

Christine Grab

February 23, 2018

Governor Gerry Brown  
c/o State Capitol  
Suite 1173  
Sacramento, CA 95814

Dear Governor Brown:

Having to call you and/or write you every month to get the FTB to cooperate with me is starting to get old. My audit is going painfully slow, mostly because the FTB's accounting is difficult to follow and they are uncooperative about answering my questions. Here is an update on my progress:

**I. I have again caught the FTB doing something that is definitely illegal.**

Enclosed is my 2011 bill which showed that I owed \$141.27 in interest if paid by 7-14-14. Enclosed is my statement from 2011 showing that the payment was made in full on 7-9-14, yet they charged me \$143.99 in interest. I share more on this in the "Suspicious Behavior" section below.

**II. I have also caught the FTB doing something that is probably illegal.** When I was working on my OTA appeal, I noticed that Mr. Calhoun had written something suspect in the July 10, 2017 letter: "In your letter you stated that you remitted payments for your 2010 tax year that were placed into suspense. You stated that we charged you penalties, fees and interest even though we had money in suspense. However, this payment was submitted jointly, for you and Mr. Grab. Therefore, we could not post it to your account until your return was filed and processed." I sent you a copy of this letter on July 21, 2017, along with my rebuttal to his letter.

Really? **Its legal to deliberately withhold estimated tax payments made simply because the taxpayers are married? I want to see the tax code on that.** I sent a message to Ms. Maples on 2-8-18 requesting the legal code, but I have not heard back from her as of yet.

**III. I have found a third estimated tax payment made that was "accidentally" misapplied to previous years and refunded to us** instead of being applied to the appropriate tax year. Of the five estimated tax payments made between 2008 and 2010, three of them -- 60 percent -- were "accidentally misapplied" the exact same way. I am certain that this is a deliberate ploy to ensure that people's estimated taxes for the years are underfunded.

I want to be completely fair. For 2008, we sent a payment in with our tax return that was correctly applied. For 2009, we sent in a payment with our extension request that was correctly applied. So when you look at the seven total payments made for tax years 2008 – 2010, only 43 percent were misapplied! However, 43 percent is still an unacceptable number. Over the course of my adult life, the IRS has only lost one – and only one -- of my payments. The IRS has millions more people to deal with than California does.

I have also enclosed information about a payment made in 2016 for the 2013 tax year. I included it for other reasons (see both “Suspicious Behavior” and “Update on Lost \$1,000”), but this is a good time to point out that this payment was also initially “misapplied.” Of the eight payments that I have looked at so far as a part of this audit, four of eight were misapplied, or 50%. It may not be fair to add this single 2013 payment into the tally since I haven’t looked at any other payments made for the 2013 year as of yet, but I want you to be aware that the FTB has a serious problem with “losing” payments.

#### **IV. FTB Suspicious Behavior:**

I had actually intended to wait until the audit was completed and send all the suspicious information together in one package. However, the FTB has been so strange for me to deal with lately that I felt the need to contact you sooner.

Over the past month, I have sent four faxes to Mr. Calhoun, each with a list of specific questions about the FTB’s accounting practices. The first fax was sent on 1-25-18. It focused on a particular payment made in January 2016 for the 2013 tax year. Mr. Calhoun had brought this payment up in a previous letter to me, and I had a slew of questions about why the payment was applied differently than the bill had indicated it would be. The second fax was sent the following day (1-26-18), with a request to locate the still-missing \$1,000 from the “misapplied” \$3500 that was made in January 2011 for the 2010 tax year, and to explain how interest was calculated for the 2008 year. The third fax was sent on 2-7-18, and it focused on the 2011 tax year. Again, I had a slew of questions about why the FTB’s numbers didn’t match the bill. **One of the questions was about why I was overcharged in interest.** Copies of all the faxes are enclosed.

