

1 I also further pointed out that in their Opinion (exhibit 9), the OTA judges accepted FTB's  
2 accounting records and facts as accurate. I find this unconscionable since I provided proof that  
3 FTB's records and facts were inaccurate via canceled checks, Web-pay receipts, and FTB's own  
4 internal records. FTB did not dispute any of the evidence that I submitted. No explanation was  
5 offered for why the judges disregarded my evidence. I had addressed this on page 8 - 9 of my SCB  
6 (exhibit 2, pages 10 - 11), as well.  
7

8 In the request for review, I also pointed out that the redaction of the 2 strange accounting  
9 adjustments were improper as it did not fall under the purview of any of the laws they cited to me.

10 I also stated that I must not have made Mr. Yadao's false statements and improper  
11 redactions/omissions clear enough in the ASRB (exhibit 4) that accompanied my original Bar  
12 Complaint, and went on to review Mr. Yadao's ROB (exhibit 5) line by line. I showed that he had  
13 made 4 verifiably false statements, 15 improper redactions that hid pertinent evidence, and 22  
14 improper omissions of pertinent evidence (these are detailed below in the section titled  
15 Improproprieties in his ROB).  
16

17 On 6-25-2020, the CRU sent a letter (exhibit 21), saying they had confirmed Ms.  
18 Wallerstein's findings: Mr. Yadao had made no false statements nor improper redactions. Instead of  
19 explaining why they deemed Mr. Yadao's verifiably false statements as not false, they accused me  
20 of attempting to re-litigate the OTA case via the disciplinary process (which makes no sense since  
21 the case is currently being re-litigated in San Diego Superior Court).  
22

23 I found this sentence of the CRU letter to be particularly strange: "Further, Mr. Yadao, as  
24 opposing counsel, had a duty to advocate on behalf of his clients and was entitled to rely on  
25 information received from his clients, as well as other information, as the basis for a belief that a  
26 certain litigation strategy or position was warranted." This sentence makes it sound like Mr. Yadao  
27 was an independent contractor who only had access to the limited information that FTB chose to  
28

1 provide to him, and thus he used a false litigation strategy because he didn't know better. The  
2 reality is that Mr. Yadao is a FTB employee who works on these cases all day, every day. He knows  
3 exactly how FTB operates and has access to all data.

4  
5 After receiving the CRU letter, I called the Bar Association's San Francisco office and  
6 spoke with Robert Henderson, who told me that the criteria used to deem the truthfulness of Mr.  
7 Yadao's statements, as well as the metric for determining what redactions are proper, are considered  
8 confidential information.

9  
10 ***Improprieties in his Respondent's Opening Brief (ROB)***

11 Let's examine Mr. Yadao's ROB (exhibit 5) and accompanying evidence that Mr. Yadao  
12 submitted to OTA.

13  
14 1. In his ROB, Mr. Yadao omitted portion (2) from R&TC 19133, which states: the FTB has  
15 proposed an assessment of tax under the authority of Revenue and Taxation Code section 19087,  
16 subdivision (a), after the taxpayer failed to timely respond to a Request for Tax Return or a Demand  
17 for Tax Return in the manner prescribed, at any time during the four-taxable-year period preceding  
18 the taxable year for which the current Demand for Tax Return is issued.

19  
20 As I discussed above in the section titled Tax Codes 19133 and 19087, in hiding this portion  
21 of the law, he hid the fact that penalties are only to be imposed on delinquent accounts. Mr. Yadao  
22 does not deny that we were never delinquent on tax years 2010 – 2016. By hiding this portion of the  
23 law, he hid that the NPA and Demand Notices were falsely issued and the Demand Penalties falsely  
24 imposed.



1           2. On page 4 of my ASRB (exhibit 4), I showed that Mr. Yadao supplied the notes regarding  
2 a misapplied payment intended for 2008 that was applied to 2002<sup>5</sup>. The notes showed that I had  
3 called in once and sent one fax on 02-03-2011. He redacted from his exhibits F, G, and AA that I  
4 had called in a second time, and that FTB disclosed they were unable to locate the payment.  
5 According to his exhibit H, it took a full 2 months for FTB to correct this “error” (exhibit 22 and  
6 exhibit 17, pages 22 - 23).  
7

8           The argument that the first call was not “private” information yet the second call was “private”  
9 makes no sense as the information contained in the two comments was similar. On the surface, it  
10 appears the redaction served two purposes:

- 11           • Hid relevant evidence that I was not willfully negligent on working on tax issues.
- 12           • Covered up a key operating mechanism behind the racketeering schemes: make it difficult to correct  
13 FTB’s breaches.
- 14

