

IN THE ILLINOIS INDEPENDENT TAX TRIBUNAL

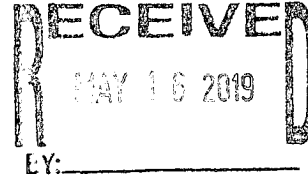
EPIC INSURANCE COMPANY

Petitioner,

vs.

ILLINOIS DEPARTMENT OF REVENUE

Respondent.



Case No. _____

197775

PETITION

Epic Insurance Company (“EPIC”), by and through its attorneys, Baker & McKenzie LLP, who are duly authorized to represent EPIC in this regard pursuant to the Power of Attorney attached hereto as **Exhibit A**, hereby petitions the Illinois Independent Tax Tribunal to review and reverse the Notices of Deficiency issued by the Illinois Department of Revenue (“Department”) as follows:

PARTIES

1. EPIC is a privately held insurance company organized under the laws of the State of Vermont.
2. EPIC maintains its corporate headquarters at 7000 Cardinal Place, Dublin, Ohio, 43017, and its phone number is 614-757-5000.
3. EPIC’s federal identification number is 03-0461286.
4. The Department is an agency of the State of Illinois and is responsible for administering and enforcing the revenue laws of the State of Illinois.

JURISDICTION

5. On or about March 19, 2019, the Department issued Notices of Deficiency (“Notices”) to EPIC assessing corporation income tax, penalties and interest for tax years ending 2011 through 2014 (the “Period at

Issue”), letter IDs CNXXXX7X88123688, CNXXXX44X3769122, CNXXXX29836856X1, and CNXXXX6237355X43, respectively. Copies of the Notices are attached hereto as **Exhibit B**.

6. This Tribunal has original jurisdiction over all Department determinations reflected on Notices of Deficiency, among other notices, where the amount at issue exceeds \$15,000, exclusive of penalties and interest. 35 ILCS 1010/1-45.
7. The amount at issue in this matter exceeds \$15,000 exclusive of penalties and interest such that this Tribunal has original jurisdiction over the matter.

BACKGROUND

8. EPIC is a captive insurance company engaged in the business of providing insurance coverage for various forms of business enterprise risks.
9. EPIC provides insurance products to customers nationwide, including customers with insurable interests in Illinois.
10. EPIC’s primary place of business is located in Dublin, Ohio.
11. As an insurance company subject to the apportionment formula under 35 ILCS 5/304(b), EPIC is prohibited from being included in a combined return with its affiliates subject to the apportionment formula under 35 ILCS 5/304(a) pursuant to Illinois’ non-combination rule in effect for the Period at Issue. *See* 35 ILCS 5/1501(a)(27).
12. EPIC owns a 99% interest in a limited liability company, Griffin Capital, LLC (“Griffin”).
13. Griffin is taxed as a partnership for tax purposes.
14. EPIC owns a 99% interest in a limited liability company, Cardinal Health Technologies, LLC (“CHT”).
15. CHT is taxed as a partnership for tax purposes.

16. CHT is the sole member of Cardinal Health 3, LLC (“CH3”).
17. CH3 is disregarded and treated as a division / branch of CHT for federal and Illinois income tax purposes.
18. During the Period at Issue, EPIC did not maintain an office or place of business in Illinois.
19. During the Period at Issue, Griffin did not maintain an office or place of business in Illinois.
20. During the Period at Issue, CHT did not maintain an office or place of business in Illinois.
21. During the Period at Issue, CH3 did not maintain an office or place of business in Illinois.
22. During the Period at Issue, EPIC had no employees or agents performing business activities related to maintaining a market in Illinois.
23. During the Period at Issue, Griffin had no employees or agents performing business activities related to maintaining a market in Illinois.
24. During the Period at Issue, CHT had no employees or agents performing business activities related to maintaining a market in Illinois.
25. During the Period at Issue, CH3 had no employees or agents performing business activities related to maintaining a market in Illinois.
26. During the Period at Issue, EPIC did not own any property in Illinois.
27. During the Period at Issue, Griffin did not own any property in Illinois.
28. During the Period at Issue, CHT did not own any property in Illinois.
29. During the Period at Issue, CH3 did not own any property in Illinois.
30. During the Period at Issue, EPIC did not have any agents or representatives acting on its behalf in Illinois.

