

President's Message

Our chapter is fortunate to have many dedicated members who, in the past or presently, serve on our chapter board of directors. Mike Mergen is one such member. Currently serving as Past President on the BOD, Mike has worked very hard over that last few years to get a South Orange County Chapter up and running with the ultimate goal of having it chartered as a new chapter of CSTC. Well after years of hard work, this goal is very close to becoming reality as enough signatures have been gathered on a petition requesting that the Society board grant a charter for South Orange County. This petition will be presented at the next Society board meeting on September 20, 2010. In anticipation of this auspicious occasion, Society President, Nikki LeBrun, joined us during our August dinner meeting to thank Mike for all of his hard work and announce that this will be the first time in 15 years that a new chapter will be chartered. THANK YOU MIKE...WAY TO GO!

With a new chapter in South Orange County, we will have greater opportunities to recruit new members from the area. Members are the life blood of any organization and CSTC is no exception. We need to attract new members to our organization in order for CSTC to survive and, beyond this, to thrive in the 21st century. CSTC promotes professional growth through education, networking, and mentoring activities for the Tax Professional. We believe that there is no substitute for one on one networking and personal consultation with seasoned tax pros for the professional development of younger people entering the field. Unfortunately, many younger folks rely more and more on the Internet for education and research. We know that while this offers some level of convenience and lower costs, it does not compare to the benefits of membership in an organization like CSTC. We must find ways of communicating this to prospective new members and, at the same time, adapt to these new trends that technology spawns and attempt to offer the best of both worlds. We welcome your ideas for helping CSTC adapt to new trends and utilize the latest technological advancements to our advantage. Please email your suggestions to me or any board member for consideration.

Last month, James Harnsberger, CEO of TaxSmart America Business Centers, gave us a presentation on "Ethics". Mr. Harnsberger provided us with plenty of information on what it takes for the tax professional to be truly compliant with Treasury Department Circular 230. We learned that many of us may need to make some adjustments to our "Best Practices" in order to fully comply.

This month, Lisa Ihm, EA will answer the question: "Did You Know...?" Lisa will fill us in on the latest deductions, credits, and tax planning opportunities that we can find for our clients.

Lisa also guarantees at least one "AH...HA!" moment during the presentation and also warns us that we may be in danger of having a good time while we learn.

Please come and join us for dinner, fellowship, and outstanding education; and please invite a professional colleague to join us as well.

Respectfully Submitted,
Rick L. Jenkins, President Orange County Chapter CSTC



Speaker: Lisa Ihm

DID YOU KNOW?

Lisa Ihm, EA has been teaching seminars nationwide since 1986 for many organizations including CSEA, CSTC, NATP, and many other state and regional groups of tax professionals. Rather than simply reciting the rules, she digs below the surface to determine how they will affect real-life taxpayers, each of whom has a unique and often interesting situation. She'll make you think about how tax laws affect your clients and how you can use those laws to your clients' benefits.

We've all had those "light bulb" moments when we realize that we've been missing out on a great deduction for a client or have overlooked a perfect tax planning opportunity. These revelations come from many sources. Sometimes it's the one really useful piece of information we learn at a seminar, or a colleague mentions something at lunch that gets us to thinking, or we are researching another topic and come across something totally unexpected, and sometimes clients even bring us a newspaper clipping that presents a great idea. Hundreds of preparers have shared their most useful tidbits of tax preparation knowledge for this seminar, and it is all new topics since the last time you heard Lisa speak. You are in "Jeopardy" of having a good time while you learn in this meeting, and you'll have at least one "AH HAH!" moment, guaranteed!

CTEC: **1000-CE-3152** Hours: 2 Federal

This presentation, if qualified, has been designed to meet the requirement of the director of Practice of the Internal Revenue Service; The California State Board of Accountancy and the California Tax Education Council, including Code 31 of Federal Regulation 10.6(g).

