

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:)	
)	
VARTEC TELECOM, INC., et al.,)	Chapter 11
)	Case No. 04-81694-HDH-11
Debtors.)	(Jointly administered)

**RESPONSE OF ILLINOIS DEPARTMENT OF REVENUE TO DEBTORS'
OBJECTIONS TO CLAIMS (OBJECTION NO. 7)**

The Illinois Department of Revenue ("Illinois"), by its attorney, Lisa Madigan, Illinois Attorney General, hereby responds to the Debtors' objections to its claims. The claim objected to and Illinois' response to each objection is listed hereafter.

1. Claim 1727 in the amount of \$30,000, claim 1728 in the amount of \$56,375, claim 1729 in the amount of \$2,750 and claim 1730 in the amount of \$608,800 are prepetition and administrative claims for Telecommunications Tax and Telecommunications Infrastructure Tax for which Illinois currently has an audit in progress. The Debtors object on the basis that there is insufficient documentation attached and that based on their books and records, nothing is due.

2. With respect to portion of the objection raising a purported lack of documentation, the case law is clear that the documentation requirements of Bankruptcy Rule 3001(c) do not apply to tax claims. *In re Los Angeles International Hotel Associates*, 106 F. 3d 1479 (9th Cir. 1997).

3. With respect to the objection to the merits of the claims, the liability as listed was projected pending completion of the audit. The undersigned has been

advised by Illinois' auditor that proposed audit results have been submitted to an individual in the Debtors' tax department for her review and to determine whether the Debtors agree. An answer is expected shortly. Until the audit process is completed, however, and the parties know what the final amount of the audit liability will be and whether the Debtors agree or not, it is premature for the court to hear and decide the objection to these claims.

4. Claim 1756 is for income taxes in the amount of \$15,580.99. Illinois' records indicate that this liability has now been paid and the claim can therefore be withdrawn.

WHEREFORE, Illinois requests that the Court defer consideration of the objection to claims 1727-1730 until Illinois' audit is complete and the parties know if there is an actual dispute and with respect to claim 1756 grant Illinois leave to withdraw the claim.

ILLINOIS DEPARTMENT OF REVENUE
BY: Lisa Madigan
Illinois Attorney General

BY: /s/James D. Newbold
James D. Newbold
Assistant Attorney General
Revenue Litigation Bureau
100 W. Randolph Street
Chicago, IL 60601
(312) 814-4557
Fax (312) 814-3589
jnewbold@revenue.state.il.us

CERTIFICATE OF SERVICE

The undersigned, an attorney, certifies that he served a copy of this response on:

Holly Warrington
Vinson & Elkins
2001 Ross Ave., Suite 3700
Dallas, TX 75201

Fax (214) 220-7716

by faxing a copy of December 16, 2005.

BY: /s/James D. Newbold
James D. Newbold
Assistant Attorney General

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