BEFORE THE OFFICE OF TAX APPEALS

STATE OF CALIFORNIA

IN THE MATTER OF THE APPEAL OF,	
S. HOPE and R. HOPE,	OTA NO. 220610655
APPELLANT.	

TRANSCRIPT OF PROCEEDINGS

Sacramento, California

Tuesday, October 20, 2026

Reported by:
ERNALYN M. ALONZO
HEARING REPORTER

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Transcript of Proceedings, taken at 400 R Street, Sacramento, California, 95811, commencing at 9:20 a.m. and concluding at 10:05 a.m. on Tuesday, October 20, 2026, reported by Ernalyn M. Alonzo, Hearing Reporter, in and for the State of California.

APPEARANCES:

Panel Lead:	ALJ NATASHA RALSTON
Panel Members:	ALJ JOSH LAMBERT ALJ GREG TURNER
For the Appellant:	S. HOPE
For the Respondent:	STATE OF CALIFORNIA FRANCHISE TAX BOARD DAVID MURADYAN BRAD COUTINHO

I N D E X

E X H I B I T S

(Appellant's Exhibits 1-16 were received into evidence at page 9.)

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

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Sacramento, California; Tuesday, October 20, 2026

9:20 a.m.

JUDGE RALSTON: We are now on the record in the case of S. Hope and R. Hope, OTA Case No. 220610655. Today is October 20th, 2026, and the time is approximately 9:20 a.m.

I am Judge Ralston. I am the lead judge on this panel for today. My co-panelists are Judge Lambert and Judge Turner. We are all equal participants in deliberating and determining the outcome of this appeal. After this hearing, we will meet and confer and produce a written decision within 100 days.

I'm going to ask each party to identify themselves and who they represent, starting with Mr. Hope.

MR. HOPE: I am Sigurd B. Hope. My wife is unable to attend today. And I guess this is for a partnership for the Hope Group, LLC.

JUDGE RALSTON: Thank you.

And for FTB.

MR. MURADYAN: Good morning. My name is David Muradyan, and I represent respondent Franchise Tax Board.

MR. COUTINHO: Brad Coutinho, also representing Franchise Tax Board.

JUDGE RALSTON: Thank you.

We held a prehearing conference in this matter on September 21st, 2016. At that time, we discussed that there were two issues in this appeal; and that was whether the Appellants have shown error in the proposed assessment for the 2009 tax year or the 2010 tax year, both of which were based on federal determinations by the IRS. And the other issue was whether Appellants are entitled to abatement of the accuracy-related penalty for the 2009 tax year.

Mr. Coutinho indicated that FTB had a concession that they would like to make. So, if you want to go ahead and take care of that now?

MR. MURADYAN: Yes. Upon further review, FTB will -- has decided to abate the 2009 accuracy-related penalties in the amount of $344.55.

JUDGE RALSTON: Okay. Thank you. Thank you for that. So just to clarify, FTB has agreed to abate the accuracy-related penalties for 2009. So, that just leaves the issue of the amount of the proposed assessments for 2009 and 2010.

Okay. Mr. Hope, is that what you understand the issue to be?

MR. HOPE: 2009 and 2010 I have questions about the deficiency or the issue, I believe.

JUDGE RALSTON: Correct. Thank you.

MR. HOPE: I'm prepared to show that there were errors made.

JUDGE RALSTON: Okay. I'm gonna go over a few more things, and then we'll get into your presentation.

So, also, at the prehearing conference we discussed the exhibits. So, the Respondent FTB has submitted Exhibits A through V. OTA mailed you a copy of those exhibits on September 23rd, 2016.

Mr. Hope, did you receive FTB's exhibits?

MR. HOPE: Yes, I did receive copies of those exhibits.

JUDGE RALSTON: Thank you. And did you have any objections to any of those exhibits?

MR. HOPE: Yes, I do have some questions to them, but I think I covered them with my Exhibits 1 through 16 --

JUDGE RALSTON: Okay.

MR. HOPE: -- which demonstrates the errors made by the IRS.

JUDGE RALSTON: Okay. So we'll get to the specifics. Right now I'm just seeing if you had any objections, meaning any legal reason why OTA should not consider those -- FTB's exhibits.

