

Unirush, another Ohio limited liability company. Prior to the disposition at issue, Acquisitions owned 50% of the membership interests in Unirush. Over the course of 2010 and 2011 (the “Audit Period”), Acquisitions sold and transferred approximately 40% of its membership interest in Unirush to an unrelated third-party group.

3. The Assessments seek to impose business income tax liability on CCRF for capital gains resulting from Acquisitions’ sale of a portion of its membership interest in Unirush.

This is wholly improper for several reasons:

- a) CCRF is not the proper target of the Assessments – CCRF only indirectly holds any ownership interest in Unirush (the entity which actually owns the interest is Acquisitions), and would not be able to directly transfer any membership interest of Unirush;
- b) Even if CCRF were the proper taxable entity, the Assessments are improper because CCRF is an Ohio corporation, with a commercial domicile in Ohio, and capital gains from the sale of membership interests can only be allocated to Illinois if CCRF had a commercial domicile in Illinois at the time of the sale, which it did not; and
- c) The Assessments are improper because CCRF and Unirush do not have a unitary business relationship, but are instead wholly separate entities, in completely different lines of business.

4. Thus, the Assessments should be dismissed.

BACKGROUND AND RELEVANT FACTS

1. Petitioner is an Ohio corporation, whose address is 10625 Techwoods Circle, Cincinnati, Ohio 45242. Petitioner’s taxpayer ID number is 31-1363256. Petitioner’s telephone number is 513-489-8877.

The Various Corporate Entities.

2. CCRF is a holding company that is commercially domiciled in Ohio. CCRF’s primary line of business is in owning interests in limited liability companies that purchase, service, collect and/or sell distressed consumer account receivables.

3. Unrelated to and independent of that line of business, CCRF also owned a partial interest in Unirush (indirectly through Acquisitions) during the Audit Period.

4. Unirush is an Ohio limited liability company that is commercially domiciled in Ohio. Unirush was formed in 2002 by Rush Communications, LLC, a New York domiciled entity (“Rush Communications”) as a 50% member, and CCRF as a 50% member.

5. Rush Communications is a leading multi-faceted holding company with investments in prominent and respected brands in three industry segments: entertainment and media; fashion and lifestyle; and financial empowerment. Rush Communications is and was during the Audit Period, a sophisticated joint venture partner that was completely unrelated to and independent of CCRF. Rush Communication’s commercial domicile is in the state of New York.

6. Unirush is in the business of marketing a prepaid debit card known as “The Rushcard,” a product backed by the owner of Rush Communications.

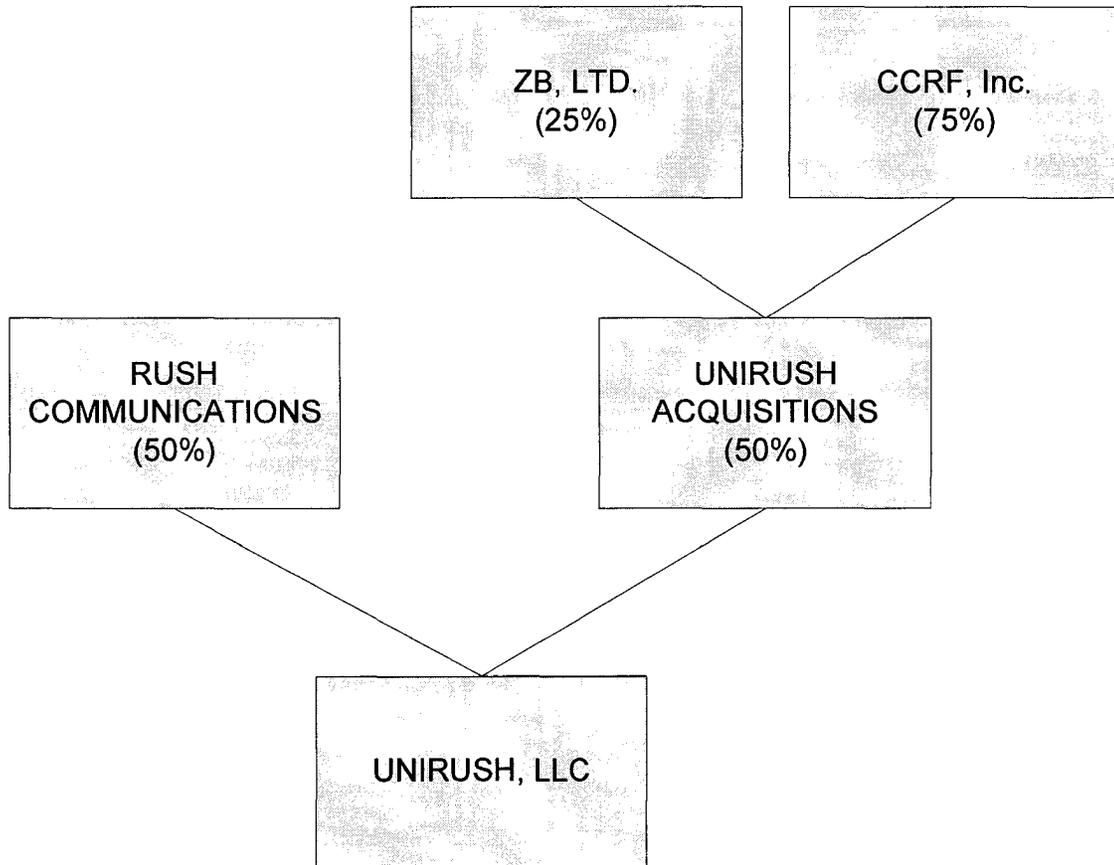
Assignment of Interests and Formation of Acquisitions

7. On January 1, 2008, CCRF transferred 25% of its 50% interest in Unirush (12.5% of the total company) to ZB Limited Partnership (“ZB”). ZB’s general partner is ZB/CCR Corp, and its President was Jay Zises (not CCRF or David Rosenberg).

