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FOR IMMEDIATE RELEASE  
FRIDAY SEPTEMBER 2, 2011  
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**SUBURBAN TOBACCO STORE OWNER SENTENCED TO MORE THAN SIX YEARS IN PRISON FOR \$5.45 MILLION STATE AND FEDERAL TAX FRAUD**

CHICAGO — The owner of a chain of south suburban tobacco shops was sentenced to more than six years in federal prison and ordered to pay more than \$5.45 million in state and federal taxes he owed over nine years during which he hid and failed to report more than \$60 million in cash receipts from his stores. The defendant, **Abbas Ghaddar**, pleaded guilty in June to cheating the State of Illinois and the United States of tax revenue by deliberately hiding and failing to report cash receipts from his tobacco business, Tobacco House, Inc. Instead, Ghaddar used the money, in part, to fund a lavish lifestyle in Lebanon, where he spent considerable time and built a luxurious home, purchased a farm worth hundreds of thousands of dollars, and became a successful owner of a soccer club.

Ghaddar, 43, formerly of Frankfort, was sentenced to 76 months in prison yesterday by U.S. District Judge Samuel Der-Yeghiayan in Federal Court in Chicago. Ghaddar was ordered to pay restitution in the amounts of \$4,828,800 to the State of Illinois and \$650,452 to the United States, for a total of \$5,479,252. A native of Lebanon and a naturalized U.S. citizen, Ghaddar was arrested in December 2009 in Germany and was extradited to the U.S. in May 2010 to face charges in a 13-

count federal indictment. He has remained in federal custody and pleaded guilty in June 2011 to tax fraud conspiracy and mail fraud.

The sentence was announced today by Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois; Alvin Patton, Special Agent-in-Charge of the Internal Revenue Service Criminal Investigation Division in Chicago; and Robert D. Grant, Special Agent-in-Charge of the Chicago Office of the Federal Bureau of Investigation.

According to court documents, at various times between 2001 and 2009, Ghaddar operated retail tobacco stores in Fankfort, Tinley Park, Orland Park, Glendale Heights and Bradley, Ill., which sold cigarettes, cigars, and other tobacco products. An analysis of cash receipts and expenditures showed that the stores generated more than \$102 million in gross revenues, at least \$60 million of which were cash receipts. However, Ghaddar deposited less than one percent of those cash receipts into his corporate bank accounts and declared little, if any, of those cash receipts on his corporate tax returns. As part of his tax fraud scheme, Ghaddar filed false federal income tax returns for calendar years 2003, 2004 and 2005; failed to file federal income tax returns for calendar years 2006, 2007 and 2008; and filed false sales tax returns with the Illinois Department of Revenue from 2002 through 2009.

Overall, Ghaddar under-reported his corporate gross receipts by more than \$74 million from January 2002 through November 2009. Ghaddar's failure to report these revenues resulted in a tax loss of more than \$4.8 million to the State of Illinois and a tax loss to the United States of \$650,452, resulting in a total tax revenue loss of more than \$5.45 million.

The government was represented by Assistant U.S. Attorneys Patrick Pope, William Ridgway and Barry Jonas.

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