

CHARLES L. HORTON, INC.

16 NORTH MARENGO AVENUE, SUITE 215
PASADENA, CALIFORNIA 91101-1956

PHONE: (626) 304-9906
FAX: (626) 304-9891
chorton@trustax.com

November 27, 2012

Department of the Treasury
INTERNAL REVENUE SERVICE
Cincinnati, OH 45999

Re: ESTATE OF CHARLES H PAPAZ
[REDACTED]
Deceased 07/08/2007
Claim for refund of Estate Taxes Paid

Dear Sir or Madam,

The attached documentation pertains to a claim for refund of estate taxes paid related to the Estate of Charles H. Papaz. Originally, Citizens Business Bank was trustee of decedent's assets and was responsible for filing decedent's tax returns and for payment of tax liabilities following decedent's death. The administration of decedent's trusts has since concluded and Citizens Business Bank has delivered all assets to the sole heir, Jonathan Carrano. It is he, in his position as the sole beneficiary of decedent's assets and as the sole interested party in this matter who is making the Claim for Refund of Estate Taxes previously paid.

For fiduciary tax administration purposes we have attached Form 56, Notice of Fiduciary Relationship identifying Jonathan Carrano as the party acting on behalf of the decedent. In addition, Form 8822, Change of Address, has been provided so that IRS records can be properly updated to reflect the address of Jonathan Carrano as the proper address to which correspondence related to the deceased taxpayer should be mailed. Finally Jonathan Carrano has executed Form 2848 identifying Charles Horton as the taxpayer's representative related to this matter. A copy of the Power of Attorney is attached.

Please send written acknowledgment that you have received this Claim for Refund and provide a timeframe within which we can expect to receive a response to this request.

Thank you for your prompt attention to this matter. We share your interest in settling this as soon as possible.

Sincerely,



Charles Horton
CAF 9005-06730R

EXHIBIT D PAGE 1

Form **56**
 (Rev. December 2011)
 Department of the Treasury
 Internal Revenue Service

Notice Concerning Fiduciary Relationship

OMB No. 1545-0013

(Internal Revenue Code sections 6036 and 6903)

Part I Identification

Name of person for whom you are acting (as shown on the tax return) Identifying number Decedent's social security no.
CHARLES H PAPAZ [REDACTED]

Address of person for whom you are acting (number, street, and room or suite no.)
PO BOX 2549

City or town, state, and ZIP code (If a foreign address, see instructions.)
RCH CUCAMONGA, CA 91729

Fiduciary's name
JONATHAN CARRANO

Address of fiduciary (number, street, and room or suite no.)
 [REDACTED]

City or town, state, and ZIP code Telephone number (optional)
LA VERNE, CA 91750 (909) [REDACTED]

Section A. Authority

- 1 Authority for fiduciary relationship. Check applicable box:
- a Court appointment of testate estate (valid will exists)
 - b Court appointment of intestate estate (no valid will exists)
 - c Court appointment as guardian or conservator
 - d Valid trust instrument and amendments
 - e Bankruptcy or assignment for the benefit of creditors
 - f Other. Describe ► **SOLE RECIPIENT OF DECEDENT'S ASSETS**
- 2a If box 1a or 1b is checked, enter the date of death ► _____
- 2b If box 1c–1f is checked, enter the date of appointment, taking office, or assignment or transfer of assets ► _____

Section B. Nature of Liability and Tax Notices

- 3 Type of taxes (check all that apply): Income Gift Estate Generation-skipping transfer Employment
 Excise Other (describe) ► _____
- 4 Federal tax form number (check all that apply): a 706 series b 709 c 940 d 941, 943, 944
 e 1040, 1040-A, or 1040-EZ f 1041 g 1120 h Other (list) ► _____
- 5 If your authority as a fiduciary does not cover all years or tax periods, check here ►
 and list the specific years or periods ► _____
- 6 If the fiduciary listed wants a copy of notices or other written communications (see the instructions) check this box ►
 and enter the year(s) or period(s) for the corresponding line 4 item checked. If more than 1 form entered on line 4h, enter the form number.

Complete only if the line 6 box is checked.

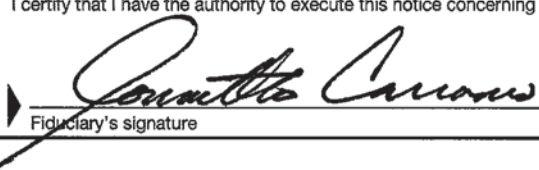
If this item is checked:	Enter year(s) or period(s)	If this item is checked:	Enter year(s) or period(s)
4a		4b	
4c		4d	
4e		4f	
4g		4h:	
4h:		4h:	

Part II Court and Administrative Proceedings

Name of court (if other than a court proceeding, identify the type of proceeding and name of agency)		Date proceeding initiated	
Address of court		Docket number of proceeding	
City or town, state, and ZIP code	Date	Time <input type="checkbox"/> a.m. <input type="checkbox"/> p.m.	Place of other proceedings

Part III Signature

I certify that I have the authority to execute this notice concerning fiduciary relationship on behalf of the taxpayer.

Please Sign Here		TRUST BENEFICIARY	10/18/12
	Fiduciary's signature	Title, if applicable	Date

Form **8822**
(Rev. January 2012)
Department of the Treasury
Internal Revenue Service

Change of Address
(For Individual, Gift, Estate, or Generation-Skipping Transfer Tax Returns)

OMB No. 1545-1163

▶ Please type or print.

▶ See instructions on back. ▶ Do not attach this form to your return.

Part I Complete This Part To Change Your Home Mailing Address

Check all boxes this change affects:

1 Individual income tax returns (Forms 1040, 1040A, 1040EZ, 1040NR, etc.)
▶ If your last return was a joint return and you are now establishing a residence separate from the spouse with whom you filed that return, check here

2 Gift, estate, or generation-skipping transfer tax returns (Forms 706, 709, etc.)
▶ For Forms 706 and 706-NA, enter the decedent's name and social security number below.

▶ Decedent's name **CHARLES H PAPAZ**

▶ Social security number [REDACTED]

3a Your name (first name, initial, and last name)	3b Your social security number
4a Spouse's name (first name, initial, and last name)	4b Spouse's social security number

5a Your prior name(s). See instructions.

5b Spouse's prior name(s). See instructions.

6a Your old address (no., street, apt. no., city or town, state, and ZIP code). If a P.O. box, see instructions. If foreign address, also complete spaces below, see instructions.

C/O CITIZENS BUSINESS BANK, TRUSTEE, PO BOX 2549, RANCHO CUCAMONGA, CA 91729-2549

Foreign country name	Foreign province/county	Foreign postal code
----------------------	-------------------------	---------------------

6b Spouse's old address, if different from line 6a (no., street, apt. no., city or town, state, and ZIP code). If a P.O. box, see instructions. If foreign address, also complete spaces below, see instructions.

Foreign country name	Foreign province/county	Foreign postal code
----------------------	-------------------------	---------------------


7 New address (no., street, apt. no., city or town, state, and ZIP code). If a P.O. box, see instructions. If foreign address, also complete spaces below, see instructions.

C/O JONATHAN CARRANO, 4503 BRINEY POINT STREET, LA VERNE, CA 91750

Foreign country name	Foreign province/county	Foreign postal code
----------------------	-------------------------	---------------------

Part II Signature

Daytime telephone number of person to contact (optional) ▶ **909** [REDACTED]

Sign Here		10/18/12	
	Your signature	Date	Signature of representative, executor, administrator/ff applicable Date
	If joint return, spouse's signature	Date	FIDUCIARY Title

Form **2848**
(Rev. March 2012)
Department of the Treasury
Internal Revenue Service

Power of Attorney and Declaration of Representative

OMB No. 1545-0150

For IRS Use Only

Received by:

Name _____

Telephone _____

Function _____

Date / /

► Type or print. ► See the separate instructions.