8. Upon closing that transaction, 50% of Unirush was owned by Rush Communications, 37.5% by CCRF, and 12.5% by ZB. Thus, CCRF went from 50/50 ownership to minority ownership of Unirush in 2008.

9. On January 1, 2009, CCRF and ZB collectively assigned all of their interests in Unirush to a new entity – Acquisitions. Upon closing that transaction, Unirush was owned 50/50

by Rush Communications and Acquisitions. A diagram of Unirush’s ownership structure at this point in time is set forth below.

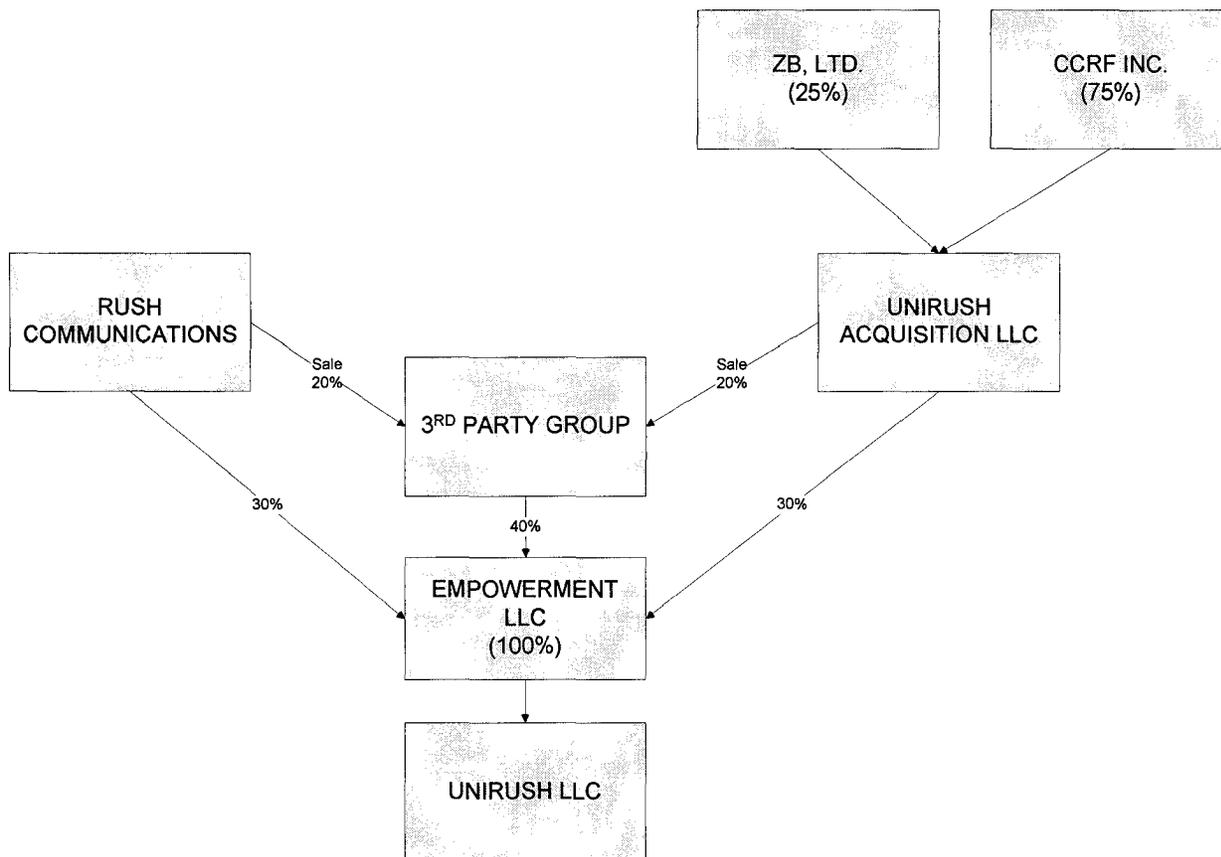


10. Thus, at the time of this transaction, CCRF owned 75% of Acquisitions, and Acquisitions owned 50% of Unirush (thus, 75% of 50%). CCRF therefore indirectly owned, in the aggregate, 37.5% of Unirush LLC.

Partial Sale of Unirush Membership Interest and Restructuring

11. In 2010, Rush Communications and Acquisitions each sold approximately 40% of their holdings to a new, unrelated, third-party group. Concurrently, a new (upper-tier) entity called Empowerment Ventures, LLC (“Empowerment”), was formed to hold all of the Unirush interests. Thus, Unirush became a wholly-owned, single-member LLC of Empowerment, and the former Unirush owners became owners of Empowerment.

12. Upon closing that transaction, Empowerment was owned 30% by Rush Communications, 30% by Acquisitions, and 40% by a third-party group. A diagram of Unirush's ownership structure at this point in time is set forth below.