MR. HOPE: I believe that those exhibits are based on the IRS recommendations, which they follow the

IRS, which were erroneous to begin with.

JUDGE RALSTON: Okay. Mr. Hope, can you pull the microphone a little bit closer to you when you speak. So, I understand that you have some disagreements to FTB's exhibits, but I'm not hearing any legal objections, so I'm going to go ahead and admit FTB's Exhibits A through V without objection.

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

JUDGE RALSTON: When you get to your presentation, you can let us know what you dispute and why, and we will use that information when we make our decision.

MR. HOPE: Very well.

JUDGE RALSTON: Thank you.

So, moving onto Appellants' exhibits. Mr. Hope submitted Exhibits 1 through 5 with the opening brief, and then you timely submitted Exhibits 6 through 16.

Mr. Muradyan, did you receive Appellants' exhibits?

MR. MURADYAN: Yes, we received Appellants' exhibits.

JUDGE RALSTON: Thank you. And did you have any objections to those exhibits?

MR. MURADYAN: No objections.

JUDGE RALSTON: Thank you. So Appellants' Exhibits 1 through 16 are also admitted without objection.

(Appellants' Exhibits 1-16 were received into evidence by the Administrative Law Judge.)

JUDGE RALSTON: Moving on to witnesses. Mr. Hope, do you still plan to testify under oath?

MR. HOPE: Yes.

JUDGE RALSTON: Okay. In a few minutes I will swear you in.

And, FTB, did you have any objections to Mr. Hope's testifying under oath?

MR. MURADYAN: No objections.

JUDGE RALSTON: Thank you. And, Mr. Muradyan, FTB doesn't intend to call any witnesses; is that correct?

MR. MURADYAN: That's correct.

JUDGE RALSTON: Okay. Thank you.

Moving on to opening presentations. Mr. Hope, you have requested 25 minutes for your presentation and witness testimony. Respondent may have questions for you after your testimony, as well as the panel members may also have questions for you at any time during this hearing. Is 25 minutes still sufficient?

MR. HOPE: Twenty-five minutes should be sufficient, I should think.

JUDGE RALSTON: Okay. Thank you.

And Mr. Muradyan, you have requested 15 minutes for your presentation. Is that still sufficient?

MR. MURADYAN: Yes. That should be sufficient.

JUDGE RALSTON: Thank you.

And then after FTB's presentation, Mr. Hope, you will have five minutes for a rebuttal to have the last word.

So, does anyone have any questions before we move on to the presentations?

MR. HOPE: Not at this time, no.

JUDGE RALSTON: Okay. Thank you. Mr. Hope, please raise your right hand.

S. B. HOPE,

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

JUDGE RALSTON: Thank you. You have 25 minutes for your presentation and your witness testimony. You can divide the time however you'd like, and you may begin when you are ready.

MR. HOPE: I'm ready. I'm going to read a statement that I have.

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PRESENTATION

MR. HOPE: And first of all, I want to thank you for this opportunity to present my appeal.

From 2009, 2026, that's 17 years this has been an issue for the last -- for a long time. So, once again I -- I appreciate the opportunity to make my appeal.

In August of 2012, my wife received a phone call from IRS Revenue Agent Aaron Pitkin in Santa Rosa. He immediately began crossing my wife on the phone in -- in intimidating. She felt intimidated to the point she became emotionally upset. That's where it all began. The issue to be decided here today is assumed deficiencies of 2009, 2010 tax returns. The facts are I always file my taxes on time, and I always file 'em in good faith; and I have the documentations to support all that. However, the issue to be decided here today assume these deficiencies.

The facts are clear. I did file my taxes on time. However, IRS Agent Aaron Pitkin of Santa Rosa took exception to Schedule A deductions and denied our K-1 capital loss for $3,000. You'll clearly see that on the 2010. At the time, he told me that I had no expenses, that all my expenses were income. IRS's rules are a little different. Obviously, there are business expenses. The facts are clear. However, the IRS agent took exception to Schedule A. Revenue Agent Pitkin also made

assumptions, biased innuendoes into it -- insinuating that our tax returns could be construed as criminal intent; more assumptions.

