





1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

APPEARANCES:

Panel Lead: ALJ TOMMY LEUNG

Panel Members: ALJ EDDY Y.H. LAM  
ALJ SUZANNE BROWN

For the Appellant: BENJAMIN PEELER  
BRADLEY DRAKE

For the Respondent: STATE OF CALIFORNIA  
FRANCHISE TAX BOARD  
  
VIVIAN HO  
MARIA BROSTERHOUS

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
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 1-25 were received into evidence at page 5.)

(Department's Exhibits A-D were received into evidence at page 5.)

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

	<u>PAGE</u>
By Mr. Drake	7
By Ms. Ho	18

W I T N E S S T E S T I M O N Y

	<u>PAGE</u>
By Mr. Bates	17

C L O S I N G S T A T E M E N T

	<u>PAGE</u>
By Mr. Drake	22

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

California; Thursday, September 19, 2024

11:10 a.m.

JUDGE LEUNG: So today is September 19th, 2020 [sic]. The time is approximately 11:10 a.m. This is OTA Docket Number 230413056, Appeal of Sockeye Trading.

The parties have agreed to the following, prior to today's hearing: No. 1, that the hearing would be held electronically; No. 2, the issues to be decided are whether the late payment estimated tax penalties and interest should be abated for the 2020 tax year; and No. 3, the following exhibits will be admitted into the record, Exhibits 1 through 25 for Appellant and Exhibits A through D, as in dog, for the Franchise Tax Board.

(Appellant's Exhibits 1-25 were received in evidence by the Administrative Law Judge.)

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

I'd like to have introductions from the parties first, beginning with you, Mr. Drake.

MR. DRAKE: Yes, hello. My name is Bradley Drake. I'm an Enrolled Agent and senior tax manager at Eide Bailly LLP.

JUDGE LEUNG: Welcome.

Mr. Peeler.

1 MR. PEELER: Benjamin Peeler, representing  
2 Sockeye Trading.

3 JUDGE LEUNG: Okay. And you have your witnesses,  
4 Mr. Gates [sic] and Ms. Langworthy, with you?

5 MR. DRAKE: Yes.

6 JUDGE LEUNG: Great.

7 And for the Franchise Tax Board.

8 MS. HO: This is Vivian Ho representing the  
9 Franchise Tax Board, along with my Co-Counsel Maria  
10 Brosterhous.

11 JUDGE LEUNG: Wonderful.

12 And before we begin, I'd like to have the  
13 witnesses, Mr. Gates [sic] and Ms. Langworthy, please  
14 raise your right hands.

15

16 R. LANGWORTHY,

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

20

21 D. BATES,

22 produced as a witness, and having been first duly sworn by  
23 the Administrative Law Judge, was examined, and testified  
24 as follows:

25

1 JUDGE LEUNG: Okay. Mr. Drake, you have  
2 15 minutes for your presentation to allocate however you  
3 allocate, opening, main, presentation, closing, and each  
4 witness has 5 minutes to testify. So, Mr. Drake, begin  
5 when you're ready.

6

7

PRESENTATION

8 MR. DRAKE: Okay. Hello. Again, my name is  
9 Bradley Drake, and I'm an Enrolled Agent and senior tax  
10 manager at Eide Bailly LLP. Case I'll be discussing is  
11 Sockeye Trading Company, Inc., v. California Franchise Tax  
12 Board tax board pertaining to the 2020 income tax period.

13 The objective of this presentation is to  
14 establish that penalty abatement is justified due to the  
15 extraordinary and unprecedented challenges faced by the  
16 taxpayer during the COVID-19 pandemic. These challenges  
17 directly impacted their ability to comply with tax  
18 obligations despite exercising --

19 JUDGE LAM: This is Judge Lam speaking. Sorry.  
20 Could you speak slower so our stenographer can  
21 hopefully --

22 MR. DRAKE: Okay.

23 JUDGE LAM: Great. Thank you.

24 MR. DRAKE: -- despite exercising ordinary  
25 business care and prudence. At issue the taxpayer is

1 appealing penalties and interest totaling \$178,417.82 for  
2 late payment of 2020 income taxes. Sockeye Trading  
3 Company relied on its CPA firm, Eide Bailly LLP, to submit  
4 an estimated tax payment of \$980,000 for the 2020 tax  
5 year, which was due April 15th of 2021.

