

STATE OF NEW YORK

DIVISION OF TAX APPEALS

In the Matter of the Petition	:	
of	:	
ROMAYNE NICHOL	:	DETERMINATION
	:	DTA NO. 821223
for Redetermination of Deficiencies or for Refund of	:	
New York State and City of New York Personal Income	:	
Tax Under Article 22 of the Tax Law and the New York	:	
City Administrative Code for the Years 2001 and 2002.	:	

Petitioner, Romaine Nichol, 145-18 225th Street, Springfield Gardens, New York 11413-3526, filed a petition for redetermination of deficiencies or for refund of New York State and New York City personal income tax under Article 22 of the Tax Law and the New York City Administrative Code for the years 2001 and 2002.

On September 20, 2006, the Division of Tax Appeals issued to petitioner a Notice of Intent to Dismiss Petition pursuant to 20 NYCRR 3000.9(a)(4) on the basis that the petition did not appear to have been filed in a timely manner. Petitioner responded by letter from her representative, Allen Lokensky, dated November 9, 2006. By a letter dated October 13, 2006, the date by which the Division of Taxation could file a response to the Notice of Intent to Dismiss Petition was extended to November 20, 2006. On November 16, 2006, the Division of Taxation, by Mark F. Volk, Esq. (John E. Matthews, Esq., of counsel) submitted affidavits and other documents in support of dismissal. After due consideration of the documents and arguments submitted by the parties, Joseph W. Pinto, Jr., Administrative Law Judge, withdrew the Notice of Intent to Dismiss because the Division of Taxation had not served petitioner's

representative with a copy of the Conciliation Order and directed the Division of Taxation to file its answer to the petition.

The Division of Taxation, appearing by its representative, Daniel Smirlock, Esq. (Peter B. Ostwald, Esq., of counsel), brought a motion filed on April 3, 2007, seeking summary determination in the above-referenced matter pursuant to Tax Law § 2006(6) and 20 NYCRR 3000.9(b). Neither petitioner nor petitioner's representative, Allen Lokensky, appeared in opposition to the motion. Petitioner's response was due by May 8, 2007, which date began the 90-day period for issuance of this determination.

After due consideration of the motion and the supporting affirmation of Peter B. Ostwald, Esq., and the exhibits attached thereto, and all the pleadings and proceedings had herein, Joseph W. Pinto, Jr., Administrative Law Judge, renders the following determination.

ISSUE

Whether the Division of Tax Appeals has jurisdiction to consider the issues raised in the petition.

FINDINGS OF FACT

1. Two notices of deficiency, notice numbers L-024965704 and L-024965715, dated March 10, 2005, were issued to petitioner by the Division of Taxation ("Division") which asserted additional New York State and New York City personal income taxes in the amount of \$898.00 and \$3,127.00 for 2001 and 2002, respectively, plus interest.

2. Petitioner filed a request for conference in the Bureau of Conciliation and Mediation Services ("BCMS"). A Conciliation Order was issued on January 27, 2006 which denied the request and sustained the statutory notices. Petitioner filed a petition with the Division of Tax Appeals on July 10, 2006.

3. As outlined above, on September 20, 2006, the Petition Intake, Review and Exception Unit of the Division of Tax Appeals issued a Notice of Intent to Dismiss Petition with respect to the aforementioned petition, on the basis that the petition had not been filed timely. The Administrative Law Judge determined that the Division of Taxation had failed to notify petitioner's representative of the Conciliation Order and withdrew the Notice of Intent to Dismiss. Subsequently, the Division filed its answer in this matter on March 14, 2007.

4. The Division submitted the affidavits of Bruce Peltier and Robert Farrelly, each sworn to November 7, 2006 and both employees of the Division. The affidavit of Robert Farrelly, Assistant Supervisor of Tax Conferences for BCMS, set forth the Division's general procedure for preparing and mailing conciliation orders. This procedure culminated in the mailing of the orders by the United States Postal Service ("USPS"), via certified mail, and confirmation of such mailing through receipt by BCMS of a postmarked copy of the certified record for presort mail, or certified mail record ("CMR").

5. The BCMS Data Management Services Unit prepared and forwarded the conciliation orders and the accompanying cover letters, predated with the intended date of mailing, to the conciliation conferee for signature. The conciliation conferee, in turn, signed and forwarded the order and covering letter to a BCMS clerk assigned to process the conciliation orders.

