

7. Midwest was a digital new media reseller and systems integrator in the central United States, offering the latest technological advances in storage and media management solutions as well as data distribution systems from leading manufacturers. Midwest ceased doing business in 2013.

8. The Department is an agency of the Executive Department of the State Government and is tasked with the enforcement and administration of Illinois tax laws. 20 ILCS 5/5-15.

NOTICES

9. On February 19, 2014, Defendants issued two Collection Action Notices (“Notices”) to Petitioners, asserting that Petitioners are personally liability for penalties incurred by Midwest. A true and accurate copy of the Notices are attached hereto as Exhibit A.

JURISDICTION

10. Petitioners bring this action pursuant to the Illinois Independent Tax Tribunal Act (“Tribunal Act”), 35 ILCS 1010/1-1 to 35 ILCS 1010/1-100.

11. The Tribunal has jurisdiction over this matter pursuant to Sections 1-15, 1-45, and 1-50 of the Tribunal Act because Petitioners timely filed this Petition within 60 days of the Notice.

BACKGROUND

12. Unless otherwise indicated, all allegations in this Petition relate to the tax periods covering June 30, 2009; December 31, 2010; March 31, 2011; and February 28, 2013 (“Periods in Issue”).

13. Petitioners were managers of Midwest until it ceased doing business in 2013.

14. Midwest was an authorized reseller of Avid Technology, Inc. software licenses.

15. Because the sale of the software licenses qualified as exempt software under 86 Ill. Admin. Code 130.1935(a)(1), Midwest did not collect sales tax on the licenses.

16. Initially, Defendants audited Midwest for the sales and use tax periods from January 2001 through November 2003.

17. On audit, Defendants took the position that because the written agreement was entered electronically, the software licenses did not qualify as exempt software.

18. On November 18, 2008, Defendants issued two Notices of Tax Liability for the periods from January 1, 2002 through November 31, 2003. Copies of the Notices are attached hereto as Exhibit B.

19. Midwest protested the Notices for the periods from January 1, 2002 through November 31, 2003.

20. Despite the strength of its legal arguments, Midwest withdrew its protest and paid all taxes due for the periods from January 1, 2001 through November 30, 2003 under amnesty.

21. Because the amnesty provisions did not provide for abatement of penalties for the periods from January 1, 2001 through May 31, 2002, Midwest filed a Board of Appeals Petition for the periods from January 2001 through June 2002.

22. On October 9, 2012, the Board of Appeals waived all penalties and interest for the periods from January 2001 through June 2002. A notice of the Order waiving penalties and interest is attached hereto as Exhibit C.

23. For tax periods January 1, 2004 through November 30, 2004; December 1, 2004 through June 30, 2009; and July 1, 2009 through December 31, 2010, the Defendants issued additional Notices of Assessment based on the same legal issue that related to the periods from

January 1, 2001 through November 30, 2003. Copies of the Notices are attached hereto as Exhibit D.

24. Although Midwest paid all tax owed, some payments were attributed to penalties and interest rather than tax owed.

25. On January 8, 2013, Midwest filed another Board of Appeals petition, requesting that penalties and interest for the subsequent periods be waived as well.

26. To date, the Board of Appeals has not ordered as to whether interest and penalties should be abated for these periods.

27. On February 19, 2014, Defendants issued the Notices indicating that Petitioners are personally liable for outstanding penalties covering the periods including June 30, 2009; December 31, 2010; March 31, 2011; and February 28, 2013, despite the fact that Midwest is currently petitioning the Board to waive penalties through December 31, 2010.

COUNT I

Petitioner Connolly was not Responsible for Midwest's Tax Filings and Cannot be Personally Liable for Penalties Assessed Against Midwest

28. Petitioners reallege and incorporate by this reference the allegations made in paragraphs 1 through 27, inclusive, hereinabove.

29. Under 35 ILCS 735/3-7, any officer or employee of any taxpayer subject to tax administered by Defendants who has the control, supervision, or responsibility of filing returns and making payment of the amount of any trust tax and who willfully fails to file a return or make a payment to Defendants shall be personally liable for a penalty equal to the total amount of tax unpaid by the taxpayer including interest and penalties thereon.

30. Petitioner Connolly was not responsible for filing any Illinois sales tax returns or making Illinois tax payments for Midwest.

31. Petitioner Connolly did not willfully fail to file a return or make a payment.

32. Midwest did not believe tax was owed on the sales of the software licenses; thus, any failure to pay tax was not willful.