31. During the Period at Issue, Griffin did not have any agents or representatives acting on its behalf in Illinois.
32. During the Period at Issue, CHT did not have any agents or representatives acting on its behalf in Illinois.
33. During the Period at Issue, CH3 did not have any agents or representatives acting on its behalf in Illinois.
34. During the Period at Issue, the vast majority of CH3's sales / transactions were with affiliated entities, primarily Cardinal Health 110, LLC and Cardinal Health 411, Inc., both of which are based in Dublin, Ohio.
35. During the Period at Issue, CH3 engaged in a *de minimis* amount of sales / transactions with unrelated third-party customers.

COUNT I

EPIC DID NOT HAVE STATUTORY NEXUS WITH ILLINOIS

36. EPIC hereby reincorporates and realleges the allegations set forth in paragraphs 1 through 35 as if fully stated herein.
37. An income tax is imposed on taxpayer corporations for the privilege of earning or receiving income in Illinois. 35 ILCS 5/201(a); Ill. Admin. Code tit. 86, § 100.9720.
38. In order to be subject to the state's income tax, a non-resident taxpayer must have a physical presence in Illinois that is substantial and related to the manner in which its receipts are generated in Illinois. 35 ILCS 5/201(a); Ill. Admin. Code tit. 86, § 100.9720.
39. In contrast to the thresholds expressly adopted by the Illinois legislature for periods beginning October 1, 2018 for purposes of determining whether a taxpayer has a filing obligation (i.e., has "nexus" with the State of Illinois) for sales and use tax purposes, Illinois has not adopted an economic nexus standard or thresholds for corporate income tax purposes. Compare 35 ILCS 5/105(2) with 35 ILCS 5/201(a).

40. During the Period at Issue, EPIC did not engage in any substantial business activities related to the generation of income in Illinois sufficient to satisfy the physical presence nexus standard for corporate income tax payers.
41. During the Period at Issue, CHT did not engage in any substantial business activities related to the generation of income in Illinois sufficient to satisfy the physical presence nexus standard for corporate income tax payers.
42. During the Period at Issue, CH3 did not engage in any substantial business activities related to the generation of income in Illinois sufficient to satisfy the physical presence nexus standard for corporate income tax purposes.
43. During the Period at Issue, EPIC had no physical presence in Illinois.
44. During the Period at Issue, CHT had no physical presence in Illinois.
45. During the Period at Issue, CH3 had no physical presence in Illinois.
46. The Department asserts that the mere presence of Illinois-based customers of CH3, a disregarded entity of CHT, is sufficient to create nexus for EPIC, a corporate partner in CHT.
47. The Department's claim that EPIC is required to file an Illinois income tax return based on the location of CH3's customers is in direct conflict with Illinois law and is in error.

WHEREFORE, EPIC prays the Tax Tribunal find and enter an order determining that the Department's assessments violate Illinois law and must be abated in their entirety, along with such other and further relief as the Tax Tribunal deems appropriate in this matter.

