BEFORE THE OFFICE OF TAX APPEALS

STATE OF CALIFORNIA

IN THE MATTER OF THE APPEAL OF,	)	
	)	
Y. ELTAWIL,	)	OTA NO. 240415904
	)	
APPELLANT.	)	
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TRANSCRIPT OF ELECTRONIC PROCEEDINGS

State of California

Thursday, June 25, 2026

Reported by:
ERNALYN M. ALONZO
HEARING REPORTER

BEFORE THE OFFICE OF TAX APPEALS

STATE OF CALIFORNIA

IN THE MATTER OF THE APPEAL OF,)
Y. ELTAWIL,) OTA NO. 240415904
APPELLANT.)

Transcript of Electronic Proceedings, taken in the State of California, commencing at 12:58 p.m. and concluding at 1:42 p.m. on Thursday, June 25, 2026, reported by Ernalyn M. Alonzo, Hearing Reporter, in and for the State of California.

APPEARANCES:

Panel Lead:	ALJ SUZANNA B. BROWN
Panel Members:	ALJ JOSH LAMBERT HEARING OFFICER KIM WILSON
For the Appellant:	NADER SHAHATIT
For the Respondent:	STATE OF CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION RAVINDER SHARMA CHRISTOPHER BROOKS JASON PARKER

I N D E X

E X H I B I T S

(Department's Exhibits A-J were received into evidence at page 8.)

PRESENTATION

CLOSING STATEMENT

California; Thursday, June 25, 2026

12:58 p.m.

JUDGE BROWN: We will go on the record.

And we are now on the record for the Appeal of Eltawil, and this is OTA Case No. 240515904. Today is Thursday, June 25th, 2026, and it is almost 1:00 p.m. I have 12:58 p.m. We are holding this hearing electronically over ZOOM with the agreement of all parties.

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

MR. SHARMA: Good afternoon. This is Ravinder Sharma, hearing representative for CDTFA.

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

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

JUDGE BROWN: Thank you.

And now if I could ask the representative for Appellant to introduce himself.

And Mr. Shahatit, you are muted. So, please unmute yourself.

MR. SHAHATIT: Nader Shahatit, the representative for Mr. Eltawil.

JUDGE BROWN: Thank you very much, everyone.

I'm Administrative Law Judge Suzanne Brown, and I'm the lead panel member for this case. My co-panelists today are Hearing Officer Kim Wilson and Administrative Law Judge Josh Lambert. Although, I am lead for purposes of conducting this hearing, all three panel members are co-equal decision makers in this process and are free to ask questions or otherwise, speak up at any time.

I think everyone knows that this is hearing is before the Office of Tax Appeals, which we refer to sometimes as OTA. OTA is not a court but is an independent appeals body. OTA is staffed by tax experts and is independent from the State's tax agencies, including independent from CDTFA. Because OTA is a separate agency from CDTFA, arguments and evidence that were previously presented to CDTFA are not necessarily part of the record before OTA, unless they've been specifically submitted to OTA.

OTA's written opinion for this appeal will be based upon the briefs that the parties have submitted to OTA, the exhibits that will be admitted into evidence, and the arguments presented at the hearing today. As I reminder, the panel does not engage in what's called ex parte communications, meaning that the panel members don't speak to one party without the other party present.

Now, we had a prehearing conference for this matter on May 27th where we discussed the topics that were going to be presented at the hearing. Afterwards, I issued a document called a Prehearing Conference Minutes and Orders that summarized what we discussed. At the prehearing conference, we identified two hearing issues which are: Issue 1, whether adjustments are warranted to the measure of tax; and Issue 2, whether the negligence penalty should be deleted. And I will note that the measure of tax and the amount of the negligence penalty are all following the reductions pursuant to the multiple reaudits. There were, I believe, three reaudits.

So, first I want to confirm with the parties that these are an accurate description of the issues.

Can I ask Mr. Shahatit is that Issue 1 and 2, did I state them accurately?

MR. SHAHATIT: Yes, ma'am.

JUDGE BROWN: Okay. And, CDTFA, does that also reflect your understanding of the issues?

MR. SHARMA: This is Ravinder Sharma. That is correct, Judge. Thank you.

JUDGE BROWN: Okay. Thank you.