33. Defendants' determination that Petitioner Connolly is personally liable for the penalties relating to the periods at issue has no basis in law and cannot be sustained.

WHEREFORE, Petitioners pray that the Tribunal enter an order that:

- (a) Declares Petitioner Connolly is not subject to penalties;
- (b) enters judgment in favor of Petitioner Connolly and against the Defendants and cancels the Collection Action Notice;
- (c) grants such further relief as the Tribunal deems appropriate under the circumstances.

COUNT II

Petitioner McDonald Should Not Be Held Personally Liable for Penalties Assessed Against Midwest

34. Petitioners reallege and incorporate by this reference the allegations made in paragraphs 1 through 33, inclusive, hereinabove.

35. Under 35 ILCS 735/3-7, any officer or employee of any taxpayer subject to tax administered by Defendants who has the control, supervision, or responsibility of filing returns and making payment of the amount of any trust tax and who willfully fails to file a return or make a payment to Defendants shall be personally liable for a penalty equal to the total amount of tax unpaid by the taxpayer including interest and penalties thereon.

36. Petitioner McDonald did not willfully fail to file a return or make a payment.

37. Midwest did not believe tax was owed on the sales of the software licenses; thus, any failure to pay tax was not willful.

38. Defendants' determination that Petitioner McDonald is personally liable for the penalties relating to the periods at issue has no basis in law and cannot be sustained.

WHEREFORE, Petitioners pray that the Tribunal enter an order that:

- (a) Declares Petitioner McDonald is not subject to penalties;
- (b) enters judgment in favor of Petitioner McDonald and against the Defendants and cancels the Collection Action Notice;
- (c) grants such further relief as the Tribunal deems appropriate under the circumstances.

COUNT III

Defendants' Imposition of Penalties Against Petitioners is Premature and Moot

39. Petitioners reallege and incorporate by this reference the allegations made in paragraphs 1 through 38, inclusive, hereinabove.

40. The same penalties being assessed against Petitioners have been assessed against Midwest.

41. Midwest has filed a Board of Appeals petition requesting an abatement of the penalties and interest.

42. For the periods from January 2001 through June 2002, the Board of Appeals has already abated penalties and interest.

43. There is no distinction between the penalties at issue in the previous Board of Appeals petition and the petition currently at the Board of Appeals other than the sales tax periods at issue.

44. If the Board of Appeals abates the penalties and interest for Midwest for the Periods at Issue, the Collection Actions directed at Petitioners will be moot.

45. Defendants should not have pursued collection from any responsible officer or employee until the Board of Appeals made its final determination with respect to Midwest.

46. Defendants' determination that Petitioners are personally liable for the penalties relating to the periods at issue is thus premature and not supported by law or fact.

WHEREFORE, Petitioners pray that the Tribunal enter an order that:

- (a) Declares Petitioners are not subject to penalties;
- (b) enters judgment in favor of Petitioners and against the Defendants and cancels the Collection Action Notice;
- (c) grants such further relief as the Tribunal deems appropriate under the circumstances.

COUNT IV

Petitioners are not Liable for Tax Periods After December 31, 2010 Because There is no Liability for Those Periods

47. Petitioners reallege and incorporate by this reference the allegations made in paragraphs 1 through 46, inclusive, hereinabove.

48. For the Periods in Issue, Midwest only received Notices of Assessment for periods through December 31, 2010.

49. No Notices of Assessment were issued for the periods marked on the Collection Action Notice as March 31, 2011 or February 28, 2013.

50. Because no Notices were issued, no tax, interest, or penalties were unpaid by Midwest for the periods after December 31, 2010.

51. For an officer or employee to be personally liable for unpaid tax, interest, or penalties, the liabilities must be unpaid by the taxpayer. 35 ILCS 735/3-7(a).

52. Because no tax was due for the periods after December 31, 2010, Petitioners are not liable for tax, penalties, or interest for those periods.

WHEREFORE, Petitioners pray that the Tribunal enter an order that:

- (a) Declares Petitioners are not subject to penalties for periods after December 31, 2010;
- (b) enters judgment in favor of Petitioners and against the Defendants and cancels the Collection Action Notice;
- (c) grants such further relief as the Tribunal deems appropriate under the circumstances.

COUNT V

Petitioners are Entitled to a Credit for Payments Made Against Any Existing Liability

53. Petitioners reallege and incorporate by this reference the allegations made in paragraphs 1 through 52, inclusive, hereinabove.

