

BEFORE THE OFFICE OF TAX APPEALS

STATE OF CALIFORNIA

IN THE MATTER OF THE APPEAL OF, )  
 )  
H. BEK, ) OTA NO. 241017642  
 )  
 )  
 ) APPELLANT.  
 )  
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\_\_\_\_\_ )

TRANSCRIPT OF ELECTRONIC PROCEEDINGS

State of California

Wednesday, January 14, 2026

Reported by:  
ERNALYN M. ALONZO  
HEARING REPORTER



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APPEARANCES:

Panel Lead: ALJ TERESA A. STANLEY

Panel Members: ALJ AMANDA VASSIGH  
ALJ HANS FAMULARO

For the Appellant: H. BEK  
JOHN F. MARTIN

For the Respondent: STATE OF CALIFORNIA  
FRANCHISE TAX BOARD  
  
TRISTEN THALHUBER  
NANCY PARKER

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I N D E X

E X H I B I T S

(Appellant's Exhibit 1 was received into evidence at page 7.)

(Department's Exhibits A-I were received into evidence at page 7.)

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

	<u>PAGE</u>
By Mr. Bek	9
By Mr. Martin	20
By Mr. Thalhuber	28

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

	<u>PAGE</u>
By Mr. Martin	34
By Mr. Bek	34

1  
2  
3  
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California; Wednesday, January 14, 2026

1:14 p.m.

JUDGE STANLEY: So we're going on the record in Appeal of Bek, OTA Case No. 241017642. The date is January 14, 2026, and the time is 1:14 p.m. The hearing is being held electronically with the agreement of the parties.

Once again, I'm Judge Teresa Stanley. I'll be the lead for the purpose of conducting this hearing. My co-panelists, Judge Amanda Vassigh and Judge Hans Famularo, and I are equal participants in deliberating and determining the outcome of this appeal.

I'm going to ask the parties to identify themselves and who they represent, starting with Appellant, please.

Mr. Bek? You're muted, sir.

MR. BEK: How about now?

JUDGE STANLEY: There we go. Thank you.

MR. BEK: I'm Hugh Douglas Bek, B-e-k. I'm the first son of Barbara Bek. I'm the sole heir, trustee, and beneficiary of the Barbara Bek Payne Trust, my birth mother. I was born on my mother's birthday, October 17th, and this creates a lifelong super bond between a boy and his mother. October 17th we'd be together for our

1       birthdays and Thanksgiving and then Christmas. It all  
2       blended together. My mother trained me to maintain and  
3       take care of her rental properties. And at a young age, I  
4       was going with her to collect rents and --

5                JUDGE STANLEY: Mr. Bek, I'm sorry to interrupt.  
6       We're just at the preliminary stages. When we get to your  
7       presentation, you can present us with the information that  
8       you think is necessary for us to be able to decide your  
9       case.

10              MR. BEK: As you can see I'm ready.

11              JUDGE STANLEY: Yeah, you are.

12              MR. BEK: Thank you.

13              JUDGE STANLEY: And, Mr. Martin, can you  
14       introduce yourself as well.

15              MR. MARTIN: Sure. My name is John Martin. I'm  
16       a licensed CPA in -- for California. I've been in  
17       practice for 30-plus years and pretty much ready for this.

18              JUDGE STANLEY: Okay. Perfect.

19              And, Franchise Tax Board, can you please  
20       introduce yourselves.

21              MR. THALHUBER: Yes. Good afternoon. This is  
22       Tristen Thalhuber, and with me is Nancy Parker on behalf  
23       of Respondent.

24              JUDGE STANLEY: Okay. As stated in the Minutes  
25       and Orders, the issue to be decided in this appeal is

1       whether Mr. Bek's claim for refund for taxable year 2017  
2       is barred by the statute of limitations.

3               Mr. Martin, do you agree that that's the issue  
4       today?

5               MR. MARTIN: Yes. I agree that that's the issue  
6       today.

7               JUDGE STANLEY: And, Mr. Thalhuber, do you agree  
8       that's the issue?

9               MR. THALHUBER: Yes, I do. Thank you.

10              JUDGE STANLEY: Okay. Appellant submitted  
11       Exhibits 1 at the prehearing conference. The Franchise  
12       Tax Board did not object to the admissibility of this  
13       exhibit, and it is admitted into evidence.

14              (Appellant's Exhibit 1 was received into  
15       evidence by the Administrative Law Judge.)

16              JUDGE STANLEY: Franchise Tax Board submitted  
17       Exhibits A through I, and Appellant did not object to the  
18       admissibility of these exhibits. So they are also  
19       admitted into evidence.

20              (Department's Exhibits A-I were received into  
21       evidence by the Administrative Law Judge.)