15           In looking at the records more closely, it appears Mr. Yadao may have made another false  
16 statement. On page 2 of his ROB (exhibit 5), he stated “upon receipt of the check, respondent  
17 located the [REDACTED] payment... and transferred the payment as intended for the 2008 tax year. The  
18 late filing penalty and interest amounts were reduced accordingly.” The check in question had  
19 cleared the bank on 05-08-2008 (exhibit 23). Mr. Yadao’s exhibit H (exhibit 22), indicates that the  
20 payment was applied effective 03-16-2011. Nothing in the records indicate that the payment had  
21 back dated effective 05-08-2008 as Mr. Yadao had implied.  
22

23           According to the Return Information Notice (exhibit 23), on 1-03-2011, FTB assessed that, with  
24 the [REDACTED] missing, we owed [REDACTED] in penalties, fees and interest. Upon location of the check,  
25 the total was reduced to \$ [REDACTED] (exhibit 5, page 1). It seems to me, the reduction of only \$ [REDACTED]  
26 in interest can’t possibly be right if the check was properly backdated to almost 3 years prior. For  
27

28 <sup>5</sup> My husband and I married in 2003. It appears that a critical aspect of racketeering scheme #3 is to “misapply” the  
payment to a tax year prior to the marriage.

1 years now, I have been asking for a *written* accounting of how the late filing penalty, fees and  
2 interest were calculated (exhibit 14, page 9). FTB consistently refuses to provide me with this  
3 information. To me, it looks like we were charged extra penalties and interest as a result of FTB's  
4 own breach of duty and their failure to timely and accurately correct their breach.

5  
6 3. On pages 4 – 5 of my ASRB (exhibit 4), I pointed out that Mr. Yadao redacted five  
7 calls/letters from his exhibits G and AA that we had made/sent to FTB between 12-09-2011 and 3-  
8 20-2013 -- all efforts to try to locate our five “lost” payments (exhibit 22, exhibit 17 page 22 and  
9 exhibit 18 page 10). I see no justifiable reason as to why evidence of FTB's multiple breaches of  
10 duties – “losing” 5 payments and then refusing to rectify their “mistakes” -- would be considered  
11 protecting my “private” information. It is my belief that this improper redaction served five  
12 purposes:

- 13 • Hid that FTB had unlawfully withheld three of the payments (embezzlement)
- 14 • Hid that FTB breached its duty by not applying two payments accurately.
- 15 • Hid that the fees were improperly imposed (racketeering)
- 16 • Hid relevant evidence that I had reasonable cause for filing late.
- 17 • Covered up a key operating mechanism behind the racketeering schemes: make it difficult to correct
- 18 FTB's breaches.
- 19

20 4. On page 5 of my ASRB (Exhibit 4), I pointed out that Mr. Yadao omitted the notes from 11-  
21 15-2013, in which we called into FTB and were told that our account was placed on hold until 02-  
22 14-2014 to allow time for our tax return to be processed, and thus no wage garnishment would be  
23 imposed (exhibit 17, page 21 -22). I see no justifiable reason why this comment would be  
24 considered *my* “private” information. It is my belief that this improper omission served two  
25 purposes:

- 26 • Hid relevant evidence that I was not willfully negligent on working on income tax issues
- 27
- 28



- 1 • Covered up a key operating mechanism behind the racketeering schemes: provide erroneous and  
2 conflicting information that cause further delays in the taxpayers' ability to file their tax returns.

3 5. On page 5 of the ASRB (Exhibit 4), I pointed out that Mr. Yadao omitted that I sent a fax on  
4 12-06-2013 showing that the credit elect that had been designated for tax year 2011 more than  
5 covered the balance FTB claimed was due (exhibit 24). I see no justifiable reason why this  
6 comment would be considered *my* "private" information. It is my belief that the purpose of this  
7 improper redaction served three purposes:  
8

- 9 • Hid relevant evidence that I was not willfully negligent on working on tax issues.  
10 • Hid that FTB unlawfully withheld estimated tax payments (embezzlement)  
11 • Hid FTB falsely imposed penalties and fees (racketeering).

12 5. On page 5 of my ASBR (exhibit 4), I pointed out that on page 5 of his ROB (exhibit 5), Mr.  
13 Yadao wrote that on 12-18-2013, FTB mailed us a letter saying that no further holds would be  
14 placed on our 2011 account. Yet he redacted from his exhibit AA a note from the very same day  
15 saying that we had called in and were told that our account had been placed on hold; no actions at  
16 this time (exhibit 22 and exhibit 17, page 20). I see no justifiable reason why this comment would  
17 be considered *my* "private" information. It is my belief that this improper redaction served two  
18 purposes:  
19

- 20 • Hid relevant evidence that I was not willfully negligent on working on tax issues.  
21 • Covered up a key operating mechanism behind the racketeering schemes: give erroneous and  
22 conflicting information which cause further delays in the taxpayers' ability to file their tax returns.

