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#### ARGUMENT ABOUT WRONG ADDRESS

My mother, Leona A. McMahon was diagnosed with Alzheimer's disease during the summer of 2000. I had her meet with my attorney to have her trust, will, medical directive, and power of attorney (Richmond & Richmond, city of Orange, CA) while she was still legally coherent to make her wishes known. The trust is dated December 15, 2010.

To clarify the "wrong address" argument, the fact was that in these early years my mother hid the mail, among other things. Bills went unpaid, etc. until I had all bills placed on an autopay system. I also had all my bills sent to my property manager to be paid. After a few years, I established a PMB (private mail box) across the street from my mom's and eventually had all her papaerwork and mine converted to this address. It was at this time that the new "Brookhurst" address became our new legal address, as it is today.

#### BASIC RULES OF ACCOUNTING

All businesses in the United States have to follow the accounting rules as established by the Generally Accepted Accounting Procedures. Accounting is the language of business, which makes it imperative that all companies follow the rules so they can be evaluated against each other for among other things such as the risk factor (which affects their cost of capital), the stock value (usually measured by the P/E ratio), and the net income that it earns for which it must pay corporate taxes on.

One of the accounting rules is that when a stock is sold, PROCEEDS are received. PROCEEDS are NOT PROFITS, as the FTB has treated them on my returns. Whether a profit or loss on that taxable event depends on the BASIS of said property.

#### FOR TAX PURPOSES

Basis is one of the most important items in the tax code. The calculation of basis depends on the type of asset (depreciable business asset, section 179 property, personal asset, gift asset, stocks, etc.)

For the most part, the basis of a stock is the price the person paid for the stock plus the commission he paid to buy the stock. When the stock is sold, (and PROCEEDS are received), the gain or loss of the stock is determined by taking the sales price (minus the sales commission paid), and subtracting the BASIS of the stock. If the figure is positive, there is a taxable profit; if the figure is negative there is loss. Whether the loss can be declared in total or in part (or carried forward) depends on several things.

AGAIN, PROCEEDS from stock sales are the monies received ---- PROCEEDS ARE NOT TAXABLE PROFITS.

While the investment companies are required to submit a list of proceeds from all stock sales, it should also be mentioned that they can also readily provide the net price (basis) the client originally paid for the stock. They can also report whether it is a short term or long term gain.,

I DO NOT receive a 1099 on my stock sales. The December statement includes a summary of all stocks sold that calendar year, when and for how much they were sold for , the sales commission, whether is wa a sort or long term sale, and the original basis of the stock (when I bought it and for how much, as well as other information as to whether any stock splits took place or other stocks were paid as dividends).

Why the FTB cannot understand such information is beyond me.