22              JUDGE STANLEY: Appellant indicated, during the  
23       prehearing conference, that he'll be calling himself and  
24       his CPA, Mr. Martin, to testify at today's hearing.

25              Is that still the case, Mr. Martin?

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MR. MARTIN: Yes.

JUDGE STANLEY: Okay. So before we begin Appellant's presentation, I need to place you both under oath so that we can consider your statements as actual -- your testimony as actual evidence. So will you both please raise your right hands.

H. BEK,

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

J. MARTIN,

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

JUDGE STANLEY: Okay. Mr. Martin, you can have the witnesses testify -- answer specific questions or testify in the narrative, whichever is most comfortable for you and Mr. Bek. You requested 30 minutes for your presentation, and you may proceed when you're ready.

MR. MARTIN: So we're going to let Mr. Bek go ahead and give what he wanted to say, which was the reason for the hearing. And then I will come in and add

1 additional to that, if that's okay.

2 MR. BEK: Okay with me.

3 JUDGE STANLEY: Okay. This is Judge Stanley.  
4 Yeah, that's fine.

5 Mr. Bek, you can proceed when you're ready.

6

7

PRESENTATION

8 MR. BEK: Okay. I think you heard this. I'm  
9 Hugh Douglas Bek. I'm the birth son of Barbara Bek. I'm  
10 the sole heir, the trustee, and beneficiary of the Barbara  
11 Bek Trust, my birth mother. I was born on my mother's  
12 birthday, October 17th. This created a lifelong super  
13 bond between a son and his mother. October 17th was close  
14 to Thanksgiving. And then Christmas my mother go, "Oh,  
15 aren't you staying for Thanksgiving?" Yeah.

16 "Yeah, I am."

17 "How about Christmas?"

18 "Yeah, that too."

19 So my mother trained me to maintain and -- and  
20 look after her rental properties from a very young age.  
21 And I would go collect the rents with her and meet the  
22 painter and all the things that had to be done. But she  
23 always bought a house near the beach with a separate  
24 quarters for me. So if she went out of the town, I would  
25 be at the house, and she wouldn't have to worry about

1 anything.

2 And I -- she knew I would be working, and I  
3 always did. I always got up at 6:30, worked hard everyday  
4 on the rental properties. And we had a few. I met the  
5 painters, collected the rents, did everything that had to  
6 be done with the rental property.

7 I was later in the Los Angeles Times on the front  
8 page, Sunday morning, a color --

9 JUDGE STANLEY: Mr. Bek, I'm sorry to --

10 MR. BEK: Again?

11 JUDGE STANLEY: -- stop you and interrupt you.  
12 Yeah, but this time it's for our Hearing Reporter. You  
13 need to slow down a little bit for her.

14 MR. BEK: Oh, to write? Just to write.

15 JUDGE STANLEY. Yeah, she's recording every word  
16 that you say. So -- and it looks you might be reading  
17 something, which people --

18 MR. BEK: I have notes.

19 JUDGE STANLEY: People tend to talk faster when  
20 they're reading. So just try to slow down a little bit  
21 for us. Thank you.

22 MR. BEK: Okay. Where -- where is she? What  
23 word is she on?

24 JUDGE STANLEY: She said you can continue.

25 MR. BEK: Oh, continue. Okay. Let's see where I

1 am.

2 Okay. She, meaning my mother, always bought a  
3 house near the beach, and she always bought separate  
4 quarters for me in the house. So she could go out of town  
5 knowing that I would be there working, and I did. I'd get  
6 up at 6:30 everyday and worked hard. One of the grandkids  
7 say, "Uncle Doug, he doesn't even go to work."

8 And I said, "They wouldn't last two days with me  
9 getting up at 6:30, working hard, going to all these  
10 buildings, and doing the things I did."

11 So Sunday morning I was on -- in the Los Angeles  
12 Times, a color picture, front-page. "Realtor on a  
13 Bicycle" was the story. And there were two picture inside  
14 with a long story about me, and how I did real estate on a  
15 bicycle at the beach. This -- with my mom in the house,  
16 and this meant I lived at the beach most of the time and  
17 rode a bicycle to work quite a bit, unless I needed a  
18 truck for equipment, paint, or whatever; and I had a  
19 truck.

20 This made the grand -- here's the point. This  
21 made the grandchildren very jealous and upset because  
22 they'd go, "Oh, he doesn't go to work," like the one  
23 nephew said, which is part of the problem here. The niece  
24 married Tom Peters, and he's the niece of Emily Post. Who  
25 Emily Post wrote the book on which one is your salad fork

1 and how to curtsy to the queen. Like -- like, we're going  
2 to need that one.