6. The name, mailing address, order date and BCMS number for each Conciliation Order to be issued were electronically sent to the Division's Advanced Function Printing Unit ("AFP Unit"). For each mailing, the AFP Unit assigned a certified control number and produced a cover sheet that indicated the BCMS return address, date of mailing, the taxpayer's name, mailing address, BCMS number, certified control number, and certified control number bar code.

7. The AFP Unit also produced a computer-generated CMR entitled “Certified Record for Presort Mail - BCMS Cert Letter.” The CMR was a listing of taxpayers and representatives to whom conciliation orders were sent by certified mail on a particular day. The certified control numbers were recorded on the CMR under the heading “Certified No.” The BCMS numbers were recorded on the CMR under the heading “Reference No.” The AFP Unit printed the CMR and cover sheets via a printer located in BCMS, and these documents were delivered to the BCMS clerk assigned to process conciliation orders.

8. The clerk’s regular duties included associating each cover sheet, conciliation order, and cover letter. The clerk verified the names and addresses of taxpayers with the information listed on the CMR and on the cover sheet. The clerk then folded and placed the cover sheet, cover letter, and Conciliation Order into a three-windowed envelope through which the BCMS return address, certified control number, bar code, and name and address of the taxpayer appear.

9. It was the general office practice that the BCMS clerk stamped “Post Office Hand write total # of pieces and initial. Do Not stamp over written areas,” and also stamped “Mailroom: Return Listing To: BCMS Bldg 9 Rm 180 Att: Conference Unit” on the last page of the CMR.

10. The BCMS clerk also wrote the date of mailing of the conciliation orders listed on the CMR at the top of each page of the CMR. In this case “1/27/06” was written in the upper right corner of each page of the CMR.

11. The CMR, along with the envelopes containing the cover sheets, cover letters, and conciliation orders were picked up in BCMS by an employee of the Division’s Mail Processing Center.

12. Mr. Farrelly attested to the truth and accuracy of the copy of the 7-page CMR which contained a list of the 69 conciliation orders issued by the Division on January 27, 2006. The CMR listed 70 certified control numbers with one deletion from the list. Each such certified control number was assigned to an item of mail listed on the seven pages of the CMR. Specifically, corresponding to each listed certified control number was a reference number, the name and address of the addressee, and postage and fee amounts.

13. Information regarding the Conciliation Order issued to petitioner was contained on page four of the CMR. Corresponding to certified control number 7104 1002 9730 1140 6033 was reference number 000209513, along with petitioner's name and address, 145-18 225th Street, Springfield Garden, NY 11413-3526. This was the address listed on her request for conciliation conference, i.e., her last known address.

14. The affidavit of Bruce Peltier, Mail and Supply Supervisor in the Registry Unit of the Division's Mail Processing Center, attested to the regular procedures followed by his staff in the ordinary course of business of delivering outgoing mail to branch offices of the USPS. He stated that after a Conciliation Order was placed in the "Outgoing Certified Mail" basket in the Mail Processing Center, a member of the staff weighed and sealed each envelope and affixed postage and fee amounts. A clerk then counted the envelopes and verified the names and certified mail numbers against the information contained on the CMR. Thereafter, a member of the staff delivered the stamped envelopes to a branch of the USPS in Albany, New York. A postal employee affixed a postmark and his or her initials or signature to the CMR indicating receipt by the post office.

15. Here the postal employee affixed a postmark dated January 27, 2006 to each page of the seven-page CMR. The postal employee also wrote his or her initials and the number "69"

next to the printed statement "TOTAL PIECES RECEIVED AT POST OFFICE" on page seven of the CMR, in compliance with the Division's specific request that postal employees either circle the number of pieces of mail received or write the number of pieces received on the mail record, indicating that 69 pieces of mail were actually received.

16. Mr. Peltier stated that the CMR is the Division's record of receipt by the USPS for pieces of certified mail. In the ordinary course of business and pursuant to the practices and procedures of the Division's Mail Processing Center, the CMR was picked up at the post office by a member of Mr. Peltier's staff on the following day after its initial delivery and was then delivered to the originating office, in this case BCMS. The CMR was maintained by BCMS in the regular course of business.

17. Based upon his review of the affidavit of Robert Farrelly and the exhibits attached thereto, including the CMR, Mr. Peltier stated that on January 27, 2006, an employee of the Mail Processing Center delivered a piece of certified mail addressed to Romaine Nichol, 145-18 225th Street, Springfield Garden, NY 11413-3526 to a branch of the USPS in Albany, New York in a sealed postpaid envelope for delivery by certified mail. He stated that he could also determine that a member of his staff obtained a copy of the CMR delivered to and accepted by the post office on January 27, 2006 for the records of BCMS. Mr. Peltier asserted that the procedures described in his affidavit were the regular procedures followed by the Mail Processing Center in the ordinary course of business when handling items to be sent by certified mail, and that these procedures were followed in mailing the pieces of certified mail to petitioner and his representative on January 27, 2006.

