

My name is Christine Grab. I have 11 requests.

1. End the Policy of Withholding Estimated Tax Payments Made Via Credit Elect Until the Taxpayer Files a Return.

This policy violates Revenue and Tax Code 19363, which says that no matter what date you filed the previous year's return, the credit elect must be applied on tax-day, which is usually April 15th.

FTB does not apply these payments in accordance with the law. Instead, FTB puts the credit elect money into "suspense," which is a fancy word for the general slush fund. The credit elect money does not get moved from the slush fund until the taxpayer files that year's return. FTB claims this policy is in line with federal practices, but that is a lie; the IRS does not withhold payments made via credit elect.

I believe that FTB's practice of keeping the taxpayer's money instead of timely applying it to the taxpayers account is the federal crime of embezzlement per US federal code 18 section 654.

Demand Notices are only sent to taxpayers whom FTB believes have underpaid their tax liability. The accompanying Demand Penalty is a crippling 25% of extra additional taxes beyond what the taxpayer actually owes.

By temporarily embezzling the credit elect payment, FTB makes it falsely appear that the taxpayer's account was underfunded, and thus a Demand Penalty is falsely imposed. The false imposition of penalties as a result of FTB's own unlawful embezzlement is the federal crime of Racketeering per the RICO act 18 USCA section 1961 et seq [1970].

If a taxpayer is single, FTB will apply the credit elect to the taxpayer's account AFTER the Demand Notice has gone out, but they are still on the hook for the false penalties.

However, married taxpayers are double racketeered. FTB refuses to apply monies to married people's account until the return is filed. In addition to the false penalties, FTB demands overpayments of estimated tax monies that would not have been due had the original estimated tax payments been applied in accordance with the law. This second ploy to collect extra funds from married people is also the federal crime of racketeering.

In my OTA appeal, FTB never denied this withholding practice is unlawful. FTB has yet to deny it in the case pending now in Superior Court.

FTB's Disclosure Department denies this practice exists. I would like an explanation as to why the different departments give me conflicting information.

2. End the policy of withholding estimated tax payments from married couples.

It is not only credit elects that are withheld from married couples -- ALL estimated tax payments made by married couples are withheld. If a married couple files late, they are double-racketeered as I just described.

FTB claims this policy is in line with federal practices, but that is a lie; the IRS does not withhold estimated tax payments made by married couples.

The tax code says that joint estimated tax payments can be apportioned in any manner that the spouses agree upon. By not giving the spouses the opportunity to designate how much of the money is to be applied to each spouse, and instead withholding the payment altogether, FTB is committing the federal crime of embezzlement. Falsely making the taxpayers' account appear underfunded in order to falsely impose penalties is the federal crime of racketeering.

FTB's Disclosure Department also denies that this practice exists. I would like an explanation as to why different departments give me conflicting information.

3. Put amortization schedules on each bill showing how the interest for the billing period was calculated.

In the documents that have come out through my court cases, I have caught FTB over-charging me interest 9 different times via 4 different mechanisms.

If FTB stands by their principal of operating with transparency, then FTB will start putting complete amortization schedules on bills, including the interest rate and the dates that interest began accruing. This way, the taxpayer can check accuracy for themselves.

4. Fix flaws in the software which facilitate accounting irregularities

I have caught a third racketeering scheme. In the CA Supreme Court Accusation that I filed against FTB employee Eric Yadao, I documented that three of my estimated tax payments were applied to bills that **never existed** on previous tax years that had already been zeroed out and closed.

The money was then refunded to me, leaving the years the payments had been intended for underfunded. Penalties were imposed for underpaying, even though my account would not have been underfunded had FTB not breached its duty to accurately apply payments.

FTB's software should not allow payments to be made on bills that don't exist.

The interest overcharges that I mentioned earlier seem to be facilitated by similar flaws in the software.

I am requesting that FTB immediately correct the flaws that I have identified, as well as any other software flaws that facilitate accounting irregularities. If FTB stands by their principals of managing taxpayer accounts with accuracy and financial integrity, then FTB will immediately make the proper modifications.

5. Require all “Misapplied” Payments be corrected same day.

Last year, I asked FTB to end its practice of waiting six weeks between locating a “misapplied” payment and moving it to the correct tax year. Their answer was no. They said that it didn’t matter if there was a lag since the payment would be retroactively applied to the correct date. But as discussed above, the lag could cause Penalties to be falsely imposed.

I asked the Disclosure Department for all policies regarding misapplied payments. They only have one, policy 9300, which says that FTB will make monetary adjustments timely **if** the account is in collections or if the taxpayer is due a refund.