This does not constitute an endorsement by these groups. A listing of additional requirement to renew tax preparer registration may be obtained by contacting CTEC at PO Box 2890, Sacramento, CA 95812-2890, phone CTEC at 916-492-0457 or on the Internet at www.ctec.org

September South Orange County: South Orange County Becomes the Newest Chapter of CSTC

All CSTC members are welcome to join the celebration and help launch the first new chapter in more than fifteen years. See page two for more information on time and place.

“2012 by 2012”

Society Membership Drive

CSTC is offering a \$25 Education Voucher for any member, in good standing, who brings in a new member (for each new member).



New Members

- Sandra Stevenson, San Juan Capistrano

South Orange County Monthly Meeting:

Our South Orange County Group will file a petition to become a CSTC chapter at the September 20th Society Board meeting. At the meeting on the 28th a Board of Directors will be elected and sworn-in. Please join us for this momentous occasion. All Orange chapter members are invited.

The meeting is at 5:30PM Tuesday, Sept 28th at the Marie Callender's located at 31791 Del Obispo Str, San Juan Capistrano. The cost is \$29 for members with reservations and \$34 at the door and for non-members. For reservations, please contact Ms. Haydee Robinson at (949) 361-9373. *Members: wear your name badge and be eligible to win a Marie Callender's pie.*



2010 Board of Directors

President	Rick Jenkins	562-906-1441
Vice President	Sasi Batalon	714-894-1044
Secretary	Barbara Eidhuber	714-750-2782
Treasurer	Linda Morlang	714-528-4290
Past President	Michael Mergen	714-924-3093
Director	Cynthia Conrad	949-622-0162
Director/Newsletter	Sondra Cates	714-595-0784
Director	Rosemary Garrido	714-974-7044
Director	Ray Mew	714-572-3650
Director	Daniel Palacios	714-697-2951
Director	Fred Saah	714-879-9880 ext 105
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Classified Ads



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Looking to purchase 100 to 150 tax clients from anyone ready to retire or downsize. We are not looking for accounting clients. Inbody has been past president of the Association of Business and Tax Consultants, member of CSTC and has over 30 years experience. Wilson has 3 years experience and member of CSTC. Office has been in same location for last 21 years. Call to discuss 714 345-1882 Milton Inbody



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Society Address

12419 Lewis Street, Suite 106
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Tel (714) 750-2782
Fax (714) 750-2722

CSTC Mission Statement

To promote professionalism by providing quality education events for tax professionals, by creating and encouraging networking opportunities for members and by advocating professional standards and positions within the tax industry.

The chapter newsletter is designed to provide accurate and authoritative information about the subject matter covered. It is provided with the understanding that the publisher is not engaged in giving legal, accounting or other professional service. If legal advice or other expert help is required, the services of a competent professional person should be sought. Statement of fact and opinion are made on the responsibility of the authors alone. They do not imply an opinion on the part of the officers or members of the California Society of Tax Consultants, Inc.

The Office of Professional Responsibility (OPR)

CPA Disbarred for Failure to Exercise Due Diligence and Compliance Problems

WASHINGTON — The Office of Professional Responsibility (OPR) has prevailed in an agency appeal involving issues which include the due diligence responsibilities of a CPA under the Rules of Practice before the IRS (Circular 230). The May 28th decision of the Appellate Authority has upheld the Administrative Law Judge's ("ALJ") disbarment of CPA Tim W. Kaskey finding, among other things, that Kaskey failed to exercise due diligence in preparing tax returns for a corporation and its husband and wife shareholders.

"This is yet another decision highlighting that practitioners have a duty to the system as well as to their clients. Practitioners who do not take this duty seriously can expect to be held accountable," said Office of Professional Responsibility (OPR) Director Karen L. Hawkins said.

Kaskey is a CPA and tax advisor who also prepared individual and corporate tax returns.