3 But he, as a grandson, has over \$200 million, and  
4 this is who the niece married. So she got him to put his  
5 money up to try to destroy me and wipe me off the plant  
6 because they were so jealous that I road a bike and went  
7 to work, and I worked harder than most of them. I  
8 guarantee you. So Tom Peters filed four lawsuits against  
9 me when my mother passed away. And the -- one of them was  
10 Superior Court, State of California, County of  
11 Los Angeles, Case No. 16STPB1383. And the other case was  
12 Superior Court, State of California, County of  
13 Los Angeles, Case No. BC614508. The other two lawsuits  
14 they filed served everybody, and they've served people  
15 four times now with -- with all these subpoenas and  
16 documents. The cases were like a New York phone book, six  
17 to eight inches thick.

18 And they -- three days after my mother died, I  
19 got the first one. And it said, "He's a terrible trustee  
20 and not good at it."

21 And I go, "Well, it's only been three day. So  
22 how bad could I be, with my mother just died?" I wasn't  
23 laughing then.

24 So the two lawsuits he canceled. After serving  
25 everybody, he canceled them. And so now we've been served

1 four times, two times unofficially, and just absolutely  
2 harassment. And so we're down to two lawsuits in the two  
3 cases I gave you. And, at this time, I was dealing with  
4 my mother's death, two Superior Court lawsuits in Downtown  
5 Los Angeles, and the escrow of the house. So that's a lot  
6 for one person. I have no one, just me. I'm alone. I'm  
7 the sole guy, everything. No family. The only family I  
8 have is suing me. So dealing with my mom's death, the two  
9 lawsuits, and the escrow, it was really difficult to do it  
10 all and -- and get it right, and I did the best any human  
11 possibly could.

12 The judges freezed all the money. And they said,  
13 no, you can't transact money. You can't -- you can't move  
14 money. You can't deal with any of the funds. So that  
15 kind of slowed me down on your end a little bit. And  
16 that's a court order from two judges. I'm not allowed to  
17 mess with the money, deal with it, try to get it,  
18 manipulate it. None of that.

19 And these -- these people are vicious that are  
20 suing me. They -- it's just unbelievable. The one  
21 grandson, every time he came to Thanksgiving, he'd go  
22 through my mother's desk and get -- this is 10 years  
23 ago -- get check stubs and try to -- try to get bank  
24 accounts so they could plan this thing where they're gonna  
25 to steal all the money. I mean -- I mean, unbelievable

1 stuff.

2 So somehow the niece, with Tom Peter's money, I  
3 believe, got the escrow company to send 2 -- approximately  
4 \$200,000 to the Franchise Tax Board, but there was no  
5 instructions to do that. There was no knowledge of any  
6 tax law. The girl who typed the papers, and did it -- and  
7 I think she's a friend of the niece. So no instructions.  
8 She doesn't know tax law or anything about it. And she  
9 certainly doesn't know me or anything about my taxes. So  
10 that money was sent without my knowledge.

11 And maybe later on I might have signed a paper  
12 that had to be done, but by then it was too late. The --  
13 the deal with made, and I -- I didn't want to start  
14 sending out new papers and do all the things that -- it  
15 was -- by the time they really know -- and nobody ever  
16 told me they were sending \$200,000 off in the mail. I  
17 never heard about it. I never knew about it. So I just  
18 really didn't understand what was going because of the  
19 lawsuit, my mom's death, and the escrow. And the girl was  
20 not qualified to send any tax money to anybody or know  
21 about it or how much or -- I mean, she new nothing.

22 So without instructions, the only way it could  
23 have been is the niece got ahold of her somehow, and  
24 somehow gave her some kind of gratitude -- probably in the  
25 form of cash -- to send the money off and to try to bleed

1 down my escrow account so I would get less money.

2 The lawsuits are ruthless. I can't even tell  
3 you. It's just unbelievable. Probably six to eight years  
4 of it where they sued me, and sued me, and sued me. But I  
5 have an audit one time before with John Martin's company,  
6 and they sent me a letter. We found everything to be true  
7 it correct. Thank you very much for your corporation, and  
8 that's the Franchise Tax Board from California.

9 So I guess I what I want to end up with is don't  
10 let Tom Peters and his wife drain my escrow funds and just  
11 send money off with someone that had nothing to do with  
12 it, knew nothing, had no instructions. It's just really,  
13 really difficult. And if there was a time limit  
14 situation, we had to get all the taxes, John Martin's  
15 company and I, which was really, really difficult. We had  
16 to get our taxes together from 2011 to 2019. So to file a  
17 proper tax form with you, which we do and always do. And  
18 they said I did it before. We found everything to be true  
19 and correct.

20 So we had to round up taxes from 2011 to 2019 to  
21 file the papers you needed and -- and the tax forms that  
22 needed to be filed for you. But a person with no  
23 instructions, just sending money off out of an escrow  
24 account is probably illegal, I would think. So I'm glad  
25 you give your time for me, and I tried to shorten it up

1 today as much as I could.

