

## Tax MVP: Dakessian Law's Marty Dakessian

By **Bryan Koenig**

Law360, Washington (November 28, 2016, 3:37 PM EST) -- Dakessian Law Ltd.'s Marty Dakessian has saved his clients millions of dollars in disputes with the California Franchise Tax Board since he broke off from BigLaw to form his own niche practice at the beginning of 2016, earning himself a spot once more among **Law360's Tax MVPs**.

Dakessian, whose given name is Mardiros, successfully fought off a \$13 million state tax assessment against Minimed Infusion Inc., won a two-thirds reduction of sales tax interest accrued against G&C Equipment Corp., and succeeded on behalf of Werner Systems Inc. in a \$2 million sales tax dispute over the window manufacturer's having its installation labor — which cannot be taxed — being identified instead as taxable fabrication costs. Each of those achievements came in the months after he resigned as a Reed Smith LLP equity partner in January.

With Minimed — in a dispute with California's Franchise Tax Board focused on whether the investment company could really call Nevada home — Dakessian managed to invoke a statute of limitations that hadn't been used in years. The clock still applied to the 2001 and 2004 tax years in question, even though California has since switched to a different set of rules.

"When we dug and dug and dug, we found that, you know what, there was this old rule that nobody knows about anymore," Dakessian told Law360. "It has to do with these unique circumstances where if you file a tax clearance certificate, to close down a corporation, then that limits the time the FTB has to audit."


Pointing that out, Dakessian said, likely drove the FTB to concede in June 2016 while the case was still pending before the State Board of Equalization, rather than face a public defeat.

"I love the procedural stuff," he said.

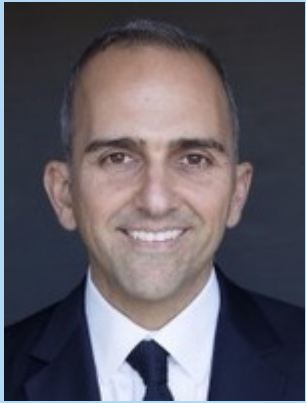
Minimed, Dakessian said, is a good example of his willingness to push beyond where other lawyers normally go, then gauge the tax agency's reaction.

In representing G&C before California's State Board of Equalization, Dakessian managed to get \$211,000 abated out of \$325,000 in accrued sales tax interest, by arguing an undue administrative delay thanks to the dispute's dragging on for years. That June win followed up on one the previous summer's, when nearly the entire underlying \$470,000 tax assessment was tossed.

"We had gotten almost all of the amount in controversy wiped away, and then the taxpayer was presented with this massive interest bill, and that's why we went back for round two," Dakessian said. "This controversy took forever, the re-audit by the board took forever, this taxpayer was never apprised of the correct amount of tax due, so he didn't really have a meaningful opportunity to



**MVP**  
**TAX**



**Marty Dakessian**  
Dakessian Law

understand that and pay it, and ultimately that was persuasive to the board.”

As for leaving Reed Smith, that was about gaining more control over his practice, Dakessian said in an interview, so he could **narrow and sharpen his focus** on California tax litigation.

Dakessian, who had been named a Tax MVP in **2013** and **2014**, noted that he recruited his own clients at Reed Smith and that they all came with him when he left the firm. His own firm is currently four attorneys strong, including Dakessian.

With his new firm, Dakessian said, he now has more freedom to pursue “impactful” issues that big firms may not be as interested in, such as private attorney general litigation.

Dakessian is also currently serving as an amicus counsel at the California Supreme Court. He's representing the California Taxpayers Association in a review of the state's requirement that citizen ballot initiatives can pass with only a **two-thirds majority**. A state appellate court had found that taxes proposed by citizen initiative rather than the government are not subject to the two-thirds rule, but instead require only a simple majority to take effect. Dakessian's interest is in the ability under that ruling for local governments to set out new taxes without going to the voters.

Dakessian's tax advocacy is not limited to active cases.

He's currently serving for this year as the president of the California Alliance of Taxpayer Advocates, and in that capacity he lobbied in May against proposed legislation that would have given the Franchise Tax Board the power to appeal State Board of Equalization decisions, something Franchise Tax Board cannot currently do. That measure was ultimately scrapped.

“The proposal made absolutely no sense, and it was just in my opinion an attempt to chill the rights of taxpayers to file protests and appeals,” Dakessian said. “If you can't see the light at the end of the tunnel, and if you think that there's a reasonable possibility that if you win, FTB is simply going to take you to court, you've essentially eviscerated the entire administrative process.”

Dakessian credits his mother, Sona, with instilling in him the values that mold his legal advocacy, and he dedicated his 2016 MVP award to her.

Updated: This story was updated to include Dakessian's dedication of the award to his mother.

--Additional reporting by Zachary Zagger. Editing by Edrienne Su.