54. For the Periods in Issue, Defendants did not apply Midwest's payments to tax due first.

55. For the period ending June 30, 2009, Defendants applied \$86,948.93 of Midwest's payments despite the tax liability being only \$67,036 in tax for that period.

56. In the event the Board of Appeals abates penalties and interest for this period, the resulting overpayment should be applied to any tax liabilities that remain.

WHEREFORE, Petitioners pray that the Tribunal enter an order that:

- (a) Applies all payments made by Midwest to Midwest's tax liabilities;

- (b) enters judgment in favor of Petitioners and against the Defendants and cancels the Collection Action Notice;
- (c) grants such further relief as the Tribunal deems appropriate under the circumstances.

Respectfully submitted,

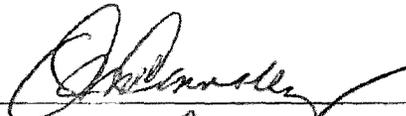
**JOHN M. CONNOLLY and
MICHAEL R. McDONALD**
Petitioners

By: 
One of Petitioners' Attorneys

Fred O. Marcus
Christopher T. Lutz
Horwood Marcus & Berk Chartered
500 W. Madison Street, Suite 3700
Chicago, IL 60661
(312) 606-3200

VERIFICATION

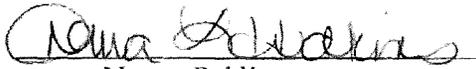
Under penalties as provided by law pursuant to Section 1-109 of the Illinois Code of Civil Procedure, the undersigned certifies that the statements set forth in the foregoing **Petition** are true, accurate and correct.

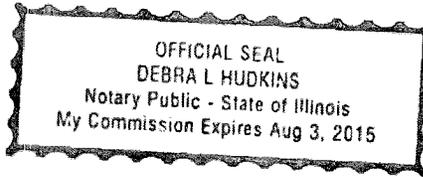
By: 

Name: JOHN CONNOLLY

Its:

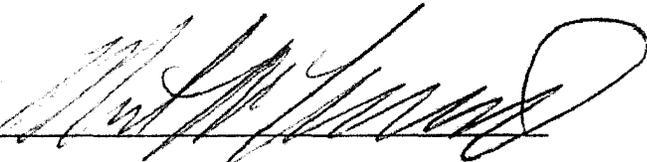
Subscribed and Sworn to before me
this 1 day of ~~March~~, 2014
April


Notary Public



VERIFICATION

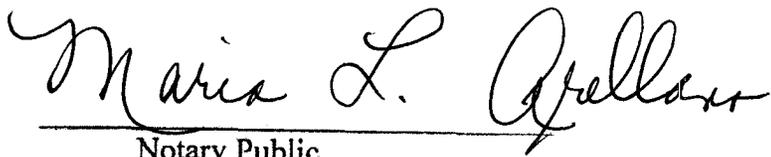
Under penalties as provided by law pursuant to Section 1-109 of the Illinois Code of Civil Procedure, the undersigned certifies that the statements set forth in the foregoing **Petition** are true, accurate and correct.

By: 

Name: MIKE McDONALD

Its: Vice President

Subscribed and Sworn to before me
this 15th day of ~~March~~, 2014
APRIL



Notary Public



EXHIBIT A

Collection Action
Assessment and Notice of Intent



February 19, 2014



Letter ID: L1745572704

JOHN M. CONNOLLY
[REDACTED]

Taxpayer ID: [REDACTED]
NPL Penalty ID: 1600494

MIDWEST MEDIA GROUP INC
316 N MILWAUKEE ST
567
MILWAUKEE, WI 53202-5888

**We have determined you are personally liable
for a penalty of \$55,168.62.**

The penalty is equal to the amount of unpaid liability of MIDWEST MEDIA GROUP INC, due to your status as a responsible officer, partner, or individual of MIDWEST MEDIA GROUP INC.

Illinois law (35 ILCS 735/3-7) provides that any person who has control, supervision, or responsibility of filing returns or making payments for a taxpayer, and who willfully fails to do so, shall be personally liable for a penalty equal to the amount of tax due including penalty and interest.

Pay us \$55,168.62. Your payment must be guaranteed (*i.e.*, cashier's check, money order) and made payable to the Illinois Department of Revenue. Send or bring it to us at the address below.

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

- **If the amount of this liability 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 **April 20, 2014**. Your request must be in writing, clearly indicate that you want to protest, and explain in detail why you do not agree with our actions. 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 notice.
- **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 the debt remains unpaid and this penalty becomes final, we intend to take collection enforcement action against you personally to collect this debt. Collection action can include the seizure and sale of your assets, and levy of your wages and bank accounts.