About two hours later (on 2-7-18), I tried to send another fax with some more questions. It didn’t go through. I tried again three more times on Sunday morning (2-11-18), when the fax machine would theoretically not be busy. None of the faxes transmitted. I left a voicemail message for Mr. Calhoun, letting him know that my faxes weren’t transmitting and asking him if there was another fax number I could use.

By Thursday (2-15-18), I had not heard back from him; not about my voicemail message or about any of the other faxes that I had sent. I called in to the main line for Executive and Advocate Services. I was given another fax number. It didn’t work, and neither did Mr. Calhoun’s fax number when I tried it again. I called back and asked if they were having fax problems or if the fax machines were busy. They said that no faxes had come through at the time I had been attempting to fax, and the fax machines were working fine. They said the machines were clear and to try now. I tried both numbers again, and neither fax went through. I was now certain that my fax number had been blocked.

So I called GovOps and all three FTB Board Members to complain. Now please keep in mind that on January 26, 2018, I had sent a complaint letter to the Board of Directors about two estimated payments made for the 2010 tax year payments had been applied to incorrect years and refunded. In that letter, I mentioned that of the \$3,500 payment that had been "misapplied," \$1,000 of that money was still missing.

One of the Board Members contacted the FTB and told them they needed to work with me. I got a call from Mr. Calhoun's supervisor, Denise Mellor, who assured me that no one had blocked my fax, it was merely a coincidence that I was suddenly unable to get faxes through.

She told me she was not an expert at locating misapplied funds and she needed to have Mr. Calhoun call me back. I requested to be assigned to a different representative. As a side note, since Mr. Calhoun is a proven liar who has committed a federal felony punishable by up to twenty years in federal prison (see the letter I sent dated December 13), I am perturbed to see that he is still employed by the FTB. He has also violated my State rights in several ways (I'll send a letter about that once the audit and OTA appeal are completed). He doesn't return calls. And he hasn't responded to any of my faxes. I am floored that the FTB insists that I continue to work with this person.

Ms. Mellor said she would see about assigning me to someone else. I was overjoyed when Angela Goff, the nice FTB rep that had initially been assigned to my case before Mr. Calhoun took it over, called me. Ms. Goff told me that she was not permanently assigned to me and was "under strict orders" to only speak with me regarding the missing \$1,000. She was not allowed to discuss any other tax years or answer any other questions. She explained that the missing \$1,000 from 2010 was tied to the "misapplied" payment from 2008. Explanation in the "Update on the Lost \$1,000" section below.

However, she did "violate orders" to talk about the payment made in January 2016 mentioned above. In the letter that Mr. Calhoun had sent to me regarding this payment, he claims that I clearly must have made a mistake in my math regarding this payment and thus my discrepancy issue was closed. Ms. Goff answered a few of the questions that I had faxed over, but most of the questions are still unanswered. The answers that Ms. Goff was willing to provide gave me some clarity. As I said before, this payment was applied differently by the FTB than the billing statement said it would be. The changing numbers may account for some of the discrepancy, but there is at least one more discrepancy somewhere else.

So clearly, the purpose of Ms. Goff's call was to take care of the only problem that the Board Member was aware of -- the missing \$1,000 from 2010 -- and to try to convince me that there is no discrepancy anymore and I can stop the audit now. I want to make it clear that Ms. Goff was most pleasant to deal with, and that I understand that she was simply following orders from her superiors.

After the call, I attempted to re-send fax #4 to Mr. Calhoun. I copied Ms. Mellor, as well. This time both faxes went through just fine. I find that to be quite an interesting "coincidence." I have copied you on it, as well.

On Wednesday, February 22, I left a message with Ms. Mellor complaining that I still had so many unanswered questions. She called back the same day and left me a voicemail message promising to have someone call me back on Thursday, February 22. I never got a call.

