**Scene 3**

**Narrator:** Now we move to another situation, in early August, 2018. In this scene, the Petitioner is the Governor of Virginia, Ms. Lauren Charles. Gov. Charles, single, is a (claimed) multi-millionaire former heart surgeon, from Tysons Corner, VA, who holds key medical patents, among her many other business ventures, beyond the practice of medicine. Before being elected Governor, she claimed a large NOL in tax year 2015, arising from her non-medical business affairs, and carried over the NOL to her 2016 tax year, where it was fully used. Ms. Charles is now the Governor of Virginia, having been elected to that office in November 2017, being sworn in during January 2018. The 2017 tax return of Ms. Charles is on extension, not due until Aug. 15, 2018.

In early April, 2018, upon audit of both Governor Charles’ original 2015 and 2016 tax returns, the IRS finds that the original tax loss she claimed in 2015 was significantly overstated. In early May, 2018, the following month, the IRS issues a Notice of Deficiency for her 2016 tax year, and sends it to the address filed on the last tax return filed by the Governor, as shown on her 2016 tax return. That address was at the Penthouse, Vista View Condominium building, Mclean , VA 22182.

**Smith:** Good morning, Governor Charles. Thank you for meeting with me today to discuss your 2016 IRS audit and the notice of deficiency. It’s just a tad bit over 90-days old now. But, we still may be able to petition the Tax Court to contest the notice, and argue that the petition is timely, if we can prove that it was not properly served to begin with. Before you can make that argument, however, I have to gather some additional facts.

**Governor:**  Good morning, Ms. Smith. I appreciate you helping me work through this IRS audit. I brought one of my trusted advisors to meet with us today-Mara Flanders. Ms. Flanders advises me on non-medical business matters.

**Flanders:** Good morning, Ms. Smith. Nice, to meet you.

**Smith:**  It is possible that the IRS made an error with this notice of deficiency for 2016, in the way that it was mailed. We may be able to argue that the IRS sent your notice of deficiency in May, 2018 to your penthouse in McLean, but, of course, this was after you had already you moved into the Governor’s Mansion earlier that year, in January 2018, after you were elected and sworn into office. The argument being, essentially, that they should have sent it to you in Richmond also. But, before we can make that argument, I need to know *when exactly*, Governor, and *how*, you received the 2016 Notice of Deficiency, and whether you received it within 90 days of the date thereof.

**Governor:** Well, you’re right. In January I moved into the Governor’s Mansion on Capitol Square, in Richmond, Virginia. It’s a drafty old place -- but it has been the home of Virginia governors since 1813.

**Smith:** I myself received the2016 notice of deficiency in my law office just a few days ago. It was mailed to my firm’s office here in Washington DC, in an envelope reflected your penthouse building address in McLean as the return address. It was a bit odd--there was no note enclosed identifying the sender--and the address did not include the suite number of your penthouse--only the building address. I don’t know who sent it--did you? Or perhaps one of your advisors? I also don’t know if you got it in McLean, before 90-days had passed from its date.

**Governor:**  I certainly don’t know who sent it to you! I know for a fact that I didn’t! I don’t know how it got over to you. I only learned about it when you called me a few days ago.

**Smith:**  Did you in any way receive the notice of deficiency, or even hear about it, before my call?

**Governor:** Again, I had no knowledge that such a notice had been received. I leave all of those tax and business affairs which aren’t related to my successful and very busy surgical practice to Ms. Flanders. Goodness -- all of this tax stuff is maddening! I have an entire Commonwealth to run -- I can’t be wasting my time with such petty matters.

**Smith**: Ms. Flanders, what light can you shed on this situation?

**Flanders:**  It has been a busy few months and I can’t remember all of the details of this minor tax matter. I think I was the one who gave Governor Charles that IRS notice, but I’m really not sure of that, nor even when I myself first saw it. We get so much mail and I handle so much for the Governor, business-wise. I, myself, don’t even remember with 100% clarity the IRS notice. I may have, but can’t be absolutely sure that I actually even got it myself, let alone gave the Governor the notice. Nor do I know when that might have happened.

**Governor:** (strongly, to both Smith and Flanders) As I have previously stated, and yet feel the need to reiterate to both of you now, again, so that there is no confusion whatsoever, I have no recollection of this IRS notice of deficiency. Furthermore, I have zero recollection of any particular conversation with Ms. Flanders about this notice*. I never saw it*. Again, I am extremely busy running the great Commonwealth of Virginia. My duties as governor consumes every minute of my time, except for the little time I take off to play tennis*. I’m not like the last governor, who spent a considerable amount of time on the golf course! (now angry with a raised voice).* As I said before, the first time I learned about this IRS notice of deficiency was when you, Ms. Smith, called me and told me about it! This situation is just ridiculous--I’m a civil servant. I am the victim here. *I’m always under audit, year in and year out. Those vengeful and nasty IRS agents are always trying to cause problems!* And now, they can’t even correctly finish what they started, if I understand what you are saying. The “entire world” was on notice that I moved into the Governor’s Mansion in Richmond, right after my inauguration, after my very successful campaign and election, which shocked everyone in Virginia, and maybe even everyone in the country. Did I need to send a change of address card to everyone in my Rolodex, including the IRS? I think not--no time for that nonsense! Even without a formal letter from me to the IRS, advising them that I had obviously changed my address, they were on notice!

As I see it, unquestionably, the IRS had “clear and concise” notice of my new Governor’s Mansion address in Richmond from the countless newspaper articles, TV reports, and other media coverage of both my election and my inauguration! It’s not like I’m the governor of North Dakota -- I’m down the street from the IRS local office in Richmond! Both the *Washington Post* and the *Richmond Times-Dispatch* had extensive photo spreads on my inauguration in January. My election last November was obviously a big deal as I am, as you both well know, the first female governor of Virginia! Moreover, it wasn’t just the *Post* and the *Times-Dispatch* covering this major news story. Numerous media outlets--too many to bother listing here with you today--covered my inauguration and, earlier, my campaign. How could anyone miss it? As a candidate for governor, I had to endure all sorts of nasty, trashy, tabloid sort of speculation about not being married, and about my non-medical businesses. Once I was elected, the media outlets continued to follow me-and they reported on my move to the Executive Mansion. I will remind you that every Virginia Governor has lived in the Executive Mansion, designed by Alexander Parris, since 1813. It is the oldest occupied Governor’s mansion in the United States. We, in the great Commonwealth of Virginia, aren’t like the State of Massachusetts, which, like four others, doesn’t even have a Governor’s mansion! Can you imagine?

**Flanders:** (worried she may be fired) Governor Charles, please, please, calm down. We will work all this tax stuff out. Let’s work through this issue with Mr. Smith.

**Governor:**  (calmer) I will just say--I should have received the IRS notice in Richmond--where I lived. The IRS is glaringly incompetent if it suggests otherwise.