Part I Power of Attorney

Caution: A separate Form 2848 should be completed for each taxpayer. Form 2848 will not be honored for any purpose other than representation before the IRS.

1 Taxpayer information. Taxpayer must sign and date this form on page 2, line 7.

Taxpayer name and address CHARLES H PAPAZ, DECEASED C/O JONATHAN CARRANO LA VERNE, CA 91750	Taxpayer identification number(s)	
	Daytime telephone number	Plan number (if applicable)

hereby appoints the following representative(s) as attorney(s)-in-fact:

2 Representative(s) must sign and date this form on page 2, Part II.

Name and address CHARLES HORTON 16 N MARENGO AVE #215 PASADENA, CA 91101-1956	CAF No. 9005-06730R
	PTIN P00002480
	Telephone No. 626 304-9906
	Fax No. 626 304-9891
Check if to be sent notices and communications <input type="checkbox"/>	Check if new: Address <input type="checkbox"/> Telephone No. <input type="checkbox"/> Fax No. <input type="checkbox"/>
Name and address	CAF No. _____
	PTIN _____
	Telephone No. _____
	Fax No. _____
Check if to be sent notices and communications <input type="checkbox"/>	Check if new: Address <input type="checkbox"/> Telephone No. <input type="checkbox"/> Fax No. <input type="checkbox"/>
Name and address	CAF No. _____
	PTIN _____
	Telephone No. _____
	Fax No. _____
	Check if new: Address <input type="checkbox"/> Telephone No. <input type="checkbox"/> Fax No. <input type="checkbox"/>

to represent the taxpayer before the Internal Revenue Service for the following matters:

3 Matters

Description of Matter (Income, Employment, Payroll, Excise, Estate, Gift, Whistleblower, Practitioner Discipline, PLR, FOIA, Civil Penalty, etc.) (see instructions for line 3)	Tax Form Number (1040, 941, 720, etc.) (if applicable)	Year(s) or Period(s) (if applicable) (see instructions for line 3)
ESTATE TAX	706, 843	DATE OF DEATH 07/09/2007

4 Specific use not recorded on Centralized Authorization File (CAF). If the power of attorney is for a specific use not recorded on CAF, check this box. See the instructions for Line 4. **Specific Uses Not Recorded on CAF**

5 Acts authorized. Unless otherwise provided below, the representatives generally are authorized to receive and inspect confidential tax information and to perform any and all acts that I can perform with respect to the tax matters described on line 3, for example, the authority to sign any agreements, consents, or other documents. The representative(s), however, is (are) not authorized to receive or negotiate any amounts paid to the client in connection with this representation (including refunds by either electronic means or paper checks). Additionally, unless the appropriate box(es) below are checked, the representative(s) is (are) not authorized to execute a request for disclosure of tax returns or return information to a third party, substitute another representative or add additional representatives, or sign certain tax returns.

Disclosure to third parties; Substitute or add representative(s); Signing a return; _____

Other acts authorized: _____ (see instructions for more information)

Exceptions. An unenrolled return preparer cannot sign any document for a taxpayer and may only represent taxpayers in limited situations. An enrolled actuary may only represent taxpayers to the extent provided in section 10.3(d) of Treasury Department Circular No. 230 (Circular 230). An enrolled retirement plan agent may only represent taxpayers to the extent provided in section 10.3(e) of Circular 230. A registered tax return preparer may only represent taxpayers to the extent provided in section 10.3(f) of Circular 230. See the line 5 instructions for restrictions on tax matters partners. In most cases, the student practitioner's (level k) authority is limited (for example, they may only practice under the supervision of another practitioner).

List any specific deletions to the acts otherwise authorized in this power of attorney: _____

6 Retention/revocation of prior power(s) of attorney. The filing of this power of attorney automatically revokes all earlier power(s) of attorney on file with the Internal Revenue Service for the same matters and years or periods covered by this document. If you **do not** want to revoke a prior power of attorney, check here **YOU MUST ATTACH A COPY OF ANY POWER OF ATTORNEY YOU WANT TO REMAIN IN EFFECT.**

7 Signature of taxpayer. If a tax matter concerns a year in which a joint return was filed, the husband and wife must each file a separate power of attorney even if the same representative(s) is (are) being appointed. If signed by a corporate officer, partner, guardian, tax matters partner, executor, receiver, administrator, or trustee on behalf of the taxpayer, I certify that I have the authority to execute this form on behalf of the taxpayer.

▶ IF NOT SIGNED AND DATED, THIS POWER OF ATTORNEY WILL BE RETURNED TO THE TAXPAYER.

Jonathan Carrano 10/18/12 FIDUCIARY

 Signature Date Title (if applicable)

JONATHAN CARRANO

 Print Name PIN Number Print name of taxpayer from line 1 if other than individual

Part II Declaration of Representative

Under penalties of perjury, I declare that:

- I am not currently under suspension or disbarment from practice before the Internal Revenue Service;
- I am aware of regulations contained in Circular 230 (31 CFR, Part 10), as amended, concerning practice before the Internal Revenue Service;
- I am authorized to represent the taxpayer identified in Part I for the matter(s) specified there; and
- I am one of the following:
 - a Attorney—a member in good standing of the bar of the highest court of the jurisdiction shown below.
 - b Certified Public Accountant—duly qualified to practice as a certified public accountant in the jurisdiction shown below.
 - c Enrolled Agent—enrolled as an agent under the requirements of Circular 230.
 - d Officer—a bona fide officer of the taxpayer’s organization.
 - e Full-Time Employee—a full-time employee of the taxpayer.
 - f Family Member—a member of the taxpayer’s immediate family (for example, spouse, parent, child, grandparent, grandchild, step-parent, step-child, brother, or sister).
 - g Enrolled Actuary—enrolled as an actuary by the Joint Board for the Enrollment of Actuaries under 29 U.S.C. 1242 (the authority to practice before the Internal Revenue Service is limited by section 10.3(d) of Circular 230).
 - h Unenrolled Return Preparer—Your authority to practice before the Internal Revenue Service is limited. You must have been eligible to sign the return under examination and have signed the return. **See Notice 2011-6 and Special rules for registered tax return preparers and unenrolled return preparers in the instructions.**
 - i Registered Tax Return Preparer—registered as a tax return preparer under the requirements of section 10.4 of Circular 230. Your authority to practice before the Internal Revenue Service is limited. You must have been eligible to sign the return under examination and have signed the return. **See Notice 2011-6 and Special rules for registered tax return preparers and unenrolled return preparers in the instructions.**
 - k Student Attorney or CPA—receives permission to practice before the IRS by virtue of his/her status as a law, business, or accounting student working in LITC or STCP under section 10.7(d) of Circular 230. See instructions for Part II for additional information and requirements.
 - r Enrolled Retirement Plan Agent—enrolled as a retirement plan agent under the requirements of Circular 230 (the authority to practice before the Internal Revenue Service is limited by section 10.3(e)).

▶ IF THIS DECLARATION OF REPRESENTATIVE IS NOT SIGNED AND DATED, THE POWER OF ATTORNEY WILL BE RETURNED. REPRESENTATIVES MUST SIGN IN THE ORDER LISTED IN LINE 2 ABOVE. See the instructions for Part II.

Note: For designations d-f, enter your title, position, or relationship to the taxpayer in the "Licensing jurisdiction" column. See the instructions for Part II for more information.

Designation— Insert above letter (a-r)	Licensing jurisdiction (state) or other licensing authority (if applicable)	Bar, license, certification, registration, or enrollment number (if applicable). See instructions for Part II for more information.	Signature	Date
C		EA#031883	<i>Jonathan Carrano</i>	10/18/12

Form **843**

Claim for Refund and Request for Abatement

OMB No. 1545-0024

(Rev. August 2011)
Department of the Treasury
Internal Revenue Service

▶ See separate instructions.