After my tax preparer David Gilliam, who had prepared our taxes for the last three years, had to cancel a 945 August 2023 -- the 23rd, 2012. He had a meeting with the IRS. Mr. Gilliam had a medical issue he had to attend to. He canceled the meeting. Mr. Pitkin became angry. It became my responsibility to step in for -- for Mr. Gilliam and to meet with Mr. Pitkin. Agent Pitkin demanded all tax records, documentations for 2008, '09, '10, and '11, and he wanted these documentations in less than two weeks. And that's an impossibility to do that -- and instructed me to provide these, the documents in less than two weeks.

What became clear to me at this time is that agent had clear systemic bias towards Mr. Gilliam, and Mr. Pitkin told me we filed aggressive returns. Therefore, the IRS audit prepared by revenue agent Aaron Pitkin is erroneous, tainted with deficiencies and, it should be -- my deficiencies should be abated.

The -- in conclusion, the last meeting I had with the IRS Appeals office was 100 First Street, San Francisco, with Appeals Agent Christa [sic] Hoffmeier that was November 4th, 2019. That's the last I had. We could

not resolve this, and Agent Hoffmeier told me it would resolve itself with the statute of limitations in December 31st of 2024.

All this being said, this has been a long time. In those 17 years, there's never been an issue with my taxes. I file them. My -- my exhibit stand on themselves. I have documentation. I have supporting documentations. I have two CPAs. And, of course, I have legal representation, all of which is very expensive. The bottom line being, the whole business was destroyed because of -- of this here.

I understand the importance of it. Taxes have to be paid, and -- and they have to be paid accurately. That's why we -- if you've seen my documentations, we spend a lot of time on detail making sure they are accurate.

That's my statement. Thank you.

JUDGE RALSTON: Thank you, Mr. Hope.

Mr. Muradyan, did you have any questions for Mr. Hope?

MR. MURADYAN: No questions.

JUDGE RALSTON: Okay. Thank you.

Mr. Hope, could you talk a little bit more about how specifically or point anywhere specifically in the IRS assessment that is erroneous and let us know which

exhibits specifically refute that.

MR. HOPE: I think Agent Pitkin who -- he's just doing his job. I understand that. I have nothing negative to say about him. He's -- he was doing his job. I don't know what people -- goes through People's minds, but the -- the thing was Schedule A it all boiled down to that. It became clear to me that he was fixated on deductions. He also was fixated on.

David Gilliam who had prepared taxes for -- I think he had quite a few customers, maybe 100 of them. I don't know how many. He had a lot. Pitkin indicated to me they were really focused on -- in on my preparer.

David was very good at what he did. He was very detailed oriented, and I would question him. I'd say, "Dave, are you sure that I am getting this tax refund?"

He says, "Sig" -- that's what he calls me -- "you have a business, and you have expenses," and I also have medical expenses 'cause I'm a sufferer of Crohn's disease. It's been an ongoing thing since I was 20. But I would look at the 17 years that this has been going on. I pay my taxes. Never been an issue. The only issue was that day that Agent Pitkin took it upon himself to call my wife while she was home alone. Immediately -- and she's a nice lady, of course, she's gonna talk to him, you know. I tell her most of these people that call are scams. So --

but she doesn't listen.

The thing is I think that -- two things that -- that really put this off the track here was the fixation on my tax preparer. Now, Dave won't even return phone calls. I have no idea what kind of hell he's been going through having to -- to defend. And even the attorney I had said, "Well, you know, you could sue him." He's my friend. I'm not gonna go sue my friend. That -- that's now how it works.

I appreciate the fact that even -- that my attorney could think like that 'cause that's the way he is. And so -- and that's the way Pitkin was. Pitkin was -- in his mind, he was doing his job. In my mind, he was intimidating me. Well, and that's what -- I -- I think that's what government does. They intimidate people. They send you letters to try to scare ya, which is fine if that's -- but you know, let's get down to the -- the truth of the matter here.

Are these deficiencies real, or are they inaccurate? Are they erroneous? And if so, then they should be abated. And have we ever had a problem with this taxpayer before? No. There's an issue that came up one time with David I think prior to this. It was resolved immediately with the IRS.

I had no -- Dave was a type of guy in high

school. He was a straight-A student when it came to algebra. I think I -- I was like a C-minus student at the time. We always looked up to Dave, and then he goes on to become a tax preparer. We had been friends for a long, long time, and this has completely destroyed that relationship.