COUNT II

IMPOSITION OF ILLINOIS INCOME TAX ON EPIC VIOLATES THE COMMERCE CLAUSE OF THE U.S. CONSTITUTION

48. EPIC hereby reincorporates and realleges the allegations set forth in paragraphs 1 through 47 as if fully stated herein.
49. The Commerce Clause of the United States Constitution provides that Congress shall have the power to regulate commerce among the several states. U.S. Const. Art. I, § 8, cl. 3.
50. A state tax imposed on out-of-state entities will survive Commerce Clause scrutiny only if: (1) there is a substantial nexus between the out-of-state entity and the taxing state; (2) the tax is fairly apportioned; (3) the tax does not discriminate; and (4) the tax is fairly related to the services provided by the state. *Complete Auto Transit, Inc. v. Brady*, 430 U.S. 274 (1977).
51. For purposes of the corporate income tax under Illinois law, the “substantial nexus” test under the Commerce Clause requires that the taxpayer have substantial nexus with and conduct business activities in the taxing state. *The Dep’t of Revenue of the State of Illinois v. Adirondack Truck Leasing, Inc.*, Docket No. IT 00-6 (8/25/2000) (holding that “the first prong of the [*Complete Auto*] test . . . requires a physical presence by the taxpayer in the taxing state” for purposes of Illinois income tax); and *Brown’s Furniture, Inc. v. Wagner*, 171 Ill.2d 410, 421-22 (1996).
52. A taxpayer’s business activities must be substantial and related to the manner in which the income is generated in the state. *Adirondack Truck Leasing, Inc.*, at 10.
53. During the Period at Issue, EPIC did not engage in any substantial business activities related to the generation of income in Illinois sufficient to satisfy the Commerce Clause for corporate income tax purposes.

54. During the Period at Issue, CHT did not engage in any substantial business activities related to the generation of income in Illinois sufficient to satisfy the Commerce Clause for corporate income tax purposes.
55. During the Period at Issue, CH3 did not engage in any substantial business activities related to the generation of income in Illinois sufficient to satisfy the Commerce Clause for corporate income tax purposes.
56. The Department asserts that the mere presence of Illinois-based customers of CH3, a disregarded entity of CHT, is sufficient to create nexus for EPIC, a corporate partner in CHT.
57. The Department's claim that EPIC is required to file an Illinois income tax return violates the "substantial nexus" requirement under the Commerce Clause and is in error.

WHEREFORE, EPIC prays the Tax Tribunal find and enter an order determining that the Department's assessments violate the Commerce Clause of the U.S. Constitution and must be abated in their entirety, along with such other and further relief as the Tax Tribunal deems appropriate in this matter.

COUNT III

IMPOSITION OF ILLINOIS INCOME TAX ON EPIC INSURANCE VIOLATES THE DUE PROCESS CLAUSE OF THE U.S. CONSTITUTION

58. EPIC hereby reincorporates and realleges the allegations set for in paragraphs 1 through 57 as if fully stated herein.
59. The Due Process Clause of the United States Constitution provides that "no . . . State [shall] deprive any person of life, liberty, or property without due process of law." U.S. Const. Amend. 14, § 1.
60. For a state to tax income generated in interstate commerce, the Due Process Clause of the Fourteenth Amendment imposes two requirements: (1) a "minimal connection" between the interstate activities and

the taxing state, and (2) a rational relationship between the income attributed to the state and the intrastate values of the enterprise. *Mobil Oil Corp. v. Comm’r of Taxes of Vt.*, 445 U.S. 425, 436-37 (1980).

61. In order to establish such a “minimal connection” with the taxing state, a taxpayer must “purposefully avail itself of the benefits of an economic market” in the state.” *Scioto Ins. Co. v. Oklahoma Tax Commission*, 279 P.3d 782, 786 (2012).
62. During the Period at Issue, EPIC did not engage in any substantial business activities in Illinois.
63. During the Period at Issue, CHT did not engage in any substantial business activities in Illinois.
64. During the Period at Issue, CH3 did not engage in any substantial business activities in Illinois.
65. The Department asserts that the mere presence of Illinois-based customers of CH3, a disregarded entity of CHT, is sufficient to create nexus for EPIC, a corporate partner in CHT.
66. During the Period at Issue, EPIC did not have a minimum connection with Illinois to be subject to income tax in the state and there is no rational relationship between the income the Department contends is attributable to Illinois and the intrastate values of the enterprise.
67. The Department’s claim that EPIC is required to file an Illinois income tax return violates the Due Process Clause of the U.S. Constitution and is in error.

WHEREFORE, EPIC prays the Tax Tribunal find and enter an order determining that the Department’s assessments violate the Due Process Clause of the U.S. Constitution and must be abated in their entirety, along with such other and further relief as the Tax Tribunal deems appropriate in this matter.