OPR alleged that Kaskey failed to exercise due diligence under Circular 230, section 10.22 when he failed to determine the correctness of the representations he made to the IRS on the tax returns of a corporation and its married shareholders. OPR also alleged that Kaskey's misconduct included a failure to comply with the requirement to advise clients of potential penalties and any opportunities to avoid such penalties by disclosure contained in Circular 230, former section 10.34(b) (now section 10.34(c)) When Kaskey failed to respond, or appear, at the administrative proceeding, the ALJ deemed the allegations against Kaskey admitted and entered a default judgment for disbarment. Kaskey appealed. On review, the Treasury Appellate Authority agreed that disbarment was proper. Kaskey defended against the due diligence allegations by arguing that his clients had misrepresented their income to him. The Appellate Authority observed that there was "a great deal of evidence reflecting the lack of due diligence by [Kaskey] in the preparation of these returns...[and that] "it was inconceivable that [the individual taxpayers] could pay their living expenses based on the income reported on their returns."

"Practitioners who think OPR isn't serious about due diligence should take heed," added OPR Director Hawkins. "Practitioners may not ignore the implications of information already known, and must make reasonable inquiries if the information furnished by a client appears to be incorrect, inconsistent, or incomplete."

The Appellate Authority's and ALJ's opinions are available on the IRS Website; search "OPR".

FTB NEWS:

2009 Head of Household (HOH) Audit Letters

The first mailing of HOH Audit Letters for tax year 2009 began at the end of July. We expect to mail approximately 135,000 HOH Audit Letters for the 2009 tax year.

HOH audit staff review the completed questionnaires from the audit letters to determine if taxpayers qualify for the HOH filing status. If the audit letter questionnaire is incomplete, or provides conflicting information, we contact the taxpayer to resolve the issue. Once we confirm the HOH filing status, we mail an acceptance letter to qualified taxpayers. Acceptance letters apply only to the specific tax year examined and will not qualify the taxpayer for any other tax year.

Taxpayers who fail to respond to the letter, or whose responses indicate they do not qualify for HOH, can expect a Notice of Proposed Assessment that disallows their HOH filing status. If you have clients who receive an audit letter, advise them to respond by the letter's due date to avoid a failure to furnish information penalty.

Taxpayers who receive a 2009 HOH Audit Letter can complete the questionnaire any of the following ways:
Go to ftb.ca.gov and search for **hoh web** to find the HOH Audit Letter Web Response page. Taxpayers will need their social security number and the FTB ID listed at the top of the letter. This is the fastest way to process the audit letter.

Fax the completed questionnaire in the letter, and any supporting information to 866.223.8195.

Mail the letter's questionnaire using the enclosed pre-addressed envelope.

You and your clients can get more information about the HOH filing status, and can access the HOH Web Response Application by visiting our [HOH webpage](#).



On the Web

Additional information about the Orange County Chapter can be found on the web.

For up-to-date information on continuing education, seminars, chapter meetings, this newsletter and more, please visit our website at www.cstcsociety.org

Labor Day





Calendar of Events

MONTHLY DINNER MEETING - SECOND WEDNESDAY

PLACE: 1340 S. SANDERSON AVE, ANAHEIM, CA 92806
COST: \$33 FOR MEMBERS WITH ADVANCE RESERVATIONS
\$40 FOR MEMBERS AT THE DOOR, STAFF/SPOUSE
\$45 GUESTS

OC BOARD OF DIRECTORS MEETING 4:30 PM

TIME: REGISTRATION 5:30 PM

DINNER 6:00 PM

SPEAKER 7:00 - 7:50 PM

BREAK 7:50 - 8:00 PM

SPEAKER 8:00 - 8:50 PM

Excellent Speakers & Topics for Continuing Professional Education Credits for CTEC, CPA's & EA's

UPCOMING EVENTS:

IRS Tax Forums

San Diego — August 31st to Sept 2nd

Society & Chapter Events

Society Board Meeting September 20th

Society Board Meeting November 15th

OTHER CHAPTER MEETINGS . . .

Greater Long Beach

Last Wednesday monthly

Call Shirley Blanton 562-433-3420

Los Angeles

1st Tuesday monthly

Call John Caven 818-842-5193

South Orange County

4th Tuesday monthly

Call Haydee Robinson

1-949-361-9373

DINNER RESERVATION

Please reserve _____ place(s) for the dinner meeting of the Orange County CSTC on **Wednesday, September 8th**
All reservations must be received by **noon FRIDAY, September 3rd or please call by Thursday pm September 2nd.**

Name: _____

Enclosed is my check payable to CSTC for \$ _____.

