

BEFORE THE OFFICE OF TAX APPEALS

STATE OF CALIFORNIA

IN THE MATTER OF THE APPEAL OF,)
)
DEHESA AUTO SALES, INC.,) OTA NO. 230212516
)
APPELLANT.)
)
_____)

TRANSCRIPT OF ELECTRONIC PROCEEDINGS

State of California

Thursday, August 15, 2024

Reported by:
ERNALYN M. ALONZO
HEARING REPORTER

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APPEARANCES:

Panel Lead: ALJ SUZANNE BROWN

Panel Members: ALJ JOSHUA ALDRICH
ALJ TERESA STANLEY

For the Appellant: LESLIE HUNT

For the Respondent: STATE OF CALIFORNIA
DEPARTMENT OF TAX AND
FEE ADMINISTRATION

RAVINDER SHARMA
CHRISTOPHER BROOKS
JASON PARKER

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I N D E X

E X H I B I T S

(Appellant's Exhibits 1-11 were received into evidence at page 8.)

(Department's Exhibits A-E were received into evidence at page 9.)

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California; Thursday, August 15, 2024

1:01 p.m.

JUDGE BROWN: Now, I will say we're on the record for the Appeal of Dehesa Auto Sales, Inc., OTA Case Number 230212516. Today is Thursday, August 15th, 2024, and it is approximately 1:01 p.m. We are holding this hearing electronically over Zoom with the agreement of all parties.

I will start by asking each of participants to please state their names for the record. And I will begin with CDTFA, if each of the representatives could please identify themselves for the record.

MR. SHARMA: Ravinder Sharma, Hearing Representative. Thank you.

MR. PARKER: Jason Parker, Chief of Headquarters Operations Bureau with CDTFA.

JUDGE BROWN: And do we have a third representative on the line for CDTFA or just two?

MR. BROOKS: No. I'm here.

JUDGE BROWN: Oh, sorry.

MR. BROOKS: Good afternoon. This is Christopher Brooks, attorney for CDTFA.

JUDGE BROWN: My apologies, Mr. Brooks. I didn't see you on my screen.

1 MR. BROOKS: No problem. My mute button was
2 appearing and disappearing.

3 JUDGE BROWN: Okay. And now if I could ask the
4 representative for Appellant to please identify himself.

5 MR. HUNT: Yes. My name is Leslie Hunt. I'm
6 president of Dehesa Auto Sales, Inc., DBA Hunt Auto Sales.

7 JUDGE BROWN: Thank you, everyone.

8 As you know, I'm Suzanne Brown. I'm the lead
9 Administrative Law Judge or ALJ for this case. And my
10 Co-Panelists today are Judge Teresa Stanley and
11 Judge Josh Aldrich. Although I am lead ALJ for purposes
12 of conducting the hearing, all three ALJs are coequal
13 decision makers in this process, and they are free to ask
14 questions at any time.

15 This hearing is before the Office of Tax Appeals
16 or OTA. OTA is not a court but is an independent appeals
17 body. OTA is staffed by tax experts and is independent
18 from the State's tax agencies, including independent from
19 CDTFA. Because OTA is a separate agency from CDTFA,
20 arguments and evidence that were previously presented to
21 CDTFA are not necessarily part of the record before OTA,
22 unless they have those arguments and evidence have been
23 sent directly to OTA.

24 OTA's written opinion for this appeal will be
25 based on the briefs the parties have submitted to OTA, the

1 exhibits that will be admitted into evidence, and the
2 arguments presented at the hearing. As a reminder, the
3 Panel does not engage in what's called ex parte
4 communications, meaning that the Panel members do not
5 speak to one party without the other party present.

6 We held a prehearing conference in this matter
7 back in July, and I issued a prehearing conference Minutes
8 and Orders, dated July 24th of this year 2024. So I'm
9 just going to briefly recap a few thing that we discussed
10 at the prehearing conference before we get into the actual
11 arguments that we're going to hear at the hearing today.

12 First, we discussed that, in terms of witnesses,
13 Appellant is calling its representative, its president
14 Mr. Hunt to testify as a witness today.

15 And I'll confirm CDTFA is not calling any
16 witnesses at this hearing; correct?

17 MR. SHARMA: This is Ravinder Sharma. That is
18 correct. Thank you.

19 JUDGE BROWN: Okay. Thank you, everybody.

20 I want to talk about the exhibits that I will be
21 admitting into evidence. Both parties have submitted
22 proposed exhibits, and OTA compiled these into an
23 electronic binder as a courtesy copy just so we have them
24 together in one place. I know there were some duplicate
25 pages, but I did try to take out some of the duplicates.

1 But the important thing is that we have all the documents
2 that everyone submitted.

3 Under our regulations, we have a deadline of
4 submitting the exhibits 15 days in advance. I will note
5 that some of Appellant's exhibits came in a few days late,
6 and we'll discuss that, whether there's any objection.
7 I'm going to address each party's exhibits separately.
8 And let me start with Appellant's exhibits. Appellant
9 submitted Exhibits 1 through 11. Exhibits 1 through 3
10 were timely, and then Exhibits 4 and 5 came in one day
11 after the deadline. And then Exhibits 6 through 11 came
12 in the following week.

13 I want to ask CDTFA if it has any objection to
14 admitting any of Appellant's Exhibits 1 through 11 into
15 evidence.

16 MR. SHARMA: This is Ravinder Sharma. The
17 Department have no objection, even though those were late.
18 But we have no objection.

19 JUDGE BROWN: Okay. And then I will say
20 Appellant's Exhibits 1 through 11 are admitted into
21 evidence.

22 (Appellant's Exhibits 1-11 were received
23 in evidence by the Administrative Law Judge.)

24 JUDGE BROWN: And as for CDTFA's exhibits, CDTFA
25 timely submitted Exhibits A through E.

1 And, Mr. Hunt, you should have received those
2 documents. You received them last year in 2023, and then
3 I believe that we had them sent to you again after the
4 prehearing conference. And then you also should have
5 received a courtesy copy with the electronic exhibit
6 binder that my office sent out on Tuesday. So will just
7 confirm you received CDTFA's Exhibits A through E.

8 MR. HUNT: Yes, I did.

9 JUDGE BROWN: Okay. Very good. Thank you. Do
10 you have any objection to having those exhibits admitted
11 into the evidentiary record today?

12 MR. HUNT: No.

13 JUDGE BROWN: Okay. Then I will say that CDTFA's
14 Exhibits A through E are admitted.

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

17 JUDGE BROWN: Next, I want to confirm what the
18 issue is going to be today. As I stated in the prehearing
19 conference Minutes and Orders, I have the issue phrased as
20 whether further adjustments are warranted to the taxable
21 measure for unreported taxable sales and unreported sales
22 tax reimbursement. And I'll just confirm with both
23 parties that that is your understanding of the issue.