So, you know, there's a lot of damage in the wake of all this. It destroyed my business. I -- I -- I had to defend this and that in itself is a challenge, but that's the world we live in. This stuff has to be paid. It has to be accurate. We have accountants. We have CPAs to make sure that it gets done properly.

The other problem I had with my CPA, Mr. Waterman, very nice man. But he told me, you know, I don't know how long I can do this. I have a medical problem. I'm thinking he's got a bad heart. No. He has Alzheimer's, and I would start looking at his numbers. "Ken, are you sure these numbers are right?"

"Oh, yeah, no. No. That's the way they are, you know. I'm the CPA."

Of course, I'm gonna listen to him. I didn't know that did -- he finally sold his business and retired because he no longer can do it. All these extenuating things is comes right back to the law is the law, and we all have to abide by the law. We don't have to agree with

it, but it -- that's what it is. That's the -- that's the world we live in. That's why when you look at my tax returns for the last 17 years, no problem with this guy.

And I talked to lots of small businesses. The problem is they might be really good at what they do, but their bookkeeping is really horrendous, and I'm sure you guys have seen evidence of that. At one point, Pitkin even said we had no bookkeeping, no documentations. My exhibit show otherwise. We have extensive documentation.

Did you have any other questions?

JUDGE RALSTON: Not at this time. Thank you. I appreciate your answering my questions and what you've shared. I'm going to check in with my co-panelists to see if they have any questions for you, and then we'll move on to FTB's presentation.

MR. HOPE: Can I step out and get a drink of water?

JUDGE RALSTON: Sure. Let's take a five-minute recess.

MR. HOPE: Thank you.

JUDGE RALSTON: Sure.

(There is a pause in the proceedings.)

JUDGE RALSTON: Did you have any questions for Mr. Hope?

JUDGE LAMBERT: I have no questions. Thanks.

JUDGE RALSTON: Thank you.

And, Judge Turner, did you have any questions for Mr. Hope?

JUDGE TURNER: I'm gonna wait until after the Franchise Tax Board presents.

JUDGE RALSTON: Okay. Thank you.

So, Mr. Muradyan, we are ready for your presentation. You have 15 minutes, and please begin when you're ready.

MR. MURADYAN: Thank you.

PRESENTATION

MR. MURADYAN: Good morning, my name is David Muradyan, and I represent Respondent Franchise Tax Board in this matter. Sitting next to me is my colleague Brad Coutinho.

This is a federal adjustment case. And the sole issue on appeal is whether Appellants' have met their burden to prove error in FTB's proposed assessments of additional tax for the 2009 and 2010 tax years, which were based on corresponding federal adjustments. For both the 2009 and 2010 tax years, Appellants timely filed their tax returns. For both tax years, there were IRS audits that resulted in adjustments. For the 2009 tax year, the IRS audited Appellants' 2009 tax return and made adjustments

resulting in an additional taxable income of $112,624. Appellants' did not report these changes to the federal adjustments to FTB as required by R&TC section 18622.

The FTB received notification of these changes from the IRS on April 15th, 2014. Based upon the IRS' information, FTB issued a Noticed of Proposed Assessment for the 2009 tax year on April 7, 2015. And to the extent applicable under State law, FTB followed the federal adjustments and increased Appellants' taxable income by $112,624. Based on these federal adjustments, FTB proposed additional tax in the amount of $6,291, the accuracy-related penalty of $1,258 plus interest.

For the 2010 tax year, the IRS audited Appellants' tax return and made adjustments resulting in an additional taxable income of $177,753. Appellants' did not report these changes to the federal adjustments to FTB as required by R&TC section 18622. The FTB received notification of these changes from the IRS on April 15th, 2014. Based upon the IRS's information FTB issued an NPA for the 2010 tax year on April 8, 2015, and to the extent applicable under State law, FTB followed the federal adjustments and increased Appellants' taxable income by $178,227. Based on these federal adjustments, FTB proposed additional tax in the amount of $14,745 the accuracy-related penalty of $2,949 plus interest.