TRACI SKEETERS
100% PENALTY UNIT
ILLINOIS DEPARTMENT OF REVENUE
PO BOX 19035
SPRINGFIELD IL 62794-9035

For information about
› how to pay
› submitting proof
› collection actions

Turn page

217 782-9904 ext. 31614
217 785-2635 fax

Collection Action
Assessment and Notice of Intent



February 19, 2014



Letter ID: L1745572704

JOHN M. CONNOLLY
[Redacted]

Taxpayer ID: [Redacted]
NPL Penalty ID: 1600494

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: 3189-5131

Period	Tax	Penalty	Interest	Other	Payments/Credits	Balance
30-Jun-2009	67,036.00	19,229.00	30,679.00	-	(86,948.93)	29,995.07
31-Dec-2010	9,690.00	1,556.00	484.00	-	(9,690.00)	2,040.00
31-Mar-2011	20,193.00	2,419.30	1,169.77	-	(750.00)	23,032.07
28-Feb-2013	1,787.00	101.48	-	-	(1,787.00)	101.48

IDOR-SP-NPL (R-11/13)

Retain this portion for your records.

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

Collection Action

(R-12/08) (136)



Letter ID: L1745572704
JOHN M. CONNOLLY

Mail this voucher and your payment to:
ILLINOIS DEPARTMENT OF REVENUE
PO BOX 19035
SPRINGFIELD IL 62794-9035

Total amount due: \$55,168.62

Write the amount you are paying below.

\$ _____

Write your Taxpayer ID on your check.

Collection Action
Assessment and Notice of Intent



February 19, 2014



Letter ID: L1208701792

MICHAEL R. MCDONALD



Taxpayer ID: [REDACTED]

NPL Penalty ID: 1220525



MIDWEST MEDIA GROUP INC
316 N MILWAUKEE ST
567
MILWAUKEE, WI 53202-5888

**We have determined you are personally liable
for a penalty of \$55,168.62.**

The penalty is equal to the amount of unpaid liability of MIDWEST MEDIA GROUP INC, due to your status as a responsible officer, partner, or individual of MIDWEST MEDIA GROUP INC.

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Pay us **\$55,168.62**. Your payment must be guaranteed (*i.e.*, cashier's check, money order) and made payable to the Illinois Department of Revenue. Send or bring it to us at the address below.

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- 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 the debt remains unpaid and this penalty becomes final, we intend to take collection enforcement action against you personally to collect this debt. Collection action can include the seizure and sale of your assets, and levy of your wages and bank accounts.

RACI SKEETERS
100% PENALTY UNIT
ILLINOIS DEPARTMENT OF REVENUE
PO BOX 19035
SPRINGFIELD IL 62794-9035

17 782-9904 ext. 31614
17 785-2635 fax

DR-6P-NPL (R-11/13)

For information about
› how to pay
› submitting proof
› collection actions



Collection Action
Assessment and Notice of Intent



February 19, 2014



Letter ID: L1208701792

MICHAEL R. MCDONALD
[Redacted]

Taxpayer ID: [Redacted]
NPL Penalty ID: 1220525



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.

Account ID: 3189-5131

Sales/Use Tax & E911 Surcharge

Period	Tax	Penalty	Interest	Other	Payments/Credits	Balance
30-Jun-2009	67,036.00	19,229.00	30,679.00	-	(86,948.93)	29,995.07
31-Dec-2010	9,690.00	1,556.00	484.00	-	(9,690.00)	2,040.00
31-Mar-2011	20,193.00	2,419.30	1,169.77	-	(750.00)	23,032.07
28-Feb-2013	1,787.00	101.48	-	-	(1,787.00)	101.48

DOR-5P-NPL (R-11/13)

Retain this portion for your records.

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

Collection Action

(R-12/08) (136)



Letter ID: L1208701792
MICHAEL R. MCDONALD

Total amount due: \$55,168.62
Write the amount you are paying below.

Mail this voucher and your payment to:
ILLINOIS DEPARTMENT OF REVENUE
PO BOX 19035
SPRINGFIELD IL 62794-9035

\$ _____
Write your Taxpayer ID on your check.