13. Thus, CCRF's indirect ownership of Unirush dropped to approximately 22.5% (75% of 30%).

CCRF's Responses to the Department's Unitary Questionnaire.

14. On May 12, 2014, CCRF submitted its responses to the Department's Unitary Questionnaire.

15. In the Questionnaire, it explained that:

- a. The Unirush business is entirely different from and unrelated to CCRF's primary line of business. *See* Questionnaire #2.
- b. CCRF and Unirush had different directors. *See* Questionnaire #3.

- c. CCRF and Unirush had different CEOs. *See* Questionnaire #6.
- d. CCRF and Unirush had different COOs. *See* Questionnaire #11.
- e. CCRF and Unirush had different CFOs. *See* Questionnaire #15.
- f. CCRF and Unirush had different officers. *See* Questionnaire #23.
- g. Unifund entities (which included CCRF) had intercompany loans, but there were *no* intercompany loans with Unirush. *See* Questionnaire #29.
- h. No functional services were provided by CCRF to Unirush. *See* Questionnaire #37.
- i. CCRF and Unirush had different mailing addresses. *See* Questionnaire #38.
- j. CCRF provided centralized cash management for Unifund entities, but did *not* provide these services to Unirush. *See* Questionnaire #39.

The Assessments

16. On May 14, 2015, the Department issued a Notice of Deficiency to CCRF in the amount of \$11,372.89 for Form IL-1120-ST, Small Business Corporation Replacement Tax for the reporting period of December 2010, Audit ID no. A1601413120. A copy is attached as Exhibit A.

17. On May 14, 2015, the Department issued a Notice of Deficiency to CCRF in the amount of \$3,836.54 for Form IL-1120-ST, Small Business Corporation Replacement Tax for the reporting period of December 2011, Audit ID no. A1601413120. A copy is attached as Exhibit B.

18. On May 15, 2015, the Department issued a Notice of Deficiency to CCRF in the amount of \$28,450.24 for Form IL-1123-C, Composite Income and Replacement Tax for the reporting period of December 2010, Audit ID no. A1212422144. A copy is attached as Exhibit C.

19. On May 15, 2015, the Department issued a Notice of Deficiency to CCRF in the amount of \$7,878.01 for Form IL-1120-ST, Composite Income and Replacement Tax for the reporting period of December 2011, Audit ID no. A1212422144. A copy is attached as Exhibit D.

20. Petitioner disputes each of these four Assessments.

APPLICABLE LAW

A. Capital gains from the sale of membership interests can be allocated to Illinois only if taxpayer had commercial domicile in Illinois.

21. Under Illinois law, “[c]apital gains and losses from sales or exchanges of intangible property are allocable to this state if the taxpayer had its commercial domicile in this state at the time of such sale or exchange.” 35 ILCS 5/303(b)(2).

B. Capital gains on sale of membership interests may be classified as business income only where companies are part of a “unitary business group,” as statutorily defined.

22. Illinois defines a “unitary business group” as “a group of persons related through common ownership whose business activities are integrated with, dependent upon and contribute to each other.” 35 ILCS 5/1501(27).

23. The statute provides further guidance as to factors that demonstrate whether a unitary business group exists:

Unitary business activity can ordinarily be illustrated where the activities of the members are: (1) in the same general line (such as manufacturing, wholesaling, retailing of tangible personal property, insurance, transportation or finance); or (2) are steps in a vertically structured enterprise or process (such as the steps involved in the production of natural resources, which might include exploration, mining, refining, and marketing); and, in either instance, the members are functionally integrated through the exercise of strong centralized management (where, for example, authority over such matters as purchasing, financing, tax compliance, product line, personnel, marketing and capital investment is not left to each member).

ERROR 1 – PETITIONER IS NOT A PROPER PARTY.

24. The Assessments are improper because Petitioner is not a proper party to the Assessments. CCRF was not the entity who transferred the membership interest – it was Acquisitions.

ERROR 2 – PETITIONER HAS COMMERCIAL DOMICILE IN OHIO.

25. The Assessments are improper because Petitioner has a commercial domicile in Ohio, not Illinois.

26. Pursuant to the applicable Illinois law, any capital gains from the sale of the membership interest in Unirush could be allocated to Illinois only if the seller-taxpayer had a commercial domicile in Illinois at the time of that sale. 35 ILCS 5/303(b)(2).

27. As set forth above, neither CCRF nor Acquisitions had a commercial domicile in Illinois. The commercial domicile of each is Ohio. Thus, the sale itself generated nonbusiness income which is allocated to Ohio.

ERROR 3 – THERE IS NO UNITARY BUSINESS GROUP.

28. The Assessments are improper because there is no unitary relationship between CCRF and Unirush (or between Acquisitions and Unirush).

29. The applicable Illinois statute defines a “unitary business group” as a “group of persons related through common ownership whose business activities are integrated with, dependent upon and contribute to each other.” 35 ILCS § 5/1501(27).

30. Unirush, a joint venture, between two completely unrelated and sophisticated parties during the Audit Period: (1) did not have “common ownership” with CCRF, and (2) was not integrated with, dependent upon, nor contribute to CCRF.

