

**ILLINOIS INDEPENDENT
TAX TRIBUNAL**

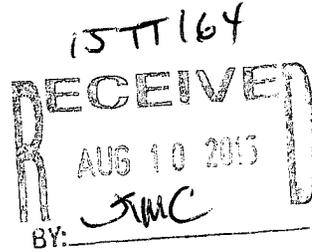
TED'S PLACE, LTD)

Petitioner,)

v.)

ILLINOIS DEPARTMENT)
OF REVENUE,)

Respondent.)



PETITION

The Petitioner, TED'S PLACE, LTD., hereby petitions the Illinois Independent Tax Tribunal to review and reverse and/or modify the Notice of Tax Liability ("Notice") issued by the Illinois Department of Revenue ("Department") for the reasons stated below:

INTRODUCTION

1. The "Notice" was issued by the Department on June 15, 2015 assessing the amount of \$ 29,680.00 in tax, \$20,920.00 in penalties and \$1,855.38 in interest for taxable periods July 1, 2011 through December 31, 2013. A copy of the "Notice" is attached to this Petition as Exhibit "A".

2. Petitioner is an Illinois Corporation with its principal place of business in Chicago, IL. (See Exhibit "B")

3. Ted's Place, LTD is located at 4425 N. Central Ave and its telephone number is 847-254-4118. The Taxpayer Account number is 0106-3634.

4. The landlord of record is Virginia Koulogeorge who resided at 957 Whitehall Drive, Buffalo Grove, IL.

5. The current owner of the business is Gina DeLorge ("DeLorge"), 957 Whitehall Drive, Buffalo Grove, IL. DeLorge owns 100% of the stock in Ted's Place, LLC.

6. The business, Ted's Place, LTD, is a small tavern which serves alcohol and other snacks and beverages within the City of Chicago.

BACKGROUND AND RELEVANT FACTS

7. On August 16, 2011, Virginia Koulogeorge, the previous owner of Ted's Place, died in Cook County, Illinois. She is survived by her only daughter, Gina DeLorge, who is the administrator of Virginia Koulogeorge's estate.

8. Shortly after her mother's death, DeLorge began operating Ted's Place. DeLorge had limited prior experience with operating her mother's bar and had never been involved in any of the accounting relating to the bar.

9. DeLorge continued to use the same vendors to purchase alcohol to supply the business.

10. DeLorge continued to use the same accountant to handle the taxes for the corporation. To the best of DeLorge's knowledge, there had been no problems with prior audits.

APPLICABLE LAW

11. Pursuant to the Notice of Tax Liability, the Department concluded Ted's Place owed \$29,680.00 in sales and use taxes in which this Tribunal has jurisdiction.

12. Pursuant to the Notice of Tax Liability, the Department assessed a Fraud Penalty in the amount of \$14,840.00 pursuant to 35 ILCS 735 et. seq as well as other late filing and interest penalties

ERROR I

13. The Department incorrectly estimated, or incorrectly tabulated, the receipts for purchases made by Ted's Place during the time period of July 1, 2011 through December 31, 2011. The gross receipts the Department used to calculate the tax liability for this six month time period were equal to the gross receipts for the entire year for both 2012 and 2013.

14. Upon information and belief, the Petitioner presumes the Department doubled the actual receipts for the period July 1, 2011 through December 31, 2011. Consequently, the total tax liability was overstated for the reporting period of July 1, 2011 through December 31, 2013.

15. The Petitioner is in possession of actual receipts which match the receipts of its liquor distributors establishing the tax liability for the reporting period is overstated.

16. Due to the overstatement of the tax liability, the remaining amounts in the Notice of Tax Liability are overstated.

ERROR II

16. The Department erroneously concluded Gina DeLorge engaged in activity which constituted intent to defraud to justify the 50% fraud penalty.

17. DeLorge began operating the bar shortly after her mother's death which was the beginning of the reporting period.

18. DeLorge continued to use the same distributors and accountants who had been supplying goods and services for the bar for several years prior to DeLorge's involvement with the bar.

19. DeLorge never personally handled the calculation for any taxes owed on gross receipts.

20. DeLorge never destroyed or failed to keep records of the bar's purchases and is able to confirm the bar's purchases through its distributors.

21. DeLorge did not personally supervise the accountants who calculated the tax due during the reporting period.

22. DeLorge never knew the taxes for the bar were being underreported as she had no prior experience operating the bar and relied upon the bar's accountants to remit the correct tax amounts.