Then if we've confirmed the issues, I will move on to addressing the exhibits. We had a 15-day deadline for submitting exhibits. That was June 10th. Appellant did not submit any exhibits, but he indicated that he will use CDTFA's exhibits. And as I mentioned earlier, we will also be relying on the parties' briefs, and Appellant did submit briefs, which are part of the record. CDTFA timely submitted its proposed Exhibits A through J. And during the prehearing conference, Appellant indicated that he had no objection to CDTFA's exhibits.

Mr. Shahatit, can I confirm that you do not object to CDTFA's Exhibits A through J being admitted?

MR. SHAHATIT: Yes, Your Honor. That's fine.

JUDGE BROWN: Okay. Then I will say that Exhibits A through J are admitted into evidence.

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

JUDGE BROWN: And neither party is calling any witnesses to testify, so we'll just be hearing the parties' arguments today. And the timeline for the hearing, I have that Appellant indicated his presentation will be about 25 minutes.

Is that still correct, Mr. Shahatit?

MR. SHAHATIT: Yes. Maybe less but --

JUDGE BROWN: Okay.

MR. SHAHATIT: -- yes.

JUDGE BROWN: All right. Well, we're the only hearing this afternoon, so I'm not concerned with us running too late.

And CDTFA indicated that it will also be taking about 25 minutes.

Is that still correct?

MR. SHARMA: This is Ravinder Sharma. That is still correct. Thank you, Judge.

JUDGE BROWN: Okay. Thank you. And as you know, the panel may have questions for one or both parties. And then after the panel's questions, we will have Appellant will have an opportunity to make a rebuttal. And then we -- I scheduled approximately five minutes for that. If at some point anyone needs a short break, please speak up and say so.

Does anyone have any questions about anything at this point or anything that you wanted to mention before we begin with the presentations? If not, then I will say we can go ahead with Appellant's presentation.

Mr. Shahatit, you can begin whenever you are ready.

MR. SHAHATIT: Okay. Thank you.

PRESENTATION

MR. SHAHATIT: The case is involved of a Syrian restaurant in San Francisco. They have one location, and they have one cash register, and they have two employee. Appellant operate a small independent Syrian restaurant in the Lower Height of San Francisco. Following an examination of the Department, they issued a massive $1,900 -- I mean, $1,906,287 unreported taxable sales, measure $340,000 of in-store sales, and $1,566,217 million of third-party sales, for the period of April 1, 2019, through March 31st, 2022.

I also want to mention that this period is the COVID period, COVID-19, and at this time people did not dine-in. So, I'm not sure how does that work with the Department that they estimated that much money for dining in. The Department assessment rely entirely on two fundamental flaw pillars. One, is a one-day stand-alone observation test conducted on a Tuesday in June 2022 to project three years of in-store sales. The second one is unverified 1099-K data to project third-party delivery sales without providing proper market place facilitators. Appellant request a full reimbursement redetermination of the tax measure and an abandonment of the 10 percent negligent penalty.

The Department stand-alone one-day observation test violate the CDTFA Audit Manual and precedent. The Department calculated a 49.63 percent overall unreported in-store sales error based exclusively on a single-site test conducted on Tuesday, June 21, 2022. That's we find it on schedule 12A-1A from the Department paperwork, violation of the Audit Manual 0810.30. CDTFA Audit Manual specified that a standard reliable observation test must be three days to smooth out daily economic and environmental variables in a sufficient sample size. A single sunny Tuesday in mid-2022 mathematically or logically present an operational reality from 2019 to 2022 -- I mean, 2020 and 2021.

The OTA has consistently held that a standalone one-day observation test is legally insufficient to project years of liability, unless heavily supported business extensive historical record is available. The state administrative deadline did not grant them license a substitute guesswork for rational auditing. The Department concluded fraud its method to present moving target by doing three audits. On April 29, 2026, here in the appeal, the Department issue a third reaudit. This reaudit arbitrarily altered the credit card sales percentage for the year '20 to 100 percent and 92 percent for third quarter '20 and fourth quarter 2020.

By altering these percentage, the Department openly admitted that its original one-day observation ratio, which is 84.97, was completely invalid when applied to the peak of COVID-19 pandemic era, when San Francisco strictly banned in-door dining and post transaction entirely to credit card. The Department knew 92.33 percent ratio is a self-admitted halfway mathematical guess if the underlying one-day test is fruit from a poison tree. The Department cannot legally fix it by inventing speculative percentage to backfill the audit measure and -- and substandard third-party assessment and double taxation risk.