A. There is no common ownership between Petitioner and Unirush.

31. “Common ownership” in the case of corporations is defined as the direct or indirect control or ownership of *more than 50%* of the outstanding voting stock of the persons carrying on unitary business activity. 35 ILCS § 5/1501(27) (emphasis added).

32. CCRF never owned more than 50% of Unirush. In fact, at the time of the sale at issue, CCRF indirectly owned only 37.5% of Unirush – far below the “more than 50%” threshold.

B. None of the indicia of unitary business activity exist in this case.

33. The statute also explains that, “unitary business activity can ordinarily be illustrated where the activity of the members are: (1) in the same general line of business, or (2) are steps in a vertically structured enterprise or process; *and*, in either instance, the members are *functionally integrated* through the exercise of *strong centralized management.*” ILCS § 5/1501(27) (emphasis added). None of these factors are present in the case at hand.

34. CCRF and Unirush are in different lines of business:

- a. CCRF is a holding company of special purpose limited liability companies that purchase, service, collect and/or sell distressed consumer account receivables;
- b. In contrast, Unirush provides debit card marketing for Rushcard.

35. Moreover, CCRF and Unirush are not functionally integrated through the exercise of strong centralized management. As indicated above, Taxpayer’s responses to the Unitary Questionnaire clearly demonstrate that the two companies have different directors, CEOs, COOs, CFOs and operating officers.

36. This separation is further reflected in the fact that while Unifund and affiliated companies had intercompany loans with each other, there were *no* such loans with Unirush.

37. Likewise, CCRF performed functional services and centralized cash management for its majority-owned Unifund entities, but, other than certain clerical tasks, it did *not* provide these same services to Unirush.

ERROR 4 – NO PRESUMPTION OF CORRECTNESS.

38. Based on the Department’s conduct in the audit leading to the Assessments (including, notably, its failure to apply facts provided by the Petitioner to the applicable law), and the Department’s lack of responsiveness to questions from the Petitioner as to the legal basis for the Assessments, the Department is not entitled to the presumption of correctness under 35 Ill. Comp. Stat. 5/904 and the burden of proof must be shifted to the Department.

ERROR 5 – ABATEMENT OF PENALTY FOR REASONABLE CAUSE.

39. All penalties imposed by the Department must be abated for reasonable cause.

40. The Department has assessed penalties on each of the Assessments.

41. Illinois law provides that no penalties shall be imposed on a taxpayer if the failure to pay tax was due to reasonable cause. 35 Ill. Comp. Stat. 735/3-8.

42. The most important factor to be considered in making a determination to abate a penalty will be the extent to which the taxpayer made a good faith effort to determine the proper tax liability and to file and pay the proper liability in a timely fashion. 86 Illinois Admin. Code §700.400(b).

43. A taxpayer will be considered to have made a good faith effort to determine and pay its proper tax liability if it exercised ordinary business care and prudence in doing so. 86 Ill. Admin. Code §700.400(b).

44. Petitioner made a good faith effort to determine its proper tax liability and to file and pay its proper liability in a timely fashion.

45. Petitioner exercised ordinary business care and prudence in determining its proper tax liability and filing and paying its proper liability in a timely fashion.

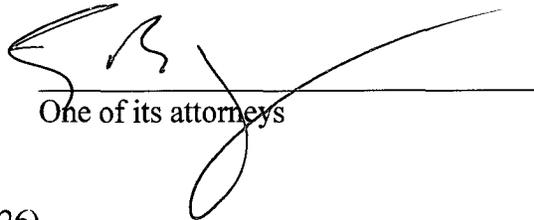
CONCLUSION

46. In short, CCRF, a corporation commercially domiciled in Ohio, realized gain from the sale of certain membership interests in a minority-held Ohio entity that had no presence in Illinois and whose sophisticated joint venture partner was located in New York. There is simply no basis to impose Illinois tax liability on this event.

WHEREAS, Petitioner requests that the Assessments be dismissed for the reasons stated above.

Respectfully submitted,

CREDIT CARD RECEIVABLE FUND, INC.



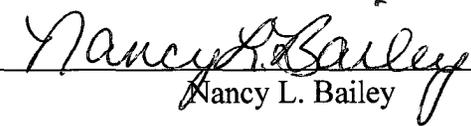
One of its attorneys

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CERTIFICATE OF SERVICE

Under penalties as provided by law pursuant to Section 1-109 of the Code of Civil Procedure, the undersigned, a non-attorney, certifies that she served a true and correct copy of the foregoing **Petition** upon the parties listed below, by personal service before 5:00 p.m. on July 10, 2015.

Illinois Department of Revenue
Office of Legal Services
100 W. Randolph Street, 7-900
Chicago, Illinois 60601


Nancy L. Bailey

Elizabeth B. Vandesteeg
David C. Blum
LEVENFELD PEARLSTEIN, LLC
2 North LaSalle Street, Suite 1300
Chicago, Illinois 60602
312-346-8380
312-346-8434 (fax)

EXHIBIT A

Notice of Deficiency

for Form IL-1120-ST, Small Business Corporation Replacement Tax Return



May 14, 2015



Letter ID: CNXXXXX841X62560

#BWNKMGV
#CNXX XXX8 41X6 2560#
CREDIT CARD RECEIVABLE FUND INC
CREDIT CARD RECEIVABLE FUND INC

10625 TECHWOOD CIR

BLUE ASH OH 45242-2846

Taxpayer ID: 31-1363256
Audit ID: A1601413120
Reporting period: December 2010
Total Deficiency: \$11,372.89
Balance due: \$11,372.89



We have audited your account for the reporting period listed above. The attached statement explains the computation of your deficiency and the balance due. Illinois law requires that we notify you of this deficiency and your rights.