It looks to me like fax #3 regarding 2011 struck such a chord at the FTB that they felt the need to block my fax number and avoid me altogether. Even when directed to talk to me by the Board Member, the FTB still refused to answer my questions about 2011. I am guessing they are trying to figure out how to cover up the crime of collecting extra interest from me. It's only \$2.72, but if they tack on a couple extra dollars to everyone, then that's a few million extra illegally collected dollars in the FTB coffers. But it could have to do with other aspects of the FTB's strange accounting methods, too.

### **V. Update on the Lost \$1,000:**

On January 26, 2018, I sent the FTB Board of Directors and the governor a letter complaining about a \$3,500 estimated tax payment for the 2010 tax year that was so oddly misapplied that it could not possibly be a merely an "accident." Of the \$3,500, \$2,500 had already been accounted for, but there was \$1,000 still missing.

As I mentioned above in the "strange behavior" section, Ms. Goff found the missing money. \* According to her, the payment that I mailed in January 2011 was refunded to me on May 29, 2008. \* Needless to say, that was hard for me to believe. After I talked to her, I spent a solid two hours going over my numbers and the FTB's numbers to verify that this could be true. Because it sounds like total BS, right?

Here is how it played out. On May 8, 2008, we mailed an estimated tax payment of \$1,000 to the FTB for the 2008 tax year. They applied the money to 2002 and sent us a refund on May 29, 2008. Enclosed is a copy of my check so that you can see that it clearly says "1<sup>st</sup> quarter 08" in the notes section (I blocked out my SS# above it).

After we filed our 2008 taxes, we apparently had a balance due of \$2,708.12 as of 12-27-10, in part because this "mistake" left our estimated taxes underfunded. Apparently, this money was automatically taken out of 2010's estimated tax payment on 1-31-11 (I guess the extra \$8.36 was additional interest?).

On February 14, 2011, I faxed over a copy of the canceled check and demanded the missing \$1,000 be applied to our account and back dated, and the interest, fees and penalties recalculated accordingly. I guess in order to back date the payment, they had to move the \$1,000 from 2002, leaving 2002 short by \$1,000. Then they had to move the \$1,000 back from 2008 to 2002 in order to zero out 2002. Hence why the accounting looks so bizarre.

It looks like the refund of \$418.33 that was mailed to me on 3-17-11 was the difference between the fees and penalties before the \$1,000 was applied versus after the adjustments were made. This answers one of the questions that I have been asking for many years now! I have complained to you about this in previous letters and I asked again in fax #2 to Mr. Calhoun: How were the

fees and penalties for 2008 calculated? Meaning: were the fees and penalties reduced after the misapplied \$1,000 was reapplied? Now we know that the answer is yes! So one question has finally been answered. Yay!

Why the 2008 excess money didn't revert back to 2010, where it was intended to go in the first place, is a mystery. Also, why any money was applied to the 2009 tax year when it was clearly designated for 2010 is also still a complete mystery.

In other good news, all \$3,500 of the "missing" payment has now been located. I'm down to only \$7,700 more in "lost" money to find!

Hopefully, you are starting to understand why the audit is so slow and painful. Hopefully, you also understand now why my argument that, while I would have filed my 2011 taxes a little late no matter what, I was forced to file much, much later than I would have due to "gross incompetence" on the part of the FTB. The mistakes I have sent you in this letter and the last one are just the tip of the iceberg.

Also, don't forget that in and amongst all these "misapplied" payments, my "rollover" money from the previous tax year also disappeared. Of course, we now know that it had been deliberately (and illegally) held in suspense, but the FTB let me think it was lost. I can't tell you how many dozens of hours I wasted trying to track down the "rollover" money.

I have now caught the FTB red-handed committing two crimes, probably three. The news station CBS 13 Sacramento also caught the FTB committing crimes by deliberately mailing collection notices to invalid addresses so the person was unable to dispute the notice or pay in a timely manner (copy of story enclosed). I've provided supporting evidence that indicates there are more crimes being committed by deliberately "misapplying" payments. When are people going to start going to jail?

Also, could you please make the FTB answer my auditing questions so we can get this audit over and done with?

Regards,

Christine Grab