6 Eide Bailly indicated to the taxpayer that this  
7 form had been submitted to the FTB. Due to complications  
8 related to COVID-19 pandemic, including staff shortages  
9 and remote work transitions, the CPA firm failed to submit  
10 the payment authorization form, which would be 8453-BE,  
11 even though Eide Bailly had informed the taxpayer that the  
12 payment form was, in fact, submitted. This information  
13 was related to the taxpayer June 4th of 2021. Taxpayer  
14 only became aware of the missed payment over a year later  
15 in June of 2022. And upon discovery of the error,  
16 promptly made the \$980,000 payment, and later fully paid  
17 the remaining \$178,417.82 in penalties and interest.

18 Sockeye Trading Company filed a request for  
19 penalty abatement. This was denied by the California  
20 Franchise Tax Board on February 17th, 2023, and the  
21 taxpayer timely filed an appeal of denial arguing the late  
22 payment resulted from factors beyond their control,  
23 including disruptions caused by COVID-19 pandemic and the  
24 failure of their CPA firm. This failure was not from  
25 willful neglect or intentional disregard of the tax laws.



1 Over the last few years virtually everyone was  
2 effected in some way by the COVID-19 pandemic. During the  
3 national pandemic, individuals, businesses, and taxing  
4 authorities alike were confronted with extraordinary  
5 challenges and unprecedented circumstances that  
6 significantly disrupted normal operations and compliance  
7 capabilities. Over 1.1 million people, their deaths were  
8 attributed to COVID-19. There was a net loss of 3 million  
9 jobs from pre-pandemic levels, and 42 percent of the  
10 population had switched to remote work. Taxpayer and the  
11 taxpayer's CPA were both effected by lockdown, staffing  
12 issues, and work from home transitions.

13 Both California and Idaho issued stay-at-home  
14 orders that mandated that residents stay at home unless  
15 they are obtaining food, prescriptions or health care,  
16 caring for family member or friend in need, going to work  
17 at essential businesses or organization, such as health  
18 care, grocery stores, and utilities. These orders stated  
19 that nonessential businesses were required to close or  
20 shift to remote operations. In light of these  
21 unprecedented circumstances, it is evident that both Eide  
22 Bailly LLP and taxpayer acted in good faith while  
23 navigating the severe operational disruptions which were  
24 caused by the pandemic.

25 The stay-at-home orders, remote work transitions,

1 and significant workforce challenges further support the  
2 argument that the taxpayer's failure to meet deadlines was  
3 due to factors beyond their control, warranting  
4 consideration for penalty abatement under reasonable  
5 cause. It is important to note the taxing authorities  
6 have acknowledged challenges faced by taxpayers. In the  
7 Taxpayers Bill of Rights Annual Report to the legislature,  
8 Executive Officer Selvi Stanislaus detailed the  
9 significant challenges the Franchise Tax Board faced  
10 during COVID-19 pandemic. She highlighted the FTB's rapid  
11 adaptation, including extending tax deadlines from April  
12 15 to July 15th, and transitioning 75 percent of the staff  
13 to remote work.

14 The FTB prioritized clear and consistent  
15 communication with taxpayers, professional through news  
16 releases, online updates, and social media to ensure  
17 widespread awareness of these challenges. The Internal  
18 Revenue Service also understood these challenges, and they  
19 did announce \$1 billion in late payment penalty relief for  
20 approximately 4.7 million taxpayers. This would have been  
21 for the 2020 and 2021 tax years. And this was after  
22 previously granting relief for late-filing penalties for  
23 the years 2019 and 2020.

24 Many federal and state agencies, not just the IRS  
25 and FTB, enacted pandemic-related relief measures. This

1 included extended tax deadlines, reduced enforcement  
2 actions, and streamline processes for requesting abatement  
3 of penalties and interest. For instance, various states  
4 mirrored the IRS actions extending tax deadlines and  
5 providing penalty relief for state taxes. Taxing  
6 authorities, including the IRS and FTB, have repeatedly  
7 emphasized the unprecedented nature of COVID-19 pandemic.  
8 And both agencies have explicitly recognized that the  
9 situation was extraordinary, prompting them to take  
10 unprecedented steps to ease the compliance burden on  
11 taxpayers.