2 But because of the jealousy and -- and all  
3 through my -- this is a lifelong jealousy. I can't tell  
4 you how sick these people are. Even one of the sons --  
5 one of the nephews -- my son was in the hospital, and he  
6 said he went in, and they came in to visit my mother.  
7 When he went back in, they had her air hose under the  
8 chair and had crimped it. So she's 93, laying in the  
9 hospital dying, and they crimp her air hose. He wet back  
10 in after they left, and the hose was under the table leg  
11 and crimped and cut.

12 And so there's no limit to what these people will  
13 do and want to do to me because of living at the beach  
14 and -- and being in the LA Times didn't help, probably.  
15 But yeah, colored pictures, Sunday morning, pretty  
16 amazing. Realtor on a bicycle. So I was good at it. I  
17 worked hard and -- and things in the paper about me that  
18 maybe not a bad guy. But the nieces and nephews and Tom  
19 Peters, they tried to steal my mother's body from the  
20 hospital. They were going to cremate her and put her in  
21 their pond. They live in Bellingham, Washington. And  
22 they were going to cremate her and put her in their pond  
23 in front of their house so they could torment me for the  
24 rest of my living days.

25 I mean it's -- yeah. It's just unbelievable what

1 they did and willing to do and just going through my mom's  
2 checkbook every Thanksgiving and Christmas. And  
3 unbelievable -- and to 93 dying in the hospital. That's  
4 not quick enough for them. They want to crimp the air  
5 hose and -- my son went back in caught it and straightened  
6 it out. But bad. Really, really bad people. And that's  
7 what I've had to deal with.

8 So that's what I have to say, and I appreciate  
9 your time in all that. But don't let Tom Peters and his  
10 wife drain my escrow account and take my money and send it  
11 off with no instructions, no legal bound, no -- no ability  
12 to know me or any tax situation. Certainly not qualified  
13 to send tax money out. I think it's rare that tax money  
14 gets sent out of escrow like that. And under what  
15 pretense? What -- what is their motive of expertise?  
16 None. None. Lying and cheating. I think she's paid off  
17 and a friend of the niece.

18 So that's where we are, and it took a while to  
19 get all the taxes together, and that's why there was a  
20 delay. And I see -- John and I looked. And in your  
21 records, you have done this before where people have had a  
22 delay, and you've -- you've let them do it and have paid  
23 their claims to get their money back. There's -- there's  
24 precedence of that in your tax books and -- and previous  
25 accounts where you have paid off the loan back to the

1 people and gave -- given the refund is what I'm trying to  
2 say. So there is precedence.

3 And I'll leave that up to my attorney, my CPA  
4 John Martin. Thanks for his company and all he's done.

5 JUDGE STANLEY: This is Judge Stanley speaking.  
6 I'm sorry to hear about your struggles over the years,  
7 Mr. Bek. I would like to see, before we move on to  
8 Mr. Martin, and I won't count this as your time, Mr. Bek,  
9 or Mr. Martin.

10 But, Mr. Thalhuber, do you have any questions for  
11 Mr. Bek before we move on?

12 MR. THALHUBER: I do not. Thank you.

13 JUDGE STANLEY: Judge Vassigh, do you?

14 JUDGE VASSIGH: I do not. Thank you.

15 JUDGE STANLEY: And, Judge Famularo, do you have  
16 any questions for Mr. Bek?

17 JUDGE FAMULARO: No questions.

18 JUDGE STANLEY: Okay. I just had one, Mr. Bek.  
19 I probably missed it. I might have been taking notes.  
20 But what was the escrow for?

21 MR. BEK: The escrow was for the sale of my dead  
22 mother's house.

23 JUDGE STANLEY: Okay. And you said that you were  
24 unaware that they withheld taxes on the sale. When did  
25 you learn that had had happened?

1           MR. BEK: Probably near the closing when I was  
2 too late. I mean, you'd have to get a new buyer and send  
3 out new papers, and it was just impossible. So they hid  
4 it until the last minute. And I had all the lawsuits and  
5 all the -- I -- paperwork, like, you know, six inches  
6 thick coming in day and night. I mean, I was nothing but  
7 legal, legal, legal stuff. Unbelievable. Depositions  
8 after depositions and it never ended. Six years of it.  
9 Six years.

10           JUDGE STANLEY: Okay. So when approximately was  
11 the closing?

12           MR. BEK: Okay. That I don't know, to be honest  
13 with you.

14           JUDGE STANLEY: Just approximately. Even a year  
15 or month.

16           MR. BEK: Maybe Mr. Martin can give us that. I'm  
17 not sure. But I have it, but not here in my papers. And  
18 I'm in a different house. I'm not in my house. I'm at  
19 Dennis' house. He's a computer guy.

