



STATE BOARD OF EQUALIZATION

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Third District, Rolling Hills Estates

JEROME E. HORTON  
Fourth District, Los Angeles

JOHN CHIANG  
State Controller

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Executive Director

**STATE BOARD OF EQUALIZATION MEETING  
5901 Green Valley Circle, Room 207, Culver City  
February 23-24, 2010**

**PRELIMINARY RECORD OF BOARD ACTION**

**Tuesday, February 23, 2010**

The following is a preliminary record of Board actions taken at the February 23-24, 2010 Board Meeting. This is not an official record and is subject to correction or modification. The official record of the Board's actions is the minutes of the Board, which will be adopted at a subsequent meeting.

The Board's decision reflects only the issues resolved by the Board at the meeting. Issues resolved prior to the meeting are not reflected in this document.

If you would like specific information regarding items on this Preliminary Record of Board Action, please telephone Amber Taylor-Forman at (916) 324-5589 or e-mail: [Amber.M.Forman@boe.ca.gov](mailto:Amber.M.Forman@boe.ca.gov) Please be advised that material containing confidential taxpayer information cannot be publicly disclosed.

**Board Meeting**

A. Homeowner and Renter Property Tax Assistance Hearings  
There are no items for this matter.

**B. Corporate Franchise and Personal Income Tax Hearings**

B1. Bruce Culver and Donna Turner Culver, 480448

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's appeal denied.	Ms. Yee	Yes
	Mr. Leonard	No
	Ms. Steel	No
	Mr. Horton	Yes
	Mr. Chiang/ Ms. Mandel	Yes

## B2. Donald A. Wattson and Christine A. Wattson, 446005

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's appeal denied.	Ms. Yee	Yes
	Mr. Leonard	No
	Ms. Steel	No
	Mr. Horton	Yes
	Mr. Chiang/ Ms. Mandel	Yes

## B3. Robin Lake, 480267

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's appeal partially granted/denied.	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Mr. Horton	Yes
	Mr. Chiang/ Ms. Mandel	Yes

## B4. Willard M. Christine, 468893

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's appeal partially granted/denied.	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Mr. Horton	Yes
	Mr. Chiang/ Ms. Mandel	Yes

**C. Sales and Use Tax Appeals Hearings**

These items are scheduled for Wednesday, February 24, 2010.

There are no items for the following matters:

- D. Special Taxes Appeals Hearings
- E. Property Tax Appeals Hearings
- F. Public Hearing

**G. Tax Program Nonappearance Matters – Consent**

## G1. Legal Appeals Matters

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations. No final determination on sub-items 1a-g and 13.	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Mr. Horton	Yes
	Mr. Chiang/ Ms. Mandel	Yes

- Hearing Notices Sent – No Response
  - 1a. ~~Chuy’s Management Services Fresno, LLC, 341587 (KH)~~
  - 1b. ~~Carpinteria Chuy’s, Inc., 341590 (GH)~~
  - 1c. ~~Chuy’s Management Services Camarillo, LLC, 341591 (AR)~~
  - 1d. ~~Chuy’s Management Services Stevenson Ranch, LLC, 341592 (AR)~~
  - 1e. ~~Chuy’s Management Services Bakersfield, LLC, 341593 (AR)~~
  - 1f. ~~Chuy’s Management Services Thousand Oaks, LLC, 341594 (AR)~~
  - 1g. ~~Jeanine Gayle Stenoien, 341596 (AR)~~
  - 2. Maria P. Barrera and Gabriel Corona, 434887 (AA)
  - 3. Jerry Pena, 384853, 426907 (EH)
  - 4. Ryan Michael Schuster and Jan Rene Copeland, 350439 (AR)
  - 5. Red Sea Imports, Inc., 359769 (FH)
  - 6. Thamir Mahmud, 432156 (UT)
  - 7. In Boun Kim and Yoon Seo Rim, 430082 (EA)
  - 8. Alderm Na, LLC, 405317 (EA)
  - 9. Joaquin E. Hernandez, 387757 (AA)
  - 10. Norma June Rulison, 402954 (KH)
  - 11. Jonathas L. Coelho, 404622 (UT)
  - 12. Yes Bar, LLC, 362366 (AS)
  - 13. ~~Valerie Dawn Freedman, 342567 (EA)~~

G2. Franchise and Income Tax Matters

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Ms. Yee	Yes
No final determination on sub-items 3 and 16.	Mr. Leonard	Yes
	Ms. Steel	Yes
	Mr. Horton	Yes
	Mr. Chiang/ Ms. Mandel	Yes