23 6. As I detailed on pages 6 – 9 of my ASRB (exhibit 4), in his ROB (exhibit 5), on page 5, Mr.  
24 Yadao wrote that our tax year 2010 tax return was processed on 12-19-2013. Via deceptive  
25 wording, he implied that the credit elect of \$16,893 was immediately applied to tax year 2011, and  
26 thus the wage garnishment for tax year 2011 was withdrawn and our 2011 tax year account was  
27  
28

1 placed on hold. He implied that there were no further issues with tax year 2011. The reality was  
2 that:

- 3 • No money was applied to tax year 2011 on 12-19-2013, nor was any portion of that \$16,893 applied  
4 to tax year 2011 until several months later. I believe that leading the judges to believe that money  
5 was applied on an inaccurate date qualifies as a false statement.
- 6 • We made 11 calls and sent 3 letters/faxes between December 2013 and July 2014 to try to rectify the  
7 issues of the “missing” \$16,893 (exhibit 17, pages 13 – 20 and exhibit 18, pages 1 – 8). In omitting  
8 this information, Mr. Yadao hid relevant evidence that we had reasonable cause for filing late: FTB’s  
9 multiple breaches of duty and their refusal to rectify these breaches. He also hid evidence that the  
10 payments were unlawfully withheld and the fees were improperly imposed.
- 11 • FTB reduced our credit elect to \$4,393 (exhibit 25) because two payments totaling \$12,500 that were  
12 designated for tax year 2010 had “vanished.” I believe this omission served to hide evidence of  
13 racketeering scheme #3. I also believe it was improper for Mr. Yadao to hide evidence which  
14 substantiated my arguments that I had reasonable cause e to file late: FTB’s multiple breaches of  
15 duties.
- 16 • Mr. Yadao did not submit to OTA a copy of the Return Information Notice that FTB mailed to us on  
17 12-30-2013 (exhibit 25), which indicated that the remaining \$4,393 credit elect payment would be  
18 immediately credited to tax year 2011. This letter corroborates the claims by the Disclosure  
19 Department that withholding payments made via credit elect was never a FTB policy. I believe Mr.  
20 Yadao did not include this letter in the evidence that he submitted to OTA specifically because the  
21 contents exposed that the statement he made in ROB footnote 21 was false. I believe that this  
22 document was omitted specifically to hide the unlawful activities themselves:
  - 23 ○ That the \$4,393 had been unlawfully withheld.
  - 24
  - 25
  - 26
  - 27

28 R&TC 19363 states that all credit elect payments are to be applied effective Tax Day (usually April 15) YEAR. Since we had filed our returns after Tax Day had passed, the credit elect was to be immediately applied to our account on the day the 2010 return was processed and retroactively applied as if it had been paid on April 15, 2012.



- 1           o   That the collection cost recovery fee had been unlawfully imposed as a direct result of the  
2                    money not being applied to our account in accordance with R&TC 19363.
- 3           •   He omitted that FTB lied to us multiple times about this credit elect payment, allowing us to believe  
4                    the \$4,393 had been “lost” instead of disclosing that it had been intentionally withheld. I believe that  
5                    by hiding this information, he covered up a critical component of how the embezzlement and  
6                    racketeering schemes #1 and #2 operate: claiming money was lost when it had actually been  
7                    unlawfully embezzled into the general fund.
- 8           •   It also appears that the \$4,393 credit elect was not applied on 3-02-2013, the date that it should have  
9                    been per Mr. Yadao’s claims made in ROB footnote 21, which said that it was FTB’s practice to take  
10                   credit elects out of suspense on the day that our tax year 2011 return was filed. It is my belief that by  
11                   omitting information, he was hiding that the payment had been embezzled.
- 12           •   FTB located the “missing” \$9,000 payment in January 2014, but inexplicably refused to apply the  
13                    money to tax year 2011 until July 2014. Even if the married couple withholding practice was lawful,  
14                    the money should have been moved from suspense on 03-02-2014, the day that we filed the 2011 tax  
15                    return. I believe that by not disclosing this information about the payment not being applied, he hid  
16                    relevant evidence which substantiated my arguments that we had reasonable cause for filing late:  
17                    FTB’s multiple breaches of duty. Because no one at FTB, including Mr. Yadao, has been able to  
18                    explain why the money vanished for six months, it is my belief that this payment was embezzled,  
19                    and that Mr. Yadao omitted this information to hide it.
- 20           •   The wage garnishment for tax year 2011 was lifted and re-instated multiple times. This was because  
21                    FTB representatives could see that the payments were made (the \$4,393 credit elect, the \$9,000  
22                    payment, and the \$3,500 payment designated for tax year 2010) but not applied. The representatives  
23                    would remove the garnishment and promise to apply the monies to our account. However, the  
24                    monies inexplicably would not be applied as promised, and the garnishment would be reinstated. I  
25                    believe that by omitting this information, he:  
26                    o   Hid the embezzlement.
- 27                    o   Hid the embezzlement.
- 28

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

- Hid relevant evidence which substantiated my arguments that the fees were improperly imposed as a direct result of FTB's multiple breaches of duties.
- Hid relevant evidence that we had reasonable cause for filing late.
- Covered up key operating mechanisms behind the racketeering schemes: give erroneous and conflicting information that caused further delays in taxpayers' ability to file their tax returns.
- The \$3,500 payment was not fully located until 2-14-2018, after State Controller Betty Yee's office personally intervened on our behalf (exhibit 11, pages 3 - 4). I believe that it was improper for him to hide relevant evidence which substantiated my arguments that the fees were improperly imposed as a direct result of FTB's multiple breaches of duties and FTB's refusal to correct these breaches.