The Department has assessed an astronomic one million and a half, approximately, in unreported third-party delivery based on aggregated 1099-K record. Usually, the market -- the third-party by the -- by California is supposed to help the taxes, not my client responsibility to report the taxes. The Department bears the initial burden to show its assessment is rational in the absence of un -- under -- un -- data showing transparencies for information.

The No. 4, rent assessment reasoning test used to rational the geographical bench mark, to defend its inflated audit measure, the Department claimed that the Appellant rent expense equal to 9 1/2 percent of the audit sales, which they argue is reasonable compared to generic state-wide restaurant benchmark of 5 to 8 percent. Applying the generic state-wide rent benchmark to the

Lower Height neighborhood of San Francisco, one of the most expensive commercial real estate, is irrational.

A higher rent sales percentage does not prove hidden cash sales. It proves the hyperinflation of San Francisco commercial real estate leases. And the Department has imposed 10 percent negligent penalty, which is around $16,000. Appellant maintain that any lack of the extensive recordkeeping was driven by entirely by severe operational and financial disruption caused by the COVID-19 lockdown, not willful negligence under California law.

I just want to say that this audit is not reasonable and not -- and overinflated. And my client reported the sales tax collected to the Department, and the Department agree and approve it. And this is for the last about three years five years. None of the Department came back and told them -- told my client that what he report is wrong, or there is a problem with it. The Department says that they are doing this because they want to keep state interest, and there is a waiver problem. However, that's not an excuse to -- to put an instrumental amount on him.

He came from Syria, and he tried this -- this operation, and they're trying to help to -- you know, to support themselves during the pandemic and by working hard and reporting what they collect. The difference between the 1099 and what he report is the amount of nontaxable sales for the third party or for the -- for total sales. And the amount that is collected, it has been reported to the Department, and there was no extra amount due, I believe.

Thank you.

JUDGE BROWN: Thank you Mr. Shahatit. I may have a question or two for you now, and then I may have some after I hear the Department's presentation. My question is with your argument about the observation test and you point -- about how it was only one day and the Audit Manual said that it says that it should be three days. I saw in the records that Appellant did not -- Mr. Eltawil did not agree to additional days of the observation test. Is that your understanding?

MR. SHAHATIT: No. We -- we -- the -- the restaurant was open, and they can come any time. I don't know why they -- the reason that they did not come back, they say that the waiver is -- it will expire, and we did not sign a waiver for them. But the business was operating more than three years. I don't know why the State comes at the last minute and saying, "Oh, by the way" -- and I was an auditor. If there's a problem with the waiver, usually we drop the one quarter and add another quarter at the end of the audit, and that will give them another three months to conduct an audit.

JUDGE BROWN: And then my other question is, are there other business records that you're arguing CDTFA should have relied on, other than the records that it used, like the 1099 data?

MR. SHAHATIT: The problem is this business is a small pop business. They have one cash register tape only, and they have two employee. So -- and they're coming from -- you know, this is their first time doing business in the United States, so they were not sure what they -- what they collect is what they report. That's the only thing that they have. So, they don't have the, you know, the records that's -- when -- when this happened. When the audit happened, they asked for the record, but these are the most reliable information that's available, which is the 1099.

JUDGE BROWN: Those are all my questions right now. I'm going to turn to my co-panelist and see if they have any questions right now or whether they may want to wait until they hear both presentations.

Hearing Officer Wilson, do you have any questions at this time?

HEARING OFFICER WILSON: I will hold my questions until CDTFA makes their presentation. Thank you.

JUDGE BROWN: Okay. Thank you.

And, Judge Lambert, do you have any questions at this time?

JUDGE LAMBERT: This is Judge Lambert. I have no questions. Thanks.

JUDGE BROWN: Thank you.

Okay. Then I will turn to CDTFA and say that CDTFA can make its presentation whenever its ready. Thank you.

MR. SHARMA: Thank you, Judge.

PRESENTATION

MR. SHARMA: This is Ravinder Sharma.

Appellant operates a restaurant in San Francisco, California, since January 2011 selling hot prepared food, some cold food, and beverages for either dining in or to-go. Appellant also sells through third-party service providers, such as Grubhub.

The Department performed an audit examination for the period April 1, 2019 through March 31, 2022. Appellant reported total sales of around $743,000 and claimed sales tax included deduction of $58,000, resulting in reported taxable sales of $685,000 for the audit period; Exhibit J, page 159. However, Appellant failed to report its third-party sales to the Department during the audit period.