EXHIBIT B

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



November 18, 2008



Letter ID: L2126976000

MIDWEST MEDIA GROUP INC
ATTN: MICHAEL MC DONALD
316 N MILWAUKEE ST STE 567
MILWAUKEE WI 53202-5888

Account ID: 3189-5131
Reporting periods: 01/2001 - 06/2002
Interest through: November 18, 2008



We have audited your account for the period of January 2001 through June 2002. Below is a summary of the balance, which includes a combination of Retailers' Occupation Tax, Service Occupation Tax, Use Tax, Service Use Tax, local taxes, and fees.

Tax remaining due	\$	43,932.00
Excess tax due	\$	0.00
Late-filing penalty	\$	0.00
Late-payment penalty	\$	17,573.00
Negligence or Fraud penalty	\$	0.00
Interest	\$	36,837.20
Payment/credit applied	\$	0.00
Balance	\$	98,342.20

If you later determine you have overpaid the notice, you may file a Form EDA-98-R, Claim Request for Audit of Sales and Use Taxes, along with any proof that you do not owe the amount stated in this notice. We will let you know whether we agree with your corrections or the supporting documentation you send us.

You may file a protest and request an administrative hearing within 60 days of the date of this notice, which is January 17, 2009. Your request must be in writing. Clearly indicate that you want to protest, and explain in detail why you do not agree with our actions. If you do not file a protest within the time allowed, you will give up your right to a hearing and this liability will become final. An administrative hearing is a formal legal proceeding conducted under the rules of evidence and presided over by an administrative law judge. You may be represented by your attorney. To protect your protest rights, Illinois statutes require the department to send this notice certified mail. A protest of this notice does not preserve your rights under any other notice.

If you have any questions, please visit our web site at tax.illinois.gov, write to the Illinois Department of Revenue, Sales Tax Processing Division, Technical Review, PO Box 19019, Springfield, IL, 62776-0001 or call 217 785-6579 weekdays between 8:30 a.m. and 4:30 p.m.

"Sales and Use Taxes" include Retailers' Occupation Tax, Use Tax, Service Occupation Tax, and Service Use Tax.

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, or by taking the issue to court.
- If you have overpaid your taxes, you have the right to a credit (or, in some cases, a refund) of that overpayment.
- For more information about these rights and other department procedures, you may write or call us. Our address and telephone number are on the front of this notice.

Penalty, Fee, Interest, and Credit Information

Note: A general explanation of the penalties, fees, and interest that may have been assessed is below. For more detailed information, including specific rates in effect for different liability periods, see Publication 103, Penalties and Interest for Illinois Taxes, available on our web site at tax.illinois.gov or by calling 1 800 356-6302.

- * You owe a late-filing penalty if you do not file a processable return by the due date.
- * You owe a late-payment penalty if you
 - are required to make quarter-monthly tax payments and do not do so, or do not pay the required amount by the payment due date.
 - do not pay the amount you owe by the original due date of the return.
- * You owe an additional late-payment penalty if you do not pay the full amount of tax required to be shown due on a return (and that is not shown) within 30 days of the date we send you a notice of arithmetic error or a final assessment.
- * You owe an underreporting penalty if you do not report the correct amount of tax required to be shown due on your return before the due date of the return.
- * You owe a bad check penalty if your remittance is not honored by your financial institution.
- * You owe a cost of collection fee if you do not pay the amount you owe (including penalties and interest) within 30 days of the date printed on an assessment.

Interest is charged on tax not paid when due and is calculated on tax from the day after the original due date of your return through the date you pay the tax. For returns due January 1, 1994, through December 31, 2000, interest also accrues on penalties.

The discount rate is 1.75 percent (.0175). If you made an error when figuring the discount, it is included in the tax calculation. You may not take a discount on returns filed late or on tax paid late.

The credit applied by the Department of Revenue is from a current credit balance in your account.

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



November 18, 2008



Letter ID: L0029824000

MIDWEST MEDIA GROUP INC
 ATTN: MICHAEL MC DONALD
 316 N MILWAUKEE ST STE 567
 MILWAUKEE WI 53202-5888

Account ID: 3189-5131
 Reporting periods: 07/2002 - 11/2003
 Interest through: November 18, 2008



We have audited your account for the period of July 2002 through November 2003. Below is a summary of the balance, which includes a combination of Retailers' Occupation Tax, Service Occupation Tax, Use Tax, Service Use Tax, local taxes, and fees.

Tax remaining due	\$	50,786.00
Excess tax due	\$	0.00
Late-filing penalty	\$	0.00
Late-payment penalty	\$	10,157.00
Negligence or Fraud penalty	\$	0.00
Interest	\$	17,791.53
Payment/credit applied	\$	0.00
Balance	\$	78,734.53

If you later determine you have overpaid the notice, you may file a Form EDA-98-R, Claim Request for Audit of Sales and Use Taxes, along with any proof that you do not owe the amount stated in this notice. We will let you know whether we agree with your corrections or the supporting documentation you send us.