Taking all of the above into account, I believe that Mr. Yadao implying that all issues regarding tax year 2011 were fully resolved in December 2013 qualifies as a false statement.

Please keep in mind that almost all of the information listed above came directly from exhibits 17 and 18, which are FTB's own internal notes on our account. Mr. Yadao himself used exhibits 17 and 18 to prepare his ROB. Several of the exhibits that he submitted along with his ROB were taken directly from these Notes (exhibits 22, 26 and 27). It is impossible for him to have been unaware of the extensive problems on tax year 2011 that arose after December 2013.

7. As I detailed on page 9 of my ASRB (exhibit 4), Mr. Yadao had written in on page 6, footnote 16, of his ROB (exhibit 5) that I had contacted FTB four times to request an extension for tax year 2013 and all four requests were denied. This was a false statement; denials were not issued on three of the four requests we'd made.

- The first time we contacted FTB was via mail. As exhibit 17, page 5 indicates, FTB never responded to this letter. As such, this denial was never communicated to us. This lack of communication on FTB's part is relevant information in showing that we were justified in continuing to make requests for a hold.



- 1 • The second time, he used deception to make it appear that our request was denied, but it had not  
2 been. Nothing had been done one way or another. This lack of communication on FTB's part is  
3 relevant information in showing that we were justified in continuing to make requests for a hold.  
4 • He redacted a comment from the third request from his exhibit RR which stated that our account had  
5 been placed on hold (exhibit 26 and exhibit 17, pages 11 – 12). I see no justifiable reason why this  
6 comment would be considered *my* "private" information worthy of redaction. I believe that Mr.  
7 Yadao stating that all requests for extensions were denied, then redacting the proof that one the  
8 requests had been approved qualifies as both a false statement and an improper redaction to hide  
9 evidence. I believe this is the most blatant of all of Mr. Yadao's improper redactions. I find it  
10 shocking that CA Bar could possibly view this statement as "not false," and this redaction as  
11 "proper." I find it suspicious that the metric CA Bar used to make this determination is confidential.

12  
13 8. On page 9 of my ASRB (exhibit 4), I detailed that Mr. Yadao redacted the notes on his  
14 exhibit RR that I had called in complaining that I was unable to reach the Collections department  
15 and asking if another department could help me. I was told only Collections could help me (exhibit  
16 26 and exhibit 17, page 11). I believe that the inability to get through to the only department that  
17 could help me was relevant information, and omitting it served two purposes:

- 18  
19 • Hid relevant evidence that I was not willfully negligent on working on tax issues  
20 • Covered up one of the key operating mechanisms behind the racketeering schemes: make it difficult  
21 to correct FTB's breaches.

22 9. On page 9 of my ASRB (exhibit 4), I detailed that he redacted the notes on his exhibits OO  
23 and RR that showed FTB again breached their duty by "misapplying" a payment for [REDACTED] He  
24 redacted the two phone calls and fax that was sent to resolve this "error" (exhibits 26 and 27 and  
25 exhibit 17, pages 10 – 11). I see no justifiable reason why hiding FTB's breach of duty to accurately  
26 apply payments would be seen as protecting *my* private information. I believe omitting this  
27 information served three purposes:  
28

- 1       • Hid relevant evidence that I was not willfully negligent on working on tax issues  
2       • Covered up the misapplied payment racketeering scheme.  
3       • Covered up a key operating mechanism behind the racketeering schemes: make it difficult to correct  
4       FTB's breaches.

5       10. On pages 9 – 10, I detailed that Mr. Yadao omitted information of FTB “losing” yet another  
6       payment. He redacted that this took 2 phone calls, a fax and a letter to resolve (exhibit 17, pages 8 –  
7       10). I see no justifiable reason why hiding FTB's breaches of duty to accurately apply payments and  
8       to timely correct their errors would be seen as protecting *my* private information. I believe omitting  
9       this information served three purposes:  
10

- 11       • Hid relevant evidence that I was not willfully negligent on working on tax issues  
12       • Covered up the misapplied payment racketeering Scheme  
13       • Covered up a key operating mechanism behind the racketeering schemes: make it difficult to correct  
14       FTB's breaches.

