounts** 13:9,14
25:15 29:3**accuracy** 23:16**accurate** 6:2**activity** 26:9**actual** 19:6**Adams** 7:25
13:18,20**add** 19:19 20:13**added** 26:20**additional** 23:11**adjourn** 31:17**adjusted** 26:24**adjusting** 23:25**adjustments**
28:12**Administrative**
5:15 7:3,15 9:25
12:6 13:22 15:7
16:17**admit** 30:10**admitted** 7:1,13**affidavits** 14:2,12
15:12,22 16:22
17:3,6,10 20:24
28:6 30:9**affiliated** 5:11**affirmative** 10:2**afternoon's**
31:19**agency** 5:11,12**ahead** 9:7 10:3**allowed** 18:13**amount** 10:23,24
11:11 12:21 18:12
24:16,17 25:17
26:16 29:1**amounts** 26:21
28:19,20**analysis** 23:9,11**analyzed** 23:21**Andrew** 27:22**Andy** 27:10**appeal** 5:6 18:22
24:20 29:9 31:19**Appeal's** 5:21
6:11**appeals** 5:7,10
24:13 26:3,4 27:2,
7,12,18,24**Appellant** 6:13
8:16 21:15,21
22:8,18 23:18
24:5,14 25:6,14,
20,23 28:13,24
29:7 30:22**appellant's** 6:15,
21,25 7:2 8:5
11:17 19:20 20:15
23:4,12 25:4,7,11,
17 26:3,14 27:2,6,
11,17,23 28:2,7,
17 29:9**Appellants** 8:12
20:25 26:1**applicable** 28:23**approximately**
5:9 8:13,14**April** 22:11 25:16,
25**argue** 11:10,14**argued** 19:1**assessed** 23:9**assessment**
23:11 24:14**assiduous** 21:5**Associates** 10:9**assume** 12:16**assumptions**
21:3**attending** 31:13,
21**attest** 14:3,9
15:13,19 16:23
17:8**attesting** 14:13
15:23 17:11**audit** 10:23 18:5,
25 22:10,12,15,21
23:2,15,17,24
24:4,8,12 25:5,10,
12,19 30:15**audited** 24:3**auditor** 12:16
18:5 30:16**audits** 11:25 25:8**August** 6:13
16:10**average** 22:24**aware** 5:10

B

background 6:6**bank** 22:14 23:9,
19,21,23 25:13,
15,24 28:8,9,11,
14,16,19,21 29:1,
3**based** 23:11
24:18 25:12 28:1
29:4,6**basis** 11:22 12:14,
17 13:12 14:17
16:2 17:15 29:5**beer** 22:9**begin** 9:21 10:3
22:3 29:25**beginning** 8:9**behalf** 12:5 13:21
15:6 16:16 18:5**BLE** 18:4**Board** 10:11**books** 23:12
24:10 25:4 29:6**burden** 24:21,23
25:3 29:7 30:4**business** 11:24
23:1

C

calculated 22:24
24:3**California** 10:20
11:2**call** 7:16 13:10**called** 12:5 13:8,
21 15:6 16:16**capacity** 10:14**card** 10:22,23
11:1,21 12:13
13:3,13 14:5,14,
21 15:15,24 16:6,
25 17:12,21 18:10**career** 14:17 16:2**case** 5:7 7:22
8:13,16 10:21
21:5 24:20 30:13
31:14**cases** 10:14 21:4