18. Unlike the Division of Taxation's response to the Notice of Intent to Dismiss, proof was submitted on this motion to substantiate the allegation that a copy of the Conciliation Order had been mailed to petitioner's representative, Allen Lokensky, on January 27, 2006.

19. In a second affidavit by Mr. Farrelly, sworn to November 7, 2006, he stated that a copy of Romaine Nichol's Conciliation Order was mailed to Allen Lokensky on January 27, 2006, as indicated on a one-page Certified Record for Non-Presort Manual Mail. This form is used when the AFP Unit omits a name from the CMR or one is added after the first CMR is printed. The same procedures and safeguards used in preparing the presort CMR are used to prepare the manual CMR with the added step of affixing the certified mail bar code sticker to the envelope and the certified mail number sticker (both located on the Postal Service Form 3800) and affixing it to the CMR under the heading "Cert No."

20. The CMR listed Mr. Lokensky as the addressee at 209 Brittany Court, Valley Cottage, NY 10989, the conciliation number assigned to the case, 209513, and the certified number, 7000 1530 0005 5513 2319. As in the case of the presort CMR for January 27, 2006, the USPS postmark appears on the page on which Mr. Lokensky's name and address are listed, along with the signature of the postal employee who received the item and the written number of items received, one.

21. Mr. Farrelly's second affidavit reiterated his belief in the truth and accuracy of the copy of the one-page non-presort CMR which contained a list of the single Conciliation Order issued by the Division on January 27, 2006. The CMR listed one certified control number with no deletions. The lone certified control number was assigned to the item of mail listed on the CMR. Specifically, corresponding to the listed certified control number was a reference number, the name and address of the addressee, and postage and fee amounts.

22. Information regarding the Conciliation Order issued to Mr. Lokensky was contained on the one-page nonpresort CMR. Corresponding to certified control number 7000 1530 0005 5513 2319 was reference number 209513, along with Mr. Lokensky's name and address, 209 Brittany Court, Valley Cottage, NY 10989. This was the address listed on the request for conciliation conference, i.e., his last known address.

23. Bruce Peltier, the Mail & Supply Supervisor, in a second affidavit sworn to November 7, 2006, attested to the regular procedures employed by his staff in the ordinary course of business of delivering outgoing mail to a branch office of the USPS, which were identical to the procedures followed in the issuance of the Conciliation Order to petitioner outlined above, and followed in the mailing of the Conciliation Order addressed to Mr. Lokensky at 209 Brittany Court, Valley Cottage, NY 10989, in a sealed postpaid envelope for delivery by certified mail on January 27, 2006.

Mr. Peltier noted that the postal employees were requested to write the number of pieces received for mailing at the post office and to sign or initial the CMR. From his examination of the CMR and Mr. Farrelly's affidavit, Mr Peltier attested that a member of his staff obtained a copy of the CMR with the postmark, delivered to and accepted by the Post Office on January 27, 2006, as indicated by the signature of the postal employee and the hand written number "1" entered after the printed statement "TOTAL NUMBER OF PIECES RECEIVED AT POST OFFICE."

CONCLUSIONS OF LAW

A. There is a 90-day statutory time limit for filing a petition for a hearing with the Division of Tax Appeals following the issuance of a conciliation order (Tax Law § 170[3-a][e]; 20 NYCRR 4000.5[c][4]). Pursuant to Tax Law § 170(3-a)(e) and Tax Law § 689(b), the

Conciliation Order and underlying assessments in this case would be binding upon petitioner unless she filed a timely petition with the Division of Tax Appeals. The Division of Tax Appeals lacks jurisdiction to consider the merits of a petition filed beyond the 90-day time limit (*see, Matter of Sak Smoke Shop*, Tax Appeals Tribunal, January 6, 1989).

B. Where the timeliness of a taxpayer's petition following a conciliation order is in question, the initial inquiry focuses on the mailing of the Conciliation Order because a properly mailed Conciliation Order creates a presumption that such document was delivered in the normal course of the mail (*see, Matter of Katz*, Tax Appeals Tribunal, November 14, 1991). However, the "presumption of delivery" does not arise unless or until sufficient evidence of mailing has been produced and the burden of demonstrating proper mailing rests with the Division (*Matter of Novar TV & Air Conditioner Sales & Serv.*, Tax Appeals Tribunal, May 23, 1991). When an order is found to have been properly mailed by the Division to his last known address by certified or registered mail, the petitioner in turn bears the burden of proving that a timely protest was filed (*Matter of Malpica*, Tax Appeals Tribunal, July 19, 1990). However, the burden of demonstrating proper mailing in the first instance rests with the Division (*Matter of Ruggerite, Inc. v. State Tax Commission*, 97 AD2d 634, 468 NYS2d 945, *affd* 64 NY2d 688, 485 NYS2d 517).