15       11. On page 7, paragraph 2 of his ROB (exhibit 5), Mr. Yadao used deceptive wording to make  
16       it sound like our credit elect payment of [REDACTED] was applied to our tax year 2014 account on 08-  
17       03-2016. I believe this qualifies as a false statement since the money was not applied until 12-07-  
18       2016, after legislators intervened on our behalf (exhibit 4, page 10, exhibit 17, page 7).  
19

20       It is my belief that if withholding of credit elect payments was a legitimate policy as he stated in  
21       footnote 21, Mr. Yadao would have stated that the credit elect was placed into suspense as per FTB  
22       policy. The fact that he implied that the payment had been applied on a date that it had not been  
23       indicates to me that he was aware of the fact that this credit elect withholding practice was not  
24       official FTB policy. This confirms that the false statement made in footnote 21 was deliberate.  
25

26       Mr. Yadao may try to argue that he was unaware of this fact as it was not apparent on the  
27       accounting ledger that he submitted into evidence (exhibit 12, page 1), but exhibit 17, page 7 clearly  
28       says the date the payment was applied. Since exhibits 17 and 18 are the documents that Mr. Yadao



1 himself used to prepare his case, there is no way he could have been unaware of the accurate date  
2 that payment was applied.

3 I believe that in making this false statement about the date the payment was applied, he was  
4 covering up the fact that the payment had been unlawfully withheld (embezzled).

5  
6 Mr. Yadao did not submit to OTA the copies of two the letters that I had send to legislators in  
7 which I had requested intervention. FTB had been CC'd on both letters (exhibit 28). I believe this  
8 was pertinent evidence showing that we were not willfully negligent in working on our tax issues.

9  
10 ***Improprieties in his Respondent's Second Reply Brief (RSRB)***

11 1. On page 3, paragraph 3 of his RSRB (exhibit 10), he wrote: "...and respondents extension  
12 until June 27, 2013...Appellants have previously alleged their son was ill and had surgery;  
13 however, those events occurred prior to the issuance of any notices to Appellants and are therefore  
14 not relevant to Appellants' failure to reply to their tax year 2011 Demand to file."

15  
16 As written, this statement is incorrect. An accurate statement would have been "...those  
17 events occurred prior to the issuance of any notices for *tax year 2011*." Appellants had been issued  
18 several notices for tax year 2010 and were still trying to get the 2010 "lost payment" issues  
19 corrected. In using this deceptive wording, he was trying to make it appear that we were willfully  
20 negligent by hiding the fact that we had been actively working on resolving FTB's breaches of duty  
21 to accurately apply five payments designated for tax year 2010.

22  
23 2. Mr. Yadao continued on in the same paragraph, "The same is true with respect to  
24 appellant's parents' illnesses in that they did not arise until after the tax year 2011 Demand  
25 deadline" of June 2013. Mr. Yadao himself had submitted exhibit KK page 7 (exhibit 29), which is  
26 a letter from Delta Hospice dated August 17, 2013, confirming that Eric's father was under hospice  
27 care for dementia. Most people are aware that dementia is a slow progressing disease. It is shocking  
28

1 for Mr. Yadao to claim that Eric's father wasn't sick in June 2013. I believe this false statement was  
2 intended to smear our credibility.

3           3. On page 3, paragraph 4, Mr. Yadao wrote: "...it appears Appellants had ample time to  
4 pursue their near-daily leisure activity of ocean adventures in their boat." He cited two blog posts  
5 from our website as proof, but did not submit a hard copy:

6 <https://kosmos.liveflux.net/blog/2013/01/14/choosing-a-new-muffler-and-removing-the-old-one/>  
7 (exhibit 30) and <https://kosmos.liveflux.net/blog/2013/04/24/april-2013-update-on-us/> (exhibit 31)

8           Exhibit 32 is a print out from our blog that show the dates of "near-daily leisure activity of  
9 ocean adventures in their boat" was from April 2007 to May 2009 while Eric was on a work  
10 sabbatical. Since May 2009, we've lived a normal land life. Our tax issues began in 2011.

11           Exhibit 30 is the print out of first the blog post that Mr. Yadao referenced as proof of our  
12 "near daily leisure activity of ocean travels." This post described how difficult it was to replace the  
13 muffler in November 2012. There are no references to "leisure travel."

14           Exhibit 31 is a print of the second post Mr. Yadao referenced. The only sentence that  
15 referenced "leisure travel" was the mention of one boat trip to Oceanside Harbor, a short ride from  
16 our home port of San Diego Bay. We had not made a boat trip outside of the bay in almost a year.  
17 One trip outside of the bay per year hardly qualifies as "near-daily leisure activity of ocean  
18 adventures."  
19  
20

21           In claiming that we were willfully negligent because we were pursuing near-daily leisure  
22 ocean travel instead of working on our tax issues, Mr. Yadao went beyond simply making a false  
23 statement; he fabricated a false story and lied about having evidence. If he somehow erroneously  
24 believed that this story was real, then he would have submitted the evidence. Instead, he chose to  
25 not submit hard copies into evidence, clearly in hopes that the judges would not look at the website  
26 to see whether the proof he cited was legitimate.  
27  
28