If you agree to this deficiency, pay the total balance due as soon as possible to minimize penalty and interest assessed. Make your check payable to "Illinois Department of Revenue," write your taxpayer ID on your check, and mail a copy of this notice along with your payment.

If you do not agree, you may contest this notice by following the instructions listed below.

- If the amount of this tax deficiency, exclusive of penalty and interest is more than \$15,000, or if no tax deficiency is assessed but the total penalties and interest are more than \$15,000, file a petition with the Illinois Independent Tax Tribunal within 60 days of this notice. Your petition must be in accordance with the rules of practice and procedure provided by the Tribunal (35 ILCS 1010/1-1, *et seq.*).
- In all other cases, file a protest with us, the Illinois Department of Revenue, within 60 days of this notice. If you file a protest on time, we must reconsider the proposed deficiency, and if requested, grant you or your authorized representative an administrative hearing. An administrative hearing is a formal legal proceeding conducted pursuant to rules adopted by the Department and is presided over by an administrative law judge. Submit your protest on Form EAR-14, Format for Filing a Protest for Income Tax, (available on our website at tax.illinois.gov). If we do not receive your protest within 60 days, this deficiency will become final. A protest of this notice does not preserve your rights under any other notice.
- In any case, you may instead, under Sections 2a and 2a.1 of the State Officers and Employees Money Disposition Act (30 ILCS 230/2a, 230/2a.1), pay the total deficiency under protest using Form RR-374, Notice of Payment Under Protest (available on our website at tax.illinois.gov), and file a complaint with the circuit court for a review of our determination.

If you do not protest this notice or pay the balance due in full, we may take collection action against you for the balance due, which may include levy of your wages and bank accounts, filing of a tax lien, or other action.

If you have questions, call us at the telephone number shown below.

Sincerely,

Constance Beard
Director

ILLINOIS DEPARTMENT OF REVENUE
AUDIT BUREAU
PO BOX 19012
SPRINGFIELD IL 62794-9012

(217) 558-4960

Statement

Date: May 14, 2015
Name: CREDIT CARD RECEIVABLE FUND INC
Taxpayer ID: 31-1363256
Letter ID: CNXXXXX841X62560

Reasons for deficiency

We re-characterized as business income the interest income from the sale of property previously used in your trade or business operations. [86 IL Adm. Code 100.3010(c)(4)]

We re-characterized as business income the amount of gain (or loss) you received from the sale of property previously used in your trade or business operations. [86 IL Adm. Code 100.3010(c)(3)]

We adjusted your sales factor to include all business receipts on federal 1120, Lines 1 through 10, to the extent not expressly excluded from the sales factor. [86 IL Adm. Code 100.3370(a)(1)]

We adjusted your Illinois net loss deduction to the amount allowable under Illinois law. [35 ILCS 5/207]

Penalties

We are imposing an additional late-payment penalty because you did not pay the amount shown due on the Form IL-870, Waiver of Restrictions, within 30 days after the "Date of Issuance" shown on the form. Once an audit has been initiated, the additional late payment penalty is assessed at 15% of the late payment. Failure to pay the amount due or invoke protest rights within 30 days from the "Date of Issuance" on the Form IL-870, results in this penalty increasing to 20%. [35 ILCS 735-3-3(b-20)(2)] (for liabilities due on or after 1/1/2005)

Interest

Interest on tax in the amount of \$874.09 has been computed through May 14, 2015.

Statement

Date: May 14, 2015
Name: CREDIT CARD RECEIVABLE FUND INC
Taxpayer ID: 31-1363256
Letter ID: CNXXXXX841X62560

Computation of deficiency

Reporting Period: 31-Dec-2010

Unmodified base income or loss	
Total unmodified base income or loss	\$18,013,052.00
Income or loss	
Other additions	\$0.00
Total income or loss	\$18,013,052.00
Income allocable to Illinois	
Nonbusiness income or loss	\$0.00
Non-unitary partnership business income/loss	\$0.00
Business income or loss	\$18,013,052.00
Apportionment formula	
Total sales everywhere	\$61,841,172.00
Total Illinois sales	\$2,830,035.00
Apportionment factor	0.045763
Business income/loss apportionable to IL	\$824,331.00
Non-business income/loss allocable to IL	\$0.00
Non-unitary part bus income/loss apprt to IL	\$0.00
Base income or net loss allocable to IL	\$824,331.00
Net income	
Base income or net loss	\$824,331.00
Illinois net loss deduction (NLD)	\$240,350.00
Net income	\$583,981.00
Net replacement tax	
Replacement tax	\$8,760.00
Recapture of investment credits	\$0.00
Replacement tax before investment credits	\$8,760.00
Replacement tax investment credits	\$0.00
Total net replacement tax due	\$8,760.00
Minus tax previously assessed	-\$11.00
Total tax deficiency	\$8,749.00
UPIA-5 late-payment penalty (Audit)	\$1,749.80
Plus interest on tax through May 14, 2015	\$874.09
Total deficiency	* \$11,372.89

Statement

Date: May 14, 2015
Name: CREDIT CARD RECEIVABLE FUND INC
Taxpayer ID: 31-1363256
Letter ID: CNXXXXX841X62560

If you intend to pay under protest, you must pay this total deficiency amount.