Use Form 843 if your claim or request involves:

- (a) a refund of one of the taxes (other than income taxes or an employer's claim for FICA tax, RRTA tax, or income tax withholding) or a fee, shown on line 3,
- (b) an abatement of FUTA tax or certain excise taxes, or
- (c) a refund or abatement of interest, penalties, or additions to tax for one of the reasons shown on line 5a.

Do not use Form 843 if your claim or request involves:

- (a) an overpayment of income taxes or an employer's claim for FICA tax, RRTA tax, or income tax withholding (use the appropriate amended tax return),
- (b) a refund of excise taxes based on the nontaxable use or sale of fuels, or
- (c) an overpayment of excise taxes reported on Form(s) 11-C, 720, 730, or 2290.

Name(s) ESTATE OF CHARLES H PAPAZ	Your social security number [REDACTED]
Address (number, street, and room or suite no.) C/O J CARRANO, [REDACTED]	Spouse's social security number
City or town, state, and ZIP code LA VERNE, CA 91750	Employer identification number (EIN)
Name and address shown on return if different from above CHARLES H PAPAZ C/O CITIZENS BUSUINESS BANK, TRUSTEE, PO BOX 2549, RCH CUCAMONGA, CA 91729	Daytime telephone number 626 304-9906

1 Period. Prepare a separate Form 843 for each tax period or fee year. From _____ to _____	2 Amount to be refunded or abated: \$ 380,250.00
--	---

3 Type of tax or fee. Indicate the type of tax or fee to be refunded or abated or to which the interest, penalty, or addition to tax is related.

Employment
 Estate
 Gift
 Excise
 Income
 Fee

4 Type of penalty. If the claim or request involves a penalty, enter the Internal Revenue Code section on which the penalty is based (see instructions). IRC section: _____

5a Interest, penalties, and additions to tax. Check the box that indicates your reason for the request for refund or abatement. (If none apply, go to line 6.)

Interest was assessed as a result of IRS errors or delays.
 A penalty or addition to tax was the result of erroneous written advice from the IRS.
 Reasonable cause or other reason allowed under the law (other than erroneous written advice) can be shown for not assessing a penalty or addition to tax.

b Date(s) of payment(s) ▶ _____

6 Original return. Indicate the type of fee or return, if any, filed to which the tax, interest, penalty, or addition to tax relates.

706
 709
 940
 941
 943
 945
 990-PF
 1040
 1120
 4720
 Other (specify) ▶ _____

7 Explanation. Explain why you believe this claim or request should be allowed and show the computation of the amount shown on line 2. If you need more space, attach additional sheets.

SEE EXPLANATION ATTACHED

Signature. If you are filing Form 843 to request a refund or abatement relating to a joint return, both you and your spouse must sign the claim. Claims filed by corporations must be signed by a corporate officer authorized to sign, and the officer's title must be shown.

Under penalties of perjury, I declare that I have examined this claim, including accompanying schedules and statements, and, to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature (Title, if applicable. Claims by corporations must be signed by an officer.) Charles Horton Date 11/27/12

Signature (spouse, if joint return) _____ Date _____

Paid Preparer Use Only	Print/Type preparer's name CHARLES HORTON	Preparer's signature 	Date 11/27/12	Check <input type="checkbox"/> if self-employed	PTIN P00002480
	Firm's name ▶ CHARLES L HORTON INC	Firm's EIN ▶ 95-4520011		Phone no. 626 304-9906	
	Firm's address ▶ 16 N MARENGO AVE #215, PASADENA, CA 91101-1956				

EXHIBIT D PAGE 7

November 27, 2012

Re: ESTATE OF CHARLES H PAPAZ
[REDACTED]
Deceased July 8, 2007
Explanation for Claim for Refund of Estate Tax

Dr. Charles H. Papaz died on July 8, 2007. A Federal Estate tax return was filed timely filed on or about October 8, 2008 and the tax was paid. The estate tax return was subsequently audited and changes were made. A copy of the Report of Estate Tax Examination Changes is attached. One of the changes that was made was the addition of a Miscellaneous Asset "Claim Against Ginger Kelly" reported on Schedule F as Item #26. At the time of the Examination the value of the claim against Ginger Kelly was negotiated to be \$845,000. The tax attributable to the addition of that asset to the Gross Estate of Charles H Papaz was paid on or about February 16, 2011. Subsequent information on the matter with Ginger Kelly indicates that, regardless of the merits of any claims that might be made against Ginger Kelly, there is little chance of collecting any judgment that might be made against her. The value of the Claim is worthless.

As the sole heir and beneficiary to the assets of Dr. Papaz, Jonathan Carrano engaged the services of attorney Daniel Pearson to assess the feasibility of pursuing the claim against Ginger Kelly. A copy of his opinion letter dated August 27, 2012 is attached here in which he concludes that the claim against Ginger Kelly was valueless.

The reduction in the value of the taxable estate by \$845,000 results in a \$380,250 reduction of estate tax liability. Further, in connection with the settlement of this claim for refund, fees for additional legal and tax services that may be necessary to conclude administration and determination of the estate tax liability will be used as a deduction to reduce the value of the taxable estate.

We share your interest in settling this matter as quickly and efficiently as possible.

FSB-1b-2011 1b:47

ESTATE & GIFT

1b04 P.002

Form 890 (Rev. October 1988)	Department of the Treasury - Internal Revenue Service Waiver of Restrictions on Assessment and Collection of Deficiency and Acceptance of Overassessment - Estate, Gift, and Generation - Skipping Transfer Tax <i>(Please see the instructions on the back of this form)</i>	Date Received by Internal Revenue Service
--	--	---

Part 1. Consent to Assessment and Acceptance of Overassessment

I consent to the immediate assessment and collection of any deficiencies (*increase in tax and penalties*) and accept any over-assessment (*decrease in tax and penalties*) shown below, plus any interest provided by law. I understand that by my signing this waiver, a petition to the United States Tax Court may not be made, unless additional deficiencies are determined.

Date of Death or
 Period Ending: **7/8/2007**

Item	Increase	Decrease
Tax	379,720.00	0.00
Penalty	0.00	0.00
Total	379,720.00	0.00

If the estate is required to file with the District Director of Internal Revenue evidence of payment of estate, inheritance, legacy, succession, or generation - skipping transfer taxes to any State or the District of Columbia, I understand that such evidence must be filed by _____, or the credits for these taxes will not be allowed. I also agree to the assessment and collection of the increase in estate tax and penalties of \$ _____ based on the disallowed credits, plus interest figured to the 30th day after _____, or until this increase is assessed, whichever is earlier.

Estate of **Charles Papaz Estate**

Executor or Administrator	Sign here By	Date 2/16/11
	Address CHARLES L. HORTON INC. 16 NORTH MARENGO AVENUE SUITE 215 PASADENA, CALIFORNIA 91101	

Executor or Administrator	Sign here By	Date
Address		

Donor	Name	Address
-------	------	---------

Donor's Signature	Sign here By	Date
----------------------	---------------	------

Form 890 (Rev. 10-88)

FEB-15-2011 15:48

ESTATE & GIFT

1504 P.003

Part 2. Unified Credit Agreement		
I agree to the increase or decrease in the total allowed Unified Credit by the amount shown below.		
	Increase	Decrease
Unified Credit		
	Name	Address
Donor		
Donor's Signature		Date
Sign here By		
Part 3. Gift Tax Marital Deduction		
I agree to the increase or decrease in the usage of the gift tax marital deduction by the amount shown below.		
	Increase	Decrease
Marital Deduction		
	Name	Address
Donor		
Donor's Signature		Date
Sign here By		
Instructions		

Consent to Assessment and Acceptance of Overassessment

If you consent to the assessment of the deficiencies shown in Part 1 of this form, please sign the agreement under Part 1 and return the form to limit any interest charge and expedite the adjustment to your account. Your consent will not prevent a claim for refund from being filed (after the tax has been paid) if you later believe it is warranted, nor prevent us from later determining that additional tax is owed, nor extend the time provided by law for either action.