12 Sockeye Trading Company, like many businesses  
13 during the pandemic, faced extraordinary challenges but  
14 remained committed to compliance, navigating unprecedented  
15 uncertainties while striving to meet its obligations. The  
16 taxpayer is a responsible business with a strong history  
17 of compliance. During the period in question, the  
18 taxpayer was dedicating substantial resources to an IPO  
19 effort. Transitioning over a thousand employees to remote  
20 work posed significant challenges to their processes and  
21 procedure. The taxpayer engaged a reputable CPA firm to  
22 ensure full tax compliance.

23 In 2020 the taxpayer filed returns with the IRS  
24 and 21 state taxing authorities, compared to only three  
25 states the prior year adding to complexity. Relying on

1 their trusted accounting professionals, the taxpayer  
2 believed all filing and payment obligations had been met.  
3 There's no willful neglect or intentional disregard of the  
4 tax laws. In this case, there was also added confusion  
5 when working directly with the Franchise Tax Board. The  
6 taxpayer was in contact with representative Brandon Long  
7 to resolve some issues with Form 592-BTE and 592-B.

8 After working with the representative, taxpayer  
9 submitted an amended tax form that was requested and made  
10 payment to resolve the matter. This exchange occurred in  
11 the winter of 2022. No reference was made to the missing  
12 extension payment for the 2020 tax year, even though the  
13 representative was working on the same tax year in  
14 question. Taxpayer also mentioned -- oh, I'm sorry --  
15 also received a notice in March of 2022 referencing the  
16 592-PTE issue, but no mention of the missed extension  
17 payment. In June of '22 when the taxpayer was made aware  
18 of the missing \$980,000 payment, they went ahead and  
19 promptly made that.

20 However, had they have known with prior  
21 communication that there was a missing payment, they would  
22 have -- at an earlier date, they would have made that  
23 payment immediately. The California Revenue & Tax Code  
24 19132 allows for penalty abatement when with the failure  
25 to pay taxes is due to reasonable cause and not willful

1 neglect. Some other cases that would apply to this  
2 situation is the matter of Appeal of James Lamb. In this  
3 case, taxpayers relied on partnership's inaccurate income  
4 estimates, which led to an underpayment of taxes.

5 The Court found the taxpayers took appropriate  
6 steps to pay their taxes timely and reversed the penalty  
7 due to reasonable cause. Similar to this case, taxpayers  
8 relied on their CPA to assist their compliance. The  
9 taxpayer took reasonable steps to comply, including filing  
10 the necessary forms and maintaining communication with the  
11 CPA, demonstrating that the underpayment was not due to  
12 willful neglect.

13 In the matter of the Appeal of Harry J. Moren,  
14 the taxpayer relied on the accountant's incorrect filing,  
15 and the Court found the taxpayer demonstrated reasonable  
16 cause since they took reasonable steps to ensure  
17 compliance. When applying this to Sockeye, the taxpayer  
18 acted prudently by engaging a CPA firm, submitting all  
19 necessary forms, and believing all obligations were met.  
20 The tax underpayment resulted from the CPA's failure, not  
21 the taxpayer's negligence.

22 In US v. Boyle, the Supreme Court held the  
23 taxpayers may avoid penalties if they show they exercised  
24 ordinary business care and prudence, even when relying on  
25 professional advisers. Sockeye Trading Company took all

1 reasonable steps by hiring a competent CPA firm and  
2 relying on their advice. CPA firm's failure to process  
3 the payment on time was outside the taxpayer's control,  
4 meeting the standard of ordinary business care and  
5 prudence.

6 In *Brown v. US*, the Court found that taxpayer's  
7 failure to meet deadlines due to unforeseen circumstances  
8 constituted reasonable cause for relief. *Sockeye Trading*  
9 *Company* was effected by external uncontrollable factors,  
10 namely the COVID-19 pandemic that delayed the tax payment.  
11 This case supports the taxpayer's argument for reasonable  
12 cause.

13 In *Frias v. Commissioner*, the taxpayer made  
14 reasonable assumptions, based on the information available  
15 at the time, took prompt action when issues arose. The  
16 Court found reasonable cause for abating penalties.  
17 *Sockeye Trading Company* acted in good faith by relying on  
18 their CPA and taking corrective actions as soon as they  
19 were made aware of the payment issue. This aligns with  
20 the court decision to provide relief when taxpayers make  
21 reasonable efforts to comply. The law supports *Sockeye*  
22 *Trading Company* in its claim for penalty abatement. The  
23 taxpayer engaged a competent professional, followed proper  
24 procedures, and experienced unforeseen external  
25 disruptions due to the COVID-19 pandemic. These cases

1 collectively demonstrate that the taxpayer exercised  
2 ordinary business care and prudence and that late payment  
3 was not due to willful neglect, but to reasonable cause.  
4 Therefore, relief should be granted.