24 Appellant, is that a correct statement?

25 MR. HUNT: In reference to that correct and also

1 the losses that I had sent stuff -- sent in things in on.

2 JUDGE BROWN: All right. Can you elaborate as to
3 what you mean?

4 MR. HUNT: Well, with the 1099-Cs and the copy of
5 the sales contracts, along with the funding notices that
6 were sent up to the CDTFA. Those are the two biggies
7 right there.

8 JUDGE BROWN: All right. How would that effect
9 the phrasing of the issue today?

10 MR. HUNT: Well, because on their page 299, it's
11 a large dollar amount. The 1099-Cs were \$50,000
12 approximately, and the contracts with the proof of funding
13 notices were close to half a million.

14 JUDGE BROWN: All right. You said page 299. Are
15 you referring to 299 of the exhibit binder or 299 of
16 their --

17 MR. HUNT: The exhibit binder. Their exhibit
18 binder.

19 JUDGE BROWN: Okay. Well, I have page 299 of
20 their exhibit binder as "A Report of Discussion of Audit
21 Findings Dated January 22, 2021," is that what you're
22 referring to?

23 MR. HUNT: This is receipt for books and records
24 of account.

25 JUDGE BROWN: All right. I think you're taking

1 about a different page 299 than what I'm looking at. So
2 let me get to the right page that you mean. Hold on.
3 Sorry. Oh, I may have been looking in their exhibits.
4 Hold on. Ah, okay. Hold on. Okay. "Receipt for Books
5 of Account," I have that as page 388 of the exhibit
6 binder, but I see what you mean. It's page 299 that they
7 have stamped, and that's Exhibit B.

8 MR. HUNT: Yes.

9 JUDGE BROWN: All right. So that document is
10 from the audit, and that is dated June 15th, 2022. But
11 that's not the most recent document that we have in terms
12 of what the amount is.

13 MR. HUNT: Right. The reason this is so
14 important, this document right here, because in following
15 notes from Steven Austin, from Bonnie, and so forth, they
16 stated that they never received the 1099-Cs with 1096s.
17 And they never received contracts with the financing
18 checks connected to them. They are right here as a
19 document that states they received them. And in turn,
20 they returned them back to me many, many months later, and
21 this is a huge dollar amount.

22 JUDGE BROWN: All right. Well, Mr. Hunt, what I
23 think that we might be getting off track here, because all
24 I'm --

25 MR. HUNT: Okay.

1 JUDGE BROWN: I'm trying to clarify what the
2 issues are, and you're arguing whether they received the
3 documents. The issue is sort of figuring out what you're
4 arguing should be changed, what adjustments need to be
5 made --

6 MR. HUNT: Right.

7 JUDGE BROWN: -- through the measure.

8 MR. HUNT: Well, through the measure, the problem
9 is the 1099-C credits, they're flat out denial is based
10 upon, oh, it's not on your tax return. That's found --

11 JUDGE BROWN: But that --

12 MR. HUNT: -- in the file.

13 JUDGE BROWN: That -- I'm sorry to -- I apologize
14 to our stenographer that we are talking over each other.

15 MR. HUNT: I'm sorry.

16 JUDGE BROWN: That's sort of an evidentiary
17 question that you're arguing about. I'm just trying to
18 figure out what -- essentially, what the issues are. The
19 issue is that you are saying that some of the transactions
20 that CDTFA said that you owe tax on, you're saying you
21 don't owe tax on some of them; and that's how I phrased
22 it.

23 MR. HUNT: Correct.

24 JUDGE BROWN: Okay. So you haven't said anything
25 that makes me think I need to change the wording of the

1 issue, which is whether further adjustments are warranted
2 to the taxable measure for unreported taxable sales and
3 unreported sales tax reimbursement.

4 MR. HUNT: Right. That particular thing, there's
5 the question of cars that were either unwound and
6 confusion on the basis of the vehicle being spot delivered
7 or on a borrowed car agreement, and then having to get the
8 car back because I don't get it back. I have to put it
9 out for repo. They're considering the repo being a sale.

10 JUDGE BROWN: So what I want to do -- and we are
11 still just clarifying the issue. You're not under oath
12 yet.

13 MR. HUNT: Okay.

14 JUDGE BROWN: I haven't sworn you in as a
15 witness.

16 MR. HUNT: Okay.

17 JUDGE BROWN: What I want to do is just clarify
18 what transactions you are saying are in dispute. You
19 submitted to my office a request for appeal that you
20 handwrote, and you identified -- you initially identified
21 six transactions. And they were the six transactions that
22 you list in -- I have them as your Exhibit 4, for example.
23 They were referring to this chart that the auditor
24 provided that lists six transactions.

25 MR. HUNT: These. I believe these six.

1 JUDGE BROWN: Yes, those. Exactly.

2 MR. HUNT: Okay.

3 JUDGE BROWN: And then one of those
4 transactions -- I think it was the third one, maybe --
5 CDTFA did a second reaudit, and they found that one of
6 those six transactions they agreed was not taxable; and
7 that is in their Exhibit A. It's their second reaudit,
8 removed one of these transactions from the measure. So I
9 have -- my understanding was that the remaining five
10 transactions are what is in dispute here in this case; is
11 that correct?

12 MR. HUNT: That is part of it. I also sent you
13 the information on the 1099-Cs.

14 JUDGE BROWN: But did you identify for us which
15 transactions you're saying the 1099-Cs pertain to?

16 MR. HUNT: I sent you the copies of all of them.
17 Not the six here, but all the 10 -- all the stuff that was
18 1099-C'd through the IRS. And --

19 JUDGE BROWN: Okay. So you're saying that you
20 want me to look at each -- you want the Panel to look at
21 each of these forms and figure out which transactions they
22 refer to?

23 MR. HUNT: On those forms, I gave you a breakdown
24 of every transaction on there that it was to, customer's
25 name. On the 1099-Cs, it has the social -- it has the

1 last part of the social. It has their name, everything.
2 Everything is on -- everything that I sent to the IRS.

3 JUDGE BROWN: Is this in a -- did the documents
4 you sent us, is there a list of all the transactions that
5 you are disputing?

6 MR. HUNT: Yup. Every one of them.

7 JUDGE BROWN: What page are we looking at here in
8 your exhibits?

9 MR. HUNT: We are looking at -- it's not in this
10 here -- okay. Give me one minute. Okay. If you look at
11 page 1 of the one that says summary of 1099-C, and then
12 page 2 shows the -- all the ones for 2015.

13 JUDGE BROWN: All right. When you say page 1 of
14 summary of 1089-C, is that the one that we have marked
15 Exhibit 5? It's page 1 of 9?