You may file a protest and request an administrative hearing within 60 days of the date of this notice, which is January 17, 2009. Your request must be in writing. Clearly indicate that you want to protest, and explain in detail why you do not agree with our actions. If you do not file a protest within the time allowed, you will give up your right to a hearing and this liability will become final. An administrative hearing is a formal legal proceeding conducted under the rules of evidence and presided over by an administrative law judge. You may be represented by your attorney. To protect your protest rights, Illinois statutes require the department to send this notice certified mail. A protest of this notice does not preserve your rights under any other notice.

If you have any questions, please visit our web site at tax.illinois.gov, write to the Illinois Department of Revenue, Sales Tax Processing Division, Technical Review, PO Box 19019, Springfield, IL, 62776-0001 or call 217 785-6579 weekdays between 8:30 a.m. and 4:30 p.m.

50,786
 43,982
 100,768 TAX

"Sales and Use Taxes" include Retailers' Occupation Tax, Use Tax, Service Occupation Tax, and Service Use Tax.

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, or by taking the issue to court.
- If you have overpaid your taxes, you have the right to a credit (or, in some cases, a refund) of that overpayment.
- For more information about these rights and other department procedures, you may write or call us. Our address and telephone number are on the front of this notice.

Penalty, Fee, Interest, and Credit Information

Note: A general explanation of the penalties, fees, and interest that may have been assessed is below. For more detailed information, including specific rates in effect for different liability periods, see Publication 103, Penalties and Interest for Illinois Taxes, available on our web site at tax.illinois.gov or by calling 1 800 356-6302.

- * You owe a **late-filing penalty** if you do not file a processable return by the due date.
- * You owe a **late-payment penalty** if you
 - are required to make quarter-monthly tax payments and do not do so, or do not pay the required amount by the payment due date.
 - do not pay the amount you owe by the original due date of the return.
- * You owe an **additional late-payment penalty** if you do not pay the full amount of tax required to be shown due on a return (and that is not shown) within 30 days of the date we send you a notice of arithmetic error or a final assessment.
- * You owe an **underreporting penalty** if you do not report the correct amount of tax required to be shown due on your return before the due date of the return.
- * You owe a **bad check penalty** if your remittance is not honored by your financial institution.
- * You owe a **cost of collection fee** if you do not pay the amount you owe (including penalties and interest) within 30 days of the date printed on an assessment.

Interest is charged on tax not paid when due and is calculated on tax from the day after the original due date of your return through the date you pay the tax. For returns due January 1, 1994, through December 31, 2000, interest also accrues on penalties.

The discount rate is 1.75 percent (.0175). If you made an error when figuring the discount, it is included in the tax calculation. You may not take a discount on returns filed late or on tax paid late.

The credit applied by the Department of Revenue is from a current credit balance in your account.

EXHIBIT C



Illinois Department of Revenue
 Board of Appeals
 100 W. Randolph, Suite 7-339
 Chicago, IL 60601

Board of Appeals Order



Letter ID: L0658444672

FRED O MARCUS/BREEN HIGGINS
 HORWOOD MARCUS & BERK CHARTERED
 500 W MADISON ST SUITE 3700
 CHICAGO IL 60661

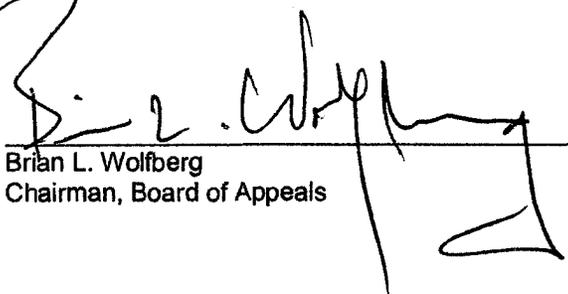
Taxpayer ID: 36-4419271
 Petition type: Reasonable Cause
 Docket no.: 11-1870