Balance due

* \$11,372.89

EXHIBIT B

Notice of Deficiency

for Form IL-1120-ST, Small Business Corporation Replacement Tax Return



May 14, 2015



Letter ID: CNXXX13X4813X723

#BWNKMGV
#CNXX X13X 4813 X723#
CREDIT CARD RECEIVABLE FUND INC
CREDIT CARD RECEIVABLE FUND INC
10625 TECHWOOD CIR
BLUE ASH OH 45242-2846

Taxpayer ID: 31-1363256
Audit ID: A1601413120
Reporting period: December 2011
Total Deficiency: \$3,836.54
Balance due: \$3,836.54



We have audited your account for the reporting period listed above. The attached statement explains the computation of your deficiency and the balance due. Illinois law requires that we notify you of this deficiency and your rights.

If you agree to this deficiency, pay the total balance due as soon as possible to minimize penalty and interest assessed. Make your check payable to "Illinois Department of Revenue," write your taxpayer ID on your check, and mail a copy of this notice along with your payment.

If you do not agree, you may contest this notice by following the instructions listed below.

- If the amount of this tax deficiency, exclusive of penalty and interest is more than \$15,000, or if no tax deficiency is assessed but the total penalties and interest are more than \$15,000, file a petition with the Illinois Independent Tax Tribunal within 60 days of this notice. Your petition must be in accordance with the rules of practice and procedure provided by the Tribunal (35 ILCS 1010/1-1, *et seq.*).
- In all other cases, file a protest with us, the Illinois Department of Revenue, within 60 days of this notice. If you file a protest on time, we must reconsider the proposed deficiency, and if requested, grant you or your authorized representative an administrative hearing. An administrative hearing is a formal legal proceeding conducted pursuant to rules adopted by the Department and is presided over by an administrative law judge. Submit your protest on Form EAR-14, Format for Filing a Protest for Income Tax, (available on our website at tax.illinois.gov). If we do not receive your protest within 60 days, this deficiency will become final. A protest of this notice does not preserve your rights under any other notice.
- In any case, you may instead, under Sections 2a and 2a.1 of the State Officers and Employees Money Disposition Act (30 ILCS 230/2a, 230/2a.1), pay the total deficiency under protest using Form RR-374, Notice of Payment Under Protest (available on our website at tax.illinois.gov), and file a complaint with the circuit court for a review of our determination.

If you do not protest this notice or pay the balance due in full, we may take collection action against you for the balance due, which may include levy of your wages and bank accounts, filing of a tax lien, or other action.

If you have questions, call us at the telephone number shown below.

Sincerely,

Constance Beard
Director

ILLINOIS DEPARTMENT OF REVENUE
AUDIT BUREAU
PO BOX 19012
SPRINGFIELD IL 62794-9012

(217) 558-4960

Statement

Date: May 14, 2015
Name: CREDIT CARD RECEIVABLE FUND INC
Taxpayer ID: 31-1363256
Letter ID: CNXXX13X4813X723

Reasons for deficiency

We re-characterized as business income the interest income from the sale of property previously used in your trade or business operations. [86 IL Adm. Code 100.3010(c)(4)]

We re-characterized as business income the amount of gain (or loss) you received from the sale of property previously used in your trade or business operations. [86 IL Adm. Code 100.3010(c)(3)]

We adjusted your sales factor to include all business receipts on federal 1120, Lines 1 through 10, to the extent not expressly excluded from the sales factor. [86 IL Adm. Code 100.3370(a)(1)]

We adjusted your Illinois net loss deduction to the amount allowable under Illinois law. [35 ILCS 5/207]

Penalties

We are imposing an additional late-payment penalty because you did not pay the amount shown due on the Form IL-870, Waiver of Restrictions, within 30 days after the "Date of Issuance" shown on the form. Once an audit has been initiated, the additional late payment penalty is assessed at 15% of the late payment. Failure to pay the amount due or invoke protest rights within 30 days from the "Date of Issuance" on the Form IL-870, results in this penalty increasing to 20%. [35 ILCS 735-3-3(b-20)(2)] (for liabilities due on or after 1/1/2005)

Interest

Interest on tax in the amount of \$196.94 has been computed through May 14, 2015.

Statement

Date: May 14, 2015
Name: CREDIT CARD RECEIVABLE FUND INC
Taxpayer ID: 31-1363256
Letter ID: CNXXX13X4813X723

Computation of deficiency

Reporting Period: 31-Dec-2011

Unmodified base income or loss	
Total unmodified base income or loss	\$4,939,113.00
Income or loss	
Other additions	\$0.00
Total income or loss	\$4,939,113.00
Income allocable to Illinois	
Nonbusiness income or loss	\$0.00
Non-unitary partnership business income/loss	\$0.00
Business income or loss	\$4,939,113.00
Apportionment formula	
Total sales everywhere	\$59,985,359.00
Total Illinois sales	\$2,461,258.00
Apportionment factor	0.041031
Business income/loss apportionable to IL	\$202,657.00
Non-business income/loss allocable to IL	\$0.00
Non-unitary part bus income/loss apprtn to IL	\$0.00
Base income or net loss allocable to IL	\$202,657.00
Net income	
Base income or net loss	\$202,657.00
Illinois net loss deduction (NLD)	\$0.00
Net income	\$202,657.00
Net replacement tax	
Replacement tax	\$3,040.00
Recapture of investment credits	\$0.00
Replacement tax before investment credits	\$3,040.00
Replacement tax investment credits	\$0.00
Total net replacement tax due	\$3,040.00
Minus tax previously assessed	-\$7.00
Total tax deficiency	\$3,033.00
UPIA-5 late-payment penalty (Audit)	\$606.60
Plus interest on tax through May 14, 2015	\$196.94
Total deficiency	* \$3,836.54