16 MR. HUNT: I believe so. Yeah. I sent you a
17 page 1, page 2, page -- 3, 4. Okay. There was one that
18 was sent over that was -- okay. Yeah. The 1 through 9,
19 correct. And I put examples in there. Okay. I'm still
20 not -- yeah. Page 1 through 9 gives you a list, a total
21 breakdown as far as the dollar amounts. And then pages 2
22 on gives you the stock number of the customer, the
23 customer's last four of the Social Security number, their
24 name, the date of the event of sale to crisscross, and
25 also the debt amount. And these were all filed with the

1 IRS, and they are going after the people on them because
2 we get customers calling us.

3 JUDGE BROWN: All right. So you're talking about
4 the transactions listed in Exhibit 5, and they are --
5 let's see -- through -- from --

6 MR. HUNT: There's page --

7 JUDGE BROWN: -- but you have a page that says
8 2015 1099-C --

9 MR. HUNT: Correct.

10 JUDGE BROWN: A page that says 2016 1099-C --

11 MR. HUNT: Correct.

12 JUDGE BROWN: -- 2017 and 2018. So those are the
13 additional transactions that you are disputing in addition
14 to the five that you listed in your request for appeal.

15 MR. HUNT: Correct. And then also the dollar
16 amounts on the contracts that she -- that she got -- I
17 gave that page on, where they received all the boxes up
18 there and so forth. And --

19 JUDGE BROWN: And you'll need to clarify what
20 page and what -- yeah. First tell me what page you're
21 referring to.

22 MR. HUNT: Okay. I'm referring to when I --
23 thank you. Back to the page 299, on that page the receipt
24 for records and books, I sent all the contracts with all
25 the funding notices and check stubs. There's no way I

1 could send you all -- send you all this stuff because
2 we're talking 700, almost 800 contracts that I gave to her
3 up there in boxes. That's why we did it inhouse.

4 JUDGE BROWN: And you what -- you have to tell
5 OTA -- us, specifically, what transactions are you
6 referring to. Because if you just say there's a bunch of
7 transactions, I don't know what they are. The Panel, you
8 know --

9 MR. HUNT: I gave you --

10 JUDGE BROWN: -- my Co-Panelists don't know.

11 MR. HUNT: I sent you the list with that
12 breakdown of all the contracts.

13 JUDGE BROWN: And what list are we talking about?

14 MR. HUNT: That's what I'm going to right --
15 okay. You should have received a summary of information
16 that listed October, November, December of '15 for
17 \$61,179, a summary information for 2016, which was
18 \$249,712, for 2017, it was \$191,724, and for '18 was
19 \$81,084.

20 JUDGE BROWN: All right. Can you look at --
21 Mr. Hunt, can you look at the exhibit binder that we sent
22 you.

23 MR. HUNT: How do I look at that? None of this
24 here -- this stuff right here is not on there. It's not
25 on there. Their only thing is that they have on there are

1 these six things. These are from -- the reason I'm
2 showing this notice from her is because in the notes here
3 on page 344, they just -- they deny ever seeing them.

4 JUDGE BROWN: Mr. Hunt. I'm going to need you to
5 stop you here. We're just clarifying the issues.

6 MR. HUNT: Okay.

7 JUDGE BROWN: We're just trying to figure out
8 which transactions you are disputing. I'm going to make
9 sure that everyone understands that this isn't even the
10 argument for the hearing. This is just clarifying what's
11 in dispute before we actually take argument and testimony.

12 MR. HUNT: Okay.

13 JUDGE BROWN: And so --

14 MR. HUNT: These five transactions --

15 JUDGE BROWN: These five -- the five transactions
16 in -- listed on your request for appeal and the
17 transactions listed in Exhibit 5 per the 1099-Cs.

18 MR. HUNT: Correct.

19 JUDGE BROWN: That's what I have so far.

20 MR. HUNT: Correct.

21 JUDGE BROWN: All right. And you're saying
22 there's -- if there's other transactions listed in the
23 contracts that -- per the contracts that you're saying
24 should not be part of the measure, you're going to have to
25 point us directly to where it is, either what --

1 transactions you're disputing, and what evidence supports
2 your position that they shouldn't be part of the measure.

3 MR. HUNT: Okay.

4 JUDGE BROWN: Is there something you have sent us
5 or something in CDTFA's evidence that list the
6 transactions that you're disputing, other than the five in
7 the request for appeal and the ones in Exhibit 5?

8 MR. HUNT: Yes.

9 JUDGE BROWN: And where is that?

10 MR. HUNT: They sent me back all the boxes, and
11 that's why I want to contest what they're saying here
12 because they're saying, like, they never got them.

13 JUDGE BROWN: All right. That's an evidentiary
14 issue. I'm just trying to figure out what the issue is,
15 what -- you know, that's an evidentiary question. I'm
16 just trying to figure out what you're disputing and so --

17 MR. HUNT: The losses. The losses. The amount
18 of losses.

19 JUDGE BROWN: All right. I'm going to say -- I'm
20 going to turn to CDTFA and ask if they have any -- since
21 we've been talking with Appellant for a while, if CDTFA
22 wants to respond to any of the issue clarification that we
23 have been discussing here.

24 Mr. Sharma?

25 MR. SHARMA: This is Ravinder Sharma. I -- I

1 think if understand correctly, maybe Appellant is talking
2 about page 46 of their submission, which is called
3 "Summary of Information for October 2015 through
4 September 2018," which appears to be account receivables.
5 And then that he is talking about these are the amount;
6 every month how many cars were sold; how much more was
7 paid; how much was unpaid at the end of the month, which
8 is account receivables.

9 Basically, he's claiming that he did not receive
10 those money at the end of the month. Again, I'm just
11 thinking because that's what he's referring to \$583,000.
12 That's per page 46 of the binder. If you look at that
13 one, that's what it comes to \$583,000. It lists month,
14 cars sold, amount unpaid for each month all the way to
15 October 2015 to September 2018. I think so.

16 JUDGE BROWN: All right. And do you know, are
17 all of these sales part of the measure?

18 MR. SHARMA: Yes, these are all parts of the
19 measure. Because the sales are part of the measure, but
20 these are the account receivables. So whatever money is
21 unpaid at the end of the month. And I think we can -- if
22 you want, I can explain it further, or I can hold my
23 response when we do the presentation. Because the
24 Department have already looked at that one, and these
25 documents do not support any return merchandise or bad

1 debts credit.

2 JUDGE BROWN: Okay. Thank you, Mr. Sharma. I
3 will say please address that in your presentation.

4 MR. SHARMA: Sure.

5 JUDGE BROWN: Now I will turn back to Appellant
6 and say, Mr. Hunt, the page that we are looking at is
7 Exhibit -- it looks like it's Exhibit 9 of your evidence
8 that we've marked it as Exhibit 9. Is this the page you'
9 are talking about, the Summary of Information 2015, 2016,
10 2017? Are these the transactions you are saying you
11 dispute?

