

ILLINOIS ATTORNEY GENERAL LISA MADIGAN

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MADIGAN, DEPARTMENT OF REVENUE: ARREST OF CHICAGO GAS STATION OWNER MADE IN LARGEST SALES TAX FRAUD CASE

Ongoing Operation Nets Nearly \$75 Million from Gas Station Owners in Unpaid Sales Tax

Chicago — Attorney General Lisa Madigan and the Illinois Department of Revenue (IDOR) today announced the arrest of a Chicago area gas station owner for defrauding the state of more than \$975,000 in gasoline sales taxes. It is the largest case of gas sales tax fraud the state has pursued yet in its ongoing criminal enforcement operation that to date has recovered nearly \$75 million owed to the state from gas station owners who evade sales tax payments.

Authorities arrested Samer T. Farhan, 32, near his Palos Hills home after he was charged Thursday on 28 counts of filing fraudulent sales and use tax returns and two counts of mail fraud, Class 3 felonies, and five counts of money laundering, a Class 2 felony.

Madigan alleged that from May 2008 to April 2011, Farhan underreported sales at his two gas stations: Citgo Gas, 2959 W. Fulton St., Chicago, and Valero Gas, 1812 E. Sibley Blvd., Calumet City. Madigan alleged Farhan schemed to conceal the underreported sales by laundering more than \$200,000 to an overseas bank account based in Amman, Jordan.

“This is the largest case of gas sales tax fraud that we have uncovered yet,” Madigan said. “This is an extremely significant result that will bolster our efforts to root out tax cheats who’ve scammed the state out of millions.”

The latest case is part of the ongoing operation now in its third year led by Madigan’s office and IDOR to recoup sales tax losses from gas stations throughout Illinois that underreported revenues to avoid paying taxes to the state.

“Criminal charges resulting from gasoline sales tax evasion continue to send the appropriate message to gas station owners who underpaid their taxes,” said Brian Hamer, director, Illinois Department of Revenue. “We appreciate the cooperative effort of our Criminal Investigations Division and the Attorney General’s office, which ensures that businesses pay the taxes they owe so honest businesses are not placed at a competitive disadvantage.”

The crackdown on gas station owners has led to a new law in Illinois to penalize these criminals. The law, which was an initiative of Madigan’s office and took effect in January, established stronger penalties and eliminated barriers to prosecuting Illinois businesses and retailers that

evade their sales tax bills. The law created the new crime of Sales Tax Evasion and imposed graduated penalties based on the amount of sales taxes that were evaded.

This case was investigated by IDOR and Madigan's office with assistance from the U.S. Secret Service regarding the money laundering charges. Assistant Attorneys General Paul Bervid and James Rustik are handling prosecution of the case for Madigan's Special Prosecutions Bureau.

Calumet Gas I, dba Valero Gas (BP). 1812 E. Sibley Blvd., Calumet City, IL 60409



Samer T., Inc. DBA Citgo Gas, 2959 W. Fulton, Chicago, IL 60612

