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ATTORNEY GENERAL MADIGAN REACHES \$4.5 MILLION SETTLEMENT WITH CHICAGO-AREA GAS STATIONS FOR UNDERPAYING ILLINOIS SALES TAX

Chicago – Attorney General Lisa Madigan today announced a \$4.5 million settlement to resolve a lawsuit under the Illinois False Claims Act against 13 Chicago-area gas stations and two gas station owners for sales tax fraud.

Madigan’s lawsuit alleged that since 2002, defendants submitted false monthly sales tax returns to the Illinois Department of Revenue, resulting in millions of dollars of lost tax revenue to the state. The lawsuit alleged defendants operated the scheme by underreporting general merchandise sales and using inaccurate sales tax reporting rates. Ten of the gas stations are currently in operation and are owned by George Nedyakalayil, and Tito Kandarapallil co-owns one of the gas stations with Nedyakalayil.

“This settlement is another warning to business owners considering ripping off Illinois residents and the state by failing to pay their taxes,” Madigan said. “Cheating the state out of millions of taxpayer dollars will not be tolerated.”

The 13 Chicago-area gas stations involved in the lawsuit are listed at the following locations:

- 3216 W. North Ave., Stone Park
- 4401 N. Harlem Ave., Norridge
- 1551 W. North Ave., Chicago
- 2474 Thatcher Ave., River Grove
- 2401 Lincoln Hwy., Olympia Fields
- 1768 W. Armitage Ave., Chicago
- 2800 W. Fullerton Ave., Chicago
- 4000 W. Peterson Ave., Chicago
- 3200 N. Kimball Ave., Chicago
- 1200 W. Belmont Ave., Chicago
- 3968 W. Belmont Ave., Chicago
- 800 W. Touhy Ave., Des Plaines
- 7850 S. Martin Luther King Dr., Chicago

The settlement resolves allegations brought in a lawsuit filed under the whistleblower provisions of the Illinois False Claims Act, which permits private parties to file suit on behalf of the state for false claims and share in a portion of the state’s recovery.

The investigation, lawsuit and settlement were handled by Special Litigation Bureau Chief Jeanne Witherspoon and Assistant Attorneys General John Wolfsmith, Long Truong and Leigh Richie in conjunction with the Illinois Department of Revenue.

The claims settled by this agreement are allegations only, and there has been no determination of liability.

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