12 MR. HUNT: Yes. Yes, ma'am.

13 JUDGE BROWN: Okay. So you're saying all of
14 these in Exhibit 9, page 2, are in dispute?

15 MR. HUNT: Right. It's page 3, page 4. We sent
16 it to you on the 8th in an email or scan. Yeah. All
17 those.

18 JUDGE BROWN: Okay.

19 MR. HUNT: And those are all on the list.

20 JUDGE BROWN: I'm sorry. Which list?

21 MR. HUNT: The -- their whole 340-some page
22 thing. All these customers are on there.

23 JUDGE BROWN: Okay. All right. Then I will say
24 I think we have identified all of the transactions in
25 dispute. And I will still say that I think we can keep

1 the issue statement as phrased, about whether further
2 adjustments are warranted to the measure for unreported
3 taxable sales and unreported sales tax reimbursement.

4 I thank everyone for your patience in clarifying
5 the issues. I'm going to move on. I've admitted the
6 evidence. I'm just going to go over our schedule for this
7 hearing today and then we will proceed with the
8 presentations. And before that, I'll swear in Mr. Hunt as
9 a witness. The schedule we have for today is that
10 Appellant will make its presentation first, and that
11 includes Mr. Hunt's testimony.

12 And, Mr. Hunt, you will have up to 45 minutes to
13 make your presentation. At that time, we may have
14 questions from the Panel or from CDTFA because you are
15 testifying.

16 After that, CDTFA will make its presentation and
17 that CDTFA will have up to 30 minutes. And then after
18 that, the Panel may have questions for both parties.

19 And then, Appellant, you will have a final
20 rebuttal of up to five minutes.

21 If at any point someone needs -- anyone needs a
22 break, please say so, and we can take a short break. But
23 if we do take a break, I will remind everyone don't
24 disconnect from this call, just mute yourself and turn off
25 your audio.

1 With all these changes and no guidelines and so
2 forth -- and I spoke to the gentleman Mr. Sharma -- I'm
3 sorry if pronounce his name wrong. But I spoke to him the
4 other day and he said to me that, well, you know, if a car
5 is not resold within 30 days, then there's fees due, tax,
6 this and that, and so forth. And I'm like, okay. Show me
7 the guideline or whatever about this. There is no
8 guideline. If -- if you spot deliver a car to a person
9 and they come back and bring it back, there's no money
10 exchanged, nothing done because the credit union didn't
11 approve them or anything like that, there's no reason to
12 change things from your current stock number to a new
13 number because transaction didn't exist. You're just
14 hoping that the people went the to the credit union,
15 showed them the car. They said, okay, the car is okay.
16 Your loan is okay. Here's a check, go back to the dealer.

17 A lot of times, especially as an independent
18 dealer, that isn't the way it happens. But the problem
19 is -- the reason we must do that is because if we don't,
20 the new car stores and so forth will have a lot more
21 latitude with things will do it. And not even that,
22 they'll do it with brand new cars. Then they bring it
23 back as demos or whatever else.

24 But like on these transactions here, just like I
25 showed to Gladys when we sat down together side by side,

1 and we went through each one. And I showed her, here's
2 when this original date of this one was, like Andrew
3 Fuller. Okay. Never picked up the car. Never did
4 anything. I had to go through the correct DMV process,
5 because back then you had -- you had immediately within
6 five days postmark DMV stuff. You didn't have like today
7 electronic, be able to go back in and cancel to do this.
8 You didn't have any of this. You had to mail it in. It
9 had to be postmarked. So you had to do it immediately.

10 So if anything canceled or was changed after that
11 point, you had to go through a whole process to get that
12 back in. And that's why some of the notes here state, oh,
13 Mr. Hunt had to purchase the car, or he purchase, or he
14 did this or did that. Know what it is like DMV's way of
15 clearing it back, if the customer doesn't sign a certain
16 form, you have to sign a statement of fact stating
17 customer refused, do this, do that. And then they turn
18 around and send you back the title, but in your name or
19 the company's name. This is DMV.

20 Well, they're looking at this here like the
21 customer traded me back the car. That's not the case. Or
22 I had to go chase the customer, which one of those is a
23 real interesting case because I actually saw him on
24 freeway. I was riding my Harley and the guy blew by me in
25 my car. And I ended up having to call the repo company

1 because I've been chasing him for two months to get it,
2 and it had a bunch of body damage and stuff like that.
3 I've got no money.

4 So that's why some of the other documents I've
5 sent you, court cases, small claim court case thing --
6 documents I've sent you to show you I've gone to small
7 claims court and done -- gone against a lot of these also.
8 But then I found out in small claims court, after a while,
9 that it wasn't really beneficial to do that due to the
10 fact that the court will not have the Sheriff or anybody
11 go collect money unless you have a good account number, or
12 routing number, and to keep that, and so forth and so on,
13 there's no way to collect it there.

14 So the only way, I call kind of my pay back, is I
15 turn out and file -- when I got educated by things -- that
16 I turn around and file 1099-C forms. Because the IRS does
17 attack them, and does add it to their income. It changes
18 all their write-offs and everything else, and it effects a
19 lot of things in their tax situations. So that's when I
20 found that out.

21 Back in that time I started doing that
22 religiously instead of even messing with the court cases
23 because I was throwing good money after bad money, and
24 court couldn't even do anything to help me get the money.
25 So it was kind of like, okay, why am I doing this if

1 they're not doing anything to help me get it. So that's
2 why there's the 1099-Cs. And I've got on page 281 of this
3 form here -- can you see that.

4 JUDGE BROWN: Yes, I can. It looks like a
5 document as CDTFA has marked as page 281 in their
6 evidence.

7 MR. HUNT: Yes.

8 JUDGE BROWN: Okay. So that is in Exhibit B of
9 their evidence. Hold on.

10 MR. HUNT: In --

11 JUDGE BROWN: One second. Actually, I don't have
12 that. Do you have -- can you say what that document is?

13 MR. HUNT: This was in what they sent me because
14 I went and had this all printed out.

15 JUDGE BROWN: Oh, is this part of -- see, I have
16 page 281 in their evidence as part of the Assignment
17 Activity History.

18 MR. HUNT: Yeah. That -- this is --

19 JUDGE BROWN: And I should remind you. Actually,
20 don't show that on the screen, please. Let's just find
21 the document.

22 MR. HUNT: Sorry.

23 JUDGE BROWN: It's okay. Sorry. I should have
24 mentioned. All right. Go ahead and describe the document
25 that is -- looks like it's part of their assignment

1 activity history.