Following the issuance of the NPAs, Appellants' protested requesting a delay of proceedings until the taxable years were resolve by the IRS. Thereafter, FTB sent Appellants a letter stating that it had received information from the IRS indicating that the audits were complete for the 2009 and 2010 tax years and that the IRS had made some changes with respect to the tax years at issue. By letter dated January 25th, 2022, FTB stated that for the 2009 tax year, the IRS revised the accuracy-related penalty. And as a result, FTB followed the federal determination by revising the corresponding penalty in accordance with the IRS's adjustment.

In that same letter, FTB noted that for the 2010 tax year, that the information recently available to it indicated that Appellants' federal AGI was reduced by $133,000 resulting in a net revised AGI of approximately $55,000. Therefore, FTB revised its NPA to reduce its AGI adjustment from $172,000 to $55,000 following the IRS' adjustments as well as making additional changes relate to deductions.

For the 2010 tax year, the substantial IRS adjustments resulted in a revision of the additional tax from approximately $14,000 to approximately $3,000. And the accuracy-related penalty was reduced from $2,949 to $179, again, in accordance with the IRS. On

May 1st, 2022, FTB issued Notice of Action for both years revising the NPAs as -- as set forth in its earlier letter. Appellants timely filed this appeal.

On appeal, Appellants' primary argument is that FTB's actions are based on improper assessments, and that the 2009 and 2010 taxable years are beyond the ten-year statute of limitations period. As I will discuss, FTB's proposed assessments with additional tax based on those federal adjustments for the 2009 and 2010 tax years should be sustained. FTB's proposed assessment of additional tax based on federal adjustments should be sustained for both years. When the IRS makes changes of corrections to taxpayer's return, the taxpayer must either concede the accuracy of the federal adjustments or federal determination or prove that the changes are erroneous.

In this case, for both tax years, Appellants' did not report the federal changes to the FTB. As FTB received information of the federal changes from the IRS on April 15th, 2014, and timely issued the Notice of Proposed Assessments for both tax years on April 8, 2015, less than a year after having received notification from the IRS. Thus, FTB's proposed assessments were timely under either Revenue & Taxation Code sections 19059 or 19060, as it issued the NPAs within a year of being notified by the IRS.

It is well -- it is well settled that a deficiency assessment by the FTB based on a federal audit report is presumptively correct and that the taxpayer bears the burden of proving that it's erroneous. In this case, FTB's adjustments to Appellants' California taxable income and proposed additional California tax liability follow the federal adjustments indicated on the 2009 and 2010 federal audit documents. Appellants have not submitted any evidence of error with respect to the federal adjustments found on those reports. Specifically, for the 2009 tax year, the account transcript shows that the IRS assessed a deficiency of $25,551, which is the same amount as is shown on the 2009 Fed Star report that the FTB received from the IRS.

The account transcript does not indicate that the IRS has revised or revoked this assessment of additional tax, nor does it show the existence of any pending action by the IRS. For the 2010 taxable year, the account transcript shows that the IRS accessed a deficiency of $69,775, which is the same amount as is shown on the 2010 Fed Star report. As previous -- previously stated, the IRS revised its assessment of additional tax, and FTB has already revised its proposed assessment in its Notice of Action so that its assessment is consistent with the IRS's changes. Specifically, FTB's 2010 Notice of Action

already reflects the revision to the additional tax from approximately $14,000 down to approximately $3,000.

In summary, Appellants have failed to satisfy their burden of proof because they have not provided any evidence showing that any other federal adjustments -- showing that the federal adjustments upon which FTB has based its NPAs and NOAs are in error. Accordingly, FTB's proposed assessments of additional tax based on the federal adjustments should be sustained. For reasons I've argued today, as well as the reasons set forth in FTB's opening brief, as well as FTB's response to the OTA, the OTA should sustain FTB's actions.

Thank you. And with that, I'm happy to take any questions you may have.

JUDGE RALSTON: Thank you, Mr. Muradyan.

Judge Lambert, did you have any questions for either party?

JUDGE LAMBERT: I have no questions. Thanks.

JUDGE RALSTON: And Judge Turner, did you have any questions for either party?

JUDGE TURNER: I do not. Thank you.

JUDGE RALSTON: Thank you.

So, Mr. Hope, you have five minutes for your rebuttal.

MR. HOPE: Yes. I do have some questions.

JUDGE RALSTON: Oh, Mr. Hope, if you could turn on your mic.

MR. HOPE: There we go. Is that better?