1 I believe the fact that he fabricated a false story and lied about having evidence proves that  
2 Mr. Yadao's credibility is questionable and that his testimony cannot be trusted. It seems reasonable  
3 to conclude that someone who is willing to fabricate a story and lie about having evidence would  
4 also be willing to improperly redact documents, improperly omit documents and make more false  
5 statements in order cover up his own employer's unlawful activities.  
6

7 I believe that these three unlawful schemes and the overcharging of interest each generate  
8 substantial revenue for FTB. Since FTB's motto is to "protect the revenue," I am believe that FTB  
9 staff will go to any length necessary to prevent these illicit revenue sources from being discovered  
10 and halted.

11 On page 26 of my SCB (exhibit 2, page 28), I provided evidence which indicates that FTB's  
12 Chief, Legal Counsel, Jozel Brunett, may have coerced the OTA judges into making their erroneous  
13 Opinion. Since Ms. Brunett is Mr. Yadao's boss, it would be logical that Ms. Brunett also coerced  
14 Mr. Yadao into hiding FTB's criminal activities. I can see why Mr. Yadao would be willing to do  
15 anything necessary to protect his job.  
16

17 I want to reiterate that I find it suspicious that the metrics that CA Bar used to define a "false  
18 statement" are kept secret, as are the criteria used to determine that his testimony was credible.  
19

20 3. On page 4, paragraph 1 of his RSRB (exhibit 10), Mr. Yadao wrote: "Respondent also  
21 imposed a cost collection recovery fee because Appellants did not pay the final liability flowing  
22 from the tax year 2011 filing enforcement action..."

23 This is yet another false statement. We want to reiterate that we had paid our liability in full  
24 via the credit elect payment of \$16,893 that rolled over from our tax year 2010 tax return. Not only  
25 has Mr. Yadao has not disputed this fact to be true, he confirmed that fact in his ROB (exhibit 5)  
26 footnote 21. By stating here that we had not made the payment, he is contradicting what he had  
27 written in his ROB.  
28

1 If it were true that FTB's credit withholding practice was legitimate, Mr. Yadao would have  
2 written that the payment was withheld per FTB policy and thus the fee was properly imposed. The  
3 fact that he lied and said the payment had not been made indicates that he was covering up the  
4 unlawful activities themselves: the payment had been embezzled and that this cost recovery fee was  
5 improperly imposed (racketeering).  
6

7 4. On page 4, paragraph 6 of his RSRB (exhibit 10), Mr. Yadao wrote: "Furthermore,  
8 Appellants were able to update their blog in May 2015... they continued to use their boat regularly  
9 on day trips around San Diego waters, thus it could not be said they were both continuously  
10 prevented from replying to the tax year 2013 demand letter." Exhibit 33 is the referenced post:  
11 <https://kosmos.liveflux.net/blog/2015/05/01/may-2015-update-on-us/>. He did not submit a hard  
12 copy to OTA.  
13

14 This is another example of how Mr. Yadao uses deceptive wording and omission of  
15 pertinent information to create a false narrative. The way Mr. Yadao took the sentence out of  
16 context made it sound like we were doing nothing with our time but making daily boat trips. The  
17 sentence that Mr. Yadao took out of context was: "We continue to use Kosmos regularly on day  
18 trips around San Diego waters, but due to Eric's hectic work schedule, we haven't been able to do  
19 many longer trips."  
20

21 The reality is a "day trip" means a three-hour run once a month, which is important for  
22 maintenance of the vessel. Mr. Yadao omitted that the post mostly talked about  
23 the severity my rare kidney disease and the lack of viable treatment options available in western  
24 medicine, and Eric's stressful and hectic work schedule. Had Mr. Yadao submitted the hard copy of  
25 the evidence, the judges would have seen that the reality of our situation was very different from the  
26 picture painted by Mr. Yadao. This deception is so extensive that I believe it qualifies as a false  
27 statement.  
28



1 *Improprieties in the Memorandum Dated 05-06-19 (Memo)*

2  
3 1. On 11-29-2018 and 11-30-2018, I sent over to Mr. Yadao over a list of question to Mr.  
4 Yadao via email (exhibit 13, pages 1 – 4). I asked about some items in the documents that he'd  
5 submitted to OTA, and also about FTB's policies and procedures. On 05-06-2019, he responded to  
6 some of these questions in a Memo (exhibit 13, pages 5 – 9), which he submitted to OTA. On 05-  
7 09-2019, I sent over another series of questions (exhibit 13, pages 10 – 11). Mr. Yadao never  
8 responded to any of the questions in the 05-09-2019 email.  
9