2 MR. HUNT: Right. And what it shows is it shows
3 the different people involved. And at the time when I
4 went to the meeting, I took things up there to them and so
5 forth, and was also told, okay, bring additional stuff and
6 bring -- send the 1099s and the contracts and the paper
7 trail on the contracts from here's the contract, here's
8 the check I got paid. Okay. And that I sent all that
9 stuff up, and there were numerous errors. They kept
10 calling the wrong phone number on here. If you look, for
11 some reason, I think this was right before -- excuse me --
12 Mr. Austin passed on -- buy that these notes here and --
13 but he's the one who informed me to get all the stuff
14 together and take it up there, which I did do with the
15 paper trail of the finance agreement.

16 And even her notes, it states that she received
17 both the contracts and the receivable amount and the
18 1099-C and the 1096 form, which you find with the C's and
19 everything. So I mean, there's a paper trail of
20 everything there.

21 JUDGE BROWN: You can go ahead. We're listening.

22 MR. HUNT: Okay. And this form here, which is a
23 standard -- this is blank. So there's nothing on it.
24 It's called a Bar Par Agreement, a BPI form that's
25 approved by the State Department of Motor Vehicles, okay,

1 to loan a vehicle to a client. Because of a DMV law that
2 states that any consumer has the right to take a vehicle
3 for seven days and have it inspected.

4 So why -- here, DMV is telling you one thing, but
5 the CDTFA is saying, well, if the car goes off on the
6 street in California that tax is due. It's not sold to
7 them and so forth. They're on a borrowed car agreement.
8 Okay. And/or, okay, if we do have to RS it, it's because
9 we don't have good plates or dealer plate. And then if
10 the deal falls through, we just unwind the deal. And then
11 I was -- like I said, explained by him that --
12 Mr. Sharma -- that on this one deal here, he said on the
13 customer -- I believe it was Melissa -- that the car was
14 sold like 10 months later. Well, it was in my inventory
15 the whole time, okay, from the first time that we sold it
16 and then unwound it until the time we sold it. The car
17 was in inventory.

18 And I went through these things all with Gladys
19 and -- because I did it myself with her. We went by car
20 by car, by deal jacket by deal jacket on every one of
21 these. And two of the cars she even went out and touched.
22 And it was like, okay, I see the car is here. Okay. But
23 all these, if they did their DMV search, will see the
24 cars -- I sold the cars all after this. There is no trade
25 in.

1 The only paperwork is done is what DMV is
2 requesting me to do to get it back; which is put it in the
3 dealer's name, bring it back into inventory, if that stuff
4 has been mailed in, and I give them the proper paper work.
5 Which it has to be done because they're saying here
6 already, it's transferred back to me. So I had to provide
7 DMV the proper paperwork, the statement of facts, and
8 everything else, then got it back. And they've all been
9 resold.

10 Go ahead.

11 JUDGE BROWN: Mr. Hunt, I wasn't sure if you were
12 pausing or if you were waiting --

13 MR. HUNT: I'm pausing.

14 JUDGE BROWN: -- for --

15 MR. HUNT: It's just, like I said, there's --
16 there's so much of this. And again, if you look at --
17 this is on the page 344. It's page 2 of 2 of the Exhibit
18 Number 4 for them.

19 JUDGE BROWN: Go ahead.

20 MR. HUNT: Okay. In the statement here it says,
21 "Based on the review of the 1099-C forms, there is no
22 corresponding contracts."

23 They had every contract in their possession.
24 Every contract with a copy of the funding check from the
25 lender and everything else in their possession; proof of

1 receipt and them sending me back all the boxes. They had
2 everything. Okay. And yes. We allowed them to give us
3 time to bring us money on their down payment and so forth,
4 of the transactions and so forth, yes.

5 And then on Number 3, they have their, "The
6 second schedule provided by the taxpayer of unpaid
7 balances, also requires additional documentation."
8 There's the 1099-C. There's small claim court cases that
9 I got judgments on. I've won on the judgements. But I
10 couldn't collect a dime, but I spent \$200 for nothing to
11 go to small claims court on each one. Okay. And -- so
12 I'm going to have some of those in there, judgments, to
13 prove. I mean, I was trying -- treating this like a
14 business trying to get my money and competing with
15 everything I'm having to compete with in my area. Another
16 thing is you have to realize that National City is the
17 lowest income district in the City of San Diego.

18 And then in that paragraph three, it states that
19 I didn't provide -- they had boxes. They had total -- of
20 the boxes and crates I took were like five or six. So,
21 you know, I don't understand and you have a paper trail
22 and a contract that matches with customer's name and
23 Social Security number, serial number, registration and
24 everything, what other type of paper trail you would need.

25 And for right now, I guess that's all I have for

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right now.

JUDGE BROWN: All right. Thank you very much.

Let me ask first, CDTFA, do you have any questions for the witness?

MR. SHARMA: This is Ravinder Sharma. We have no question for the witness. Thank you.

JUDGE BROWN: Okay. Thank you. I'm going to ask if my Co-Panelists want to ask questions at this time or if they would like to hold their questions until later.

Judge Stanley, do you want to ask questions now?

JUDGE STANLEY: No. I don't have any questions at this moment, so I'll wait until the end. Thank you.

JUDGE BROWN: Judge Aldrich, do you have any questions for right now?

JUDGE ALDRICH: I'll reserve questions for later. Thank you.

JUDGE BROWN: Okay. Thank you.

Then I think I will do the same.

So, Mr. Hunt, we'll have questions for you after we hear CDTFA's presentation.

And so then I will say, CDTFA, whenever you are ready, you can go ahead with your presentation. And I will remind CDTFA, if you can address the things that we discussed during issue clarification and generally respond to Appellant's arguments. Thank you. You can go ahead.

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MR. SHARMA: Thank you.

PRESENTATION

MR. SHARMA: This is Ravinder Sharma.

Appellant operated a car dealership in National City, California, since April 30, 2015. The Department performed an audit examination from the period of October 1, 2015, through September 30, 2018. Appellant reported total sales of approximately \$8.3 million, claimed deductions little more than \$39,000 resulting in reported taxable sales of \$8.2 million for the audit period; Exhibit A, page 7 and 8.

Records available. Appellant provided federal income tax returns for 2016 and 2017, monthly sales journal, and sales contracts for the audit period. The Department obtained the Department of Motor Vehicle, DMV date, DMV vehicle registration, and use tax payment information from its own resources. The Department examined sales contracts and determined reported sales tax of around \$732,000 for the audit period. Appellant reported sales tax of \$694,000 resulting in unreported taxable sales of \$38,000 for the audit period; Exhibit A, page 15 and 25 through 41.