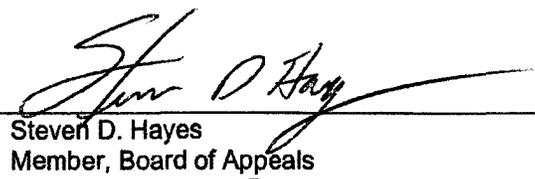
ORDER

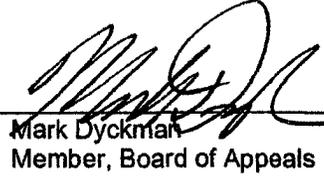
Re: MIDWEST MEDIA GROUP INC

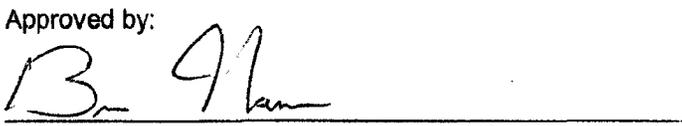
The Board of Appeals has examined the administrative record and waives penalty of \$17,621.00 and interest of \$44,102.32, plus any accrued interest, regarding Petitioner's Retailer's Occupation and Use tax liability for the period 1/01 through 6/02. The Board of Appeals also instructs the Illinois Department of Revenue Lien Unit to release any and all liens against the Petitioner, regarding this matter, as filed in error.

Petition Granted

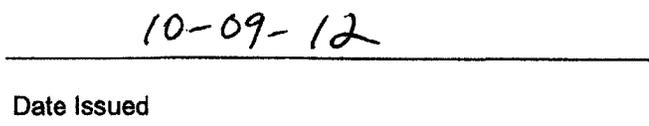

 Brian L. Wolfberg
 Chairman, Board of Appeals


 Steven D. Hayes
 Member, Board of Appeals


 Mark Dyckman
 Member, Board of Appeals

Approved by:


Brian Hamer
 Director, Illinois Department of Revenue


 Date Issued

BOA: RGL

EXHIBIT D

Notice of Assessment
for Form EDA-105-R, RQT Audit Report



#BWNKMGV
#CNXX XX22 5311 3927#
MIDWEST MEDIA GROUP INC
ATTN: MICHAEL MC DONALD
316 N MILWAUKEE ST STE 567
MILWAUKEE WI 53202-5888

October 30, 2012



Letter ID: CNXXXX2253113927

Account ID: 3189-5131



We have audited your account for the reporting periods January 01, 2004, through November 30, 2004. As a result we have assessed the amounts shown below:

To avoid cost of collection fees, additional penalties and interest for this assessment, you must pay on or before Nov 29, 2012.

If you agree, please use the voucher on the enclosed Taxpayer Statement to make your payment

If you later determine you have overpaid the assessment, you may file a Form EDA-98, Claim for Credit, along with any proof that you do not owe the amount stated in this assessment. We will let you know whether we agree with your corrections or the supporting documentation you send us.

	<u>Liability</u>	<u>Payments/Credit</u>	<u>Unpaid Balance</u>
Tax	15,988.00	(15,988.00)	0.00
Late Payment Penalty Increase	1,927.00	0.00	1,927.00
Interest	4,317.00	0.00	4,317.00
Assessment Total	\$22,232.00	(\$15,988.00)	\$6,244.00

If you have any questions, please write us or call our Springfield office weekdays between 8:00 a.m. and 4:00 p.m. Our address and telephone number are listed below.

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

217 785-6579

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, or by taking the issue to court.
- If you have overpaid your taxes, you have the right to a credit (or, in some cases, a refund) of that overpayment.
- For more information about these rights and other department procedures, you may write or call us. Our address and telephone number are on the front of this notice.

Penalty, Fee, Interest, and Credit Information

Note: A general explanation of the penalties, fees, and interest that may have been assessed is below. For more detailed information, including specific rates in effect for different liability periods, see Publication 103, Penalties and Interest for Illinois Taxes, available on our web site at tax.illinois.gov or by calling 1 800 356-6302.

- * You owe a **late-filing penalty** if you do not file a processable return by the due date.
- * You owe a **late-payment penalty** if you
 - are required to make quarter-monthly tax payments and do not do so, or do not pay the required amount by the payment due date.
 - do not pay the amount you owe by the original due date of the return.
- * You owe an **additional late-payment penalty** if you do not pay the full amount of tax required to be shown due on a return (and that is not shown) within 30 days of the date we send you a notice of arithmetic error or a final assessment.
- * You owe an **underreporting penalty** if you do not report the correct amount of tax required to be shown due on your return before the due date of the return.
- * You owe a **bad check penalty** if your remittance is not honored by your financial institution.
- * You owe a **cost of collection fee** if you do not pay the amount you owe (including penalties and interest) within 30 days of the date printed on an assessment.