If a claim is later filed and the Service disallows it, a suit for refund may be filed in a Federal District Court or in the United States Claims Court, but a petition may not be filed with the United States Tax Court.

We will consider this waiver a valid claim for refund or credit of any overpayment due resulting from any decrease in tax and penalties determined by the Internal Revenue Service, shown on the front of this form, provided Part 1 of this form is signed and filed within the period established by law for making such a claim.

Unified Credit Agreement

If you agree with the increase or decrease of the allowed credit shown in Part 2 of this form, please sign the agreement under Part 2 and return the form.

Marital Deduction Agreement

If you agree with the increase or decrease in the usage of the gift tax marital deduction by the amount shown in Part 3 of this form, please sign the agreement under Part 3 and return the form.

Signature Instructions

If the executor or administrator is a corporation, the waiver should be signed with the corporate name, followed by the signatures and titles of the corporate officers authorized to sign. An attorney or agent may sign this waiver provided the action is specifically authorized by a power of attorney which, if not previously filed, must accompany this form.

Form 890 (Rev. 10-88)

FEB-15-2011 15:48

ESTATE & GIFT

1504 P.004

Department of the Treasury- Internal Revenue Service
Report of Estate Tax Examination Changes

Form 1273

Estate of: Charles Papaz Estate		Social Security Number: [REDACTED]	Date of Death: 7/8/2007
Name of Person With Whom Findings were discussed:		Agreement Secured: No	
1	Tentative Taxable Estate Shown on Return or Previously Adjusted	5,353,968.00	
2	Increase/Decrease in Tentative Taxable Estate	1,319,001.00	
3a	Tentative Taxable Estate as Corrected (Line 1 plus/minus Line 2)	6,672,969.00	
		Shown on Return/ As Previously Assessed	As Corrected
3b	State Death Tax Deduction	0.00	0.00
3c	Taxable Estate as Corrected (Line 3a - Line 3b)	6,353,968.00	6,672,969.00
4	Adjusted Taxable Gifts	1,887,307.00	558,156.00
5	Total	7,241,275.00	7,231,125.00
6	Tentative Tax	3,139,374.00	3,134,806.00
7	Aggregate Gift Tax Payable (After Dec. 31, 1976)	384,288.00	0.00
8	Tax Before Unified Credit (Line 6 - Line 7)	2,755,086.00	3,134,806.00
9	Unified Credit Against Estate Tax	780,800.00	780,800.00
10	Adjustment to Unified Credit	0.00	0.00
11	Net Unified Credit (Line 9 - Line 10)	780,800.00	780,800.00
12	Tax Before SDTC (Line 8 - Line 11) *Cannot be < 0	1,974,286.00	2,354,006.00
13	State Death Tax Credit	0.00	0.00
	Tentatively Allowed		
	Submit Evidence by		
14	Net Tax Post State Death Tax Credit (Line 12 - Line 13)	1,974,286.00	2,354,006.00
15	Gift Tax Credit (Pre-1977 Gifts)	0.00	0.00
16	Foreign Death Tax Credit (Statutory)	0.00	0.00
17	Prior Transfer Credit	0.00	0.00
18	Foreign Death Tax Credit (Treaty) /Canadian Marital Credit	0.00	0.00
19	Total Credits (Sum of Lines 16 through 18)	0.00	0.00
20	Net Estate Tax Payable	1,974,286.00	2,354,006.00
21	Generation Skipping Transfer Taxes (Schedule R, Part 2, Line 12)	0.00	0.00
22	Increased Estate Tax (Section 4980A, Schedule S)	0.00	0.00
23	Total Federal Estate Tax (Sum of Lines 20 through 22)	1,974,286.00	2,354,006.00
24	Total Transfer Tax Previously Assessed.		1,974,286.00
25	Total Transfer Tax Increase/Decrease (Line 23 - Line 24)		379,720.00
26	Penalties Previously Assessed - Code(s):		0.00
27	Penalties as Corrected - Code(s):		0.00
28	Net Penalties Increase/Decrease (Line 27 - Line 26)		0.00
29	Net Tax and Penalties Payable Increase/Decrease (Line 25 + Line 28)		379,720.00

Signature: _____



Date: 2/16/11

CAF 9005-06730R

EXHIBIT D PAGE 11

FEB-15-2011 16:48

ESTATE & GIFT

1504 P.005

Department of the Treasury- Internal Revenue Service
Line Adjustment - Estate Tax

Form 6180

Estate of: Charles Papaz Estate		Social Security Number: [REDACTED]	Date of Death: 7/8/2007	
		Shown on Return/ As Previously Assessed	Changed	As Corrected
1	Schedule A, Real Estate	0.00	0.00	0.00
2	Schedule B, Stocks and Bonds	0.00	0.00	0.00
3	Schedule C, Mortgages, Notes, and Cash	0.00	0.00	0.00
4	Schedule D, Insurance on the Decedent's Life	0.00	0.00	0.00
5	Schedule E, Joint Owned Property	0.00	0.00	0.00
6	Schedule F, Other Miscellaneous Property	4,088,514.00	845,000.00	4,933,514.00
7	Schedule G, Transfers During Decedent's Life	2,187,190.00	0.00	2,187,190.00
8	Schedule H, Powers of Appointment	0.00	0.00	0.00
9	Schedule I, Annuities	91,411.00	0.00	91,411.00
10	Gross Estate	6,367,115.00	845,000.00	7,212,115.00
11	Schedule U, Qualified Conservation Easement Exclusion	0.00	0.00	0.00
12	Gross Estate less exclusion	6,367,115.00	845,000.00	7,212,115.00
13	Schedule J, Funeral and Administrative Expenses	16,300.00	108,190.00	124,490.00
14	Schedule K, Debts of Decedent	487,449.00	(384,288.00)	103,161.00
15	Schedule K, Mortgages and Liens	23,379.00	0.00	23,379.00
16	Total of Schedules J and K (Lines 13, 14, + 15)	527,128.00	(276,098.00)	251,030.00
17	Allowable deductions from Schedules J and K	527,128.00	(276,098.00)	251,030.00
18	Schedule L, Net Losses During Administration	0.00	0.00	0.00
19	Schedule L, Expenses and Property Not Subject to Claims	486,019.00	(197,903.00)	288,116.00
20	Total (Lines 17, 18, + 19)	1,013,147.00	(474,001.00)	539,146.00
21	Schedule M, Marital Deduction	0.00	0.00	0.00
22	Schedule O, Charitable Bequests	0.00	0.00	0.00
23	ESOP Deduction	0.00	0.00	0.00
24	Schedule T, QFOB Deductions	0.00	0.00	0.00
25	Total Allowable Deductions (Lines 20, 21, 22, 23, + 24)	1,013,147.00	(474,001.00)	539,146.00
26	Tentative Taxable Estate (Line 12 - 25)	5,353,968.00	1,319,001.00	6,672,969.00

FEB-18-2011 16:49

ESTATE & GIFT

1004 P.008

Form 886-A (Rev. January 1994)	EXPLANATION OF ITEMS	Schedule number or exhibit
Name of taxpayer	Tax Identification Number	Adjusted Taxable Gifts
Charles Papaz Estate	[REDACTED]	Year/Period ended 7/8/2007

Adjusted Taxable Gifts

Item #	Description	As Returned	Corrected
1	Corrected ATG from Worksheet	1,887,307.00	558,158.00
	Total of these Items	1,887,307.00	558,158.00
	Shown on Return		1,887,307.00
	Change to Schedule		(1,329,151.00)

Form 886-A (Rev. January 1994)	EXPLANATION OF ITEMS	Schedule number or exhibit
Name of taxpayer	Tax Identification Number	Adjusted Taxable Gifts
Charles Papaz Estate	[REDACTED]	Year/Period ended 7/8/2007

Adjusted Taxable Gifts

The amount of adjusted taxable gifts has been adjusted to reflect the fair market value of the above gift(s) as of the date of such gift. The term "adjusted taxable gifts" means the total amount of the taxable gifts (within the meaning of Code section 2503) made by the decedent after December 31, 1976, other than gifts which are includible in the gross estate of the decedent. Code section 2001(b).