COUNT IV

IN THE ALTERNATIVE, EVEN IF ILLINOIS LAW SOMEHOW PROVIDES AN ECONOMIC NEXUS STANDARD FOR CORPORATE INCOME TAX PURPOSES DESPITE NO EXPRESS STATUTORY PROVISION, CH3'S SALES TO ILLINOIS CUSTOMERS ARE *DE MINIMIS* AND DO NOT EXCEED ILLINOIS' MINIMUM THRESHOLDS PROVIDED FOR STATUTORY ECONOMIC NEXUS FOR SALES / USE TAX PURPOSES

68. EPIC hereby reincorporates and realleges the allegations set forth in paragraphs 1 through 67 as if fully stated herein.
69. For corporate income tax purposes, Illinois law does not provide an economic nexus standard. See 35 ILCS 5/201(a).
70. For corporate income tax purposes, Illinois law does not provide economic nexus minimum sales or transactions thresholds. *Id.*
71. For sales / use tax purposes for periods beginning October 1, 2018, Illinois requires out-of-state retailers to collect and remit Illinois tax if, in a 12-month period, “(A) the cumulative gross receipts from sales of tangible personal property to purchasers in Illinois are \$100,000 or more; or (B) the retailer enters into 200 or more separate transactions for the sale of tangible personal property to purchasers in Illinois.” 35 ILCS 5/105(2).
72. Even if Illinois somehow provides an economic nexus standard for corporate income tax purposes despite no express statutory provision, CH3’s sales and transactions are *de minimis* and do not exceed the minimum thresholds provided for purposes of determining statutory nexus for Illinois sales / use tax purposes.
73. CH3’s sales to customers located in Illinois did not exceed \$100,000 for any of the relevant tax years during the Period at Issue.
74. CH3 did not enter into more than 200 transactions with customers located in Illinois for any of the relevant tax years during the Period at Issue

75. CH3 primarily engaged in intercompany transactions with affiliates located in Dublin, Ohio during the Period at Issue.

76. To the extent Illinois law somehow provides an economic nexus standard for corporate income tax purposes despite no express statutory provision, CH3's sales are *de minimis* and are neither greater than \$100,000 nor above 200 in volume in a 12-month period.

WHEREFORE, EPIC prays the Tax Tribunal find and enter an order determining that the Department's assessments violate Illinois law and must be abated in their entirety, along with such other and further relief as the Tax Tribunal deems appropriate in this matter.

COUNT V

IN THE ALTERNATIVE, EVEN IF ILLINOIS LAW SOMEHOW PROVIDES AN ECONOMIC NEXUS STANDARD FOR CORPORATE INCOME TAX PURPOSES DESPITE NO EXPRESS STATUTORY PROVISION, CH3'S SALES TO ILLINOIS CUSTOMERS ARE *DE MINIMIS* AND DO NOT EXCEED THE MINIMUM THRESHOLDS REQUIRED UNDER THE COMMERCE CLAUSE OF THE U.S. CONSTITUTION

77. EPIC hereby reincorporates and realleges the allegations set forth in paragraphs 1 through 76 as if fully stated herein.

78. The Commerce Clause of the United States Constitution provides that Congress shall have the power to regulate commerce among the several states. U.S. Const. Art. I, § 8, cl. 3.

79. A state tax imposed on out-of-state entities will survive Commerce Clause scrutiny only if: (1) there is a substantial nexus between the out-of-state entity and the taxing state; (2) the tax is fairly apportioned; (3) the tax does not discriminate; and (4) the tax is fairly related to the services provided by the state.

Complete Auto Transit, Inc. v. Brady, 430 U.S. 274 (1977).

