

**Richard Carpenter**, professor of tax litigation at University of San Diego School of Law (USD); **Jody Swan** of Arizona; and **Kevan McLaughlin** teamed up for a case that is "unique, especially in the tax arena where 'unique' doesn't happen very often," said McLaughlin.

The case is still ongoing, but the gist of it is whether the money accepted by a woman who donates her eggs should be taxed as income. The case started out as a typical tax audit: a woman in San Diego had received a 1099 after having donated her eggs but failed to report the income.

Her original hearing was supposed to be an "S" type election; "a 'small potatoes' hearing with no opportunity for appeal," said McLaughlin. Apparently, some "heavy hitters" in Washington D.C. caught wind of the scheduled hearing and realized that if the IRS lost, it would not be able to appeal. Suddenly, the woman found herself facing a non-"S" type hearing – without a lawyer. Someone in Washington "knew about Richard Carpenter through his work with the USD tax clinic," McLaughlin said, and encouraged the taxpayer to contact Carpenter, who brought McLaughlin and Swan on board. The case was tried before the U.S. Tax Court on January 6, 2014, and is currently being briefed. The process that follows looks something like an appeal, but is a procedure peculiar to tax court: the taxpayer's opening brief was due in March with the IRS's reply due in May. In an unusual turn for the U.S. Tax Court, it agreed to accept amicus briefs on this issue.

"This client has a modest background and resources," McLaughlin said. "Had we not helped her, she would not have been able to put on anything that in any way defended her position. If she had lost, she would have been put on a payment plan including back taxes, interest and penalties. But the case also would have set a precedent. This is a case of first impression on how to tax the money a woman receives for donating her eggs."



Richard Carpenter



Kevan McLaughlin



Jody Swan

**Carl Balediata** of the Law Office of Lilia Velasquez says he got his start doing pro bono work when he became an attorney 14 years ago. He volunteers regularly with the Community Law Project through California Western School of Law under executive director Dana Sisitsky. A woman who became his client came to the clinic initially to ask whether her U.S.-citizen daughter could sponsor her application for citizenship (the answer: not until the child reaches age 21). In speaking with her, though, Balediata learned that she was a victim of domestic violence who was afraid to come forward because of her legal status. Balediata helped her secure U status from U.S. Citizenship and Immigration Services, which allows her to work legally and remain in the United States and eventually receive U.S. resident status, while she cooperates with the ongoing case against her abuser.

"This law was designed specifically to help individuals such as my client to encourage them to come out and not fear their abusers because of their tenuous immigration status," Balediata said. Getting the U-visa involved "getting certification from law enforcement to prove to immigration officials that she is truly involved in an active investigation."

Even if the facts of this particular case had not supported the U-visa, "it's good to give this information so that people will not be taken advantage of in the future," Balediata said. "I try to clear up misconceptions about immigration law and educate those that I meet with so they can at least have a better understanding of their immigration situation."

"Immigrants work hard because they want to become citizens. They want to follow the rules, but if they don't know what the rules are, it can be easy to get taken advantage of."



Carl Balediata