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OWNERS OF FIVE CHICAGO-AREA RESTAURANTS CHARGED IN FEDERAL INVESTIGATION TARGETING UNDERREPORTING OF GROSS RECEIPTS

CHICAGO — The owners of five Chicago-area restaurants are facing criminal tax charges as part of a federal investigation into the underreporting of gross receipts.

The charges allege that the restaurant owners willfully avoided paying the full amount of federal taxes by reporting gross receipts that were substantially lower than the true amounts. The federal investigation, which remains ongoing, has focused on sales suppression software and other techniques used by restaurant owners to manipulate gross receipts.

Charged with willfully filing false tax returns are SHULI ZHAO, 59, of Westmont, the owner of Katy's Dumpling House in Westmont; CHUN XU ZHANG, 42, of Aurora, the owner of Sushi City in Downers Grove; QUAN SHUN CHEN, 53, of Chicago, the owner of Hunan Spring in Evanston; SANDRA SANCHEZ, 44, of Morton Grove, the owner of Cesar's Tacos on North Clark Street in Chicago; and ISRAEL SANCHEZ, 43, of Chicago, the owner of Cesar's on Broadway on North Broadway in Chicago. Arraignments in U.S. District Court in Chicago have not yet been scheduled.

The charges were announced by John R. Lausch, Jr., United States Attorney for the Northern District of Illinois; Gabriel L. Grchan, Special Agent-in-Charge of the Internal Revenue Service Criminal Investigation Division in Chicago; and Connie Beard, Director of the Illinois Department of Revenue.

"These charges send a clear message that restaurant owners who choose to illegally underreport gross receipts will be held accountable," said U.S. Attorney Lausch. "Recovering funds for the federal treasury is a top priority in our office."

“The charges announced today are an important step in the fight against individuals and restaurants in our community that cheat on their taxes,” said Special Agent-in-Charge Grchan. “This is only the beginning. I want to warn those restaurants, gas stations, convenience stores, and other establishments that are currently using or thinking of using sales suppression software, that we are on to you and your methods. If you steal from the federal government, there will be serious consequences.”

“I commend the work of the Illinois Department of Revenue’s Criminal Investigations Division and the IRS as we continue efforts to protect taxpayers from tax fraud,” said Director Beard. “Today’s charges should send a message that technology cannot shield criminals from being held accountable.”

Zhao, Zhang and Chen were charged in indictments returned Tuesday in U.S. District Court in Chicago. Zhao allegedly underreported gross receipts for the calendar years 2013 to 2015; Zhang for the calendar years 2012 to 2015; and Chen for the fiscal years 2012 to 2015 and the calendar years 2015 and 2016. Assistant U.S. Attorney Sheri H. Mecklenburg represents the government in the Zhao, Zhang and Chen cases.

Sandra Sanchez and Israel Sanchez were charged in criminal informations filed Tuesday in U.S. District Court in Chicago. Sandra Sanchez and Israel Sanchez allegedly underreported gross receipts for the calendar year 2012. Assistant U.S. Attorney Yusef Dale represents the government in the Sandra Sanchez and Israel Sanchez cases.

The public is reminded that charges are not evidence of guilt. The defendants are presumed innocent and entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt. Filing false tax returns carries a maximum penalty of three years in prison. If convicted, the Court must impose reasonable sentences under federal sentencing statutes and the advisory United States Sentencing Guidelines.

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