

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

UNITED STATES OF AMERICA

v.

FRANK SCHMIDT and  
DOMINIC GRANDE

)  
) No.  
)  
) Violations: Title 26, United States Code,  
) Sections 7201 and 7203  
)

**COUNT ONE**

The UNITED STATES ATTORNEY charges:

1. At times material to this Count:

a. Defendant FRANK SCHMIDT was the sole owner of Land Reclamation Services (“LRS”), which operated a landfill in Joliet, Illinois.

b. As a Subchapter S Corporation, the income and expenses of LRS were to be reported by defendant SCHMIDT on tax returns for Subchapter S Corporations (Form 1120 S and attachments). The ordinary income or loss from LRS flowed through to and was to be reported on defendant SCHMIDT’s individual income tax returns (Form 1040s) and included in Schedule Es attached to those individual income tax returns.

c. Defendant SCHMIDT was obligated to declare as income on his individual tax returns the net income from LRS. Defendant SCHMIDT also was obligated to declare as income on his individual tax returns his receipt of LRS money, including money he withdrew from LRS and LRS’s payments of defendant SCHMIDT’s personal expenses.

2. As a result of his income from LRS, defendant SCHMIDT had gross income of approximately \$133,451 in 2004. By reason of defendant SCHMIDT’s income, he was

required by law, following the close of the calendar year 2004, and on or before April 15, 2005, to make an income tax return to the Internal Revenue Service and to pay the income tax due and owing thereon.

3. From approximately September 3, 2004 and continuing through on or about April 15, 2005, at Glenview and Joliet, in the Northern District of Illinois, Eastern Division, and elsewhere,

FRANK SCHMIDT,

defendant herein, a resident of Glenview, well knowing all the foregoing facts, willfully attempted to evade and defeat the payment of substantial income tax due and owing by defendant, to wit, approximately \$29,767, to the United States of America for the calendar year 2004, and committed the following affirmative acts of evasion:

a. Defendant SCHMIDT caused approximately \$47,334 worth of LRS checks to be cashed for defendant SCHMIDT's benefit in 2004;

b. Defendant SCHMIDT caused LRS to pay approximately \$48,805 worth of defendant SCHMIDT's personal expenses in 2004;

c. On or about March 15, 2005, defendant SCHMIDT failed to file the required Form 1120 S tax return for the calendar year 2004; and

d. On or about April 15, 2005, defendant SCHMIDT failed to file the required Form 1040 tax return for the calendar year 2004.

In violation of Title 26, United States Code, Section 7201.

## COUNT TWO

The UNITED STATES ATTORNEY further charges:

1. The allegations in paragraph 1 of Count One of this indictment are hereby realleged and incorporated as if fully set forth herein.

2. As a result of his income from LRS, defendant SCHMIDT had gross income of approximately \$603,923 in 2005. By reason of defendant SCHMIDT's income, he was required by law, following the close of the calendar year 2005, and on or before April 17, 2006, to make an income tax return to the Internal Revenue Service and to pay the income tax due and owing thereon.

3. From approximately January 1, 2005 and continuing through on or about April 17, 2006, at Glenview and Joliet, in the Northern District of Illinois, Eastern Division, and elsewhere,

FRANK SCHMIDT,

defendant herein, a resident of Glenview, well knowing all the foregoing facts, willfully attempted to evade and defeat the payment of substantial income tax due and owing by defendant, to wit, approximately \$190,093 to the United States of America for the calendar year 2005, and committed the following affirmative acts of evasion:

a. Defendant SCHMIDT caused approximately \$113,294 worth of LRS checks to be cashed for defendant SCHMIDT's benefit in 2005;

b. Defendant SCHMIDT caused LRS to pay approximately \$474,983 worth of defendant SCHMIDT's personal expenses in 2005;

c. Defendant SCHMIDT paid LRS employees in cash, including approximately \$78,000 to Dominic Grande in 2005;

d. Defendant SCHMIDT failed to report LRS's employee payments to the IRS, including approximately \$78,000 to Dominic Grande in 2005;

e. On or about March 15, 2006, defendant SCHMIDT failed to file the required Form 1120 S tax return for the calendar year 2005; and

f. On or about April 17, 2006, defendant SCHMIDT failed to file the required Form 1040 tax return for the calendar year 2005.

In violation of Title 26, United States Code, Section 7201.

### COUNT THREE

The UNITED STATES ATTORNEY further charges:

1. The allegations in paragraph 1 of Count One of this indictment are hereby realleged and incorporated as if fully set forth herein.

2. As a result of his income from LRS, defendant SCHMIDT had gross income of approximately \$766,999 in 2006. By reason of defendant SCHMIDT's income, he was required by law, following the close of the calendar year 2006, and on or before April 16, 2007, to make an income tax return to the Internal Revenue Service and to pay the income tax due and owing thereon.