cash 12:17,21,23 13:9 14:20 16:5 17:20 22:19 25:14 26:25 27:5,9,15, 21 28:11,13,15, 20,22,25 29:1,2	columns 18:9	21 18:10	29:3
caused 19:8	command 30:19	crew 17:15	deposits 23:9,19, 23 24:4 25:13 28:10,16,19
CDFTA 12:16	compared 22:22 23:1,3	customers 18:11	Deputy's 10:12
CDTFA 6:20 7:16 8:4,15,18 9:8 11:19 21:9	complete 23:13 28:9	cut 6:6	description 26:8, 11
Cellar 10:17 14:10,18 15:20 16:3 17:9,16	conceded 11:5 18:19 24:14	<hr/> D <hr/>	descriptions 26:11
cents 19:8 20:12 26:13 27:8,13,19	concerned 18:17	daily 12:17,21 22:19 28:25	detail 25:21
chain 30:19	conclude 31:4,8, 11	data 22:20	details 25:24 26:8
chance 9:10	concluded 31:20, 22	daunting 18:7	determination 24:21,25 25:6 29:6
change 25:7	concludes 29:10	day 12:24	determine 9:17 23:17,23 24:10,17 25:4 28:10
check 11:22 12:14 14:4 15:14 16:1,24 19:14,23 20:10,18 26:7 29:14 30:6	conducted 25:12	days 31:15	determined 23:12 28:2
checking 13:9,14 30:25	conducting 5:15	debit 13:12	difference 19:7,9 20:12 23:6
checks 13:2 14:14,16 15:24 17:12,14 19:16,19 20:11,13 25:15,22 26:12,19 27:3,8, 13,19,25 28:6	conference 6:12	decide 31:14	differences 23:8
Chow 27:10	Connell 10:13	decided 13:7	dig 11:17
claimed 25:17 26:21	consideration 20:23	deduct 28:18	DIRECT 12:10
clarification 6:9	constituted 10:24	deduction 26:13 28:23	disagree 19:2
closed 31:16	contends 25:6, 14,20	deductions 26:10	disappeared 30:11,18
closing 8:17	contention 28:7	deficiency 29:5	discuss 23:10
collected 18:11, 20 25:22	contentions 26:1	deleted 18:25	discussed 19:18
column 18:9,13, 14,15,17,19 19:4, 5,17	Controller 10:12	denied 29:9	discussions 30:11
	convince 21:4	department 6:22 8:7 11:4,7,13 18:23 19:1 21:2, 11 22:10,22 23:3, 10,12,15,21 24:3, 9,15,17,20,22 25:3,9 26:5 28:2, 10 29:2,4,8	docked 13:5
	copies 19:22 20:17	department's 7:14 23:18 24:25 25:10	documentary 28:25
	correct 7:18,19 8:1,2 17:17	Departments 18:19	dollars 10:23,24 11:1,5,12 23:6,24 24:1,2,4,6,8,11,15 27:1,3,5,10,16,22
	cost 22:23	deposit 25:24 28:21 29:1	download 22:20
	count 26:21	deposited 25:14 28:8,11,14,15	Dudley 5:7 7:25 10:16,17,18 11:19
	court 5:13		
	credibility 21:5		
	credit 10:22 11:1, 21 12:12 13:3 14:5,14,21 15:15, 24 16:6,25 17:12,		

12:1,4,5 13:21
14:3,23 15:6 16:8,
16,23 17:24,25
30:12 31:20

Dudley's 15:13

duly 9:24 12:6
13:22 15:7 16:17

Dustin 7:25 13:18
27:16

E

effect 30:9

effectively 13:8

employee 13:11
19:15 26:9

employees 11:13
12:23 13:2 14:2,6,
17 15:12,16 16:2,
22 17:1,15 19:6
20:3,6 25:16,22
26:16,20,23 30:8

employer 11:14

end 9:12,17 31:2

entered 11:21
12:13

entire 14:17 16:2
17:15 20:22

entitled 20:25

Equalization
10:11

essential 28:13

establish 24:24

established
28:13

estimate 8:12

evidence 7:3,15
28:25

exact 19:17

examination
12:10 22:10

examined 12:7
13:23 15:8 16:18

exclude 24:24

exhibit 6:16,21
11:18 12:12 18:3,
7 19:18,20,22
20:14 22:25 23:3,
8,25 24:5,9,13
26:2,8,14,15 27:1,
4,6,8,11,14,17,20,
23 28:1

exhibits 6:14,25
7:2,5,7,10,12,14
11:17

existed 11:23

explained 29:5

extent 28:15

F

face 21:6

fact 14:3,9,13
15:13,19,23 16:23
17:9,11

favor 30:22

February 11:9
18:19 19:1 20:23
25:16,25

find 30:21

firm 10:9 18:6

flies 21:6

foregoing 29:4

found 23:6

full 19:23 20:18

Fullerton 10:20

fully 29:5

funds 13:13 23:16

G

General 19:20
20:15

generals 22:21

give 8:18 9:8,10

good 5:5 6:17
9:19 10:7 12:15
22:6,23

gross 11:16 21:1
22:22 23:4

H

Halverson 7:6,8,
11,20,23 8:2 9:2,5
10:3,7,8,9 12:11
13:17 14:1 15:2,
11 16:13,21 18:2
29:24 30:2