- Decisions
  - 1. Trace R. L. Armstrong and Tami Fraser Armstrong, 474197
  - 2. Lou Parcon Benitez and Maria P. Benitez, 434832
  - 3. ~~James Cook, 445260~~
  - 4. George K. Ernestberg, 448285
  - 5. Darlene M. Hazlewood, 424650
  - 6. Konstantine Karavakis, 478167
  - 7. Karl K. Klessig, 328285
  - 8. Howard A. Olgin, 438146
  - 9. Michael W. Reeves, 468290
  - 10. Ronald Reinhold, 432996
  - 11. Katherine R. Richardson, 439469
  - 12. Jose O. Rios and Amy D. Rios, 461390
- Petitions for Rehearing
  - 13. Rochelle M. Dorfler, 306426
  - 14. Matt Ward, 431775
  - 15. Leonard Magness, 441637
- Hearing Notice Sent – No Response
  - 16. ~~Debasish Banerjee and Radhika Banerjee, 393736~~

## G3. Homeowner and Renter Property Tax Assistance Matters

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Mr. Horton	Yes
	Mr. Chiang/ Ms. Mandel	Yes

- Hearing Notice Sent – Appearance Waived
  1. Lan Thi Hoang, 492442

## G4. Sales and Use Taxes Matters

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Mr. Horton	Yes
	Mr. Chiang/ Ms. Mandel	Yes

- Redeterminations
  1. Optical One, 318331 (GH)
  2. Heard Optical Company, 318337 (EA)
  3. Heard Optical Company, 318338 (EA)
  4. Adventist Media Center, Inc., 239896 (AR)
  5. Bartley Optical Sales, Inc., 318334 (OH)
  6. Opti-Craft, Inc., 318340 (OH)
  7. PDK Optical, Inc., 318336 (AA)
  8. Essilor Labs of America, LP, 318335 (OH)
  9. Essilor Labs of America, Inc., 318333 (OH)
  10. Nora Ross, Inc., 290119 (AP)
- Denials of Claims for Refund
  11. Baker Petrolite Corporation, 244210 (OH)
  12. Radioshack Corporation, 352039 (OH)
  13. Filtrol Corporation, 244595 (AA)
  14. Criterion Catalyst Company, 244593 (OH)
  15. UOP, Inc. & Katalistiks International, Inc., 244089 (OH)
  16. Napa Aviation, LLC, 480154 (UT)
  17. Rhodia, Inc., 244219 (OH)
  18. SBC Services, Inc., 334382 (OH)
  19. Gamestop, Inc., 399588 (OH)
  20. Grounds For Play, Inc., 396775 (OH)
  21. Segura Motors Group, Corp., 422586 (AR)
  22. American Stores Company, LLC, 377870 (OH)
  23. Mill Valley Refuse Service, Inc., 415248 (JH)

## G5. Sales and Use Taxes Matters – Credits, Cancellations, and Refunds

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Mr. Horton	Yes
	Mr. Chiang/ Ms. Mandel	Yes

- Credits and Cancellations
  1. J. Crew, Inc., 448168 (OH)
  2. Heart Wood Manufacturing, Inc., 514710 (GH)
- Refunds
  3. Putzmeister, Inc., 475933 (OH)
  4. Santa Barbara Infrared, Inc., 489115 (GH)
  5. Los Angeles County Fair Association, 514944 (AP)
  6. Fort Bragg Electric, Inc., 473171 (JH)
  7. Affiliated Computer Services, Inc., 483475 (OH)
  8. Mentor Graphics, Corp., 496882 (OH)
  9. Magnolia Hi-Fi, Inc., 485227 (OH)
  10. International Paper Company, 485730 (KH)
  11. Arcadia Financial, LTD, 432797 (OH)
  12. Arcadia Financial, LTD, 491593 (OH)
  13. Reliant Financial Corporation, 491283 (EA)
  14. HMH Supplemental Publishers, Inc., 513211 (OH)
  15. Premier America Credit Union, 489979 (AC)
  16. Cook Medical Incorporated, 477787 (OH)
  17. Heritage Community Credit Union, 491303 (KH)
  18. Global Power Supply, LLC, 490967 (GH)
  19. Trifish Finance, Inc., 489476 (AS)
  20. IPC Systems, Inc., 488622 (OH)

## G6. Special Taxes Matters

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Mr. Horton	Yes
	Mr. Chiang/ Ms. Mandel	Yes – except not participating in sub-items 1, 4, 5 and 6.

- Redeterminations
  1. Dallas National Insurance Company, 442762 (ET) 'CF'
  2. Chevron U.S.A., Inc., 444645 (MT)
  3. Chemical Waste Management, 475325 (EF)
  4. Commercial Casualty Insurance Company, 442757 (ET) 'CF'
- Relief of Penalty
  5. Equilon Enterprises, LLC, 467049 (MT) 'CF'
  6. Allianz Global Risk US Insurance Company, 511401 (ET) 'CF'

## G7. Special Taxes Matters – Credits, Cancellations, and Refunds

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Approved staff recommendations.	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Mr. Horton	Yes
	Mr. Chiang/ Ms. Mandel	Yes – except not participating in sub-items 1, 2, 3, 4 and 5.