3. From approximately January 1, 2006 and continuing through on or about April 16, 2007, at Glenview and Joliet, in the Northern District of Illinois, Eastern Division, and elsewhere,

FRANK SCHMIDT,

defendant herein, a resident of Glenview, well knowing all the foregoing facts, willfully attempted to evade and defeat the payment of substantial income tax due and owing by defendant, to wit, approximately \$246,123, to the United States of America for the calendar year 2006, and committed the following affirmative acts of evasion:

a. Defendant SCHMIDT caused approximately \$37,558 worth of LRS checks to be cashed for defendant SCHMIDT's benefit in 2006;

b. Defendant SCHMIDT caused LRS to pay approximately \$393,625 worth of defendant SCHMIDT's personal expenses in 2006;

c. Defendant SCHMIDT paid LRS employees in cash, including approximately \$78,000 to Dominic Grande in 2006;

d. Defendant SCHMIDT failed to report LRS's employee payments to the IRS, including approximately \$78,000 to Dominic Grande;

e. On or about March 15, 2007, defendant SCHMIDT failed to file the required Form 1120 S tax return for the calendar year 2006; and

f. On or about April 16, 2007, defendant SCHMIDT failed to file the required Form 1040 tax return for the calendar year 2006.

In violation of Title 26, United States Code, Section 7201.

## COUNT FOUR

The UNITED STATES ATTORNEY further charges:

1. The allegations in paragraph 1 of Count One of this indictment are hereby realleged and incorporated as if fully set forth herein.

2. As a result of his income from LRS, defendant SCHMIDT had gross income of approximately \$723,798 in 2007. By reason of defendant SCHMIDT's income, he was required by law, following the close of the calendar year 2007, and on or before April 15, 2008, to make an income tax return to the Internal Revenue Service and to pay the income tax due and owing thereon.

3. From approximately January 1, 2007 and continuing through on or about April 15, 2008, at Glenview and Joliet, in the Northern District of Illinois, Eastern Division, and elsewhere,

FRANK SCHMIDT,

defendant herein, a resident of Glenview, well knowing all the foregoing facts, willfully attempted to evade and defeat the payment of substantial income tax due and owing by defendant, to wit, approximately \$190,506, to the United States of America for the calendar year 2007, and committed the following affirmative acts of evasion:

a. Defendant SCHMIDT caused approximately \$190,245 worth of LRS checks to be cashed for defendant SCHMIDT's benefit in 2007;

b. Defendant SCHMIDT caused LRS to pay approximately \$595,285 worth of defendant SCHMIDT's personal expenses in 2007;

c. Defendant SCHMIDT paid LRS employees in cash, including approximately \$78,000 to Dominic Grande in 2007;

d. Defendant SCHMIDT failed to report LRS's employee payments to the IRS, including approximately \$127,569 to Dominic Grande;

e. On or about March 17, 2008, defendant SCHMIDT failed to file the required Form 1120 S tax return for the calendar year 2007; and

f. On or about April 15, 2008, defendant SCHMIDT failed to file the required Form 1040 tax return for the calendar year 2007.

In violation of Title 26, United States Code, Section 7201.



## COUNT FIVE

The UNITED STATES ATTORNEY further charges:

1. The allegations in paragraph 1 of Count One of this indictment are hereby realleged and incorporated as if fully set forth herein.

2. Defendant SCHMIDT caused LRS to sell the landfill at a profit of approximately \$9 million on or about June 10, 2008, which profit should have been reported by defendant SCHMIDT on a tax return for LRS as a Subchapter S Corporation (Form 1120 S and attachments) and on defendant SCHMIDT's individual income tax return (Form 1040) as income and included in a Schedule E attached to that individual income tax return.

3. As a result of his income from LRS, defendant SCHMIDT had gross income of approximately \$9,081,088 in 2008. By reason of defendant SCHMIDT's income, he was required by law, following the close of the calendar year 2008, and on or before April 15, 2009, to make an income tax return to the Internal Revenue Service and to pay the income tax due and owing thereon.

4. From approximately January 1, 2008 and continuing through on or about April 15, 2009, at Glenview and Joliet, in the Northern District of Illinois, Eastern Division, and elsewhere,

FRANK SCHMIDT,

defendant herein, a resident of Glenview, well knowing all the foregoing facts, willfully attempted to evade and defeat the payment of substantial income tax due and owing by defendant, to wit, approximately \$1,377,117, to the United States of America for the calendar year 2008, and committed the following affirmative acts of evasion:

a. Defendant SCHMIDT caused LRS to pay approximately \$213,000 worth of defendant SCHMIDT's personal expenses in 2008;

b. Defendant SCHMIDT paid LRS employees in cash, including approximately \$39,000 to Dominic Grande in 2008;

c. Defendant SCHMIDT failed to report LRS's employee payments to the IRS, including approximately \$39,000 to Dominic Grande;

d. On or about March 16, 2009, defendant SCHMIDT failed to file the required Form 1120 S tax return for the calendar year 2008; and

e. On or about April 15, 2009, defendant SCHMIDT failed to file the required Form 1040 tax returns for the calendar year 2008.