hand 11:14 12:21
14:20 16:5 17:20
21:2

handed 12:23

handled 18:5

handling 30:13

happy 21:7

hard 19:24 20:19

hearing 5:8,16,17
6:1,8,9,10 31:2,
12,16,18,19

held 6:13 13:11

high-end 10:19

higher 23:10

historically 13:1

I

identified 7:21

immediately
13:13

impossible 19:25
20:20

inadequate 23:13

include 28:20,21

included 11:15
19:23 20:15,18

including 5:12

income 10:22
11:11 14:21 16:6
17:21 18:24 19:6,
15 20:2 22:13,23
23:4 30:7,8

incomplete 22:16
28:3

inconsistent
28:3

Incorporation
22:8

incorrect 28:18

independent
5:11

indirect 23:15

information 5:23
23:22 24:18

initial 24:21,23

insignificant
20:13

insinuations
21:3

intend 7:16

intentional 30:19

introduced 14:2
15:12 16:22 17:7

involves 10:22

issue 10:21 11:24
25:8,12 30:22,23
31:14

J

January 18:18,25
20:22 25:18

job 24:1

Judge 5:5,6,15,16
6:20,24 7:3,9,12,
15,20,24 8:3,8

9:6,19,25 10:1
12:7 13:23 15:8
16:18 21:8,13,14,
16,19,20,22,25
29:13,15,17,19,
21,23 30:24 31:1,
3,6,7,9,11

judges 31:14

July 11:9 19:6,7,9
20:3 26:25 27:5,9,
15,21

June 19:8

K

Kai 18:4

Kathleen 10:13

Kickfin 13:8

Kwee 5:16 21:14,
16 29:15,17 31:1,
3

L

labeled 6:14

Lambert 5:16
21:20,22 29:19,21
31:7,9

Laufenberg
27:16

Law 5:15 7:3,15
9:25 12:7 13:23
15:8 16:18

lead 5:14

Ledger 19:21
20:15

legal 26:18

lets 7:4 11:17,18
20:1

letter 11:18 19:24
20:19

liberty 25:5

liquor 22:9

listed 20:10

Lister 8:1 15:2,5

live 5:1,17,22,24

loan 24:1

Local 10:10

located 10:19

long 14:23 16:8
17:23

lost 22:14

loudly 6:7

low 22:25

M

made 20:6 26:5

maintained 25:20

make 5:22 6:2,5
8:25 20:20 30:2

manager 17:6

mandatory 10:24
18:10 20:7

March 11:7 18:20,
21,24 22:11 24:2
25:18

Mark 7:25 16:13

mark-up 22:24,25
23:2,19

matter 6:12

means 26:22

meet 31:14

members 8:20

mentioned 5:17
12:12

merchant 22:17

met 24:23 29:7
30:4

method 23:15,19,
20 25:13

Mickey 18:4

million 23:23
24:4,6

minimum 24:21

minutes 8:13,14,
15,16 29:24

mirrors 21:3

misappropriated
11:14

misreport 28:6

misunderstood
17:4

money 13:11

month 10:15
18:11,13 20:4,11

monthly 19:12

months 13:4
20:21 30:5

morning 5:5 6:17
10:7 12:15 22:6

moving 9:3

muted 6:5

N

nasty 21:3

Natasha 5:14

needed 6:7

Net 26:22

night 12:22

nightly 13:12

noise 6:6

noted 19:19,21
20:14

November 22:9

number 5:8 19:17
26:7

O

oath 7:22

objected 23:18

objection 7:1,13
8:7

objections 6:21,
22 7:10 8:4

observations
26:6

October 5:1,8

Office 5:7,10,21
6:11 26:3,4 27:2,
7,12,18,24

official 6:10

opening 8:9 9:3

operated 22:8

operating 12:18

opinion 30:4
31:15

opportunity 8:18
9:9

optional 11:1,2,5,
8 18:10,13,15,20
20:8 24:1 28:13,
18,20,22

order 28:12,22

OTA 5:12 21:4

owned 10:18

owner 11:19

ownership 13:6

owns 10:17

P

p.m. 31:18

pages 18:6 19:14,
20,22,24 20:14,
17,18 23:25 26:2

paid 11:12,22
12:13,16 14:13,
16,20 15:23 16:1,
5 17:11,14,20
18:10 19:6,9,11,
12 20:3,5,10