S~~um~~ment

Date: May 14, 2015
Name: CREDIT CARD RECEIVABLE FUND INC
Taxpayer ID: 31-1363256
Letter ID: CNXXX13X4813X723

If you intend to pay under protest, you must pay this total deficiency amount.

Balance due

* \$3,836.54

EXHIBIT C

Notice of Deficiency
for Form IL-1023-C, Composite Income and Replacement Tax Return



May 15, 2015



Letter ID: CNXXXX4229X17763

#BWNKMGV
#CNXX XX42 29X1 7763#
CREDIT CARD RECEIVABLE FUND INC
10625 TECHWOOD CIR
BLUE ASH OH 45242-2846

Taxpayer ID: 31-1363256
Audit ID: A1212422144
Reporting period: December 2010
Total Deficiency: \$28,450.24
Balance due: \$28,450.24



We have audited your account for the reporting period listed above. The attached statement explains the computation of your deficiency and the balance due. Illinois law requires that we notify you of this deficiency and your rights.

If you agree to this deficiency, pay the total balance due as soon as possible to minimize penalty and interest assessed. Make your check payable to "Illinois Department of Revenue," write your taxpayer ID on your check, and mail a copy of this notice along with your payment.

If you do not agree, you may contest this notice by following the instructions listed below.

- If the amount of this tax deficiency, exclusive of penalty and interest is more than \$15,000, or if no tax deficiency is assessed but the total penalties and interest are more than \$15,000, file a petition with the Illinois Independent Tax Tribunal within 60 days of this notice. Your petition must be in accordance with the rules of practice and procedure provided by the Tribunal (35 ILCS 1010/1-1, *et seq.*).
- In all other cases, file a protest with us, the Illinois Department of Revenue, within 60 days of this notice. If you file a protest on time, we must reconsider the proposed deficiency, and if requested, grant you or your authorized representative an administrative hearing. An administrative hearing is a formal legal proceeding conducted pursuant to rules adopted by the Department and is presided over by an administrative law judge. Submit your protest on Form EAR-14, Format for Filing a Protest for Income Tax, (available on our website at tax.illinois.gov). If we do not receive your protest within 60 days, this deficiency will become final. A protest of this notice does not preserve your rights under any other notice.
- In any case, you may instead, under Sections 2a and 2a.1 of the State Officers and Employees Money Disposition Act (30 ILCS 230/2a, 230/2a.1), pay the total deficiency under protest using Form RR-374, Notice of Payment Under Protest (available on our website at tax.illinois.gov), and file a complaint with the circuit court for a review of our determination.

If you do not protest this notice or pay the balance due in full, we may take collection action against you for the balance due, which may include levy of your wages and bank accounts, filing of a tax lien, or other action.

If you have questions, call us at the telephone number shown below.

Sincerely,

Constance Beard
Director

ILLINOIS DEPARTMENT OF REVENUE
AUDIT BUREAU
PO BOX 19012
SPRINGFIELD IL 62794-9012

(217) 558-4960

Statement

Date: May 15, 2015
Name: CREDIT CARD RECEIVABLE FUND INC
Taxpayer ID: 31-1363256
Letter ID: CNXXXX4229X17763

Reasons for deficiency

We re-characterized as business income the amount of gain (or loss) you received from the sale of property previously used in your trade or business operations. [86 IL Adm. Code 100.3010(c)(3)]

We re-characterized as business income the interest income from miscellaneous sources that was an integral part of your trade or business operations. [86 IL Adm. Code 100.3010(c)(4)]

Penalties

We are imposing an additional late-payment penalty because you did not pay the amount shown due on the Form IL-870, Waiver of Restrictions, within 30 days after the "Date of Issuance" shown on the form. Once an audit has been initiated, the additional late payment penalty is assessed at 15% of the late payment. Failure to pay the amount due or invoke protest rights within 30 days from the "Date of Issuance" on the Form IL-870, results in this penalty increasing to 20%. [35 ILCS 735-3-3(b-20)(2)] (for liabilities due on or after 1/1/2005)

Interest

Interest on tax in the amount of \$2,131.84 has been computed through May 15, 2015.