JUDGE RALSTON: Yes.

MR. HOPE: Okay.

JUDGE RALSTON: Thank you.

CLOSING STATEMENT

MR. HOPE: The whole issue here is based on the IRS audit. Initially began by Aaron Pitkin revenue agent. Now, revenue agents have some accounting background. He's not a CPA in my exhibits that I have, I think 1 and 2 specifically demonstrate Mr. Pitkin's logs and writing. My 7th grade English teacher would be horrified, but not everybody can be great writers. But he to be an IRS revenue agent, he does have a background in accounting. Now he made some errors on the Schedule A, denying us our legal deductions, which off sets that IRS audit.

I don't know what that is, IRS audit. Did someone actually sit down and do this or they just take what Pitkin had proposed to them and built off that. I think the whole thing is tainted, and I think that if you really looked at our -- our tax returns the way they were filed. Initially, he called for 2008. He called me in 2012. That's four years after we filed that. Then he

fixated on 2009, '10 and '11, which we resolved. My attorney was able to resolve it in Tax Court in '11. We're not talking about '11 today. We're talking about '09 and '10.

This has been a -- a 17-year issue from 2009 until today. Seventeen years is a long, long time. This thing should have been resolved a long time ago. There were delays, foot dragging made by the IRS. Well we -- I -- they would send me a letter. I cooperated with them. Every letter they sent me, I responded to. Oh, we need more time. I asked for supporting documentation. It would take them two years to get back to me. In the meantime, their penalties and taxes keep increasing. That's their rules. I guess they can do what -- what they want. I'm not debating that. I'm just saying that that amount of time is ridiculous. It really is.

And to -- to come after someone four years after the fact, I think they're surprised that, in fact, we do have very good bookkeeping. We take that very serious. I'm able to produce it. Seventeen years after the fact, I can still produce it. But the whole premise goes back to this IRS audit. It was tainted from the very beginning. Those numbers that are in there are not accurate. There was some issues there.

The business that I had was buying equipment --

agricultural equipment and reselling it. Some of those things he said were just personal things. At one point we went to Oregon and I bought Kubota tractors, brought them back to California, paid the use tax -- all the use tax you could -- I'm sure you guys probably already looked that up. We paid a lot of money in use tax. Just -- that's the process of doing business. On the two tractors I brought back, one of 'em went to a vineyard management company in St. Helena. They paid for that separately. They did not pay the use tax and the Franchise Tax Board came after me. And I go, "Hey look, here's my bill of lading. I bought one tractor in Oregon, and I got a good deal on it."

The vineyard management company said, "I'd like to get one of those tractors."

And I told him, "You deal with those guys yourself."

He did not pay the use tax, and that all got resolved.

But all this stuff shows up in the documentation. People could look at this and it'll look differently. One thing I did do was to capitalize my business at the time because I had left working for a W-2 company. Taxes are a lot easier -- and decided hey, I am gonna do this agricultural business thing in crop care. I can do that.

But in doing that, the expanses -- one thing I -- I borrowed against my 401(k) to pay the penalty is a $50,000. I paid income tax on that. It's completely ridiculous. Totally upside down now. How does that look in a bookkeeping?

I could see how Pitkin became confused by what was going on here. It's -- but if you really look at the documentation, everything is clear. It's right there. We bought equipment. We fixed it, and we sold it. That was the -- the premise. I didn't have new equipment. That was -- that was the business we had. The -- getting back to this whole problem here, this whole issue, the fact remains. The IRS audit is tainted. It's -- it's not accurate. And building off what Revenue Agent Pitkin put in his report that goes -- I don't know where it goes -- it goes to the IRS and they call it an audit? Well, who did the audit? Did someone actually come and look at all my -- no, they didn't.

Pitkin says in his notes, they kept no records. Well that's a lie. Well if -- I hate to use that word. It's not true. We do keep records, but to his mind we didn't. And he asked me to produce all this documentation in two weeks, well I couldn't do it. There's no one could do it. But I have -- I had to hire an attorney, and we wrote letters back and forth. I could not get this thing

resolved until we filed our appeal to get Pitkin out of the picture, and that's where I ended up with the appeals lady in San Francisco, Christian [sic] Hoffmeier -- Hoffmeier.