24:17 25:15,22 26:16,22,23 28:6 30:8	present 6:1 8:13, 15		11:8 14:4 15:14 16:24
panel 8:20 9:1 29:14 30:25	presentation 10:6 22:2,5 29:10	<hr/> Q <hr/>	record 5:20 6:2 10:1 31:16
Pardon 19:7	presumption 24:11	quarter 18:15	recorded 5:18
part 5:20 25:18	previous 26:4	question 8:19 9:9 21:11 29:11	recording 5:19
Patrick 7:25 15:2	previously 7:21	questions 8:20, 22 9:1,11,18,20, 21 12:2 13:15,17 15:3 16:13 21:7,9, 14,17,20,23 29:15,18,20,22 31:1,7,10	records 22:12 23:12 24:10 25:4, 10 26:2 29:7 30:10,14,15,20
pay 26:12,18	prior 8:9 11:23,25 12:22 13:5 23:2 25:8,10,12	Quickbooks 19:21 20:17	reduced 11:4
payment 24:2 25:11 26:22 27:1, 3	private 5:23	quote 11:20	reduction 11:11 21:1
payments 28:19	procedure 12:18	<hr/> R <hr/>	reflected 18:13
payroll 26:25 27:4,9,14,20	proceed 9:7		reflective 20:7 30:7
percent 22:24 23:2	proceedings 31:22		reflects 18:9 20:2, 5
performed 22:10	process 13:7 23:18 24:14	raise 9:23	regulation 11:3
period 11:6,9 18:18 20:22 22:11,16,21 23:24 24:4,8,12 25:25	produce 6:9	Ralston 5:5,6,14 6:20,24 7:9,12,20, 24 8:3,8 9:6,19 10:1 21:8,13,19, 25 29:13,19,23 30:24 31:6,11	reliable 23:13 28:9
periods 19:1	produced 25:5	rational 24:22 25:6	remainder 10:25
permit 25:11	profit 22:14	Ravinder 6:17 8:6 9:15 22:6	Remaining 26:10
personal 24:1	proof 19:2 20:21 24:23 25:3 30:4	re-audit 11:4	remember 19:11
personally 14:6 15:16 17:1	prospect 26:9	read 19:24 20:19	repeat 17:4
place 13:6	prospective 9:24	ready 8:11 10:4 22:1,3 29:25 31:4, 11	report 12:20
planning 9:2	prove 29:7	reasonable 24:22 25:5 29:6	reported 23:4,5, 16 24:5,16
pleasure 10:11	proved 29:5	rebuttal 8:17 29:25 30:1	reporting 6:1
point 8:22 22:15, 19	proven 20:25	receipts 11:16 21:1 22:22 23:4 28:17,20,22,23	reports 22:15,19
Poli 7:25 16:13,15	provide 22:19 26:11	receive 6:15 7:6	represent 10:16 20:21
policy 11:23 12:17 25:7	provided 13:2 25:24	received 7:2,14	representatives 30:13,14
POS 12:20	PSO 12:20		Representing 18:20
possession 24:18,19	public 5:18,20		represents 11:1
practicing 10:9	purchase 22:20, 21		request 29:8
prehearing 6:12	purchases 22:16		requested 23:19 30:16
	purposes 23:14		
	put 13:12 18:4		