5 Now, the taxpayer's response to the issues  
6 demonstrate a clear commitment to tax compliance. Sockeye  
7 took immediate and diligent steps to correct the issue  
8 once it became aware of the missed \$980,000 estimated tax  
9 payment. Upon learning in June of 2022 that the payment  
10 had not processed been processed, taxpayer promptly made  
11 the full payment on June 16th, 2022, demonstrating a clear  
12 intent to rectify the situation. The taxpayer also  
13 engaged in ongoing communication with the Franchise Tax  
14 Board to resolve the matter, including addressing earlier  
15 notices for withholding tax discrepancies. Despite the  
16 confusion caused by delayed and unclear notices from the  
17 FTB, the taxpayer made efforts to work cooperatively with  
18 both the FTB and its CPA firm to ensure all tax  
19 obligations were met.

20 This included timely filing a reasonable cause  
21 claim for refund after receiving conflicting information  
22 from the FTB and remitting additional payments to settle  
23 any penalties and interest.

24 JUDGE LEUNG: Mr. Drake.

25 MR. DRAKE: Yes.

1 JUDGE LEUNG: Excuse me. You're time is up.  
2 I'll let you finish your thoughts before you go to your  
3 witnesses.

4 MR. DRAKE: Okay.

5 JUDGE LEUNG: Okay.

6 MR. DRAKE: We respectfully request the court  
7 consider the unprecedented challenges faced by the  
8 taxpayer during the COVID-19 pandemic. Unlike many  
9 businesses, Sockeye Trading Company was navigating a  
10 period of extreme uncertainty, disruptions to normal  
11 operations, and rapidly evolving tax guidance. We request  
12 that the court be given consideration to these  
13 unprecedented times.

14 JUDGE LEUNG: Okay. Thank you. And you wish to  
15 put on your witnesses now?

16 MR. DRAKE: We had previously entered affidavits  
17 for both of the witnesses. We did want make them  
18 available in case there were questions but, you know, at  
19 this time we are leaning on those affidavits.

20 Ben, did you have anything to add?

21 MR. PEELER: No. No. Since that would encompass  
22 all their testimony to save the Court some time, and since  
23 they've already been entered into evidence.

24 MR. BATES: Yeah. Brad, can make one comment?

25 MR. DRAKE: Yes, Mr. Bates.





1 job that we all. We got probably 98 percent of it done,  
2 but one tax payment slip through the cracks. But it was  
3 just one of those storms that we had to get through, and  
4 we got through it, and hope we don't ever have to do it  
5 again.

6 Thank you.

7 JUDGE LEUNG: Thank you Mr. Bates.

8 Okay. Franchise Tax Board do you have any  
9 questions for either Mr. Bates or Ms. Langworthy?

10 MS. HO: No questions. Thank you.

11 JUDGE LEUNG: Okay. To my Co-Panelists,  
12 Judge Brown, any questions for the witness?

13 JUDGE BROWN: I don't have any questions at this  
14 time. Thank you.

15 JUDGE LEUNG: Thank you.

16 Judge Lam, any questions for the witnesses?

17 JUDGE LAM: No questions. Thank you.

18 JUDGE LEUNG: Okay. Then let's have Franchise  
19 Tax Board make their presentations.

20 Ms. Ho.

21 MS. HO: Yes. Thank you, Judge Leung.

22

23 PRESENTATION

24 MS. HO: Good morning. My name is Vivian Ho. I,  
25 along with my Co-Counsel Maria Brosterhaus, represent

1 Respondent, the Franchise Tax Board.

2 The issues presented before you today are whether  
3 Appellant established reasonable cause for abatement of  
4 the late-payment penalty, and whether there are grounds  
5 for abatement of the estimated tax penalty for tax year  
6 2020.

7 Appellant has not established reasonable cause  
8 for abatement of the late-payment penalty. The  
9 late-payment penalty may be abated if the taxpayer  
10 establishes that its failure to timely pay occurred  
11 despite the exercise of ordinary business care and  
12 prudence. The burden of proof is on the taxpayer to show  
13 that reasonable cause exist to support abatement.  
14 Appellant asserts that it authorized and relied on its tax  
15 professional to a make a payment on its behalf.  
16 Reasonable cause cannot be established based on delegating  
17 one's tax obligations.