I would like an explanation for why six-weeks is considered timely.

It is disconcerting there is no policy in place to correct misapplied payments when the taxpayer **is not yet** in collections or is not due a refund. It appears to me that FTB is deliberately waiting to correct misapplied payments until **after** the taxpayer is in collections and penalties have been falsely imposed.

Not correcting misapplied payments timely is a breach of FTB duties per the Standards of Principals of Tax Administration.

I am requesting that FTB immediately update their policies to require **all** misapplied payments be corrected the **same day** the breach is identified.

6. Offer More Methods of Sending Information to FTB

In my CA Supreme Court Accusation, I detailed that a critical component of the three racketeering schemes is to limit written communications from taxpayers to be only via fax.

Faxing is an antiquated technology; most businesses got rid of their fax machines at the turn of the century, and most individuals never had a fax machine. Fax services are difficult and expensive to access for most of us. This fax-only policy disproportionately affects those of low socio-economic status – the group that can least afford to pay **false** penalties.

Regular mail is not an option because FTB has a **90-day backlog** on responding to mail. By the time FTB addresses the correspondence, the deadline has already expired and the penalties already imposed. And yet this “missed deadline” is considered the **taxpayer’s fault** even though the correspondence had been sent timely.

I am requesting that FTB open and process postal mail the **same day** that it arrives. I am also requesting that FTB make it easier for taxpayers to use the secure email service that is already in place.

7. Remove Final And Payable Clause from the Notice of Proposed Assessment

In the speech that I made last year, I mentioned that FTB has a strange internal vocabulary that does not match standard-use English. One of the examples that I cited is that FTB calls a dispute to a Notice of Proposed Assessment a “No Response.”

As I was working on my court case, I noticed that the NPA contains a clause that says, “This proposed assessment becomes due and payable on (date), unless we receive your tax return or your protest of this proposed assessment.”

I realized that falsely mischaracterizing a dispute as a “No Response” is actually a tool that FTB uses to falsely impose Demand Penalties.

Rather than just asking FTB to properly identify NPA disputes, I am asking that this clause be removed from the NPA entirely. This clause is unfair for many reasons.

The first is that FTB has an established track record of sending mail to old addresses. The taxpayer is either delayed in receiving the notice or never gets the notice at all, rendering them unable to dispute the NPA timely.

The second is that FTB makes it difficult to file a dispute by not opening their own mail timely and habitually “losing” faxes. So even when the taxpayer does respond timely, penalties are still falsely imposed because of FTB’s own “incompetence.”

8. FTB's policy should be that all requests are approved unless a written denial is formally issued

In the speech that I made last year, I mentioned that FTB has a strange internal vocabulary that does not match standard-use English. One of the examples that I cited was that when FTB ignores written correspondence, they call it “turning down” the correspondence.

Last year, I also requested that FTB make it a policy to always issue denial letters on correspondence. FTB's current policy is that issuing a denial letter is unnecessary because the taxpayer should know that if they don't get a letter, that means the request was denied.

Last year, FTB gave an evasive answer that did not adequately address my request, so this year, I'll be clearer: I am requesting that you immediately change FTB's policy to be that if a written denial is not issued, the request is considered granted.

FTB's lack of issuance of denial letters is another tool to falsely impose penalties. By not responding to correspondence timely, taxpayers are unclear about what is happening on their account. By the time the taxpayer has figured out their request was denied, the clock has run out on the follow up steps.

9. Move the Taxpayer Advocates to Work Under GovOps.

Having the Taxpayer Advocates employed by the Taxation Agencies they are supposed to be protecting Taxpayers from is a conflict of interest. It is not fair to the Advocates to be placed in a position of divided loyalties. This can be corrected by changing their employer to GovOps.

Likewise, The Tax Appeals Assistance Program should also be moved to GovOps. This crucial free student attorney program is currently administered by the same agencies that that TAAP attorneys are fighting against in court. It is no coincidence that TAAP attorneys usually lose.

10. Please re-record your automated system with a more pleasant voice and better music.

In closing, I would like to remind every FTB employee that “My boss told me to” is not a valid legal defense. Eric Yadao and Susan Maples are currently facing criminal charges. It is my belief that Ms. Maples was set up as a patsy and that Mr. Yadao was just doing his job. But they are the ones facing prison, not their bosses.

Please protect yourselves by refusing to engage in anything that feels unethical. Look up legal codes for yourself to make sure that you are accurately representing the law before relaying that information to taxpayers.