Despite various requests, Appellant did not provide any books and records for the audit period. The Department obtained 1099-K data showing Appellant's credit card receipts from its customers and from the third-party ordering service providers for the audit period. Due to lack of books and records, the Department used indirect audit method to verify the accuracy of reported amounts and to determine unreported taxable sales for the audit period. The Department performed an observation test on June 21, 2022, and determined credit card sales ratio of around 85 percent, credit card tips ratio of 9 percent, nontaxable sales ratio of 10 percent for pre-COVID period, and 17 percent for the COVID period and subsequent period; Exhibit J, page 170 and 171.

For the COVID period, the Department expected an increase in the credit card sales ratio due to lack of dine-in options and corresponding increase in online and phone orders prepaid with credit cards. So, the Department estimated the credit card sales ratio for second quarter 2020 was 100 percent and, estimated the ratio for third quarter 2020 and fourth quarter 2020 was 92 percent; Exhibit J, page 165. From the dine-in restaurant sales, the Department used 1099-K data to determine credit card receipts of a little more than

$1.2 million for the audit period; Exhibit J, page 172.

The Department used credit cards receipts of $1.2 million, applied credit card sales ratio, tips ratio, nontaxable food sales ratio, based on the observation test of June 21, 2022, and applicable sales tax rate to determine audited taxable dine-in sales of $1.02 million for the audit period. Appellant reported taxable sales of around $685,000, resulting in unreported taxable sales of $341,000 for the audit period; Exhibit J, page 165. For the third-party service provider sale, the Department used 1099-K data and applicable sales tax rate to determine audited taxable third-party sales of $1.6 million for the audit period. Appellant reported zero taxable sales for the third-party service providers, resulting in unreported taxable sales of $1.6 million for the audit period; Exhibit J, page 177 and 178. As a result, the Department determined unreported total taxable sales of $1.9 million for the audit period; Exhibit J, page 163.

When the Department is not satisfied with the amount of tax reported by the taxpayer, the Department may determine the amount required to be paid based on any information which is in its possession or may come into its possession. In the case of an appeal, the Department has a minimal initial burden of showing that its determination was reasonable and rational. Once the

Department has met its initial burden, the burden of proof shifts to the taxpayer to establish that a result differing from the Department's determination is warranted. Unsupported assertions are not sufficient to satisfy a taxpayer's burden of proof.

The Department used observation test and 1099-K data to determine the audit liability. Doing so produced a reasonable and rational determination. Appellant raised four contentions. First, Appellant contends that the Department improperly relied on estimated calculation and assumptions instead of obtaining sufficient information reflecting actual business operations. In response, the Department submits that despite various requests, Appellant did not provide any books and records for the audit period. Due to lack of books and records, the Department use indirect audit methods and other best available information to determine unreported taxable sales for the audit period.

Second, Appellant contends that the Department relied heavily on a single observation test to project taxable sales over approximately three years. In response, the Department submits that Appellant and the Department agree to perform an observation test on June 21, 2022. After the observation test on June 22, 2022, the Department asked the representative to sign a waiver so that it could expand the test period. In addition, the Department asked the representative to start keeping sales records for the period June 22nd, 2022, to July 5, 2022.

Then on June 29, 2022, the Department again asked the representative to sign the waiver that would allow it the additional time to collect the sales data for further analysis, but the representative refused to sign the waiver and failed to provide additional data. For detailed comments, please refer to Exhibit G, page 122. Due to the representative's refusal to sign the waiver and failure to provide requested sales data, the Department used the observation data and 1099-K data to determine unreported taxable sales for the audit period.

Third, Appellant contends that the audit methodology using 1099-K data may include gross receipts, rather than taxable receipts, delivery charges, and commissions may distort sales amount. Third-party providers collect and remit taxes differently. And 1099-K information alone does not establish taxable sales. In response, the Department submits that based on the available information on the third-party websites, they collected tax on total sales; Exhibit H. Please refer to comments on page 56 of Exhibit E.

Further, as of now, Appellant has not provided any documentary evidence to show that it made any sales, wherein the third-party ordering service providers did not charge sales tax. Due to the lack of any supporting documentary evidence, no adjustments are warranted for this contention.