18 As stated in the precedential opinion of Appeal  
19 of Summit Hosting LLC, reasonable cause based on reliance  
20 of a tax professional can only be established based on the  
21 tax professional's advice on the matter of substantive tax  
22 law. Reliance on the tax professional solely to meet tax  
23 deadlines is not reasonable cause. As stated by the  
24 Supreme Court in United States versus Boyle, one does not  
25 have to be a tax expert to know that taxes must be paid

1 when they are due.

2 Reliance cannot function as a substitute for  
3 compliance with an unambiguous statute. Appellant does  
4 not assert that its tax professional gave any substantive  
5 tax advice that led to its delayed payment. Appellant  
6 also has -- as such, Appellant has not established  
7 reasonable cause based on reliance of a professional.

8 Appellant also asserts that it was not aware that  
9 it failed to pay its liability because FTB did not notify  
10 Appellant of the balance due. As held in the Appeal of  
11 Scanlon, a reasonably prudent taxpayer exercising due care  
12 and diligence is expected to monitor its bank account and  
13 quickly ascertain whether a scheduled payment to FTB was,  
14 in fact, paid. As OTA held in the same opinion, whether  
15 FTB provided notice of the balance due is irrelevant to  
16 the inquiry of whether a taxpayer exercised due care and  
17 due diligence. Appellant did not pay the balance due for  
18 over a year after the due date of payment, and has not  
19 demonstrated it acted with due care and due diligence.

20 Regarding Appellant's claim that it was affected  
21 by COVID-19 pandemic, as the Appellant stated, FTB granted  
22 extensions for both filing and payment deadlines due to  
23 the COVID-19 pandemic. Appellant has not established how  
24 the pandemic prevented Appellant from making timely  
25 payment by the extended deadline.

1           Regarding Appellant's claim that the first-time  
2 penalty abatement applies, the first-time penalty  
3 abatement does not apply to business entities and is,  
4 therefore, inapplicable to this appeal.

5           Regarding the tax penalty, the Appellant has not  
6 established grounds for abatement. The law does not  
7 contain a reasonable cause exception to imposition of the  
8 estimated tax penalty. Further, Appellant does not argue,  
9 and there is no evidence to indicate that any of the  
10 limited exceptions to the mandatory imposition of the  
11 estimated tax penalty applies in this case.

12           Respondent properly imposed the estimated tax  
13 penalty, and Appellant has not raised sufficient grounds  
14 for abatement. Accordingly, FTB request that Appellant's  
15 claim for refund be denied.

16           Thank you. I can take any questions the Panel  
17 may have.

18           JUDGE LEUNG: Okay. Judge Brown, any questions  
19 for Franchise Tax?

20           JUDGE BROWN: I do not have any questions right  
21 now. Thank you.

22           JUDGE LEUNG: Okay. Thank you.

23           Judge Lam, any questions for Franchise?

24           JUDGE LAM: No questions. Thank you.

25           JUDGE LEUNG: Okay. Mr. Drake, you've hit the

1 ceiling on your 15 minutes, but I notice that  
2 Ms. Langworthy did not testify, and Mr. Bates probably  
3 used no more than 3 minutes. So I'll give 5 minutes,  
4 Mr. Drake, to have any final statements or rebuttals, if  
5 you care to take those.

6 MR. DRAKE: Sure.

7

8 CLOSING STATEMENT

9 MR. DRAKE: And I just wanted to briefly  
10 summarize that, you know, we respectfully request that the  
11 Court consider the unprecedented challenges faced by the  
12 taxpayer during COVID-19 pandemic. Like many businesses,  
13 Sockeye Trading Company was navigating a period of extreme  
14 uncertainty, disruptions to normal operations, rapidly  
15 evolving tax guidance, the confusion caused by delayed  
16 notices from the Franchise Tax Board, coupled with the  
17 strain of transitioning a large workforce to remote  
18 operations create an environment where errors, though  
19 unintentional, were difficult to avoid.

20 The taxpayer has demonstrated its good faith  
21 efforts to comply and properly correct any issues once  
22 they were identified. We ask the Court to take into  
23 account the unique hardships of this time, recognizing  
24 that Sockeye Trading acted with diligence and integrity  
25 under extraordinary circumstances. Penalty relief would

1 not only be fair but a compassionate acknowledgment of the  
2 significant challenges the taxpayer faced during this  
3 difficult period.

