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Department of the Treasury  
Internal Revenue Service  
Small Business & Self-Employed  
801 W Civic Drive  
Santa Ana, CA 92701  
ATTN: [REDACTED]

Mr. Woo,

This letter is in response to your letter dated May 11, 2018. Your letter is a result of the audit finding for [REDACTED] regarding audit period of 2015. We respectfully disagree with these findings for the reasons listed below:

- 1) State Board of Equalization (BOE) audit findings are incorrect and grossly overstated. The BOE acquired incorrect sales amounts from the taxpayers' computer point of sale (POS) system. The BOE came into the taxpayers' place of business and downloaded sales data from their computer server. This was done without a warrant for search. The taxpayers were not informed that the BOE was going to bring in a technician to download data from the taxpayers' computer server. The BOE audit report states *"Electronic data files were provided by taxpayer during point of sale download on 8/31/2016. Multiple versions of electronic sales reports and daily transaction files were provided. The version of the electronic data file that results in the highest amount of recorded taxable sales is the version that will be used in the audit."*

The taxpayers did provide the correct POS reports which clearly match the reported sales tax returns and reported sales on the taxpayers' 2015 1040 Schedule C. The audit resulted in the BOE audited sales amounts being applied as an adjustment for unreported sales to the taxpayers' 2015 1040 Schedule C.

We request an appeal of this decision using the corrected information provided by the taxpayers to the revenue agent at time of audit. The taxpayers have never been subject to an audit and would not willfully underreport earnings. The BOE clearly stated that there were multiple reports found and they used the highest figures. The taxpayers only have one POS report located on their computer server.

I am attaching a copy of the POS report used by the taxpayers to figure their gross sales on their 2015 1040 Schedule C, as well as, copies of their quarterly sales tax returns for 2015.

Please contact me if you have any further questions or need any additional information.

Regards,  
Leighanne Lafrenz Nickle, CPA  
POA for [REDACTED]