

ILLINOIS ATTORNEY GENERAL LISA MADIGAN

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**ATTORNEY GENERAL MADIGAN, DEPARTMENT OF REVENUE: ACCOUNTANTS  
GUILTY IN GAS TAX FRAUD CRACKDOWN**

***Ongoing Operation Recovers Nearly \$75 Million in Unpaid Sales Taxes to the State***

**Chicago** — Attorney General Lisa Madigan and the Illinois Department of Revenue (IDOR) today announced that two Chicago area accountants have pled guilty in a wide-ranging scheme to defraud the State of Illinois of more than \$5 million in unpaid sales tax payments.

Earlier today, Naveed Ahmed and his brother, Asif Waheed, entered guilty pleas to wire fraud, mail fraud and to preparing fraudulent Illinois Sales and Use tax returns on behalf of eight gas station owners in a scheme to evade paying \$5 million in state sales tax. The brothers conspired with gas stations in Chicago, Cicero, Homewood and Joliet to underreport their gasoline sales in order to lower their state sales tax bill from December 2007 through February 2009.

The cases are the latest development in an ongoing joint investigation and enforcement effort between Attorney General Madigan's office and the Department of Revenue, which to date has resulted in the recovery of nearly \$75 million in unpaid state sales taxes.

"Our ongoing investigations and enforcement efforts have uncovered egregious cases of fraud against the taxpayers of Illinois," Madigan said. "So far we have successfully recovered nearly \$75 million in unpaid taxes to the state, but our efforts will not stop there. We will continue to hold dishonest business owners accountable for illegally profiting at the expense of their customers and the state."

In August 2010, Madigan and the Department of Revenue launched the criminal enforcement operation to recoup millions of dollars in sales tax losses after discovering hundreds of gas stations throughout Illinois underreported their revenues to avoid paying state taxes.

"When we successfully investigate and prosecute tax fraud, we ensure that honest businesses are not placed at an unfair competitive disadvantage. It is important that all taxpayers live by the same rules," said Brian Hamer, Director of the Illinois Department of Revenue.

Ahmed, of Arlington Heights, is a certified public accountant and owner of Midwest Financial Services, which has offices in Chicago and Arlington Heights. Waheed, of Chicago, is an accountant who works for his brother's accounting firm. The pair were arrested and indicted in 2011.

Midwest Financial has been in business since the 1990s and was known among gas station owners for assisting clients in lowering sales taxes owed to the state. As Midwest Financial's owner, Ahmed served as the accountant for several of the most egregious tax evaders among those gas stations. The case against Ahmed and Waheed revealed the brothers assisted the gas stations by falsifying sales figures on their monthly Illinois Sales and Use tax return forms. Some gas station owners provided incomplete information to Midwest Financial, and Waheed then fabricated sales numbers for them.

The brothers were sentenced to two years of felony probation under the condition they continue to cooperate with authorities in the ongoing investigations and prosecutions of gas stations and other clients that underreported sales to the state. The eight gas stations that conspired to underreport sales with Ahmed and Waheed cooperated with authorities in the brothers' prosecution. Those gas station owners have previously pled guilty on other charges and repaid the state more than \$5 million.

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 this month, 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: For amounts less than \$500, a Class 4 felony punishable by one to three years in prison; for amounts less than \$10,000, a Class 3 felony punishable by two to five years; for amounts less than \$100,000, a Class 2 felony punishable by three to seven years; and for more than \$100,000, a Class 1 felony punishable by four to 15 years in prison.

Deputy Division Chief Vincenzo Chimera and Assistant Attorney General Kristina Waldron are handling the cases for Madigan's Criminal Enforcement Division.