20           JUDGE STANLEY: Oh, okay.

21           MR. MARTIN: It was -- it was in 2017 is when the  
22 sale took place. And I do have the information. It's  
23 just have to go to a -- to a different screen.

24           MR. BEK: We may lose you.

25           MR. MARTIN: But I'll -- I'll get that for you.

1           JUDGE STANLEY: This is Judge Stanley speaking.  
2           That's fine. Approximately 2017 is what I was wondering  
3           since the tax return was filed in 2024.

4           Okay. So since there are no other questions,  
5           Mr. Martin, do you want to tack onto what Mr. Bek stated?

6           MR. MARTIN: Sure. As -- as you heard, Mr. Bek  
7           has gone through a tremendous amount of obstacles trying  
8           to get information to me. We had to, again, file from  
9           2011 to 2019 in a very quick period of time. Granted that  
10          there weren't a lot of returns for the State of  
11          California, but to do a complete and accurate return, we  
12          had to make sure of all that because he was living in  
13          Florida at the time.

14          So I spoke with -- there was a 593 form that I  
15          did eventually see in the file for the authorization to  
16          pay the \$186,000 into the Franchise Tax Board. The one  
17          thing that was wrong with that is the title of the  
18          property was in the name of his mom's trust, and they  
19          ended up putting his social security number on it. But  
20          without eventually seeing that, which was very close to  
21          the time that we filed that tax return that I was able to  
22          get from the escrow company, I -- we're just shooting in  
23          the dark trying to figure out where all the information is  
24          and how we come up with it.

25          Unfortunately, we came up with the fact that he

1 knew the people at the escrow company and remembered who  
2 it was, and they were able to go back in their records and  
3 get what we wanted. Shortly thereafter, we needed more  
4 documentation, and they didn't have it available any  
5 longer. So I don't know if there was a statute of  
6 limitations for their time, but they said, sorry, all of  
7 that is gone now. So that put a little bit more of a  
8 delay on everything.

9 I did have a conversation -- a couple of  
10 conversations with Franchise Tax Board. I, unfortunately,  
11 don't have the document that shows the gentleman's name  
12 that I did. But I did talk to a gentleman from Franchise  
13 Tax Board explaining the situation, and he was urging us  
14 to get it filed as quickly as we possibly could. But I --  
15 he also gave me the indication that there had been cases,  
16 that he had been involved with prior to that, where even  
17 after the statute of limitations, the Franchise Tax Board  
18 granted the refund to the person that was doing the  
19 filing.

20 I did have this conversation with -- I don't  
21 remember what his last name -- but Tristen, when we were  
22 first talking about setting up the meetings. And he  
23 stated that -- well, he gave me the inclination that they  
24 had recorded the telephone call for that particular  
25 gentleman that I was speaking to. And I don't know that

1 he really acknowledged anything related to it, other than  
2 the fact that -- I think he said he saw or he heard -- I  
3 can't speak for him. But there wasn't anything that was  
4 really clear on my end other than, yeah, that might have  
5 happened, type of thing.

6 But I did actually speak to a Franchise Tax Board  
7 auditor for a minimum of two times. One time to tell  
8 him -- give him an update, and the second time he was  
9 telling me we need to get it filed. But, you know, there  
10 was still this outside shot for the Franchise Tax Board  
11 accepting the return and doing the refund. So I did  
12 everything I could to get the tax returns filed as quickly  
13 as I could. The only reason it took longer was because we  
14 had to catch up so many returns, and I realize that there  
15 wasn't anything that actually hit California, but I still  
16 didn't feel comfortable with -- with preparing returns  
17 that weren't absolutely 100 percent complete. So that did  
18 take a little bit of extra time.

19 The -- so the escrow company titled the sale of  
20 the property in the name of his mom's trust to put Doug  
21 Bek's social security number on it, which Doug he -- he  
22 has stacks and stacks of documentation, but he doesn't  
23 receive anything through emails. It's sometimes difficult  
24 to get ahold of him on the phone. And during this period,  
25 he had been to -- I think it was three or four different

1 homes that he had moved to. And so it was difficult  
2 following him in progression because his phone number  
3 would change.

4 And as you guys have tried to send documentation  
5 to him, he's actually sitting at his neighbor's house  
6 right now doing all of this through Zoom because he  
7 doesn't have -- he doesn't have the ability to do it.  
8 He's never learned how to do these things. So all in all,  
9 there was -- there was a tremendous amount of anxiety  
10 'cause Doug would be calling me on the phone crying about  
11 what his family members were doing to him, which truly  
12 distracted him from being able to get as much other  
13 information; which there were at least three other  
14 people -- four other people that we had to go to get bits  
15 and pieces of the rental properties that he owned at the  
16 time to be able to do the rental property and the tax  
17 returns.