4 We respectfully request the abatement of the  
5 penalties and interest assessed against the taxpayer in  
6 the amount of \$178,417.82. Given the extraordinary and  
7 unprecedented challenges posed by COVID-19, the taxpayer  
8 made every reasonable effort to comply with their tax  
9 obligation in good faith. We urge the opposition to  
10 evaluate the circumstances with fairness and empathy,  
11 recognizing the unique hardships faced during this period  
12 and the taxpayer's sincere attempts to rectify the  
13 situation promptly once the error was discovered.

14 And I want to thank you for your time today.

15 JUDGE LEUNG: Thank you, Mr. Drake.

16 One more time to my Co-Panelists, Judge Brown,  
17 any questions for either party?

18 JUDGE BROWN: No. Thank you. No questions.

19 JUDGE LEUNG: Okay. Judge Lam?

20 JUDGE LAM: No questions. Thank you.

21 JUDGE LEUNG: Okay. I do have some lingering  
22 questions to the Franchise Tax Board.

23 Ms. Ho, do you have the history of this taxpayer?  
24 Is this the first time that they've been late on paying in  
25 recent memory?

1 MS. HO: To my knowledge, it is first time.

2 JUDGE LEUNG: Okay. And you mentioned in your  
3 presentation about the extended due dates because of COVID  
4 in 2021. I thought -- correct me if my memory doesn't  
5 serve me correctly -- that that extension is only for  
6 individual taxpayers, not for entities?

7 MS. HO: One moment, please.

8 JUDGE LEUNG: Okay.

9 MS. HO: Yes. I apologize. That extension is  
10 only for individual taxpayers.

11 JUDGE LEUNG: Okay. Ms. Langworthy, could you  
12 walk me through what happened between the time Mr. Bates  
13 submitted that payment form to you. What does your firm  
14 normally do?

15 MS. LANGWORTHY: Thank you. Well, it was not a  
16 normal time. And if I'm remembering back to, you know,  
17 the chaos we were in, typically what we do is our team and  
18 Eide Bailly would work with taxpayer to go over any  
19 payments that are needed for federal and state taxing  
20 authorities. And depending on the client, we would help  
21 them, you know, get through that process.

22 And so for Sockeye, Mr. Bates and I would  
23 periodically get together to cover what was needed. And  
24 so through that time, a lot of it was through teams, I  
25 think, and the computer and telephone. And so just trying



1 to navigate things, we would take all the information in,  
2 process what we had, and then my tax managers and  
3 associates would put the information together in vouchers.  
4 And then I've got an administrative team that typically  
5 would process all those payments through the extension  
6 process once we submitted our paperwork to them.

7 So it's the matter of all the whole team pulling  
8 all of the information together to get it through the  
9 system. And I don't recall specifically, you know, all of  
10 the details of that time, but we definitely, you know,  
11 worked together to make sure everything was done.

12 JUDGE LEUNG: Was there any type of tickler  
13 system which would alert you when a payment was made? Was  
14 there any processes of say, well, I don't get any tickler  
15 within X amount of days, I go back and check the accounts  
16 and make sure the payment went through. Any type of  
17 process like that at your firm?

18 MS. LANGWORTHY: On the front end, yes, but not  
19 necessarily on the back end. So it's not -- we didn't  
20 have something in place that would alert us that something  
21 didn't happen. A lot of times we would just put it  
22 through our tickler system for, I guess, filing the  
23 extensions electronically. And when our administrative  
24 staff process those, they just keep record of them. But  
25 there was no notification at that time, and I -- I

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

don't -- I can't recall why or what happened in that regard.

JUDGE LEUNG: Okay. Thank you. That's it for my questions.

At this point, I'm going to close the hearing and have this case submitted for decision. We will endeavor to get the decision out to everybody within 100 days.

And that does it for the hearing for today. Our next hearing will be at 1:45 p.m., and I thank everybody for attending this hearing. I wish you all a good day. Goodbye now.

(Proceedings adjourned at 11:41 a.m.)

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

HEARING REPORTER'S CERTIFICATE

I, Ernalyne M. Alonzo, Hearing Reporter in and for the State of California, do hereby certify:

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

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

I have hereunto subscribed my name this 16th day of October, 2024.

\_\_\_\_\_  
ERNALYN M. ALONZO  
HEARING REPORTER