The Department's examination of sales contracts revealed that Appellant did not charge the correct sales

1 tax rate. The Department used sales contracts and the
2 correct sales tax rate to determine unreported a little
3 more than \$7,000. For audit purposes unreported district
4 taxes of little more than \$7,000. For audit purposes,
5 unreported district taxes of \$7,000 are added to taxable
6 measure of around \$57,000 and unreported taxable sales of
7 around \$3,000; Exhibit A, pages 17 to 24 and 45.

8 During the examination of sales contracts and
9 sales journals, the Department noted that Appellant
10 claimed sales of four cars as unwinds without any
11 supporting documents. The Department used information
12 received from its own resources and determined unreported
13 taxable sales of a little more than \$28,000 for the audit
14 periods; Exhibit A, page 10 and 11. The Department used
15 Appellant's books and records and determined tax paid
16 purchases resold credit for vehicle fuel of around \$20,000
17 for the audit period; Exhibit A, page 96. Based on the
18 stated audit procedures, the Department determined
19 unreported sales of a little more than \$40,000 and taxable
20 measures of \$65,000 for the audit period; Exhibit A,
21 page 9.

22 When the Department is not satisfied with the
23 amount of tax reported by the taxpayer, the Department may
24 determine the amount required to be paid based on any
25 information which is in its possession or may come into

1 its possession. In the case of an appeal, the Department
2 has a minimum initial burden of showing that its
3 determination were reasonable and rational. Once the
4 Department has met its initial burden, the burden of proof
5 shifts to the taxpayer to establish that a result
6 different from the Department's determination is
7 warranted. Unsupported assertion are not sufficient to
8 satisfy a taxpayer's burden of proof.

9 The Department used Appellant's sales journals,
10 sales contracts, DMV data, and other best available
11 information to determine the audit liability. Doing so
12 produced a reasonable and rational determination.
13 Appellant contends that the Department assessed sales tax
14 of a little more than \$1,000 twice and sales journals for
15 May 2016 and August 2017 to support its contention;
16 Exhibit 3. In response, the Department submits that it
17 assessed sales tax of \$1,000 only once on August 2, 2017;
18 Exhibit A, page 25, Reference No. 370. Appellant contends
19 that a total of nine vehicles are unwind sales, Exhibit 2,
20 but failed to provide any documentary evidence in support
21 of its contention. For detail comments, refer to
22 Exhibit E, page 325 and 326.

23 However, the Department give the benefit of doubt
24 and allowed one of these nine vehicles for around \$4,000
25 as an unwind sale; Exhibit A, page Reference No. 4.

1 Appellant contends that unreported taxable sales included
2 return merchandise and unclaimed bad debts. After the
3 prehearing conference, Appellant submitted 81 pages;
4 Exhibit 4 through 11. 81 pages consist of 1099-C
5 statement for October 2015 to September 2018. Details of
6 that is for 2015, \$5,115; 2016, \$23,142; \$38,284 for 2017;
7 and 7,650 from January through September, 2018; 1099-C
8 forms for 2017, judgment of payment from Superior Court in
9 2018 related to five individuals for unpaid balances for
10 2017, and unpaid contracts balances from October 2015 to
11 September 2018 for sales of 702 cars for \$583,701. None
12 of these documents meet the requirements of documentary
13 evidence under Regulation 1642 and 1655.

14 The Department viewed these pages and noted there
15 that they're irrelevant to the return merchandise and all
16 the bad debts. Further, as of now despite various
17 requests, Appellant failed to provide any documentary
18 evidence to support returned merchandise as required and
19 mandated by Regulation 1655. Appellant also failed to
20 provide any documentary evidence to support bad dates as
21 required and mandated by Regulation 1642. Critically,
22 Appellant did not claim any bad debts on its federal
23 income tax returns for 2016 and 2017; Exhibit A, page 77,
24 as required by Regulation 1642.

25 Due to lack of documentary evidence, the

1 Department reject submitted documents as incomplete and
2 unsupported of unclaimed debts or unclaimed return
3 merchandise. For detailed comments related to both the
4 issues, refer to Exhibit E, pages 323 through 327.
5 However, based on available documents, the Department had
6 allowed claimed deductions of \$59,000 for return
7 merchandise for fourth quarter 2016.

8 Based on the foregoing, the Department has fully
9 explained the basis for the deficiency. Further, the
10 Department has used approved audit methods to determine
11 the deficiency. Therefore, based on the evidence
12 presented, the Department request that Appellant's appeal
13 be denied.

14 This concluded my presentation, and I'm available
15 to answer any questions you may have. Thank you.

16 JUDGE BROWN: Thank you, Mr. Sharma.

17 I will begin with some questions, and then I will
18 see if my Co-Panelists have any questions. Can you
19 address why the 1099-C forms do not support any
20 adjustments? I know you mentioned them briefly, but if
21 you could explain it, address it in more detail.

22 MR. SHARMA: Sure. Regulation 1644 requires in
23 support of deductions or claims for refund for bad debts,
24 retailer must maintain adequate and complete records
25 showing: No. 1, detail of reasonable sale, name and

1 address of purchaser, amount purchaser contracted to pay,
2 amount on which retailer paid tax, the jurisdiction where
3 the local taxes, and when applicable, district taxes were
4 allocated, all payments or other credits apply to the
5 account of purchaser, evidence that the uncollectible
6 portion of gross receipts, on which tax were paid,
7 actually have been legally charged-off as a bad debt for
8 income tax return purposes.

9 No. 8, the taxable percentage of the amount
10 charged off as bad debts properly allocable --

11 (The Stenographer got disconnected.)

12 JUDGE BROWN: I'm sorry. Can you pause for just
13 a moment here.

14 MR. SHARMA: Sure.

15 JUDGE BROWN: I'm getting a message from our --

16 THE STENOGRAPHER: I am back. I dropped off.
17 I'm sorry.

18 Sharma, can you go back to No. 8, "The taxable
19 percentage of the amount of charged off" --

20 MR. SHARMA: Sure. I will do that.

21 THE STENOGRAPHER: Thank you.

22 MR. SHARMA: Sorry for that.

23 The taxable percentage of the amount charged off
24 as a bad debt properly allocable to the amount of which
25 the retailer reported and paid tax. And then there's a

1 further details in appendix one in the regulation which
2 explains how that amount will be calculated which is
3 allocable to the amount of bad debts.

4 Thank you.

5 JUDGE BROWN: And for the benefit of our
6 stenographer, I'm going to repeat my question and see if,
7 Mr. Sharma, if you can repeat your answer so we can try to
8 recapture for the transcript's benefit what we discussed
9 after she dropped off.

10 I asked a question about why the 1099-C forms
11 don't support the adjustments. I guess you were in the
12 middle of that. So I take it back. I think we're up to
13 speed as to where we were when the stenographer dropped
14 off. You can proceed with your answer.