18 Fortunately, that was one person. But then there  
19 was another person helping him do other things related to  
20 it. So we'd have to merge these things together to come  
21 up with as accurate of a return as we possibly could. If  
22 there was something that we could have done that would  
23 have made things faster and gotten the results sooner, we  
24 would have done it. But in this particular case, fighting  
25 two fronts; one fighting to find information that people

1 had been gathering for him, and then fighting family  
2 members that are trying to throw him in jail or sue him  
3 and do all the other things. It just -- it was a crazy  
4 amount of time that it took.

5 So I don't disagree with the findings. We're  
6 primarily doing this to ask you to, you know, consider all  
7 of the ramifications that have gone into trying to get the  
8 returns. I mean, \$186,000 -- if I knew that there was  
9 \$186,000 at risk someplace, I would have been jumping  
10 through hoops to try and get it. But I didn't get it  
11 until late on in -- in the situation when I was able to  
12 get the escrow settlement statement and a 593 form that  
13 came with that. But that wasn't until the 24 year when we  
14 filed the actual return.

15 And I think that's pretty it for my explanation.

16 MR. BEK: Well, that's about -- Doug Bek. That's  
17 about when I got it was when John saying. And your last  
18 letter I got three days before we talked last time. But  
19 now you have my address, and I'm settled in at Dennis'  
20 here in a little house in the back. So, hopefully, things  
21 will be better. It's been tough.

22 MR. MARTIN: The correct way that everything  
23 should have been filed would have been going through the  
24 mom's trust return. But that didn't happen because we had  
25 to get something filed with Franchise Tax Board ASAP. But

1 the way that it should have been gone down is a different  
2 direction.

3 JUDGE STANLEY: This is Judge Stanley speaking.  
4 Does that conclude your presentation today?

5 MR. BEK: Yes, ma'am.

6 MR. MARTIN: Yes. I think it does for my end?

7 MR. BEK: And Doug Bek's end too. Thank you so  
8 very much.

9 JUDGE STANLEY: Okay. Thank you.

10 Mr. Thalhuber, do you have any additional  
11 questions for Mr. Martin?

12 MR. THALHUBER: I do not. Thank you.

13 JUDGE STANLEY: Judge Famularo, do you have  
14 questions for Mr. Martin?

15 JUDGE FAMULARO: I do not. Thanks.

16 JUDGE STANLEY: Judge Vassigh, do you have any  
17 questions for Mr. Martin?

18 JUDGE VASSIGH: I do.

19 Mr. Martin, I just want to be clear on some of  
20 the facts here. The escrow and that tax was through the  
21 trust, but you were working on Mr. Bek's personal tax  
22 returns?

23 MR. MARTIN: I was working on Mr. Bek's personal  
24 tax returns, the property within his social security  
25 number.

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JUDGE VASSIGH: Okay. So that's my --

MR. MARTIN: So according to IRS and Franchise Tax Board, you wanted to see something. If I had known that was a year or two earlier when I could have gotten that information, I would have filed the return as an in and out showing no gain no loss on it, and I would have prepared a 1041 for it instead. The results would have all been the same because there was a loss on the sale of the property after it was inherited.

JUDGE VASSIGH: Okay. Thank you.

MR. MARTIN: Yeah. I wish -- I wish all of those things could have been happened the right way. But with the moving, with the -- being able get into contact with all of the other people that were involved and everything, it -- it was hard to get in contact and figure out what -- where we need to do go to find the information. And like I said. Had known early on that there was \$186,000, I would have ground until I couldn't get anything out of the earth any longer. Because that's just -- that's -- especially on a -- on a no -- no taxable event sale.

So that's why it's so -- it was prepared wrong at the escrow company. It was family issues. It was moving issues. It was a whole array of things that just consumed all the time when I got it done as quickly as I could.

JUDGE STANLEY: This is Judge Stanley speaking.

1 Thank you, Mr. Martin. I did want to note. Were you the  
2 one who that also prepared federal returns, and did they  
3 have an issue with the statute of limitations as well?

4 MR. MARTIN: No because there was no gain or loss  
5 on the sale of the property. So the only issue that's up  
6 is this \$186,000. It would have all been refunded to the  
7 taxpayer from the Franchise Tax Board. Had the escrow  
8 company done what they were supposed to do properly, get  
9 an EIN number for the trust, which they could have  
10 contacted anybody that they wanted at the time, knowing  
11 that you can't put the name of a trust down and put  
12 somebody else's social security number.

13 That just in itself is -- is wrong. Don't get me  
14 wrong. I see it. I see it a lot that escrow companies,  
15 all they're trying to do is punch numbers in and stuff.  
16 And I had to go back and do corrections on people that we  
17 see, who not -- didn't have any idea there was \$186,000.  
18 Because, again, if you fill out the 593 form on one of the  
19 pages, it would have been showed that there was a loss,  
20 and there was no tax due.