80. For corporate income tax purposes, Illinois law does not provide an economic nexus standard. See 35 ILCS 5/201(a).

81. For corporate income tax purposes, Illinois law does not provide economic nexus minimum sales or transactions thresholds. *Id.*
82. For sales / use tax purposes, the United States Supreme Court has held that economic nexus thresholds of \$100,000 in sales or 200 transactions in volume in a 12-month period satisfy the “substantial nexus” prong of the *Complete Auto* test for Commerce Clause purposes. *South Dakota v. Wayfair, Inc.*, 138 S.Ct. 2080 (2018).
83. The holding in *Wayfair* is limited to sales / use tax and does not apply for purposes of determining whether a taxpayer has nexus with a particular state for income tax purposes. *See id.*
84. Even if Illinois somehow provides an economic nexus standard for corporate income tax purposes despite no express statutory provision, and *Wayfair* is somehow controlling for corporate income tax purposes, CH3’s sales and transactions are *de minimis* and do not exceed the thresholds approved in *Wayfair* for purposes of evaluating whether a state has the right to impose a tax under the Commerce Clause.
85. CH3’s sales to customers located in Illinois did not exceed \$100,000 for any of the relevant tax years during the Period at Issue.
86. CH3 did not enter into more than 200 transactions with customers located in Illinois for any of the relevant tax years during the Period at Issue.
87. CH3 primarily engaged in intercompany transactions with affiliates located in Dublin, Ohio during the Period at Issue.
88. To the extent Illinois law somehow provides an economic nexus standard for corporate income tax purposes despite no express statutory provision, and *Wayfair* is somehow controlling for corporate income tax purposes, CH3’s sales are *de minimis* and are neither greater than \$100,000 nor above 200 transactions in volume in a 12-month period.

WHEREFORE, EPIC prays the Tax Tribunal find and enter an order determining that the Department's assessments violate the Commerce Clause of the U.S. Constitution and must be abated in their entirety, along with such other and further relief as the Tax Tribunal deems appropriate in this matter.

COUNT VI

PENALTIES ASSESSED BY THE DEPARTMENT MUST BE ABATED

89. EPIC hereby restates and realleges the allegations contained in paragraphs 1 through 88 as if fully set forth herein.
90. All penalties assessed for the Period at Issue must be abated in full, regardless of the Tax Tribunal's determinations on Counts I through VI.
91. Specifically, the Department's Notice and Explanation of Audit Adjustments imposes a UPIA-5 late payment penalty of \$118,609.80 for the tax year ending 2011.
92. Specifically, the Department's Notice and Explanation of Audit Adjustments imposes a UPIA-5 late payment penalty of \$70,642.05, and a late estimated payment or underpayment penalty of \$59,304.90 for the tax year ending 2012.
93. Specifically, the Department's Notice and Explanation of Audit Adjustments imposes a UPIA-5 late payment penalty of \$52,545.09, and a late estimated payment or underpayment penalty of \$72,754.74 for the tax year ending 2013.
94. Specifically, the Department's Notice and Explanation of Audit Adjustments imposes a UPIA-5 late payment penalty of \$40,404.72, and a late estimated payment or underpayment penalty of \$55,944.99 for the tax year ending 2014.
95. The Department's penalty assessments during the Period at Issue must be abated in full for reasonable cause.

96. Under Illinois law, no penalty shall be imposed on a taxpayer if his failure to pay tax was due to reasonable cause. 35 ILCS 735/3-8.
97. Under Illinois regulations, “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 his proper tax liability in a timely fashion.” Ill. Admin. Code tit. 86, § 700.400(b).
98. A taxpayer is considered to have made a good faith effort to determine and file and pay his tax liability if “he exercised ordinary business care and prudence in doing so.” Ill. Admin. Code tit. 86, § 700.400(c).
99. The taxpayer’s filing history is also considered in determining whether the taxpayer acted in good faith. Ill. Admin. Code tit. 86, § 700.400(d).
100. EPIC made a good faith effort to comply with all applicable laws in preparing its 2011, 2012, 2013, and 2014 tax returns and timely submitting the tax due and was not reckless, careless or negligent in doing so.
101. EPIC exercised ordinary business care and prudence in determining its proper tax liability and filing and paying its proper liability during the Period at Issue in a timely fashion.
102. EPIC has a history of timely filing corporate income tax in states where it has a taxable nexus and paying its corporate income tax liabilities in a timely manner.
103. Assessment of penalties is not appropriate where the assessment of tax results from reasonable differences of opinion as to the tax liability.
104. Reasonable differences of opinion exist here such that even if assessment of the additional tax at issue here is deemed appropriate, assessment of penalties for the Period at Issue is not.
105. All penalties imposed by the Department during the Period at Issue must be abated for reasonable cause.