Fourth, Appellant contends that the allowance for the nontaxable sales remains inadequate and does not accurately reflect actual business activity during COVID periods. In response, the Department submits, as explained earlier, due to representative refusal to sign the waiver and provide requested sales date for June 22nd, 2022, to July 5, 2022, it used the observation test data and other best available information to determine unreported taxable sales for the audit period. Further, as of now, Appellant has not provided any documentary evidence to show that nontaxable sales should be higher than 10 percent for pre-COVID period and 17 percent during the COVID period and subsequent period. Due to lack of any documentary evidence, no adjustments are warranted for this contention.

As you know, California imposes sales tax on a retailer's retail sales of tangible personal property in this state measured by the retailer's gross, receipts, unless the sale is specifically exempt or excluded from taxation by statute. All of a retailer's gross receipts are presumed subject to tax, unless retailer can prove otherwise. As set fourth in Regulation section 30219 where the Department's determination is reasonable, the burden of proof is on Appellant to prove all issues of fact by a preponderance of the evidence. Appellant must establish by documentation or other evidence that the circumstances it asserts are more likely than not to be correct.

Here, the measure determined by the Department is based on the actual 1099-K data and observation test showing that Appellant underreported its taxable sales during the audit period. Appellant has failed to provide any documentation establishing that 1099-K data was inaccurate or observation test was not correct. The Department assessed 10 percent negligence penalty for the audit period. Unreported taxable sales measure is 278 percent of the reported taxable sales. Further, the Department noted that credit card receipts for 1099-K data significantly exceeded the reported taxable sales on Appellant's sales and use tax return. In fact, Appellant's collection of around $1.7 million from the third-party service providers and reporting zero sales on its sales and use tax return is very strong evidence of its negligence.

Based on the foregoing, the Department concluded that understatement cannot be attributed to a bona fide and reasonable belief that the bookkeeping and reporting practices were sufficiently compliant with the requirements of sales and use tax law. Complete lack of books and records and exceptionally high degree of underreporting establish clear evidence of negligence. Therefore, Appellant was negligent and penalty should be upheld.

In conclusion, the Department has fully explained the basis for the deficiency and proved that the determination was reasonable based on the available books and records. Further, the Department has used approved audit methods to determine the deficiency. Therefore, based on the evidence presented, the Department requests that Appellant's appeal be denied.

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

JUDGE BROWN: Thank you, Mr. Sharma.

Now I will turn to my co-panelists and see if they have any questions for either party. I'll start with Hearing Officer Wilson.

Do you have any questions at this time?

HEARING OFFICER WILSON: I do. A question for the Department. For the second -- I think it's the second reaudit. There was an adjustment for the cold food for periods March 2020 through December of '21. How did you determine that was an appropriate period for adjustment versus the credit card percentages being adjusted only for 2020?

MR. SHARMA: The Department has only observation test to work with, and they used the observation test. During the observation test, there was cold food to-go, and there was a cold food on which tax not charged. So, Department assumption is, because the cold food the tax was not charged, those were the items which would have been nontaxable sales during the COVID period because there was no dine-in available. So, that's the reason. Actual test represent 10 percent nontaxable sales, but if we added those things with the cold food, which Appellant failed to charge the tax, would have been exempt sales because those were food to-go. So, that's from 10 percent to 17 percent.

HEARING OFFICER WILSON: So, to follow up on the -- the credit card ratio was for 2020. The adjustments were only for 2020. Can you explain why there would only be an adjustment for 2020 for the credit card versus the cold food? I -- I understand they're different, but can you explain why the periods aren't the same?

MR. SHARMA: Okay. So, if I understand the question, first thing is adjustment for the credit card. The credit card adjustment is for only for 2020 because in 2021 the business was open for dine-in. So, we made adjustment for the second quarter 100 percent, and third quarter and fourth quarter we took an average 100 percent and the test, which is 185. So, we took an average of that. That's what we allowed for third and fourth quarter.

For the nontaxable sale, the Department allowed the exemption for the COVID period and any period after that. The 70 percent is allowed for the rest of the audit period.

HEARING OFFICER WILSON: Okay. Thank you.

MR. SHARMA: Thanks.

JUDGE BROWN: Okay. Thank you.

And now I will turn to Judge Lambert, and ask if you have any questions for either party?

JUDGE LAMBERT: This is Judge Lambert. I have no questions. Thanks.

JUDGE BROWN: Okay. Give me just a moment. I don't think I have any further questions at this time. So, I believe we can go back to Appellant for Appellant's rebuttal.