That's -- we started making some headway with that. And through this whole process, it came back to me. I have attorneys. I have CPAs. They couldn't see the whole picture. It finally occurred to me that they were fixated on schedule A-which was where the whole thing went off the track was right there. Now, I'm sure that Mr. Pitkin is very good at his job. But now you guys got AI. AI does not make mistakes, people do. And there was some errors made here. And all I'm asking is to be treated fairly. And if I owe it, I owe it. But if I owe the whole thing, I don't think I do.

I -- I don't think I owe any of it to tell you the truth. I -- I filed my taxes. I file them on time. And for 17 years I've done exactly that. No problem. Now, Mr. Gilliam doesn't do my taxes anymore. I still consider him as a friend but he's a damaged human being. I don't know what kind of living hell he's going through. I just know that if they came after me as hard as they're going after David -- if he had 100 clients that want to sue him, and he's in retirement now; I don't know what kind of hell that is.

I -- I think everybody tries to do the right thing. But this a situation that if it gets off the track, it's deadly. I raised my hand and swore to tell the truth. That's what we do, and that's all I'm asking for is to be treated fairly and truthfully. My taxes were paid. I made sure they were. I have two CPAs and -- and two attorneys and you know, the attorneys I have are nice guys but they make mistakes too. And but they're -- they're good. They did a lot of accurate things for me. They did things that were really my responsibility to do. When I had a -- when Dave -- and Dave did have a medical emergency. And I think that Pitkin just thought he was just selling him a line.

He actually had a filing cabinet fall on him and hit him in the head. Mr. Pitkin thought that well, he just invented that, and so he became angry. And I -- we're emotional people. I can understand him. He's a busy guy, and he's got a stressful job too. I try to look at the whole picture. Everybody is just trying to do what they have to do and he's trying to do the best job he can. He made mistakes. If you look at our documentations you're gonna find mistakes in there. There -- there's things that people can question and say, well, I don't know about these tractors you bought in Oregon. Whatever happened to them? Where are they? Well, they were sold,

you know, and people farm with them.

We sell equipment. I have equipment I sell down in Las Cruces, New Mexico. You know why? Because when they talk to us, they know they're gonna get a fair deal. I can talk to them about their crops. How do you switch from vegetables to peppers? These are things that we -- we do in our business that helps people. In that business, there's bookkeeping. There's -- there's accountability. And not only do we have to be focused on our trade, we have to be focused on the accountability. The IRS was not focused on that. They made up an audit. They send me these letters that are -- I would just write them a letter back. Please show me. Give me some documentation. I don't yell and scream at people. I want to know what's going on. I want to know what the real deal is here. And if they made mistakes, they got to own up to them. I know I have to own up to mine.

At one point, I had an agreement with Pitkin. He says, "You know, we've come to an agreement. Just pay $22,000."

I went over to them and checked. Then they came back and said, "Oh, no. We made a mistake."

JUDGE RALSTON: The microphone.

MR. HOPE: Oh, I'm sorry.

We -- we made a mistake. Now look, it when --

when I -- when I wrote that check, I agreed. When I write a contract, that's the contract. We don't back down from the contract. We made a mistake in the contract, I'm sorry we just have to eat it. Your word is your bond. And that's -- that's something perhaps what we're losing here. And then these guys have their job to do.

So, when -- when you boil it all down, what is it? Do I owe the money, or don't I? I don't think I do; especially on the penalties. And I'm -- I'm not asking to go back and -- and get a refund. No. Everything has a cost to it. You guys are sitting here today. That's a cost that has to be paid. I'm not asking for a refund, I'm just asking to be treated fairly and to accept the fact that this whole thing is based on a tainted audit.

That's all I have to say.

JUDGE RALSTON: Okay. Thank you, Mr. Hope. I appreciate that.

I appreciate everyone being here. We are ready to conclude this hearing. This case is submitted on October 20th, 2026, and the record is now closed.

So, this judge panel will meet, and we will deliberate, and we will decide your case and issue a written decision within 100 days.

This hearing is adjourned, and the next hearing will start at 1:00 p.m.

Thank you, everyone, for attending again.

(Proceedings concluded at 10:05 a.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 12th day of November, 2026.

_____
ERNALYN M. ALONZO
HEARING REPORTER