- Credit and Cancellation
  1. JDC Specialty Insurance Brokers, Inc., 515983 (ET) 'CF'
- Refunds
  2. Heineken USA, Incorporated, 492553 (ET) 'CF'
  3. Northwestern Mutual Life Insurance Company, 506219 (ET) 'CF'
  4. Northwestern Mutual Life Insurance Company, 506221 (ET) 'CF'
  5. Wal-Mart Stores, Incorporated, 463849 (ER)
  6. Tulare Firestone, Inc., 511050 (ER)

There are no items for the following matters:

- G8. Property Tax Matters
- G9. Cigarette License Fee Matters
- G10. Legal Appeals Property Tax Matters

There are no items for the following matters:

- H. Tax Program Nonappearance Matters – Adjudicatory
- I. Tax Program Nonappearance Matters

### Chief Counsel Matters

There are no items for the following matters:

- J. Rulemaking
- K. Business Taxes
- L. Property Taxes
- M. Other Chief Counsel Matters

### Administrative Session

There are no items for these matters:

- N. Consent Agenda
- O. Adoption of Board Committee Reports and Approval of Committee Actions

### Q. Closed Session

**B. Corporate Franchise and Personal Income Tax Hearings**

B5. Jon Bryant Artz and Wendi A. Artz, 464509

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's appeal denied.	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	No
	Mr. Horton	Yes
	Mr. Chiang/ Ms. Mandel	Yes

B6. ~~John Harold Kraft, 446023~~

B7. Carol A. Strike-Palumbo and Frank N. Palumbo, 479933

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's appeal denied.	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Mr. Horton	Yes
	Mr. Chiang/ Ms. Mandel	Yes

B8. ~~Sandy Rowe and Sylvia Rowe, 467791~~



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**February 23-24, 2010**

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**Wednesday, February 24, 2010**

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**B. Corporate Franchise and Personal Income Tax Hearings**

B9. Sherry Donnelly, 474206

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's appeal denied.	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Mr. Horton	Yes
	Mr. Chiang/ Ms. Mandel	Yes

B10. Ysidro Martinez, 479960

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's appeal partially granted/denied.	Ms. Yee	Yes
	Mr. Leonard	Yes
The Board abated the late filing penalty.	Ms. Steel	Yes
	Mr. Horton	Yes
	Mr. Chiang/ Ms. Mandel	Yes

## B11. Robert M. Miller, 449286

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
No final Board determination. Postponed to June 2010.	Ms. Yee Mr. Leonard Ms. Steel Mr. Horton Mr. Chiang/ Ms. Mandel	

## B12. Ian James Johnston, 481263

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's appeal partially granted/denied.	Ms. Yee Mr. Leonard Ms. Steel Mr. Horton Mr. Chiang/ Ms. Mandel	Yes Yes Yes Yes Yes

**C. Sales and Use Tax Appeals Hearings**

C1a. Elizabeth Wardley Kwong, 316054 (AP)

C1b. Raymond Wah Kwong, 316055 (AP)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
No final Board determination. The Board ordered that the petition be submitted for decision, generally granting the petitioner 30 days to file supporting documents, the Department 30 days to respond, subject to the parties working together to attempt to obtain relevant documentation from the corporation's bankruptcy proceeding, and the Appeals Division 30 days thereafter to review the parties' submissions and provide its recommendation to the Board.	Ms. Yee Mr. Leonard Ms. Steel Mr. Horton Mr. Chiang/ Ms. Mandel	Yes Yes Yes Yes Yes

## C2. Medical Equipment Discount Center, 400764 (EH)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
No final Board determination.	Ms. Yee	Yes
The Board ordered that the petition be submitted for decision, granting the petitioner 30 days to file supporting documents, the Department 30 days to respond, and the Appeals Division 30 days thereafter to review the petitioner's supporting documents, the Department's response and provide its recommendation to the Board.	Mr. Leonard	Yes
	Ms. Steel	Yes
	Mr. Horton	Yes
	Mr. Chiang/ Ms. Mandel	Yes

## C3. L &amp; S Restaurant, Inc., 425516 (AA)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's petition partially granted/denied.	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Mr. Horton	Yes
	Mr. Chiang/ Ms. Mandel	Yes

## C4. Team Dennis Conner Corporation, 353247 (UT)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's petition denied.	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	No
	Mr. Horton	Yes
	Mr. Chiang/ Ms. Mandel	Yes

## C5. Young Life, 270405 (KH)

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's petition granted.	Ms. Yee	Yes
	Mr. Leonard	Yes
	Ms. Steel	Yes
	Mr. Horton	Yes
	Mr. Chiang/ Ms. Mandel	Yes

## C6. Betty Jo Robart, 383878 (AC)—Appearance Waived

<u>DECISION</u>	<u>MEMBER</u>	<u>BOARD VOTE</u>
Taxpayer's petition granted.	Ms. Yee	Yes
The Board approved staff's revised recommendation.	Mr. Leonard	Yes
	Ms. Steel	Yes
	Mr. Horton	Yes
	Mr. Chiang/ Ms. Mandel	Yes

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