Mr. Shahatit, you don't have to repeat anything that you were saying -- that you've said previously, but now you can respond to anything that has been raised after you completed your presentation or just make any other closing remarks whenever you're ready.

You are muted. There you go.

CLOSING STATEMENT

MR. SHAHATIT: I just want to say that this is a Middle Eastern food restaurant. Half of their sales is cold food and, if it is to go, it should not be charged tax on it. And that is the reason why that there's a difference between what they report. They report the net sales, which is how much they collect, and then they -- they see how much the taxable sales. That's why there's a difference. The -- the Department excuse of waiver should not be a punishment for the taxpayer for all the -- for this overstated taxable sales. The audit should be reasonable. And the -- the restaurant was open for business. They can go there and do the -- another observation test or collect any data that they have, but they choose not to do that. They choose the way that -- that's presented in this audit. I think it's unreasonable and my taxpayer is only reporting what he collect, and the other one is for nontaxable sales. He did not charge tax on it.

Thank you.

JUDGE BROWN: All right. Thank you.

And now I will turn one last time to co-panelists and ask if they have any additional questions before we wrap up the hearing.

Hearing Officer Wilson, anything further?

HEARING OFFICER WILSON: Sure. I'll ask a question for Appellant.

So, did the taxpayer not have any records available, or they just weren't provided?

MR. SHAHATIT: The only tax available -- the books and records that is available only when they collect the tax at the end of the month. They calculate the tax, and they send it to the bookkeeper. The bookkeeper divide the tax to 1. -- the tax rate, and they report it. That's why they did not keep any records. Those are the -- this is the first time doing business in America, and they were not sure what they -- what they need to do. What they thought that they need to do is to report what the tax collected. They were not sure that there was, like, nontaxable sales that they have to document every single thing. They are just mom and pop restaurant. It's not like a very big company.

HEARING OFFICER WILSON: So, they didn't keep any, like, worksheets that they did --

MR. SHAHATIT: They have the cash --

HEARING OFFICER WILSON: -- or sales return --

MR. SHAHATIT: They have the cash --

HEARING OFFICER WILSON: -- bookkeeper didn't have any --

MR. SHAHATIT: The bookkeeper had the cash register tape, and the -- like, only sheets of paper saying how much their sales and how much tax they collect.

HEARING OFFICER WILSON: So, was the bookkeeper not able to provide their worksheets on how they prepared the --

MR. SHAHATIT: They -- the Department did not ask for the worksheet. They -- they want like the Z-tape, and they don't have it at that time. But after they did the one-day observation test, I don't know why the Department did not come and collect the Z-tape because it was there. I mean, it was available.

HEARING OFFICER WILSON: Okay. Thank you.

MR. SHAHATIT: Thank you.

JUDGE BROWN: All right. And let me follow up on one of -- on that questioning, Mr. Shahatit. The -- the notes in the audit workpapers also said that Appellant did not provide his federal income tax returns. Were those also not available to him to provide to the Department -- to the auditor?

MR. SHAHATIT: I -- but I asked them, but as a previous auditor, the Department have access to income tax return through just asking them, you know. They can send the request to the IRS, and they have it. But I asked the -- the -- my client to -- to provide it. I don't know. For whatever reason, he did not send it.

JUDGE BROWN: All right. Thank you.

MR. SHAHATIT: I'm -- I'm not sure why -- why the Department did not ask the IRS for the return because this is the -- a very easy procedural thing that every auditor can do.

JUDGE BROWN: All right. Thank you.

MR. SHAHATIT: Thank you.

JUDGE BROWN: Now, I will turn to Judge Lambert, and ask if you have --

Judge Lambert, do you have any final questions before we wrap up the hearing?

JUDGE LAMBERT: No final questions. Thanks.

JUDGE BROWN: Okay. Thank you.

Then I believe I have heard all of the arguments from both parties, and I've admitted the evidence and therefore, we can wrap up the hearing for the day.

I will say this concludes the hearing, and the record is now closed, and the case is submitted.

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

The hearing is now adjourned, and this completes OTA's hearings for today and for this month.

Thank you all very much for your participation.

(Proceedings concluded at 1:42 p.m.)

HEARING REPORTER'S CERTIFICATE

I, Ernalyn 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 21st day of July, 2026.

____
ERNALYN M. ALONZO
HEARING REPORTER