S-ment

Date: May 15, 2015
Name: CREDIT CARD RECEIVABLE FUND INC
Taxpayer ID: 31-1363256
Letter ID: CNXXXX4229X17763

Computation of deficiency

Reporting Period: 31-Dec-2010

Income and net income tax	
Modified base income of partnership or S-corp	\$18,013,052.00
Total % of ownership for resident members	%
Modified base income allocable to Illinois	\$824,331.00
Total % of ownership for nonresident members	1%
Composite income	\$824,331.00
Net income tax (3%)	\$24,730.00
Net replacement tax	
Income subject to replacement tax	\$0.00
Net replacement tax (1.5%)	\$0.00
Total net income and replacement tax due	\$24,730.00
Minus tax previously assessed	-\$2,798.00
Total tax deficiency	\$21,932.00
UPIA-5 late-payment penalty (Audit)	\$4,386.40
Plus interest on tax through May 15, 2015	\$2,131.84
Total deficiency	* \$28,450.24
If you intend to pay under protest, you must pay this total deficiency amount.	
Balance due	* \$28,450.24

EXHIBIT D

Notice of Deficiency
for Form IL-1023-C, Composite Income and Replacement Tax Return



May 15, 2015



Letter ID: CNXXXX8774259362

#BWNKMGV
#CNXX XX87 7425 9362#
CREDIT CARD RECEIVABLE FUND INC
10625 TECHWOOD CIR
BLUE ASH OH 45242-2846

Taxpayer ID: 31-1363256
Audit ID: A1212422144
Reporting period: December 2011
Total Deficiency: \$7,878.01
Balance due: \$7,878.01



We have audited your account for the reporting period listed above. The attached statement explains the computation of your deficiency and the balance due. Illinois law requires that we notify you of this deficiency and your rights.

If you agree to this deficiency, pay the total balance due as soon as possible to minimize penalty and interest assessed. Make your check payable to "Illinois Department of Revenue," write your taxpayer ID on your check, and mail a copy of this notice along with your payment.

If you do not agree, you may contest this notice by following the instructions listed below.

- If the amount of this tax deficiency, exclusive of penalty and interest is more than \$15,000, or if no tax deficiency is assessed but the total penalties and interest are more than \$15,000, file a petition with the Illinois Independent Tax Tribunal within 60 days of this notice. Your petition must be in accordance with the rules of practice and procedure provided by the Tribunal (35 ILCS 1010/1-1, et seq.).
- In all other cases, file a protest with us, the Illinois Department of Revenue, within 60 days of this notice. If you file a protest on time, we must reconsider the proposed deficiency, and if requested, grant you or your authorized representative an administrative hearing. An administrative hearing is a formal legal proceeding conducted pursuant to rules adopted by the Department and is presided over by an administrative law judge. Submit your protest on Form EAR-14, Format for Filing a Protest for Income Tax, (available on our website at tax.illinois.gov). If we do not receive your protest within 60 days, this deficiency will become final. A protest of this notice does not preserve your rights under any other notice.
- In any case, you may instead, under Sections 2a and 2a.1 of the State Officers and Employees Money Disposition Act (30 ILCS 230/2a, 230/2a.1), pay the total deficiency under protest using Form RR-374, Notice of Payment Under Protest (available on our website at tax.illinois.gov), and file a complaint with the circuit court for a review of our determination.

If you do not protest this notice or pay the balance due in full, we may take collection action against you for the balance due, which may include levy of your wages and bank accounts, filing of a tax lien, or other action.

If you have questions, call us at the telephone number shown below.

Sincerely,

Constance Beard
Director

ILLINOIS DEPARTMENT OF REVENUE
AUDIT BUREAU
PO BOX 19012
SPRINGFIELD IL 62794-9012

(217) 558-4960

Statement

Date: May 15, 2015
Name: CREDIT CARD RECEIVABLE FUND INC
Taxpayer ID: 31-1363256
Letter ID: CNXXXX8774259362

Reasons for deficiency

We re-characterized as business income the interest income from miscellaneous sources that was an integral part of your trade or business operations. [86 IL Adm. Code 100.3010(c)(4)]

We re-characterized as business income the amount of gain (or loss) you received from the sale of property previously used in your trade or business operations. [86 IL Adm. Code 100.3010(c)(3)]

Penalties

We are imposing an additional late-payment penalty because you did not pay the amount shown due on the Form IL-870, Waiver of Restrictions, within 30 days after the "Date of Issuance" shown on the form. Once an audit has been initiated, the additional late payment penalty is assessed at 15% of the late payment. Failure to pay the amount due or invoke protest rights within 30 days from the "Date of Issuance" on the Form IL-870, results in this penalty increasing to 20%. [35 ILCS 735-13-3(b-20)(2)] (for liabilities due on or after 1/1/2005)

Interest

Interest on tax in the amount of \$388.81 has been computed through May 15, 2015.

Statement

Date: May 15, 2015
Name: CREDIT CARD RECEIVABLE FUND INC
Taxpayer ID: 31-1363256
Letter ID: CNXXXX8774259362

Computation of deficiency

Reporting Period: 31-Dec-2011

Income and net income tax	
Modified base income of partnership or S-corp	\$4,939,113.00
Total % of ownership for resident members	%
Modified base income allocable to Illinois	\$202,657.00
Total % of ownership for nonresident members	1%
Composite income	\$202,657.00
Net income tax (3%)	\$10,133.00
Net replacement tax	
Income subject to replacement tax	\$0.00
Net replacement tax (1.5%)	\$0.00
Total net income and replacement tax due	\$10,133.00
Minus tax previously assessed	-\$3,892.00
Total tax deficiency	\$6,241.00
UPIA-5 late-payment penalty (Audit)	\$1,248.20
Plus interest on tax through May 15, 2015	\$388.81
Total deficiency	* \$7,878.01
If you intend to pay under protest, you must pay this total deficiency amount.	
Balance due	* \$7,878.01