10 One of the questions I asked was if Demand Notices go out at the same time for people who  
11 the FTB believes owes money as for people who the FTB knows are due a refund. Instead of  
12 answering my question truthfully, on page 2 of this Memo (exhibit 13, page 6), he made a statement  
13 that was so deceptive and misleading that it qualifies as a false statement: "Therefore, FTB does not  
14 know whether the taxpayer has an unpaid liability or an overpayment and generally no  
15 differentiation exists for issuing a Demand based on an unpaid liability or overpayment that is  
16 evidenced only upon receipt of a return."  
17

18 As we discussed above in the section tiled R&TC 19133 and 19087 and in the section titled  
19 Embezzling and Racketeering Scheme #2, when someone does not file timely, FTB does its own  
20 assessment of how much they believe the taxpayer's liability will be, utilizing the standard  
21 deduction. FTB subtracts out the income taxes that were collected. If there is a deficient balance, a  
22 NPA is issued. Per R&TC 19087, a Demand Notice can only be issued if the account is delinquent  
23 per FTB's assessment. Instead of lawfully disclosing that Demand Notices are not issued when the  
24 FTB assesses that there is no further liability, he made a muddy statement that implied that Demand  
25 Notices go out to everyone.  
26  
27  
28

1 In the email dated 5-19-2019 (page10), I again asked Mr. Yadao whether Demand Notices  
2 go out at the same time if FTB does not believe money is owed. Mr. Yadao never responded to this  
3 email.

4 It is clear to me that the reason he chose to mislead me about FTB's policy for issuing  
5 Demand Notices is because he had already acknowledged that at no point in time between the tax  
6 years 2010 – 2016 did we have an outstanding tax liability. Mr. Yadao was trying to hide that these  
7 penalties had been falsely imposed, hence covering up racketeering.  
8

9 2. In my emails of questions, I had asked why he redacted the accounting adjustments on  
10 exhibits D and H (exhibit 13, page 3). He responded to this question on page 3 of his Memo (exhibit  
11 3, page 7) by evading the actual question: he stated that the Disclosure Department did not redact  
12 either of these line items. In the 05-19-2019 email (page 10). I again asked why *he* close to redact  
13 those items. I also asked why the copies FTB provided me said "accounting adjustment" but the  
14 internal documents said "write-off." Mr. Yadao never responded.  
15

16 As I stated above in the Overcharging Interest section, I believe that these were attempts to  
17 overcharge interest and that Mr. Yadao redacted these items to hide it. As I cited above, the law  
18 states that Mr. Yadao's lack of denial of my allegations is a tacit admission.  
19

20 On page 11 of my SCB (Exhibit 2, page 13), I detailed that in this Memo, Mr. Yadao stated  
21 that the \$9,000 "misapplied" estimated tax payments designated for tax year 2010 had been applied  
22 to a miscellaneous bill for tax year 2002 (exhibit 13, pages 3 - 4). He also implied that was the case  
23 with the portion of the \$3,500 payment that was "misapplied" to tax year 2009 (exhibit 12). If these  
24 alleged miscellaneous bills existed, why didn't he reference them in the brief and submit copies of  
25 the bills into evidence? When I asked for clarification of how money could be applied to bills which  
26 never existed, (exhibit 13, pages 10 - 11), Mr. Yadao did not respond to my requests. I believe that  
27 claiming that money was applied to miscellaneous bills when no such bills existed qualifies as a  
28



1 false statement. He may claim to not have known better since the accounting ledgers do say Bill  
2 Payment, however, he has access to the records and notes, and thus knew there were no such bills in  
3 the records nor any documentation of them in the notes (exhibits 17 and 18). It is my belief that he  
4 made these false statements to cover up racketeering scheme #3: misapplying payments to a  
5 previous year, thus leaving the current year underfunded and subject to penalties, fees and interest  
6 for "paying late," and potential false Demand Fees if the taxpayer files late.  
7

8 It is also important to note that in my original email requests, the majority of questions I  
9 asked were regarding why the accounting ledgers are inaccurate (exhibit 13, pages 2 - 3). I also  
10 pointed out that the ledgers indicated delays in FTB correcting their own breaches of duty and asked  
11 why. He did not address any of those questions in his Memo. It is my belief that Mr. Yadao was  
12 aware that the accounting inaccuracies and delays in correcting accounting "mistakes" were tied to  
13 the embezzlement and racketeering schemes, which is why he did not deny the inaccuracies nor try  
14 to explain them.  
15

### 16 *Closing*

17  
18 I believe that I have proven that Eric Yadao made at least 11 verifiably false statements in  
19 his briefs and memorandum.  
20

21 I believe that I have proven that the documents that he redacted and omitted all hid FTB's  
22 multiple breaches of duty and FTB's refusal to correct said breaches. These redactions/omissions  
23 were not to protect my personal information, as he claimed. As such, the documents were  
24 improperly redacted/omitted.