Here, the donor/decedent made checks payable to his son and to others, for the benefit of his son. These transfers were originally included as gifts on the 2001-2007 gift tax returns. However, the amended gift tax returns, which were subsequently filed, assert the position that some of these transfers were not gifts but, rather, in the case of Payee Ginger Kelly, reflect elder abuse against the donor/decedent. The estate has filed suit in a California Superior Court asserting this claim. Though, it is arguable, that in the present instance, portions of these transfers to Ginger Kelley may represent: 1) gifts to the son, as they are nominally for his benefit; 2) income to Payee Ginger Kelley as a fee for service; 3) gifts to Payee Ginger Kelley, as they, presumably, are transfers above the amount she was entitled to as income in exchange for services rendered; and /or 4) transfers reflecting elder abuse against Decedent.

As such, the amount of adjusted taxable gifts has been included here at their full value.

Department of the Treasury- Internal Revenue Service
Explanation of Items

Form 886A

Estate of: Charles Papaz Estate		Social Security Number: [REDACTED]	Date of Death: 7/8/2007
Adjusted Taxable Gifts			
	Total Taxable Gifts Before 1977:		0.00
	Specific Exemption Claimed After 9/8/78 and Before 1977:		0.00
A	Gift Year: 2001 Quarter:		
B	Taxable Gifts for Period:		0.00
C	Taxable Amount of "B" in Gross Estate:		0.00
D	Taxable Amount in "B" Qualified:		0.00
E	Gift Tax paid by Decedent on "D" Above:		0.00
F	Gift Tax Paid By Decedent's Spouse on "C" Above:		0.00
Worksheet Summary:			
1	Total Taxable Gifts After 1976:		558,166.00
2	Total Taxable Gifts Made After 1976 and Included in Schedule G:		0.00
3	Total Taxable Gifts Made After 1976 that Qualify:		0.00
4	Add Lines 2 + 3:		0.00
5	Total Adjusted Taxable Gifts:		558,166.00

FEB-15-2011 15:49

ESTATE & GIFT

1504 P.009

Department of the Treasury- Internal Revenue Service
Explanation of Items

Form 886A

Estate of: Charles Papaz Estate		Social Security Number: [REDACTED]	Date of Death: 7/8/2007
Adjusted Taxable Gifts			
	Total Taxable Gifts Before 1977:		0.00
	Specific Exemption Claimed After 9/8/76 and Before 1977:		0.00
A	Gift Year: 2002 Quarter: 4		
B	Taxable Gifts for Period:		66,046.00
C	Taxable Amount of "B" in Gross Estate:		0.00
D	Taxable Amount in "B" Qualified:		0.00
E	Gift Tax paid by Decedent on "D" Above:		0.00
F	Gift Tax Paid By Decedent's Spouse on "C" Above:		0.00
Worksheet Summary:			
1	Total Taxable Gifts After 1976:		558,156.00
2	Total Taxable Gifts Made After 1976 and included in Schedule G:		0.00
3	Total Taxable Gifts Made After 1976 that Qualify:		0.00
4	Add Lines 2 + 3:		0.00
5	Total Adjusted Taxable Gifts:		558,156.00

Department of the Treasury- Internal Revenue Service
Explanation of Items

Form 886A

Estate of: Charles Papaz Estate		Social Security Number: [REDACTED]	Date of Death: 7/8/2007
Adjusted Taxable Gifts			
	Total Taxable Gifts Before 1977:		0.00
	Specific Exemption Claimed After 9/8/76 and Before 1977:		0.00
A	Gift Year: 2003 Quarter: 4		
B	Taxable Gifts for Period:		71,888.00
C	Taxable Amount of "B" in Gross Estate:		0.00
D	Taxable Amount in "B" Qualified:		0.00
E	Gift Tax paid by Decedent on "D" Above:		0.00
F	Gift Tax Paid By Decedent's Spouse on "C" Above:		0.00
Worksheet Summary:			
1	Total Taxable Gifts After 1976:		558,156.00
2	Total Taxable Gifts Made After 1976 and included in Schedule G:		0.00
3	Total Taxable Gifts Made After 1976 that Qualify:		0.00
4	Add Lines 2 + 3:		0.00
6	Total Adjusted Taxable Gifts:		558,156.00

Department of the Treasury- Internal Revenue Service
Explanation of Items

Form 886A

Estate of: Charles Papaz Estate		Social Security Number: [REDACTED]	Date of Death: 7/8/2007
Adjusted Taxable Gifts			
	Total Taxable Gifts Before 1977:		0.00
	Specific Exemption Claimed After 9/8/76 and Before 1977:		0.00
A	Gift Year: 2004 Quarter: 4		
B	Taxable Gifts for Period:		163,754.00
C	Taxable Amount of "B" in Gross Estate:		0.00
D	Taxable Amount in "B" Qualified:		0.00
E	Gift Tax paid by Decedent on "D" Above:		0.00
F	Gift Tax Paid By Decedent's Spouse on "C" Above:		0.00
Worksheet Summary:			
1	Total Taxable Gifts After 1976:		558,156.00
2	Total Taxable Gifts Made After 1976 and Included in Schedule G:		0.00
3	Total Taxable Gifts Made After 1976 that Qualify:		0.00
4	Add Lines 2 + 3:		0.00
5	Total Adjusted Taxable Gifts:		558,156.00

FEB-15-2011 15:50

ESTATE & GIFT

1604 P.012

Department of the Treasury- Internal Revenue Service
Explanation of Items

Form 886A

Estate of: Charles Papaz Estate		Social Security Number: [REDACTED]	Date of Death: 7/8/2007
Adjusted Taxable Gifts			
	Total Taxable Gifts Before 1977:		0.00
	Specific Exemption Claimed After 9/8/76 and Before 1977:		0.00
A	Gift Year: 2005 Quarter: 4		
B	Taxable Gifts for Period:		128,613.00
C	Taxable Amount of "B" in Gross Estate:		0.00
D	Taxable Amount in "B" Qualified:		0.00
E	Gift Tax paid by Decedent on "D" Above:		0.00
F	Gift Tax Paid By Decedent's Spouse on "C" Above:		0.00
Worksheet Summary:			
1	Total Taxable Gifts After 1976:		558,156.00
2	Total Taxable Gifts Made After 1976 and included in Schedule G:		0.00
3	Total Taxable Gifts Made After 1976 that Qualify:		0.00
4	Add Lines 2 + 3:		0.00
5	Total Adjusted Taxable Gifts:		558,156.00