23. DeLorge never engaged in any conduct which could be construed as filing a claim with the intent to defraud.

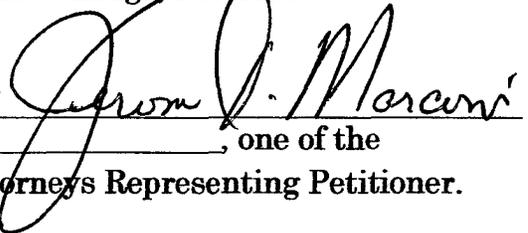
CONCLUSION AND RELIEF REQUESTED

24. Petitioner seeks a pretrial conference and/or hearing to present evidence that the Department's tax assessment is incorrect and she did not engage in any conduct which could lead to the conclusion she intended to defraud under

existing law.

WHEREAS, Petitioner requests that the "Notice" be modified or canceled for the reasons contained herein.

TED'S PLACE, LTD
Gina DeLorge, President

By: 
_____, one of the
Attorneys Representing Petitioner.

Jerome F. Marconi (ARDC #6194239)
Counsel for Plaintiff
Law Offices of Jerome F. Marconi
555 W. Jackson Suite 700
Chicago, IL 60661
(312) 930-5645
jerry@marconilawoffice.com

Notice of Tax Liability
for Form EDA-105-R, ROT Audit Report



#BWNKMGV
#CNXX XX58 X632 8481#
TEDS PLACE LTD
4425 N CENTRAL AVE
CHICAGO IL 60630-3301

June 15, 2015



Letter ID: CNXXXX58X6328481

Account ID: 0106-3634



We have audited your account for the reporting periods July 01, 2011, through December 31, 2013. As a result we have assessed the amounts shown below.

	Liability	Payments/Credit	Unpaid Balance
Tax	29,680.00	0.00	29,680.00
Late Payment Penalty Increase	5,936.00	0.00	5,936.00
Fraud Penalty	14,840.00	0.00	14,840.00
Late Filing Penalty Increase	16.00	0.00	16.00
Interest	1,855.38	0.00	1,855.38
Assessment Total	\$52,327.38	\$0.00	\$52,327.38

If you agree, pay the assessment total as soon as possible to minimize additional penalty and interest. Mail a copy of this notice and your payment with the voucher on the enclosed Taxpayer Statement. By including a copy of this notice, your payment will be properly applied to the audit liability.

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

- If the amount of this tax liability, exclusive of penalty and interest, is more than \$15,000, or if no tax liability is assessed but the total penalties and interest is 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 that do not fall within the jurisdiction of the Illinois Independent Tax Tribunal, file a protest with us, the Illinois Department of Revenue, and request an administrative hearing within 60 days of the date of this notice, which is August 14, 2015. Submit your protest on Form AH-4, Protest and Request for Administrative Hearing with the Illinois Department of Revenue (available on our website at tax.illinois.gov). Mail form AH-4 along with a copy of this notice to the address on the form. If you do not file a protest within the time allowed, you will waive your right to a hearing, and this liability will become final. An administrative hearing is a formal legal proceeding conducted pursuant to the rules adopted by the Department and is presided over by an administrative law judge. A protest of this notice does not preserve your rights under any other police.
- Instead of filing a petition with the Illinois Independent Tax Tribunal or a protest with us, the Illinois Department of Revenue, 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 liability 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 assessment total 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 to satisfy your liability.

If you have questions, write or call us weekdays between 8:00 a.m. and 4:00 p.m. Our contact information is listed below.

BUREAU OF AUDITS
TECHNICAL REVIEW SECTION
ILLINOIS DEPARTMENT OF REVENUE
PO BOX 19012
SPRINGFIELD IL 62794-9012

217 785-5579

EXHIBIT
A

Penalties and Fees

For detailed information on penalties and rates in effect for specific periods on or after January 1, 1994, see Publication 103.

- 1 **Late-filing or Nonfiling penalty** - You owe this penalty if you do not file a return by the due date, including any extended due date, or you file a return that is not processable and you do not correct it within 30 days of the date we notify you.
- 2 **Late-payment penalty for underpayment of estimated or quarter-monthly tax** - You owe this penalty if you were required to make estimated or quarter-monthly tax payments and failed to do so, or if you failed to pay the required amount by the payment due date.
- 3 **Late-payment penalty for regular tax payments** - You owe this penalty if you did not pay the tax you owed by the original due date of the return.
- 4 **Negligence penalty** - You owe this penalty if, in preparing a return or amended return, you do not make a reasonable attempt to comply with the provisions of any tax act, including showing careless, reckless, or intentional disregard for the law or regulations.
- 5 **Fraud penalty** - You owe this penalty if any part of a deficiency is due to fraud.
- 6 **Cost of collection fee** - You owe this fee if you do not pay the total amount you owe within 30 days after a bill has been issued.
- 7 **Bad check penalty** - You owe this penalty if you send a remittance to the Department that is not honored by your financial institution.
- 8 **Failure to disclose participation in a reportable transaction penalty** - You owe this penalty if you were required to disclose your participation in an abusive tax shelter transaction and did not do so by the required due date.
- 9 **Reportable transaction understatement penalty** - You owe this penalty if you do not report and pay the full amount of your tax liability as the result of participating in an abusive tax shelter transaction.