21 JUDGE STANLEY: Okay. This is Judge Stanley  
22 again. So the escrow company didn't withhold federal  
23 taxes, just California taxes?

24 MR. MARTIN: Yeah. They don't withhold federal  
25 taxes.

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JUDGE STANLEY: Okay.

MR. MARTIN: Only -- only the State of California withholds the three-and-a-third tax.

JUDGE STANLEY: Okay. Thank you, Mr. Martin and Mr. Bek.

We'll turn this over to the Franchise Tax Board. The Franchise Tax Board is not presenting any witnesses today. They're only arguing the case, so they will not be testifying under oath or affirmation.

Mr. Thalhuber, you requested 10 minutes for your presentation, and you may proceed when you're ready.

MR. THALHUBER: Thank you, Judge Stanley.

PRESENTATION

MR. THALHUBER: Again, this Tristen Thalhuber on behalf of Respondent Franchise Tax Board.

The issue in this appeal is whether the Appellant has established that he filed a timely claim for refund for the 2017 tax year prior to the expiration of the statute of limitations. Unfortunately, the record will show he did not as to the barred over payment. Appellant late filed his original 2017 tax return on June 12th, 2024, after the four-year statute of limitations period expired. The only payment on Appellant's 2017 tax year account is his withholding

1 credit, which is deemed paid on the original due date of  
2 his 2017 tax return; and thus, the one-year statute of  
3 limitations is unavailable to allow a refund of the  
4 overpayment for the 2017 tax year.

5 Appellant contends that the relevant real estate  
6 withholding credit resulted from a mistake by the escrow  
7 company. He also explains that several personal  
8 difficulties, including lawsuits and harassment by family  
9 members, caused him to late file his 2017 tax return. And  
10 while Appellant's situation is unfortunate, such hardships  
11 did you not negate his responsibility to timely file a  
12 return and will not extend the statute of limitation.  
13 There's no reasonable cause or equitable basis for  
14 suspending the statute of limitations. In its  
15 precedential opinion in the Appeal of Benemi Partners, the  
16 Office of Tax Appeals held that the language of the  
17 statute of limitations is explicit and must be strictly  
18 construed.

19 The Appellant has not provided any evidence that  
20 would allow FTB, by law, to grant his claim for refund;  
21 and therefore, FTB request that the Office of Tax Appeals  
22 sustain its claim for refund denial for the 2017 tax year.

23 Thank you, and I am happy to answer any  
24 questions.

25 JUDGE STANLEY: Thank you, Mr. Thalhuber.

1           Judge Famularo, do you have any questions for  
2 Franchise Tax Board?

3           JUDGE FAMULARO: I do not.

4           JUDGE STANLEY: Okay. I'm Judge --

5           MR. MARTIN: I have one more question.

6           JUDGE STANLEY: Wait. Hold on one second.

7           Judge Vassigh, do you have any questions for the  
8 Franchise Tax Board?

9           JUDGE VASSIGH: I do not.

10          JUDGE STANLEY: Okay. And, Mr. Martin, do have a  
11 question --

12          MR. MARTIN: Yes.

13          JUDGE STANLEY: -- that you would like me to  
14 present to Franchise Tax Board?

15          MR. MARTIN: Sure. So when I had the  
16 conversation with the gentleman at the Franchise Tax Board  
17 that said that there have been cases that the Franchise  
18 Tax Board granted the refunds, that sort sets up a  
19 precedence in this situation where he's telling me, yeah,  
20 you've got to get it filed as quickly as you possibly can.  
21 And there are -- have been cases where we've done this.

22                 But I would think that if there's been a case  
23 where that's been done, that we should be able to fall  
24 under the same types of rules that that may have generated  
25 to come to that conclusion as explained in Mr. Bek's

1 presentation, my presentation, for a little bit of leeway  
2 on trying to get those things filed. I mean, you're  
3 talking about \$186,000.

4 JUDGE STANLEY: Thank you. I will ask  
5 Mr. Thalhuber, since this matter -- this particular issue  
6 of a conversation with the Franchise Tax Board rep has  
7 been raised by both Mr. Bek and Mr. Martin.

8 And Mr. Bek indicated, Mr. Thalhuber, that you  
9 had discussed it with him. Can you please let us know  
10 whether you did review that conversation and what the  
11 ramification of it are, if any?

12 MR. THALHUBER: I reviewed the telephone records  
13 between the taxpayer and Franchise Tax Board. I am  
14 unaware of any precedent as Mr. Martin has mentioned as  
15 far as extending the statute of limitations for facts  
16 pertaining to this appeal. And as to your question, I --  
17 I have reviewed the -- the telephone records, but I do  
18 not -- I did not identify any information that would be  
19 relevant to the statute of limitations issue in this  
20 appeal.