Department of the Treasury- Internal Revenue Service
Explanation of Items

Form 886A

Estate of: Charles Papaz Estate		Social Security Number: [REDACTED]	Date of Death: 7/8/2007
Adjusted Taxable Gifts			
	Total Taxable Gifts Before 1977:		0.00
	Specific Exemption Claimed After 9/8/76 and Before 1977:		0.00
A	Gift Year: 2008 Quarter: 4		
B	Taxable Gifts for Period:		115,609.00
C	Taxable Amount of "B" in Gross Estate:		0.00
D	Taxable Amount in "B" Qualified:		0.00
E	Gift Tax paid by Decedent on "D" Above:		0.00
F	Gift Tax Paid By Decedent's Spouse on "C" Above:		0.00
Worksheet Summary:			
1	Total Taxable Gifts After 1976:		558,156.00
2	Total Taxable Gifts Made After 1976 and included in Schedule G:		0.00
3	Total Taxable Gifts Made After 1976 that Qualify:		0.00
4	Add Lines 2 + 3:		0.00
5	Total Adjusted Taxable Gifts:		558,156.00

FEB-15-2011 15:50

ESTATE & GIFT

1504 P.014

Department of the Treasury- Internal Revenue Service
Explanation of Items

Form 886A

Estate of: Charles Papaz Estate		Social Security Number: [REDACTED]	Date of Death: 7/8/2007
Adjusted Taxable Gifts			
	Total Taxable Gifts Before 1977:		0.00
	Specific Exemption Claimed After 9/8/76 and Before 1977:		0.00
A	Gift Year: 2007 Quarter: 4		
B	Taxable Gifts for Period:		24,248.00
C	Taxable Amount of "B" in Gross Estate:		0.00
D	Taxable Amount in "B" Qualified:		0.00
E	Gift Tax paid by Decedent on "D" Above:		0.00
F	Gift Tax Paid By Decedent's Spouse on "C" Above:		0.00
Worksheet Summary:			
1	Total Taxable Gifts After 1976:		558,156.00
2	Total Taxable Gifts Made After 1976 and included in Schedule G:		0.00
3	Total Taxable Gifts Made After 1976 that Qualify:		0.00
4	Add Lines 2 + 3:		0.00
5	Total Adjusted Taxable Gifts:		558,156.00

PSB-10-2011 10:01

ESTATE & GIFT

1004 P.010

Form 886-A (Rev. January 1994)	EXPLANATION OF ITEMS	Schedule number or exhibit
Name of taxpayer	Tax Identification Number	Aggregate Tax on Gifts
Charles Papaz Estate	[REDACTED]	Year/Period ended 7/8/2007

Aggregate Tax on Gifts

Item #	Description	As Returned	Corrected
1	Corrected ATP from Worksheet	384,288.00	0.00
	Total of these items	384,288.00	0.00
	Shown on Return		384,288.00
	Change to Schedule		(384,288.00)

Department of the Treasury- Internal Revenue Service
Explanation of Items

Form 886A

Estate of: Charles Papaz Estate		Social Security Number: [REDACTED]	Date of Death: 7/8/2007
Adjusted Taxable Gifts			
A	Gift Year: 2001 Quarter:		
B	Taxable Gifts for Prior Periods:		0.00
C	Taxable Gifts for This Period:		0.00
D	Tax Payable, Using Current Table:		0.00
E	Unused Unified Credit:		220,560.00
F	Tax Payable for This Period:		0.00
Worksheet Summary:			
1	Total Gift Taxes Payable on Gifts Made After 1976:		0.00
2	Gift Taxes Paid by Decedent on Gifts that Qualify:		0.00
3	Subtract Line 2 from Line 1 (Line 1 - Line 2):		0.00
4	Gift Tax Paid by Spouse on Split Gifts in Schedule G:		0.00
5	Total Aggregate Gift Tax Paid (Line 3 + Line 4):		0.00

FEB-16-2011 16:51

ESTATE & GIFT

1504 P.017

Department of the Treasury- Internal Revenue Service
Explanation of Items

Form 886A

Estate of: Charles Papaz Estate		Social Security Number: [REDACTED]	Date of Death: 7/8/2007
Adjusted Taxable Gifts			
A	Gift Year: 2002 Quarter: 4		
B	Taxable Gifts for Prior Periods:		0.00
C	Taxable Gifts for This Period:		68,048.00
D	Tax Payable, Using Current Table:		14,672.00
E	Unused Unified Credit:		345,800.00
F	Tax Payable for This Period:		0.00
Worksheet Summary:			
1	Total Gift Taxes Payable on Gifts Made After 1976:		0.00
2	Gift Taxes Paid by Decedent on Gifts that Qualify:		0.00
3	Subtract Line 2 from Line 1 (Line 1 - Line 2):		0.00
4	Gift Tax Paid by Spouse on Split Gifts in Schedule G:		0.00
5	Total Aggregate Gift Tax Paid (Line 3 + Line 4):		0.00

Department of the Treasury- Internal Revenue Service
Explanation of Items

Form 886A

Estate of: Charles Papaz Estate		Social Security Number: [REDACTED]	Date of Death: 7/8/2007
Adjusted Taxable Gifts			
A	Gift Year: 2003 Quarter: 4		
B	Taxable Gifts for Prior Periods:		0.00
C	Taxable Gifts for This Period:		71,888.00
D	Tax Payable, Using Current Table:		20,608.00
E	Unused Unified Credit:		331,228.00
F	Tax Payable for This Period:		0.00
Worksheet Summary:			
1	Total Gift Taxes Payable on Gifts Made After 1976:		0.00
2	Gift Taxes Paid by Decedent on Gifts that Qualify:		0.00
3	Subtract Line 2 from Line 1 (Line 1 - Line 2):		0.00
4	Gift Tax Paid by Spouse on Split Gifts in Schedule G:		0.00
5	Total Aggregate Gift Tax Paid (Line 3 + Line 4):		0.00

FEB-15-2011 15:52

ESTATE & GIFT

1504 P.019

Department of the Treasury- Internal Revenue Service
Explanation of Items

Form 886A

Estate of: Charles Papaz Estate		Social Security Number: [REDACTED]	Date of Death: 7/8/2007
Adjusted Taxable Gifts			
A	Gift Year: 2004 Quarter: 4		
B	Taxable Gifts for Prior Periods:		66,048.00
C	Taxable Gifts for This Period:		153,754.00
D	Tax Payable, Using Current Table:		49,784.00
E	Unused Unified Credit:		310,620.00
F	Tax Payable for This Period:		0.00
Worksheet Summary:			
1	Total Gift Taxes Payable on Gifts Made After 1976:		0.00
2	Gift Taxes Paid by Decedent on Gifts that Qualify:		0.00
3	Subtract Line 2 from Line 1 (Line 1 - Line 2):		0.00
4	Gift Tax Paid by Spouse on Split Gifts in Schedule G:		0.00
6	Total Aggregate Gift Tax Paid (Line 3 + Line 4):		0.00

FEB-15-2011 16:52

ESTATE & GIFT

1504 P.020

Department of the Treasury- Internal Revenue Service
Explanation of Items

Form 886A

Estate of: Charles Papaz Estate		Social Security Number: [REDACTED]	Date of Death: 7/8/2007
Adjusted Taxable Gifts			
A	Gift Year: 2005 Quarter: 4		
B	Taxable Gifts for Prior Periods:		137,932.00
C	Taxable Gifts for This Period:		126,613.00
D	Tax Payable, Using Current Table:		43,048.00
E	Unused Unified Credit:		260,827.00
F	Tax Payable for This Period:		0.00
Worksheet Summary:			
1	Total Gift Taxes Payable on Gifts Made After 1976:		0.00
2	Gift Taxes Paid by Decedent on Gifts that Qualify:		0.00
3	Subtract Line 2 from Line 1 (Line 1 - Line 2):		0.00
4	Gift Tax Paid by Spouse on Split Gifts in Schedule G:		0.00
5	Total Aggregate Gift Tax Paid (Line 3 + Line 4):		0.00