15 MR. SHARMA: I'm done. Basically, unless you
16 have an additional question. Basically, just to summarize
17 it, 1099-C does not provide all the required information,
18 which the Department must have or the retailer must
19 maintain to claim the bad debts.

20 JUDGE BROWN: And is that also you're answer
21 regarding why the court judgments that Appellant has
22 submitted are -- why they don't warrant an adjustment?

23 MR. SHARMA: That's right. Because court
24 judgement is a judgement issued by the court that the
25 amount is due from the consumer. But that doesn't mean

1 whether it is bad debts or not. Based on the Department's
2 examination of records, as I stated, the Appellant has not
3 claimed any bad debts. Line items for the bad debts is
4 zero for 2016 and 2017.

5 MR. PARKER: Judge Brown, this is Jason Parker.

6 JUDGE BROWN: Yes.

7 MR. PARKER: I wanted to add one thing. With bad
8 debts, we also see where we have repossession of vehicles.
9 So that is basically a payment towards the principle
10 amount. We also have recoveries made, even after the bad
11 debt was written off. All of those need to be factored in
12 when calculating the amount of the taxable bad debt that a
13 taxpayer can claim. So the entire amount may or may not
14 even be an amount that can be claimed as bad debt, even if
15 they weren't able to collect that amount.

16 JUDGE BROWN: Thank you.

17 All right. At this time, I'm going to turn to my
18 Co-Panelists and let them ask if they have any questions.

19 I'll start with Judge Stanley. Do you have any
20 questions?

21 JUDGE STANLEY: None at this time because I'm
22 expecting that Mr. Hunt is going to respond to the answer
23 to your question as well. So I'll wait to see if I have
24 in follow ups. Thank you.

25 JUDGE BROWN: And, Judge Aldrich, do you want to

1 ask any questions at this time?

2 JUDGE ALDRICH: Similarly, I'll reserve questions
3 for later if need be. Thank you.

4 JUDGE BROWN: Okay. Thank you.

5 If everyone can hold on for just a minute, I want
6 to make sure that I have everything. Let me turn to
7 Mr. Hunt. I may have one or two questions for Appellant.

8 Mr. Hunt, do you agree that your federal income
9 tax returns do not show any bad debts written off during
10 the audit period?

11 MR. HUNT: Correct. That was a mistake, and I
12 didn't know with the -- especially, the 1099-Cs because it
13 says on that form that you're basically forgiving and
14 giving that debt to the IRS to collect, and the IRS
15 collects it. And the people these 1099s are sent to --
16 because they get a copy of it. And when the IRS garnishes
17 their tax returns and everything else, they have the
18 opportunity to contest it if it's not factual. And I have
19 never received a notice back on a contested 1099-C.

20 Like I said, they keep stating back to these
21 different rules and different Codes 1655, 1642, 1645,
22 things like that. Back to what I was saying earlier,
23 Please show me where you guys have this that you give to
24 any taxpayer. Okay. Or a person goes down and files for
25 a resale license that gives them all this information and

1 gives them this stuff to have the power. Now, granted
2 since April of '22, you guys had a huge update on your
3 computer programs, which I had a lot to attribute to that
4 because of the gas tax and a few other things.

5 But before that going back to 2014 and '15, all I
6 got was a single piece of paper and nothing to tell you,
7 okay, this is what you got to do. This is what you got to
8 do, exactly this. What I was asked to do, which is in
9 these papers here, books and records and everything else,
10 and also like I said, I refer back to 299, that I was
11 asked to do, I provided those. And I was strictly
12 informed by Mr. Austin and by Bonnie and from Gladys that
13 I needed to provide these as the proof. Well, there's in
14 her handwriting that they got everything and that was
15 fine.

16 So if I'm not asked for anything more than what I
17 provide, how am I supposed to know exactly what else to
18 provide? Because it's good enough for the IRS because
19 it's got Social Security, the name, all the information.
20 Okay. I don't think the IRS is going to put the CDTFA's
21 thing on their form. So this particular form as I sent to
22 you, along with the lawsuits and judgements, how would I
23 go in front of a judge and win a lawsuit for money if the
24 people didn't owe the company the money. The lawsuit is
25 in the company's names.

1 So I -- this -- this thing saying well, you know,
2 the 1642, 1645, please provide me where you gave me that
3 booklet or that information to me back in 2014 and '15.
4 We didn't have all this internet stuff and everything
5 that's going on today going on. So please provide me the
6 information where I got it, where it was given to me
7 available saying, hey, you know, you're going to collect
8 this tax for us. Okay. And you're going to do all these
9 things, but here's the rules. Here's this, and here's
10 this, and so forth. I was given nothing. I was given a
11 receipt and said, thank you and good luck.

12 So, you know, I did what I was asked to do,
13 especially with the 1099-C's and the contracts with -- I
14 don't know what more paper flow you would need than,
15 here's a contract signed by the customer, all their
16 information. Here's a copy of their funding check from
17 the lender, and here's you're Line 7. Here's your check.
18 There's the difference. What else can I provide you with
19 besides that? Because they didn't ask me by this 299 form
20 for anything else but that. Verify they received it.
21 Verify they mailed it back to me when I asked for it.

22 So, you know, I've learned a whole lot through
23 this process. Trust me now -- like I said, DMV has been
24 doing it with this book going back to -- oh, shoot, in the
25 80s. And I just don't understand how somebody as

1 Mr. Sharma told me, oh, you got to -- you have to unwind
2 this deal or do it within 30 days. Well, show me where
3 this rule is where it says 30 days. There is -- I've gone
4 through this, and I don't see it anywhere. So it's kind
5 of like all these deals here through his sources, as I
6 said, DMV, all these things, he can see also right when I
7 sold the car the second time.

8 So it's kind of ironic that it doesn't show here
9 the next person that bought the car and the date they
10 bought it, and it was off my license showing that the car
11 was in my inventory, was resold to somebody else and so
12 forth. So I've provided what they asked for. I was never
13 asked for anything more on the 1099-Cs or the contracts
14 and the checks, the deposits I made from the lenders and
15 so forth. And so, at this point, how am I supposed to
16 know that it's not good enough for CDTFA or for whatever
17 else? Because IRS loves it because they're collecting off
18 the people's tax returns.

19 JUDGE BROWN: Let me ask one question, actually,
20 to -- I'm going to ask it to CDTFA because they may know
21 better. Is there a copy of Appellant's seller's permit in
22 the record?

23 MR. SHARMA: This is Ravinder Sharma. No, it's
24 not, but we can arrange for that to be submitted.

25 JUDGE BROWN: That's okay. I was just curious.

1 I will say -- I'll just confirm my Co-Panelists if they
2 don't have anything further, then I will say I think we've
3 completed with questions right now.