21 MR. MARTIN: Not quite sure the clarity of that.  
22 So you're saying that in what you --

23 JUDGE STANLEY: Okay. Wait. Wait. Wait. You  
24 want to address any comments or questions to me, please,  
25 so that the --

1 MR. MARTIN: I'm sorry, Judge.

2 JUDGE STANLEY: -- panel can consider them. If I  
3 need to ask Mr. Thalhuber a follow-up question, I can do  
4 that. But let me see what you have to say.

5 MR. MARTIN: So my understanding is he's listened  
6 to a number of telephone conversations with many different  
7 agents for the Franchise Tax Board, and he didn't ever  
8 hear anything that was stated in the conversation that  
9 this particular Franchise Tax Board officer stated to me  
10 that there had been other case. So he didn't hear  
11 anything specifically or specific to the facts that we  
12 would fall under that particular? Because that would  
13 be -- that would be -- that would be legal advice, and  
14 they can't -- Franchise Tax Board can't give legal advice  
15 to -- through a -- through a -- an officer, I wouldn't  
16 think. But I'm just trying to understand. Did he hear my  
17 conversation? Did he not hear my conversation?

18 JUDGE STANLEY: This is Judge Stanley speaking.  
19 What Mr. Thalhuber stated was that he reviewed the call  
20 records. He didn't say he listened to any conversations,  
21 and he did not see anything in the call records that  
22 indicated you or Mr. Bek were advised that there were  
23 exceptions to the statute of limitations. So that's what  
24 I heard him say. So he didn't see anything in those  
25 records that support your position that you were advised

1 differently. Okay.

2 MR. MARTIN: I got out of that the fact that he  
3 didn't see anything that particularly led to these  
4 particular circumstances that would -- that would go in  
5 that particular direction. It was the circumstances that  
6 he was looking for that would allow something like that,  
7 not just to mention that I've had it, "I've seen where  
8 it's been done before where this exception has been made."  
9 And so I just wanted to clarify that.

10 He's looking for specific language compared to  
11 what I'm talking about, and I'm wondering if he heard  
12 something, but it didn't really pertain to what we're  
13 talking about here, or he did not see anything, and so  
14 like my conversation didn't exist. So what I'm trying to  
15 get affirmation on, whether my phone call existed into  
16 whether it didn't pinpoint an exception, such as the  
17 circumstances that we're in that led him to his  
18 conclusion.

19 JUDGE STANLEY: Okay. This is Judge Stanley  
20 speaking. I'm going to leave this as is for now because I  
21 think the panel understands how the call records for the  
22 Franchise Tax Board work, and I think that we can evaluate  
23 whether or not there's any relevant impact on this case in  
24 particular --

25 MR. MARTIN: Okay.

1 JUDGE STANLEY: -- to the extent that anybody who  
2 discusses other instances where this may or may not have  
3 happened, that it's not relevant to what we're considering  
4 today.

5 MR. MARTIN: Okay.

6 JUDGE STANLEY: Okay. So, Mr. Martin, I'm going  
7 to give you and/or Mr. Bek, if you want to have a final  
8 statement or rebuttal. You have 5 minutes, and may  
9 proceed when ready.

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CLOSING STATEMENT

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MR. MARTIN: Okay. I'd just like to thank you  
guys for taking this time in allowing Mr. Bek and myself  
to address the court regarding this particular situation.  
We're truly sorry that we're in this particular situation  
and having to use your time this way, but I have truly  
appreciated what you guys do.

18

19

JUDGE STANLEY: This is Judge Stanley speaking.  
Thank you, Mr. Martin.

20

Mr. Bek, do you have any final thought to add?

21

MR. BEK: Well, I kind of do. Yes, ma'am.

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I -- with all the circumstances and a third party  
sending money that had no knowledge of the tax law or my  
taxes or -- I just don't see how that can't be taken into  
consideration, if an unqualified person goes into my

1 account and sends the money to you unjustly and, really,  
2 illegally. The person typing is not allowed to do that  
3 and change a thing and send money off here and there to  
4 make her girlfriend happy. I just think that there should  
5 be consideration for that, and I would like to see the  
6 refund go through, ma'am.

7 Thank you very much.

8 JUDGE STANLEY: Thank you, Mr. Bek.

9 Judge Famularo, do you have any final questions  
10 for either party?

11 JUDGE FAMULARO: No, I do not. Thank you.

12 JUDGE STANLEY: Judge Vassigh, do you have any  
13 final questions?

14 JUDGE VASSIGH: I do not. Thank you.

15 JUDGE STANLEY: Okay. Today's hearing in the  
16 appeal of Bek is now concluded, and we will go off the  
17 record.

18 (Proceedings concluded at 1:59 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 9th day of February, 2026.

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