FEB-15-2011 15:52

ESTATE & GIFT

1504 P.021

Department of the Treasury- Internal Revenue Service
Explanation of Items

Form 886A

Estate of. Charles Papaz Estate		Social Security Number: [REDACTED]	Date of Death: 7/8/2007
Adjusted Taxable Gifts			
A	Gift Year: 2008 Quarter: 4		
B	Taxable Gifts for Prior Periods:		291,688.00
C	Taxable Gifts for This Period:		115,809.00
D	Tax Payable, Using Current Table:		40,324.00
E	Unused Unified Credit:		217,776.00
F	Tax Payable for This Period:		0.00
Worksheet Summary:			
1	Total Gift Taxes Payable on Gifts Made After 1978:		0.00
2	Gift Taxes Paid by Decedent on Gifts that Qualify:		0.00
3	Subtract Line 2 from Line 1 (Line 1 - Line 2):		0.00
4	Gift Tax Paid by Spouse on Split Gifts in Schedule G:		0.00
5	Total Aggregate Gift Tax Paid (Line 3 + Line 4):		0.00

FEB-16-2011 15:52

ESTATE & GIFT

1504 P.022

**Department of the Treasury- Internal Revenue Service
Explanation of Items**


Form 886A

Estate of: Charles Papaz Estate		Social Security Number: [REDACTED]	Date of Death: 7/8/2007
Adjusted Taxable Gifts			
A	Gift Year: 2007 Quarter: 4		
B	Taxable Gifts for Prior Periods:		418,299.00
C	Taxable Gifts for This Period:		24,248.00
D	Tax Payable, Using Current Table:		8,972.00
E	Unused Unified Credit:		177,464.00
F	Tax Payable for This Period:		0.00
Worksheet Summary:			
1	Total Gift Taxes Payable on Gifts Made After 1976:		0.00
2	Gift Taxes Paid by Decedent on Gifts that Qualify:		0.00
3	Subtract Line 2 from Line 1 (Line 1 - Line 2):		0.00
4	Gift Tax Paid by Spouse on Split Gifts in Schedule G:		0.00
5	Total Aggregate Gift Tax Paid (Line 3 + Line 4):		0.00

FEB-15-2011 15:53

ESTATE & GIFT


1504 P.023

Form 886-A (Rev. January 1994)	EXPLANATION OF ITEMS	Schedule number or exhibit F - Other Miscellaneous
Name of taxpayer Charles Papaz Estate	Tax identification Number 	Year/Period ended 7/8/2007

F - Other Miscellaneous Property

Item #	Description	As Returned	Corrected
26	Claim Against Ginger Kelly	0.00	845,000.00
	Total of these items	0.00	845,000.00
	Shown on Return		0.00
	Change to Schedule		845,000.00



Form 886-A (Rev. January 1994)	EXPLANATION OF ITEMS	Schedule number or exhibit F - Other Miscellaneous
Name of taxpayer Charles Papaz Estate	Tax Identification Number 	Year/Period ended 7/8/2007

F - Other Miscellaneous Property

The value of every item of property includible in the decedent's estate is its fair market value at the time of the decedent's death. Code section 2031; Treas. Reg. 20.2031-1(b). Section 2511(a) provides: "... the tax imposed by section 2501 shall apply whether the transfer is in trust or otherwise, whether the gift is direct or indirect, and whether the property is real or personal, tangible or intangible ..."


Here, the donor/decedent made checks payable to his son and to others, for the benefit of his son. These transfers were originally included as gifts on the 2001-2007 gift tax returns. However, the amended gift tax returns, which were subsequently filed, assert the position that some of these transfers were not gifts but, rather, in the case of Payee Ginger Kelly, reflect elder abuse against the donor/decedent. The estate has filed suit in a California Superior Court asserting this claim. Though, it is arguable, that in the present instance, portions of these transfers to Ginger Kelley may represent: 1) gifts to the son, as they are nominally for his benefit; 2) income to Payee Ginger Kelley as a fee for service; 3) gifts to Payee Ginger Kelley, as they, presumably, are transfers above the amount she was entitled to as income in exchange for services rendered; and /or 4) transfers reflecting elder abuse against Decedent.

As such, the claim has been included here at 36.9% of its full value, and the transfers have been moved of of each of the 2001-2007 gift tax returns. See 2001-2007 gift tax returns.

FEB-15-2011 15:53


ESTATE & GIFT

1504 P.025

Form 886-A (Rev. January 1994)	EXPLANATION OF ITEMS	Schedule number or exhibit J - Funeral and Admini
Name of taxpayer Charles Papaz Estate	Tax Identification Number 	Year/Period ended 7/8/2007

J - Funeral and Administrative Expenses

Item #	Description	As Returned	Corrected
FED	Calculated Interest Deduction	0.00	108,190.00
	Total of these items	0.00	108,190.00
	Shown on Return		0.00
	Change to Schedule		108,190.00

Form 886-A (Rev. January 1994)	EXPLANATION OF ITEMS	Schedule number or exhibit J - Funeral and Admini
Name of taxpayer Charles Papaz Estate	Tax Identification Number 	Year/Period ended 7/8/2007

J - Funeral and Administrative Expenses

Items are added to allow deduction for Federal and State interest computed to be due and owing on the estate tax deficiency, pursuant to the provisions of Revenue Ruling 79-252.

Department of the Treasury- Internal Revenue Service
Explanation of Items

Form 888A

Estate of: Charles Papaz Estate	Social Security Number: [REDACTED]	Date of Death: 7/8/2007
Computation of Interest on Federal Estate Tax		
Corrected Amount of FET:		2,402,692.00
Penalties Drawing Interest:		0.00
Correct Due Date:		4/8/2008
Computed Federal Interest Deduction:		108,190.21

Pursuant to Internal Revenue Code section 6631 the IRS is required to inform you how any assessed interest was calculated. Please note that any interest amount is an estimate based on the projected payment date. Any subsequent adjustments will be calculated by the Service Center and reported to you.

Interest Computation Table

Period	Payment Date	Cumulative Factor	Beginning Balance	Accrued Interest	Amount of Payments
1	4/8/2008	0.00000000	2,402,692.00	0.00	0.00
2	10/8/2008	0.027865434	2,402,692.00	68,952.08	1,974,286.00
3	2/10/2009	0.019574534	485,358.08	8,686.40	55,815.00
4	5/28/2009	0.013153441	449,239.46	5,909.04	279.00
5	2/28/2011	0.071036042	454,860.50	68,812.18	0.00
1	4/8/2008	0.00000000	2,351,000.00	0.00	0.00
2	10/8/2008	0.027865434	2,351,000.00	65,511.64	1,974,286.00
3	2/10/2009	0.019574534	442,225.64	8,656.38	55,815.00
4	5/28/2009	0.013153441	395,067.00	5,198.49	279.00
5	2/28/2011	0.071036042	399,984.49	28,413.31	0.00
1	4/8/2008	0.00000000	2,354,192.00	0.00	0.00
2	10/8/2008	0.027865434	2,354,192.00	65,600.58	1,974,286.00
3	2/10/2009	0.019574534	445,806.58	8,720.58	55,815.00
4	5/28/2009	0.013153441	398,412.17	5,240.49	279.00
5	2/28/2011	0.071036042	403,373.68	28,654.07	0.00
1	4/8/2008	0.00000000	2,353,995.00	0.00	0.00
2	10/8/2008	0.027865434	2,353,995.00	65,595.09	1,974,286.00
3	2/10/2009	0.019574534	445,304.09	8,716.62	55,815.00
4	5/28/2009	0.013153441	398,205.71	5,237.78	279.00
5	2/28/2011	0.071036042	403,164.49	28,639.21	0.00
1	4/8/2008	0.00000000	2,354,007.00	0.00	0.00
2	10/8/2008	0.027865434	2,354,007.00	65,595.43	1,974,286.00
3	2/10/2009	0.019574534	445,316.43	8,716.88	55,815.00
4	5/28/2009	0.013153441	398,218.29	5,237.84	279.00
5	2/28/2011	0.071036042	403,177.23	28,840.11	0.00
1	4/8/2008	0.00000000	2,354,006.00	0.00	0.00
2	10/8/2008	0.027865434	2,354,006.00	65,595.40	1,974,286.00
3	2/10/2009	0.019574534	445,315.40	8,716.84	55,815.00
4	5/28/2009	0.013153441	398,217.24	5,237.83	279.00
5	2/28/2011	0.071036042	403,176.17	28,840.04	0.00
Totals:				108,190.21	2,030,380.00