4 Mr. Hunt, if you have anything you want to add as
5 part of your rebuttal to what Appellant -- to what -- if
6 Appellant has anything you want to add as part of your
7 rebuttal to CDTFAs, you can do that now. So I'll say,
8 yeah, you can go ahead. You have five minutes for
9 rebuttal.

10 MR. HUNT: Thank you.

11

12 CLOSING STATEMENT

13 MR. HUNT: Another question I have is with
14 military personnel. Okay. In the city of National City,
15 the City and I went all through all these forms,
16 page 80-something through 90-something, where she put --
17 noted that the tax is based off the City of National City.
18 The city of National City is district tax. The City many,
19 many, many, years ago decided that they did not charge any
20 person outside of the -- that did not live in the City of
21 National City the district tax because it was -- it would
22 eliminate a lot of business in the City of National City.

23 So the City of National City only charges the
24 district tax to liquor stores, restaurants, things like
25 that. Any large purchase items, they do not charge the

1 district tax, especially with military. And the military
2 is -- only -- well, shouldn't be charged anything -- but
3 the military is being charged the City of City of San
4 Diego tax. Okay. And I don't understand all their notes
5 there saying that they were charging them all the City of
6 National City tax, because the City of National City does
7 not charge any district tax to the military, number one,
8 but to anybody that lives outside of a 91950 zip code that
9 does large purchases.

10 And one other comment. On the Panel here, I know
11 I talked to Mr. Albi, but is anybody on the Panel have any
12 military background from the military?

13 JUDGE BROWN: Mr. Hunt, this is your time to make
14 your rebuttal. We don't answer any questions.

15 MR. HUNT: Okay. The rebuttal is that -- that in
16 all those forms, page 81 through like 98, and in the
17 front, there's things all said, charge City of National
18 City, charge City National City tax. And if you looked at
19 all those, those are all military nonresidents. And just
20 like with the DMV, they're not charged DMV fees. They're
21 charged a transfer fee and a registration fee of \$15.
22 They don't pay the license fees. That's why I was asking
23 about the military background.

24 And that's also proven through DMV on a paper
25 trail because every one of them must be filed with what

1 they call a Nonresident Military form. So there is a
2 paper trail to prove that all of the transactions that
3 were military were nonresident military through the
4 Department of Motor Vehicles.

5 Excuse me one second.

6 I also verified that information on the district
7 tax with Mayor Morrison of National City. But to end it
8 all, basically, I did supply the documents that I was
9 asked for. I supplied those items. These vehicles here,
10 if you look and see where the car was registered next, you
11 see it was sold by this dealership. It was sold to
12 another person; taxes paid by another person on it. Okay.
13 I was never explained to or told that there was a certain
14 time frame that you had to do it with.

15 I just followed all of the DMV procedures with a
16 statement of facts, things like that, to transfer it. And
17 that shows the car going from there, to there, back to me,
18 and then sold. But I followed all the processes of that
19 with DMV so the title and the paperwork would clear. And
20 that's it.

21 JUDGE BROWN: All right. Thank you.

22 I'm going to actually ask CDTFA if they want to
23 respond because this argument about the district taxes was
24 not raised in Appellant's initial presentation.

25 Mr. Sharma, do you want to address that?

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All right. Then --

MR. HUNT: Excuse me, Judge.

JUDGE BROWN: Yes.

MR. HUNT: Can I just show you this form. This is the Military Nonresident form --

JUDGE BROWN: All right.

MR. HUNT: -- for DMV. And this is so they don't pay the license fee in the state and so forth, and that they're able to get just the City of San Diego tax, no district tax in National City.

JUDGE BROWN: Mr. Hunt, can you specify which -- can you specify which transaction you're disputing related to this?

MR. HUNT: Every one that she has noted on those pages that says, "District tax figured National City." Almost every one of them is military personnel. And how you can tell, number one, is on the DMV stuff with this. But also if you look, you'll see Lehot -- Levi -- Lehigh. That's Navy Federal Union, and that's all -- it's all military personnel. Because back in those days a lot of my business was military and so forth.

We delivered the cars over on the base and so forth at Navy federal Credit Union, and those are all -- you'll see the out-of-state addresses: Ohio, Kentucky, Nevada, Arizona. They're all nonresident military. And

1 there's paper trail through DMV of this form, and so we
2 have to file it with every one of them, and I explained
3 that to Gladys. That's why I wish she could be here at
4 this and -- because they don't pay the district tax. They
5 pay the City of San Diego only.

6 JUDGE BROWN: All right. Does that conclude your
7 rebuttal?

8 MR. HUNT: Yes.

9 JUDGE BROWN: Okay. Then I will say I believe
10 we've heard all of the arguments, and I've admitted all of
11 the exhibits, and we've heard the witness testimony. So,
12 at this point, I can say that the record is closed, and
13 the case is submitted today.

14 The Judges will meet and decide the case based on
15 the evidence, arguments, and applicable law. And OTA will
16 mail both parties our written decision no later than
17 100 days from the date the record closes, which is today.

18 So the hearing is now adjourned, and this
19 concludes OTA's hearings for this week. Thank you
20 everyone very much.

21 (Proceedings adjourned at 2:19 p.m.)

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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 12th day of September, 2024.

ERNALYN M. ALONZO
HEARING REPORTER



**State of California
Office of Tax Appeals**

Transcript Correction/Update Request Form

Date: 11/14/2024

From: Suzanne Brown

RE: OTA Account Number: 230212516

OTA Account Name: Dehesa Auto Sales,
Inc.

Please correct/update the following matters for the transcript(s):

ERRATA SHEET	
Page No. <u>33</u> Line No. <u>13</u> Change: <u>"Josh Aldrich" to "Judge Aldrich"</u>	<input type="checkbox"/> Accepted <input type="checkbox"/> Rejected
Page No. <u>41</u> Line No. <u>25</u> Change: <u>"Josh Aldrich" to "Judge Aldrich"</u>	<input type="checkbox"/> Accepted <input type="checkbox"/> Rejected
Page No. <u>49</u> Line No. <u>22</u> Change: <u>"Josh Aldrich" to "Judge Aldrich"</u>	<input type="checkbox"/> Accepted <input type="checkbox"/> Rejected
Page No. _____ Line No. _____ Change: _____	<input type="checkbox"/> Accepted <input type="checkbox"/> Rejected
Page No. _____ Line No. _____ Change: _____	<input type="checkbox"/> Accepted <input type="checkbox"/> Rejected

Signature of person requesting correction/update: *Suzanne Brown*

Date: 11/14/2024

Correction/Update has been made to the transcript(s) by: _____

Date: _____

For any additional correction/updates, please attach a sheet following the same format.