Advance Registration \$33 members only. Members at the door and Staff/Spouse \$40. \$45 non-members

BUFFET: Garden Salad, Sliced Seasonal Fruit, Three Bean Salad

Chicken Piccata, Choice of Fish

Potatoes Au Gratin, Broccoli Florettes

Carrot Cake, Chocolate Mousse

Buffet will include hot rolls/bread & butter, coffee (decaf/reg/ hot or Iced Tea)

MAIL TO: **Fred M. Saah**

2501 E Chapman Ave Ste 140

Fullerton CA 92831-5419

(714) 879-9880 ext 105

Fax 714-879-0710 e-mail fsaah1129@aol.com

Name: _____

Address: _____

City, ST, Zip. _____

Registration Number: TPP _____ EA _____ Other _____

Name(s): _____ Affiliation: _____

Guests Name

RESERVATIONS: Notify **FRED SAAH** if you wish to be on the permanent list for the year. Remember that if you are on the permanent list, you must still pay unless you notify at least one day before the missed meeting. Your reservation and payment must reach FRED by noon the Friday before the Wednesday meeting. Members not making reservations will pay \$40 at the door. Guests and non-members pay \$45. All reservations (permanent or not) that are no shows will receive a bill for the missed meeting. (A paid missed meeting does not qualify as a meeting for the free RIA books.) You must cancel by the Tuesday before the Wednesday meeting.



CSTC Orange County Chapter
 1154 E YORBA LINDA BLVD
 PLACENTIA, CA 92886

15 CHAPTERS STATEWIDE

**OUR
 NEXT
 MEETING:
 Wednesday
 September 8th**

TO:

Directions to The Phoenix Club...

Conveniently located off the 57 & 5 Freeways

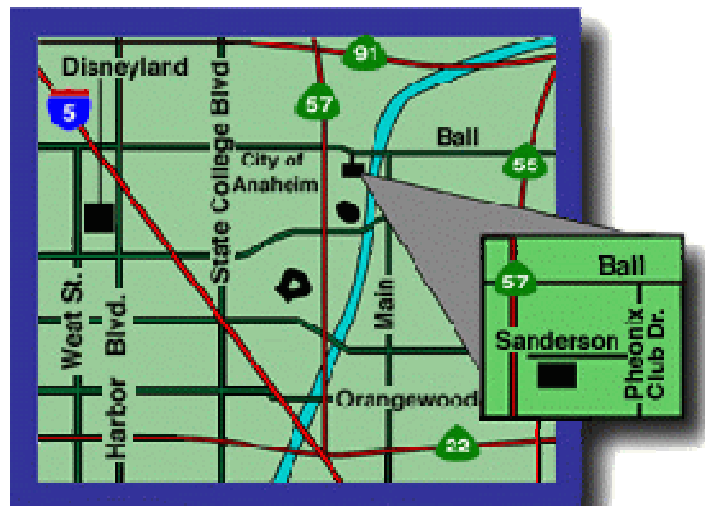
5 Southbound exit Ball Road and follow Ball Road east to Phoenix Club Drive, follow the directions below or...

5 Southbound & Northbound exit to 57 Freeway Northbound then follow directions once on 57 Freeway. Northbound

57 Freeway Northbound exit Ball Road, turn right onto Ball Road and drive east to the first signal, which is Phoenix Club Drive then...

57 Freeway Southbound exit Ball Road, turn left onto Ball Road and drive east to the first signal, which is Phoenix Club Drive then...

Turn right onto Phoenix Club Drive. Drive past the auto dealers to the second street on the right, Sanderson Avenue. Turn right onto Sanderson Ave, The Phoenix Club is at the end of the street on the left side.



**Monthly Meeting
 Location:
 The Phoenix Club
 Anaheim, CA**