FEB-16-2011 16:54

ESTATE & GIFT

1604 P.025

Form 886-A (Rev. January 1994)	EXPLANATION OF ITEMS	Schedule number or exhibit K - Debts of Decedent
Name of taxpayer Charles Papaz Estate	Tax Identification Number <div style="background-color: gray; width: 100px; height: 15px;"></div>	Year/Period ended 7/8/2007

K - Debts of Decedent

Item #	Description	As Returned	Corrected
3	Federal Gift tax payable on lifetime transfers	384,288.00	0.00
	Total of these items	384,288.00	0.00
	Shown on Return		384,288.00
	Change to Schedule		(384,288.00)

FSB-15-2011 15:54

ESTATE & GIFT

1504 P.030


Form 886-A (Rev. January 1994)	EXPLANATION OF ITEMS	Schedule number or exhibit K - Debts of Decedent
Name of taxpayer Charles Papaz Estate	Tax Identification Number [REDACTED]	Year/Period ended 7/8/2007

K - Debts of Decedent

A deduction has ordinarily allowed for the unpaid gift taxes on gifts made by the decedent before his/her death, plus interest accrued to the date of the decedent's death. Treas. Reg. 20.2053-6(d).


Here, the estate took a deduction for the unpaid gift taxes on gifts made by the decedent before his/her death. However, this amount was predicated on gifts the estate later asserted were not gifts at all, but rather the reflect elder abuse against the donor/decedent. The estate has filed suit in a California Superior Court asserting this claim. As such, the claim has been included here at its full value, and the transfers have been moved from the 2001-2007 gift tax returns. See 2001-2007 gift tax returns.

Therefore this deduction is disallowed.

Form 886-A (Rev. January 1994)	EXPLANATION OF ITEMS	Schedule number or exhibit L - Expenses, Property
Name of taxpayer Charles Papaz Estate	Tax Identification Number 	Year/Period ended 7/8/2007

L - Expenses, Property Not Subject to Claims

Item #	Description	As Returned	Corrected
13	Interest Accrued on Federal Estate Tax	138,000.00	0.00
14	Interest Accrued on decedent's gift tax liabilities	23,569.00	0.00
15	Amounts paid to Trustees	18,100.00	16,284.00
17	Tom Stinct	25,000.00	21,090.00
18	Trustee Fees	38,490.00	51,294.00
19	Trustee Fees related to Trust C	36,300.00	0.00
20	Trustee Fees	60,000.00	38,908.00
22	Trustee Fees for final settlement of estate tax issues	0.00	14,000.00
Total of these items		339,459.00	141,556.00
Shown on Return			339,459.00
Change to Schedule			(197,903.00)

Form 886-A (Rev. January 1994)	EXPLANATION OF ITEMS	Schedule number or exhibit L - Expenses, Property
Name of taxpayer Charles Papaz Estate	Tax Identification Number 	Year/Period ended 7/8/2007

L - Expenses, Property Not Subject to Claims

Schedule L, Item 13

This deduction was taken on the original return for interest accrued on Federal Estate Tax paid after the original due date. The amount listed on the return was incorrect. It has been removed and the correct amount has been listed on Schedule J.

Schedule L, Item 14

This deduction was taken for interest accrued on gift tax liabilities. As the liability has been removed, so too has the deduction.

The only expenses in administering property not subject to claims which are allowed as deductions are those occasioned by the decedent's death and incurred in settling the decedent's interest in the property or vesting good title to the property in the beneficiaries. Treas. Reg. 20.2053-8(b).

Schedule L, Item 15

This deduction was adjusted to the actual amount paid as related to the estate tax

Schedule L, Item 17

This deduction was adjusted to the actual amount paid in attorney fees.

Schedule L, Item 18

This deduction was adjusted to the actual amount paid in trustee fees as relates to Trust A.

Schedule L, Item 19

These fees are related to Trustee's fees related to administration of the QTIP trust. These fees have been disallowed as it is the longstanding IRS position that these fees are to be taken on the fiduciary tax return.

Schedule L, Item 20

Trustee's fees related to administration of the Survivor's Trust. This deduction was adjusted to the amount of actual amount paid through 12/31/2010.

Schedule L, Item 22

Projected fees, for estate related matters, payable through the remainder of administration of estate.

LAW OFFICES OF
DANIEL L. PEARSON
1905 ROUTE 66, SUITE 102
GLEN DORA, CALIFORNIA 91740
TEL.: (626) 914-9347; FAX: (626) 963-7163

DANIEL L. PEARSON
E-MAIL: DAN@DANPEARSONLAW.NET

August 27, 2012

VIA EMAIL Jvcarrano@yahoo.com

And First Class Mail

Jonathan Carrano

[REDACTED]
La Verne, California 91750

Re: Ginger Ruth Kelley

Dear Mr. Carrano:

As you may know, Ginger Ruth Kelley filed a Chapter 7 bankruptcy on September 9, 2009. Included herein is a copy of the electronic filing. In Ms. Kelley's bankruptcy she listed total liabilities of \$5,805,084.00. The listed debts do not even include the approximate \$1,600,000.00 she took from your father's trust under suspicious circumstances. The total debt would actually have been in excess of \$7,405,084.00 in debt.

In the prosecution of the bankruptcy action, Jeffrey I. Golden, the Chapter 7, Trustee determined that Ms. Kelley **had no funds to pay any creditors.** A copy of his NOTIFICATION OF ASSET CASE (NO CLAIMS BAR DATE REQUIRED) is attached hereto. In the Notification Mr. Golden indicates as of March 23, 2010 that "there are currently no funds on hand to make dividend payments to creditors." On April 20, 2010 the Court discharged Ms. Kelly from all debts and liabilities effectively and actually barring you from any type of recovery against her.

At the time of the discharge, Ms. Kelly had no assets or funds that we could have attached even if we had a judgment at that time. Ms. Kelly discharged of all liabilities for debts including your claims in her Chapter 7 bankruptcy. At that point, any claim your grandfather's estate may have had previous to the discharge was valueless.

In fact, given the extreme amount of money owned by Mr. Kelley, in excess of \$8,245,000.00 if you count the funds taken from your grandfather's estate, Ms. Kelley was what is commonly referred to as judgment proof. When we say "judgment proof" it doesn't mean that we might not have been able to obtain a judgment against her, but it does mean that the costs and time spent in obtaining a judgment would be wasted given the inability to recover on that judgment. Understand, as stated above, Ms. Kelley had already been discharged in bankruptcy. She had no assets that the Chapter 7 Trustee and other creditors were able to find. If we spent an additional \$75,000.00 to \$125,000.00 to have the bankruptcy set aside as it related to your potential claims, and obtained a judgment, we would have done so knowing there were no assets to collect against.

Spending an additional \$100,000.00 in fess and costs to seek a judgment you already know won't be worth the paper it is written on, is exactly what we mean when we talk about someone being

judgment proof. When determining what course of action to take, you have to consider the chances of recovery. Your claim was valueless, because you would have had to set her discharge aside, litigate the propriety of the expenditures, knowing the entire time there was no way to recover. Further, if the court found the expenditure improper, but not fraudulent, they would still have been deemed discharged in the original bankruptcy.

Sincerely,



Daniel L. Pearson