WHEREFORE, EPIC prays the Tax Tribunal enter an order abating the assessed penalty amounts in full and such other relief the Tax Tribunal deems appropriate in this matter.

DATED: May 16, 2019

Theodore R. Bots (Theodore.Bots@bakermckenzie.com)
Roman Patzner (Roman.Patzner@bakermckenzie.com)
Baker McKenzie LLP
300 E. Randolph, Ste. 5000
Chicago, IL 60601
Tel. (312)-861-8000
Fax. (312)-698-2004

Respectfully submitted,



An Attorney for Petitioner

EXHIBIT A



Illinois Department of Revenue IL-2848 Power of Attorney



Read this information first

Submit your completed form to REV.POA@Illinois.gov. Do not attach to your tax return. You also may be required to provide a copy of this form to a representative of the Illinois Department of Revenue. This power of attorney automatically expires 10 years from the date it is signed. If you do not properly complete this form, you will be required to submit a new Form IL-2848. See the instructions for additional information. **Note:** A separate form may need to be completed for each taxpayer. An asterisk (*) below indicates a required field.

Step 1: Complete the following taxpayer information

EPIC Insurance Company, Inc. & Affiliates		03-0461286
Name of individual or business*		Identification number (i.e., FEIN or SSN)* - All nine digits required.
7000 Cardinal Place		13687-17728
Street address*		Illinois Account ID (if known)
Dublin	OH	43017
City*	State*	ZIP*
		(614) 757-5000
		Daytime phone number*

Step 2: Identify the authorized agent or fiduciary executing this form - Signature required in Step 6

Complete the following if the taxpayer is a corporation, partnership, trust, or estate (i.e., not an individual taxpayer) or if someone other than the taxpayer is authorizing the power of attorney and the taxpayer is an individual. If you are not the taxpayer and you already have been designated by the courts as power of attorney, do not complete this form. Instead complete Form IL-56, Notice of Fiduciary Relationship. See instructions for who can execute this form.

Wayne Robinson	Vice President - Tax	
Name*	Title*	
7000 Cardinal Place	(614) 757-5000	
Street address*	Daytime phone number*	
Dublin		
City*	State*	ZIP*
Email address		

Step 3: Identify the representative(s) - If more than two representatives, list the total number here: _____

Attach a copy of page one for every two additional representatives. (See instructions.) **Note:** If any representative listed is a person who is not an attorney, a certified public accountant, or an enrolled agent, you must complete the notary section of Step 6.

The taxpayer named above appoints the following representative as attorney-in-fact:

Theodore R. Bots

Name of individual*

Check one: (if applicable) ☒ Attorney ☐ CPA ☐ Enrolled agent

Baker & McKenzie LLP

Name of firm, if applicable

6224515

Identification number (Attorney License No., PTIN, FEIN, or SSN)* - See Instr.

300 E. Randolph, Suite 5000

Street address*

Chicago

IL

60601

City*

State*

ZIP*

(312) 861-8845 (312) 698-2004

Daytime phone number* Fax number

theodore.bots@bakermckenzie.com

Email address

Roman Patzner

Name of individual*

Check one: (if applicable) ☒ Attorney ☐ CPA ☐ Enrolled agent

Baker & McKenzie LLP

Name of firm, if applicable

6300525

Identification number (Attorney License No., PTIN, FEIN, or SSN)* - See Instr.

300 E. Randolph, Suite 5000

Street address*

Chicago

IL

60601

City*

State*

ZIP*

(312) 861-8945 (312) 698-2373

Daytime phone number* Fax number

roman.patzner@bakermckenzie.com

Email address

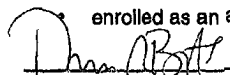
☒ Check this box if you want to authorize the Department to send duplicate copies of notices to the representative listed above.

☒ Check this box if you want to authorize the Department to send duplicate copies of notices to the representative listed above.