25 Mr. Yadao argued that the penalties were properly imposed because we were willfully  
26 negligent, then hid most of the evidence showing that we had reasonable cause and were not  
27 negligent. As such, he made a false argument.  
28

1           However, as I have shown, the redactions, omissions and false statements served a more  
2 nefarious purpose than simply making a false argument: he was covering up his employer's illegal  
3 activities. I believe that I have shown via a preponderance of the evidence that FTB is operating five  
4 illicit schemes:

- 5           • Unlawfully withholding estimated tax payments made via credit elect (embezzling)
- 6           • Unlawfully withholding estimated tax payments made by married couples (embezzling)
- 7           • "Misapplying" estimated tax payments to bills which never existed from previous years.
- 8           • Falsely imposing penalties by making it appear the taxpayers account was underfunded via the three  
9           items above (racketeering).
- 10           • Overcharging interest.

11           I believe that I have proven that Eric Yadao was aware of these illicit schemes and deliberately  
12 chose to cover them up via the false statements, redactions and omissions. I believe that Mr. Yadao  
13 should not only lose his license to practice law, he should be criminally prosecuted.  
14

15           In my OTA case, I submitted additional evidence that was not included in this package.  
16 Likewise, the Supreme Court case has evidence that was not included in this package. I omitted  
17 material that I thought was superfluous or redundant to keep the size of the package down. I am  
18 happy to provide any additional evidence that the Supreme Court judges and/or the Bar Association  
19 would like to see. Just let me know which ASRB or SCB exhibits you would like to see and I will  
20 promptly provide it.  
21

22  
23 ***Verification***

24  
25           I certify all the information contained in this brief, as well as all of the attached exhibits, to be  
26 factually correct and true to the best of my knowledge.  
27 ---  
28



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

DATED: August 14, 2020



Christine N. Grab  
In Pro Per

## Exhibit List

Exhibit #	Title	# of pages
1	Initial Attorney Misconduct Complaint	6
2	Superior Court Brief (SCB)	31
3	Chart of Payments Made to FTB	1
4	Appellants Second Response Brief (ASRB)	16
5	Respondents Opening Brief	17
6	OTA Oral Arguments	27
7	Letter from FTB Disclosure Department dated 08-08-2019	2
8	Letter from FTB Disclosure Department dated 07-21-2020	3
9	OTA Judges Opinion	10
10	Respondent's Second Reply Brief	7
11	Letter to Governor Brown dated 02-23-18	4
12	FTB's Accounting Records for 2014, 2002 and 2009	6
13	Emails from me with questions and FTB's response Memo	12
14	Initial Appeal Request to Board of Equalization	10
15	Reddit request for help with calling in to FTB	1
16	Page 16 of FTB's Taxpayers' Bill of Rights Annual Report to the Legislature 2018*	1
17	FTB Internal Notes on Christine Grab	23
18	FTB Internal Notes on Eric Grab	11
19	Letter from CA Bar dated 04-13-2020	4
20	Letter to CA Bar requesting review dated 05-11-2020	7
21	Letter from CA Bar dated 06-25-2020	7
22	Proof of improper redactions of evidence	7
23	Return Information Notice for 2008	1
24	Fax confirmation FTB received fax on 12-06-2013	1
25	Return Information Notice for 2010	1
26	Proof of improper redactions of evidence	10
27	Proof of improper redactions of evidence	2
28	Proof FTB was cc'd on letters to legislators	9
29	Letter date 08-17-2013 confirming Eric's father was on hospice	1
30	Blog post titled "Choosing a New Muffler and Removing the Old One"	5
31	Blog post titled "April 2013 Update on Us"	4
32	"About the Blog" page of our website	1
33	Blog post titled "May 2015 Update on Us"	10

The full 53-page document can be found here: <https://www.ftb.ca.gov/about-ftb/meetings/board-meetings/2018/december-10/taxpayer-bill-of-rights-annual-Report-2018.html>



The exhibits below are not referenced in the brief, but were included in the original Bar Complaint

34	Declaration: Statement in Support of Tax Years 2011, 2013 and 2014	5
35	Letter from Christopher Calhoun dated 7-28-2017	4
36	Chart of Payments Made vs Payments Lost and proof of payments lost	24
37	Letters from Christine to legislators detailing suspicious accounting activities	6
38	Analysis of withholding policies	11
39	Letter from Christine disputing wage garnishment	2
40	Abatement turn down letters issued 7-10-2017	10
41	E-mail thread between Christine and Susan Maples dated 01-04-2018	4
42	IRS Notice	1
43	Notices of CA State Income Tax Due for 2014	2
44	Letter Christine sent to FTB in October 2012	4
45	DivX Stock Income Forms from 2010 and CPA Analysis	5
46	Email exchange between Christine and Yadao dated 03-05-2019	3

**Additional Exhibits**

47	FTB's Accounting Ledgers for 2008, 2010 - 2013, 2015 - 2016	12
48	2018 Annual Taxpayer Bill of Rights Response (dated 1-25-19)	5