Interest is charged on tax not paid when due and is calculated on tax from the day after the original due date of your return through the date you pay the tax. For returns due January 1, 1994, through December 31, 2000, interest also accrues on penalties.

The discount rate is 1.75 percent (.0175). If you made an error when figuring the discount, it is included in the tax calculation. You may not take a discount on returns filed late or on tax paid late.

The credit applied by the Department of Revenue is from a current credit balance in your account.

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



#BWNKMGV
#CNXX X129 9X53 2164#
MIDWEST MEDIA GROUP INC
ATTN: MICHAEL MC DONALD
316 N MILWAUKEE ST STE 587
MILWAUKEE WI 53202-5888

October 30, 2012



Letter ID: CNXXX1299X532164

Account ID: 3189-5131



We have audited your account for the reporting periods December 01, 2004, through June 30, 2009. As a result we have assessed the amounts shown below.

To avoid cost of collection fees, additional penalties and interest for this assessment, you must pay on or before Nov 29, 2012.

If you agree, please use the voucher on the enclosed Taxpayer Statement to make your payment.

If you later determine you have overpaid the assessment, you may file a Form EDA-98, Claim for Credit, along with any proof that you do not owe the amount stated in this assessment. We will let you know whether we agree with your corrections or the supporting documentation you send us.

	<u>Liability</u>	<u>Payments/Credit</u>	<u>Unpaid Balance</u>
Tax	67,036.00	(67,036.00)	0.00
Late Payment Penalty Increase	19,129.00	0.00	19,129.00
Interest	30,679.00	(10,471.00)	20,208.00
Assessment Total	\$116,844.00	(\$77,507.00)	\$39,337.00

If you have any questions, please write us or call our Springfield office weekdays between 8:00 a.m. and 4:00 p.m. Our address and telephone number are listed below.

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

217 785-6579

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- You have the right to appeal department decisions in many instances within specified time periods by asking for department review, or by taking the issue to court.
- If you have overpaid your taxes, you have the right to a credit (or, in some cases, a refund) of that overpayment.
- For more information about these rights and other department procedures, you may write or call us. Our address and telephone number are on the front of this notice.

Penalty, Fee, Interest, and Credit Information

Note: A general explanation of the penalties, fees, and interest that may have been assessed is below. For more detailed information, including specific rates in effect for different liability periods, see Publication 103, *Penalties and Interest for Illinois Taxes*, available on our web site at tax.illinois.gov or by calling 1 800 356-6302.

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 - do not pay the amount you owe by the original due date of the return.
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The discount rate is 1.75 percent (.0175). If you made an error when figuring the discount, it is included in the tax calculation. You may not take a discount on returns filed late or on tax paid late.

The credit applied by the Department of Revenue is from a current credit balance in your account.

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



#BVNKMVG
#CNXX XX76 2182 3X42#
MIDWEST MEDIA GROUP INC
ATTN: MICHAEL MC DONALD
316 N MILWAUKEE ST STE 567
MILWAUKEE WI 53202-5888

October 30, 2012



Letter ID: CNXXXX7621823X42

Account ID: 3189-5131



We have audited your account for the reporting periods July 01, 2009, through December 31, 2010. As a result we have assessed the amounts shown below.

To avoid cost of collection fees, additional penalties and interest for this assessment, you must pay on or before Nov 29, 2012.

If you agree, please use the voucher on the enclosed Taxpayer Statement to make your payment.

If you later determine you have overpaid the assessment, you may file a Form EDA-98, Claim for Credit, along with any proof that you do not owe the amount stated in this assessment. We will let you know whether we agree with your corrections or the supporting documentation you send us.

	<u>Liability</u>	<u>Payments/Credit</u>	<u>Unpaid Balance</u>
Tax	9,690.00	(9,690.00)	0.00
Late Payment Penalty Increase	1,453.00	0.00	1,453.00
Late Filing Penalty Increase	3.00	0.00	3.00
Interest	484.00	0.00	484.00
Assessment Total	\$11,630.00	(\$9,690.00)	\$1,940.00

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

217 785-8579

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- * You owe a bad check penalty if your remittance is not honored by your financial institution.
- * You owe a cost of collection fee if you do not pay the amount you owe (including penalties and interest) within 30 days of the date printed on an assessment.

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The discount rate is 1.75 percent (.0175). If you made an error when figuring the discount, it is included in the tax calculation. You may not take a discount on returns filed late or on tax paid late.

The credit applied by the Department of Revenue is from a current credit balance in your account.