10 **100 percent interest penalty** - You owe this penalty if you

- were contacted by the Internal Revenue Service or Illinois Department of Revenue regarding the use of a potentially abusive tax transaction for a taxable year;
- are later found to have a deficiency in that taxable year that is the result of the tax avoidance transaction; and
- did not report or pay that liability before we issued a Notice of Deficiency.

11 **Audit penalty** - You owe this penalty if you did not pay the tax you owed before the start of an audit or investigation.

12 **Nonfiling penalty for transaction return** - You owe this penalty if you are a retailer required to file a transaction return (ST-556, Sales Tax Transaction Return) by the due date, even if no tax is due on the return.

Are penalties ever abated?

If you were unable to either timely pay the required amount of estimated or quarter-monthly payments, pay the tax you owed by the due date, or file your tax return by the extended due date because of a casualty, disaster, or other similar circumstance, you may request a waiver of penalties due to reasonable cause. To request this waiver, send us a detailed explanation of the cause of the delay and any documentation you have to support your request. Reasonable cause will be determined on a case-by-case basis according to our rules and regulations.

How is interest figured?

Interest is calculated on your tax from the day after the original due date of your return through the date you pay the tax (for certain tax periods interest may also accrue on penalties). Interest accrues at simple rates established by the Internal Revenue Service. See Publication 103 for more information.

Bankruptcy Information

If you are currently under the protection of the Federal Bankruptcy Court, contact us and provide the bankruptcy number and the bankruptcy court. The bankruptcy automatic stay does not change the fact that you are required to file tax returns.

Taxpayer Bill of Rights

- You have the right to call the Department of Revenue for help in resolving tax problems.
- You have the right to privacy and confidentiality under most tax laws.
- You have the right to respond, within specified time periods, to Department notices by asking questions, paying the amount due, or providing proof to refute the Department's findings.
- You have the right to appeal Department decisions, in many instances, within specified time periods, by asking for Department review, by filing a petition with the Illinois Independent Tax Tribunal, or by filing a complaint in circuit court.
- If you have overpaid your taxes, you have the right, within specified time periods, to file for a credit (or, in some cases, a refund) of that overpayment.
- For more information about these rights and other Department procedures, you may contact us. Our contact information is on the front of this notice.

Taxpayer Statement



June 16, 2015

TDD 1 800 644-6304

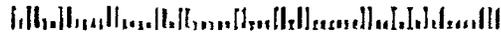
#BWNKMGV
#CNXX XX54 5147 3447#
TEDS PLACE LTD
4425 N CENTRAL AVE
CHICAGO IL 60630-3301



Letter ID: CNXXXX5461473447

Account ID: 0106-3634

Total amount due: \$52,327.38



This statement lists our most recent information about your unpaid balance, available credits, or returns you have not filed. A payment voucher is included so you may pay the balance due.

Sales/Use Tax & E911 Surcharge

Account ID: 0106-3634

Period	Tax	Penalty	Interest	Other	Payments/Credits	Balance
31-Dec-2013	30,504.00	20,792.00	1,855.38	-	(824.00)	52,327.38

* \$52,327.38 of this amount is subject to protest.

50A

Retain this portion for your records.

F-800464

Fold and detach on perforation. Return bottom portion with your payment

Taxpayer Statement (R-12/08) (136)



Letter ID: CNXXXX5461473447
TEDS PLACE LTD

Total amount due: \$52,327.38

Write the amount you are paying below.

\$ _____

Write your Account ID on your check.

Mail this voucher and your payment to:
ILLINOIS DEPARTMENT OF REVENUE
PO BOX 19006
SPRINGFIELD IL 62794-9006

\$52,327.38 is subject to protest.
Do not pay any Income Tax liability that you intend to protest.

000 006 005223980322 731 123199 0 0000005232738

WWW. [WWW. ILLINOIS.COM](http://www.illinois.gov)

JESSE WHITE
SECRETARY OF STATE



CORPORATION FILE DETAIL REPORT

Entity Name	TED'S PLACE, LTD.	File Number	49507607
Status	ACTIVE		
Entity Type	CORPORATION	Type of Corp	DOMESTIC BCA
Incorporation Date (Domestic)	05/29/1969	State	ILLINOIS
Agent Name	GINA DELORGE	Agent Change Date	07/29/2014
Agent Street Address	957 WHITEHALL DR	President Name & Address	GINA DELORGE 947 WHITEHALL DR BUFFALO GROVE IL 60089
Agent City	BUFFALO GROVE	Secretary Name & Address	SAME
Agent Zip	60089	Duration Date	PERPETUAL
Annual Report Filing Date	06/29/2015	For Year	2015

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**EXHIBIT
B**