Complete the following if a box above is checked to indicate that the representative is an attorney, CPA, or enrolled agent

I declare that I am not currently under suspension or disbarment and that I am

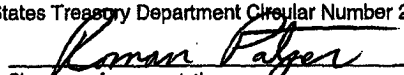
- a member in good standing of the bar of the highest court of the jurisdiction indicated below; or
- duly qualified to practice as a certified public accountant in the jurisdiction indicated below; or
- enrolled as an agent pursuant to the requirements of United States Treasury Department Circular Number 230.

 5/3/2019

Signature of representative Date

Theodore Bots IL

Print name Jurisdiction (state(s), etc.)

 5/3/2019

Signature of representative Date

Roman Patzner IL

Print name Jurisdiction (state(s), etc.)

Step 4: Revocation of power of attorney appointments

This power of attorney revokes all powers of attorney on file with the Illinois Department of Revenue with respect to the same matters and years or periods covered. If you do not want to revoke prior powers of attorney, check this box: ☐

Step 5: Identify the tax matters and the type of appointment — Designate the Tax Matters to which the power of attorney applies and the Type of Appointment.**Tax Matters**

Illinois Corporate Income Tax

Tax Type/Tax Form(s) or Notices*

Tax Periods Ending 6/30/2011-6/30-2014

Tax Year(s) or Filing Period(s)*

Tax Type/Tax Form(s) or Notices

Tax Year(s) or Filing Period(s)

Tax Type/Tax Form(s) or Notices

Tax Year(s) or Filing Period(s)

Type of Appointment — Check either General or Specific Appointment. Do not check both boxes. See Instructions.☐ **General Appointment**

The attorneys-in-fact named above shall have, subject to revocation, full power of attorney to perform any act that the principals can and may perform, including the authority to receive and discuss confidential information for the tax matters listed above.

☒ **Specific Appointment**

The attorneys-in-fact named above shall have, subject to revocation, power of attorney to receive and discuss with the Illinois Department of Revenue confidential information for the tax matters listed above and to perform only those additional acts that the principals can and may perform designated below. (Check the following, as applicable.)

- ☐ **Yes** Endorse or collect checks in payment of refunds.
- ☐ **Yes** Receive checks in payment of any refund of Illinois taxes, penalties, or interest.
- ☒ **Yes** Execute waivers (including offers of waivers) of restrictions on assessment or collection of deficiencies in tax and waivers of notice of disallowance of a claim for credit or refund.
- ☒ **Yes** Execute consents extending the statutory period for assessments or collection of taxes.
- ☒ **Yes** Delegate authority or substitute another representative.
- ☒ **Yes** Execute offers in compromise or settlement of tax liability.
- ☒ **Yes** Represent the taxpayer before the Illinois Department of Revenue in administrative hearings or the Illinois Independent Tax Tribunal (requiring representation by an attorney).
- ☒ **Yes** Represent the taxpayer before the Illinois Department of Revenue in proceedings other than administrative hearings, such as proceedings before the Informal Conference Board or the Board of Appeals.
- ☒ **Yes** Obtain a private letter ruling on behalf of the taxpayer.
- ☐ **Yes** Other (Please describe.)

Step 6: Signature (Required) - This form must be signed by the taxpayer listed in Step 1 or the individual listed in Step 2.

If signing as a corporate officer, partner, fiduciary, or individual on behalf of the taxpayer, I certify that I have the authority to execute this power of attorney on behalf of the taxpayer.

Taxpayer's Signature*

Wayne Robinson

Print name*

Vice President, Tax

Title, if applicable

Date*

5/2/19

Spouse's signature (required if spouse is listed in Step 1)

Print name

Date

Complete the following if any representative listed in Step 3 is a person other than an attorney, a certified public accountant, or an enrolled agent.

If the power of attorney is granted to a person other than an attorney, a certified public accountant, or an enrolled agent, this document must be witnessed or notarized below. Please check and complete one of the following:

Any person signing as or for the taxpayer

- ☐ Is known to and this document is signed in the presence of the two disinterested witnesses whose signatures appear here, OR

Signature of witness

Date

Signature of witness

Date

- ☐ appeared this day before a notary public and acknowledged this power of attorney as his or her voluntary act and deed.

