

ALABAMA TAX TRIBUNAL

RAJA J. VRETTOS, §
Taxpayer, § DOCKET NO. INC. 22-132-LP
v. §
STATE OF ALABAMA §
DEPARTMENT OF REVENUE.

FINAL ORDER

This appeal involves a final assessment of income tax for tax year 2012. The case came before the Tax Tribunal for a hearing on February 16, 2023. The Taxpayer appeared and testified; the Taxpayer was represented by her husband Mike Vrettos. David Folmar represented the Revenue Department, and Tina Smith, a Revenue Department auditor, appeared and testified.¹

Facts

Ms. Smith testified that the Taxpayer did not file an Alabama income tax return for tax year 2012. She testified that the Revenue Department received a Form 1099-MISC indicating that in 2012 the Taxpayer had received nonemployee compensation from Eastern Shore Neurology in the amount of \$292,914.00. According to Ms. Smith, the Revenue Department prepared a blanket return using the best information it had available and determined the Taxpayer’s tax liability for 2012.

¹ The Tax Tribunal’s Fourth Post-Hearing Preliminary Order directed the Taxpayer to submit additional documentation. No such documentation, nor any other response, has been received by the Tax Tribunal as of the date of this Order.

The Taxpayer testified that she had entered into what she believed was a marriage relationship with Rasan Tarabein in 2005. She testified that during subsequent divorce proceedings, she learned that Tarabein had been married at the time of their purported marriage ceremony; thus, the attempted marriage between the Taxpayer and Tarabein was void.

The Taxpayer testified that Tarabein is a medical doctor who owned Eastern Shore Neurology. She testified that she has only a high school education and was not affiliated with nor did she work for Eastern Shore Neurology. According to the Taxpayer, she had not received a Form 1099 from Eastern Shore Neurology until she received the one for tax year 2012 and has not received any others since. The Taxpayer testified that Tarabein purchased a spa called Raja Med Spa and that she managed the spa prior to 2012; however, she did not earn any income from the spa. She testified that Tarabein gave her a debit card and a credit card, both of which she was free to use for personal and spa expenses.

The Taxpayer testified that Tarabein committed domestic violence against her and that she reported him to the police. After she made the report, she found that Tarabein had locked her out of the spa. She testified that he also closed her debit and credit cards. The Taxpayer testified that in April 2011, she moved to Texas where her family lived, and she commenced divorce proceedings against Tarabein. She testified that, initially, she lived with family members, but she later moved into her own apartment. The Taxpayer introduced a printout from Experian credit bureau indicating that she had lived in her apartment in Texas as of October 1, 2011. She

also introduced a letter from her divorce attorney indicating that she lived in Texas during 2012. The Taxpayer testified that she did not work while she was in Texas. She testified that her expenses had been paid for by her mother's husband. She testified that the court in which the divorce proceedings were filed had ordered that she be allowed to keep a car owned by Tarabein every other week, and that car had an Alabama tag.

According to the Taxpayer, she intended to stay in Texas when she moved there; however, Tarabein harassed her in Texas when she lived alone, and therefore she moved back to Alabama in the fall of 2012 after her one-year lease expired to live with her now-husband. The Taxpayer testified that a final order was entered in the divorce proceedings in 2014. She married Mr. Vrettos in 2019.

The Taxpayer testified that Tarabein did not pay her any money in 2012. She testified that Tarabein had been arrested and convicted of Medicaid fraud. He was incarcerated beginning in 2017. According to the Taxpayer, Tarabein issued the Form 1099-MISC as a threat not to testify against him in court. She testified that an agent from the Federal Bureau of Investigations ("FBI") asked her to testify against Tarabein in the criminal proceedings; she testified that she did not do so because she was afraid of him.

The Taxpayer testified that after she received the Form 1099-MISC, she contacted the Internal Revenue Service office in Mobile and also contacted the FBI. She testified that Tarabein had falsely stated that he gave her \$80,000 and had also falsely told her family that she had stolen \$1.2 million. The Taxpayer introduced a

news article into evidence showing that Tarabein had been convicted of health care fraud in 2017 and failure to pay restitution in 2022. The article also indicated that Tarabein is due to be sentenced in February 2023 for bank fraud, aggravated identity theft, and making false statements.

The Revenue Department admitted that it was a difficult task to prove that income reflected on the Form 1099-MISC was not, in fact, received. The Taxpayer's argument to the Tax Tribunal is that the Taxpayer's testimony that the Form 1099-MISC was fraudulent should be believed in light of all the attendant circumstances.

Discussion

After the trial, the Taxpayer was given the opportunity to submit to the Tax Tribunal additional documentation to corroborate her testimony, including, but not limited to the following: correspondence with or reports filed with the FBI and/or other law enforcement agencies; correspondence with or reports filed with the IRS; the Taxpayer's divorce case file; any relevant documentation from Tarabein's criminal proceedings. The Taxpayer provided some information, such as news articles concerning her ex-husband's criminal activities, divorce documents, and documents showing that she lived in Texas for most of 2012.

Despite the incomplete documentary evidence, the Tax Tribunal finds the Taxpayer's testimony credible and the evidence presented convincing. "A fact may be established by either direct or circumstantial evidence, and the proof is sufficient if, from the facts and circumstances adduced, it can be reasonably inferred." *State v. Ludlam*, 384 So.2d 1089 (Ala.Civ.App.), cert. denied, 384 So.2d 1095 (Ala. 1980),

citing *Armstrong v. State*, 29 So.2d 330 (1947). The Taxpayer's testimony, the evidence that she lived in Texas for most of 2012, and the evidence of her husband's fraudulent activity, including his sham marriage to the Taxpayer, Medicaid fraud, bank fraud, aggravated identity theft, and making false statements, provide sufficient proof that the Form 1099-MISC issued to the Taxpayer by Eastern Shore Neurology for 2012 was fraudulent.

Therefore, the final assessment is declared void. Judgment is entered in favor of the Taxpayer.

This Final Order may be appealed to circuit court within 30 days, pursuant to Ala. Code 1975 § 40-2B-2(m).

Entered November 26, 2024.

/s/ Leslie H. Pitman
LESLIE H. PITMAN
Associate Tax Tribunal Judge

lhp:thb

cc: Raja J. Vrettos
Mike Vrettos
David M. Folmar, Esq.