requests 22:18 25:23	22:15,19,20 23:5, 14,17 24:6,7 29:2	slips 25:24 29:1	substantial 19:10
required 24:17	satisfied 24:15	smoke 21:3	sufficient 25:2
Respondent 5:12 7:4 29:16,20	satisfy 25:3	sold 22:23	summaries 26:10,17
Respondent's 7:6,12,16 22:1	save 9:11	sor 9:14	summary 22:15 26:7,12,19,25 27:4,9,15,21
response 25:9	screen 5:24 19:21 20:16	Sounds 9:19	support 26:1 28:7,12
restaurant 10:17, 19 11:13 14:10, 18,21 15:20 16:3, 6 17:9,16,21 22:8	seller 25:11	speak 6:4,7	swear 8:10
Restaurants 5:7 10:16,17 11:20 12:5 13:21 14:3, 24 15:6,13 16:9, 16,23 17:24 31:20	selling 22:9	speaking 6:5	sweet 30:3
	sensitive 5:23	speaks 6:3	sworn 9:25 12:6 13:22 15:7 16:17
	separate 13:2	spreadsheet 11:22 12:13	system 13:5,8
	sessions 25:2	standard 12:18	
	share 14:4,21 15:14 16:6,24 17:21	start 11:18 18:8	<hr/> T <hr/>
result 13:6	Sharma 6:15,17, 18,22 7:18,19 8:6 9:13,14,15 21:9, 11 22:6,7	starting 9:3 25:17	
resulted 23:10		State 10:10,12	
resulting 24:6		stated 10:2	taking 20:3,23
results 24:24	sheet 22:16	statement 8:10, 17 9:3 12:2,14 26:17 30:1	tax 5:7,10,11,12, 13,21 6:11 10:10, 14 11:3,6 18:5 22:13,16,23 23:4, 5,14 24:12,16 26:3,4 27:2,7,12, 18,24
resume 31:18	short 30:3	statements 22:14,17 23:22	taxable 10:25 11:16 23:17 24:3, 6,7
Retailer's 11:16	shortly 10:18	states 11:20	taxation 10:12
Return 23:5,6	shots 19:21 20:16	STEAM 5:1	taxes 26:10,20,22
returns 22:13,23	show 5:23 26:11, 13 27:7	Stenographer 5:25	taxpayer 24:16, 24
review 28:2	showing 24:21	stop 6:8	taxpayer's 25:3
reviewed 23:21	shown 19:5 30:5	stream 5:22,24	ten 14:25 16:10
reviewing 26:3	shows 12:20 26:15,19,25 27:3, 5,9,12,15,18,21, 24	streamed 5:18	testified 12:7 13:23 15:8 16:18
Rex 10:8,9	sick 17:5	stub 26:18	testify 7:21 10:18
right-hand 9:23	sign 8:23 14:12 15:22 17:10	subject 11:2,6 18:22 24:12	testimony 8:14, 19,24 9:4 20:24 28:5 30:9
Rodriguez 5:25 6:8	significantly 12:22	subjected 26:21	thirty 8:13
roughly 20:3	sir 12:25	submission 26:4, 15 27:2,7,12,18, 24 28:3,5	
Ryan 7:25 10:18 11:19 12:12	sitting 10:11	submissions 26:5	
<hr/> S <hr/>	skip 17:8	submits 25:9	
sale 22:15		submitted 6:13 7:4 26:2 28:24	
sales 11:3,6 18:4			

tight 21:4**time** 5:9 6:3 8:11,
12 21:17,23 29:22**timing** 19:9**tip** 10:22 11:1114:16,21 16:6
17:14,21 18:24
19:6,8,11,15,23
20:2 25:7 28:18
30:7,8**tips** 10:23,25 11:1,2,5,6,8,12,15,21
12:13,16,22,23
13:3,12 14:5,14
15:15,24 16:1,25
17:12 18:10,13,
15,20 20:7,8 21:5
22:19 24:1 25:7,
11,15,21,24
26:16,21,23,25
27:3,5,7,10,12,15,
18,21,24 28:6,8,
11,14,15,21,22,25
29:1,3**title** 22:23 23:4**today** 5:6,17
10:15 11:10**Today's** 5:8**total** 10:22 18:9,
15 19:4,14,15,16
20:2,5,11,12 23:5,
23 27:5,9,12,15,
18,21,24 28:17
29:1 30:6,7**totals** 18:14,18**transcript** 5:19
6:10**transferred** 13:13**transmits** 13:9**true** 12:14,15,20,
24**truth** 21:6**TUESDAY** 5:1**turn** 19:3,13 20:9**type** 13:7 23:1

U

unable 28:10**understate** 28:17**unreported** 23:17
24:7,10**Unsupported**
25:2**untrustworthy**
19:2**unverifiable** 28:4**upload** 13:12

V

vault 13:10**vehemently** 19:2**verbatim** 6:1**verifiable** 28:9**verify** 23:16 29:2**video** 5:19**virtual** 13:10**voted** 10:14

W

wages 13:3 14:13
15:23 17:11**wages/salary**
26:20**wait** 9:16**walk** 18:3**warranted** 25:1**WEBEX** 5:1**website** 5:21 6:11**weekly** 11:22
12:14 14:4,17
15:14 16:2,24

17:15 30:8

wine 22:9,16,20**witness's** 28:5**witnesses** 7:17,
21,24 8:5,10,19,
23 9:9,10,16,22,
24 10:2 21:10,15,
21**work** 17:23**worked** 14:9,23
15:19 16:8 17:9,
23,25**working** 14:18
16:3 17:16**worksheet** 25:17**written** 11:19
19:14

Y

years 10:10 11:23
14:25 16:11 17:25
18:1 22:13 30:5,
11,13