Signature of notary

Date

Notary seal

EXHIBIT B

Notice of Deficiency

for Form IL-1120, Corporation Income and Replacement Tax Return



#BWNKMGV
#CNXX XX7X 8812 3688#
EPIC INSURANCE COMPANY
7000 CARDINAL PL
DUBLIN OH 43017-1091

March 19, 2019



Letter ID: CNXXXXX7X88123688

Taxpayer ID: 03-0461286
Audit ID: A2143272960
Reporting period: June 2011
Total Deficiency: \$851,033.64
Balance due: \$851,033.64

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 the "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 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**, file a protest with us, the Illinois Department of Revenue, within **60 days** of the date 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 and administrative hearing. 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. 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 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.

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

Sincerely,

David Harris
Director

ILLINOIS DEPARTMENT OF REVENUE
AUDIT BUREAU
PO BOX 19012
SPRINGFIELD IL 62794-9012
(217) 782-8064

REDACTED

Notice of Deficiency

for Form IL-1120, Corporation Income and Replacement Tax Return



#BWNKMGV
#CNXX XX44 X376 9122#
EPIC INSURANCE COMPANY
7000 CARDINAL PL
DUBLIN OH 43017-1091

March 19, 2019



Letter ID: CNXXXX44X3769122

Taxpayer ID: 03-0461286
Audit ID: A2143272960
Reporting period: June 2012
Total Deficiency: \$1,089,006.70
Balance due: \$1,089,006.70

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 the "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 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.).
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Sincerely,

David Harris
Director

ILLINOIS DEPARTMENT OF REVENUE
AUDIT BUREAU
PO BOX 19012
SPRINGFIELD IL 62794-9012
(217) 782-8064

REDACTED

Notice of Deficiency

for Form IL-1120, Corporation Income and Replacement Tax Return



#BWNKMGV
#CNXX XX29 8368 56X1#
EPIC INSURANCE COMPANY
7000 CARDINAL PL
DUBLIN OH 43017-1091

March 19, 2019



Letter ID: CNXXXX29836856X1

Taxpayer ID: 03-0461286
Audit ID: A1615749120
Reporting period: June 2013
Total Deficiency: \$1,089,865.84
Balance due: \$1,089,865.84

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 the "Illinois Department of Revenue", write your taxpayer ID on your check, and mail a copy of this notice along with your payment.

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

Sincerely,

David Harris
Director

ILLINOIS DEPARTMENT OF REVENUE
AUDIT BUREAU
PO BOX 19012
SPRINGFIELD IL 62794-9012
(217) 782-8064

REDACTED

Notice of Deficiency

for Form IL-1120, Corporation Income and Replacement Tax Return



#BWNKMGV
#CNXX XX62 3735 5X43#
EPIC INSURANCE COMPANY
7000 CARDINAL PL
DUBLIN OH 43017-1091

March 19, 2019



Letter ID: CNXXXX6237355X43

Taxpayer ID: 03-0461286
Audit ID: A1615749120
Reporting period: June 2014
Total Deficiency: \$824,932.32
Balance due: \$824,932.32

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 the "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.

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

Sincerely,

David Harris
Director


ILLINOIS DEPARTMENT OF REVENUE
AUDIT BUREAU
PO BOX 19012
SPRINGFIELD IL 62794-9012
(217) 782-8064

REDACTED

CERTIFICATE OF SERVICE

I hereby certify that on May 16, 2019 a copy of the foregoing Petition has been duly served by U.S. mail, first-class, postage prepaid, on the Illinois Department of Revenue at the following address:

Illinois Department of Revenue
Office of Legal Services
100 W. Randolph St., Level 7-900 (7th Floor Thompson Center)
Chicago, Illinois 60601



Baker & McKenzie LLP
300 East Randolph Street, Suite 5000
Chicago, Illinois 60601
312-861-8000