In violation of Title 26, United States Code, Section 7201.

## COUNT SIX

The UNITED STATES ATTORNEY further charges:

1. The allegations in paragraph 1(a) of Count One of this indictment are hereby realleged and incorporated as if fully set forth herein.

2. At times material to this Count, defendant DOMINIC GRANDE was an employee of LRS.

3. During the calendar year 2005, in the Northern District of Illinois, Eastern Division,

DOMINIC GRANDE,

defendant herein, was a resident of Glenview, Illinois, and received gross income of approximately \$78,000 from LRS.

4. By reason of such income, defendant GRANDE was required by law, following the close of the calendar year 2005 and on or before April 17, 2006, to make an income tax return to the District Director of Internal Revenue for the Internal Revenue District of Chicago, at Chicago, in the Northern District of Illinois, Eastern Division, or to the Director, Internal Revenue Service Center, Midwest Region, Kansas City, Missouri, stating specifically the items of his income and any deductions and credits to which he was entitled.

5. Well knowing all of the foregoing facts, defendant GRANDE willfully failed to make the required income tax return to that District Director of Internal Revenue, to that Director of the Internal Revenue Service Center, or to any other proper officer of the United States;

In violation of Title 26, United States Code, Section 7203.

## COUNT SEVEN

The UNITED STATES ATTORNEY further charges:

1. The allegations in paragraph 1(a) of Count One and paragraph 2 of Count Six of this indictment are hereby realleged and incorporated as if fully set forth herein.

2. During the calendar year 2006, in the Northern District of Illinois, Eastern Division,

DOMINIC GRANDE,

defendant herein, was a resident of Glenview, Illinois, and received gross income of approximately \$78,000 from LRS.

3. By reason of such income, defendant GRANDE was required by law, following the close of the calendar year 2006 and on or before April 16, 2007, to make an income tax return to the District Director of Internal Revenue for the Internal Revenue District of Chicago, at Chicago, in the Northern District of Illinois, Eastern Division, or to the Director, Internal Revenue Service Center, Midwest Region, Kansas City, Missouri, stating specifically the items of his income and any deductions and credits to which he was entitled.

4. Well knowing all of the foregoing facts, defendant GRANDE willfully failed to make the required income tax return to that District Director of Internal Revenue, to that Director of the Internal Revenue Service Center, or to any other proper officer of the United States;

In violation of Title 26, United States Code, Section 7203.

## COUNT EIGHT

The UNITED STATES ATTORNEY further charges:

1. The allegations in paragraph 1(a) of Count One and paragraph 2 of Count Six of this indictment are hereby realleged and incorporated as if fully set forth herein.

2. During the calendar year 2007, in the Northern District of Illinois, Eastern Division,

DOMINIC GRANDE,

defendant herein, was a resident of Glenview, Illinois, and received gross income of approximately \$127,569 from LRS.

3. By reason of such income, defendant GRANDE was required by law, following the close of the calendar year 2007 and on or before April 15, 2008, to make an income tax return to the District Director of Internal Revenue for the Internal Revenue District of Chicago, at Chicago, in the Northern District of Illinois, Eastern Division, or to the Director, Internal Revenue Service Center, Midwest Region, Kansas City, Missouri, stating specifically the items of his income and any deductions and credits to which he was entitled.

4. Well knowing all of the foregoing facts, defendant GRANDE willfully failed to make the required income tax return to that District Director of Internal Revenue, to that Director of the Internal Revenue Service Center, or to any other proper officer of the United States;

In violation of Title 26, United States Code, Section 7203.

**COUNT NINE**

The UNITED STATES ATTORNEY further charges:

1. The allegations in paragraph 1(a) of Count One and paragraph 2 of Count Six of this indictment are hereby realleged and incorporated as if fully set forth herein.

2. During the calendar year 2008, in the Northern District of Illinois, Eastern Division,

DOMINIC GRANDE,

defendant herein, was a resident of Glenview, Illinois, and received gross income of approximately \$39,000 from LRS.

3. By reason of such income, defendant GRANDE was required by law, following the close of the calendar year 2008 and on or before April 15, 2009, to make an income tax return to the District Director of Internal Revenue for the Internal Revenue District of Chicago, at Chicago, in the Northern District of Illinois, Eastern Division, or to the Director, Internal Revenue Service Center, Midwest Region, Kansas City, Missouri, stating specifically the items of his income and any deductions and credits to which he was entitled.

4. Well knowing all of the foregoing facts, defendant GRANDE willfully failed to make the required income tax return to that District Director of Internal Revenue, to that Director of the Internal Revenue Service Center, or to any other proper officer of the United States;

In violation of Title 26, United States Code, Section 7203.

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UNITED STATES ATTORNEY