C. The evidence required of the Division in order to establish proper mailing is two-fold: first, there must be proof of a standard procedure used by the Division for the issuance of orders by one with knowledge of the relevant procedures; and, second, there must be proof that the standard procedure was followed in this particular instance (*see, Matter of Katz, supra; Matter of Novar TV & Air Conditioner Sales & Serv., supra*). In this case, the Division has met its burden of establishing proper mailing. Specifically, BCMS was required to mail the

Conciliation Order to petitioner at her last known address (*see, Matter of Wilson*, Tax Appeals Tribunal, July 13, 1989). As indicated by the CMR and the affidavits of Bruce Peltier and Robert Farrelly, Division employees involved in and possessing knowledge of the process of generating, reviewing and issuing (mailing) conciliation orders, the Division has offered adequate proof to establish the fact that the order in issue was actually mailed to petitioner by certified mail on January 27, 2006, the date appearing on the CMR, to her last known address. The affidavits described the various stages of producing and mailing orders and attested to the authenticity and accuracy of the copies of the order and the CMR submitted as evidence of actual mailing. These documents established that the general mailing procedures described in the Peltier and Farrelly affidavits were followed with respect to the Conciliation Order issued to petitioner. Petitioner's name and address, as well as the numerical information on the face of the order, appear on the CMR which bears a USPS date stamp of January 27, 2006. There were 69 certified mail control numbers listed on the CMR, and the USPS employee who initialed the CMR indicated, by writing the number "69" near his initials, that he received 69 items for mailing. In short, the Division established that it mailed the order to petitioner by certified mail on January 27, 2006 (*see, Matter of Auto Parts Center*, Tax Appeals Tribunal, February 9, 1995).

D. An order is issued when it is properly mailed, and it is properly mailed when it is delivered into the custody of the USPS, as described above (*Matter of Air Flex Custom Furniture*, Tax Appeals Tribunal, November 25, 1992). In this case, the order was properly mailed when it was delivered into the custody of the USPS on January 27, 2006, and it is this date which commenced the 90-day period within which a protest had to have been filed. Ninety days after the January 27, 2006 date of mailing was April 27, 2006, and in order to be considered

timely, petitioner's protest had to have been filed on or before such date. Petitioner's protest was not filed until July 10, 2006 and therefore was late.

E. The record also established that the Conciliation Order was served (mailed) to petitioner's duly authorized and recognized representative, Mr. Lokensky. As in the case of the mailing to petitioner, the Division of Taxation needed to show proof of a standard procedure used for the issuance of orders by one with knowledge of the relevant procedures and proof that the standard procedure was followed in this particular instance.

As indicated by the CMR and the affidavits of Bruce Peltier and Robert Farrelly, the Division has offered adequate proof to establish the fact that the order in issue was actually mailed to Mr. Lokensky by certified mail on January 27, 2006, the date appearing on the CMR, to his address as listed on the request for conciliation conference. The affidavits described the various stages of producing and mailing orders and attested to the authenticity and accuracy of the copies of the order and the CMR submitted as evidence of actual mailing. These documents established that the general mailing procedures described in the Peltier and Farrelly affidavits were followed with respect to the Conciliation Order issued to Mr. Lokensky. Mr. Lokensky's name and address, as well as the BCMS number, appear on the CMR which bears a USPS date stamp of January 27, 2006. There was one certified mail control number listed on the CMR, and the USPS employee who signed the CMR indicated, by writing the number "1," that he received one item for mailing.

Therefore, the Division of Taxation has established that it mailed the Conciliation Order to petitioner and her representative on January 27, 2006 and that petitioner filed her petition with the Division of Tax Appeals on July 10, 2006, beyond the 90-day statutory time limit. (Tax Law § 170[3-a][e]; 20 NYCRR 4000.5[c][4].)

F. The Division of Taxation's Motion for Summary Determination, dated April 2, 2007,
is granted and the petition of Romaine Nichol is dismissed.

DATED: Troy, New York
June 14, 2007

/s/ Joseph W. Pinto, Jr.
ADMINISTRATIVE LAW JUDGE