

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA)	
)	Case No. 11 CR 0231
v.)	
)	Violation: Title 18, United States Code,
ANDREW J. WATTS)	Sections 287, 1028A, and 1341
)	
)	

COUNT ONE

The SPECIAL JULY 2010 GRAND JURY charges:

1. At all times material:

(a) The Internal Revenue Service (“IRS”) provided that taxpayers who were entitled to a refund of federal individual income taxes could claim that refund either by signing and filing in person or by mailing a U.S. Individual Income Tax Return Form 1040, 1040A, 1040EZ (collectively referred to hereinafter as “Form 1040”), or by participating in the “Electronic Filing” program.

(b) Form 1040 required taxpayers to provide information which included, but was not limited to, the taxpayer’s name and address, social security number, total income for the tax year, the amount of federal income tax withheld during the tax year, the amount of federal income tax, and the amount of tax due or refund claimed.

(c) The IRS relied upon information from the Form 1040 in determining and issuing taxpayer refunds. After receiving this information, the IRS would issue a refund to the taxpayer if there were no outstanding tax liabilities or other federally authorized deductions on record with the IRS.

2. Beginning no later than approximately February 2007, and continuing until in or about April 29, 2011, in the Northern District of Illinois, Eastern Division, and elsewhere,

ANDREW J. WATTS,

defendant herein, devised, intended to devise and participated in a scheme to defraud and to obtain money and property from the United States Treasury and the Internal Revenue Service by means of materially false and fraudulent pretenses and representations and material omissions, which scheme is described further in the following paragraphs.

3. It was part of the scheme to defraud that between approximately February 2007 and continuing through approximately April 2011, defendant WATTS prepared and submitted false federal income tax returns (Forms 1040) and false amended federal income tax returns (Forms 1040X) in the names of actual taxpayers who were deceased and in the name of deceased individuals who were represented to be alive at the time the returns were filed. The false returns included materially false statements and representations as to the amount of income earned and taxes withheld. As a result of these false statements, the false returns showed tax refunds owing to the taxpayers at the time of the filing of the returns.

4. It was further part of the scheme that defendant WATTS obtained the names and social security numbers of deceased individuals.

5. It was further part of the scheme that defendant WATTS prepared false income tax returns in the name of these deceased individuals which included false amounts of reported income, amounts withheld, and claims for refund.

6. It was further part of the scheme that in order to cause the false tax returns to appear legitimate, defendant WATTS created and caused to be created false W-2 Forms for the above-mentioned false federal income tax returns.

7. It was further part of the scheme that defendant WATTS signed the false returns by falsely claiming to be the deceased taxpayers' authorized representative and forged the deceased taxpayers' signatures to returns in which the deceased taxpayers were represented to be still living.

8. It was further part of the scheme that defendant WATTS filed the false returns with the Internal Revenue Service through the United States Mail and electronically.

9. It was further part of the scheme that defendant WATTS directed tax refunds based on the false returns to be mailed to addresses to which he had access and control and to be electronically deposited into bank accounts under his control, including an address and bank account in Chicago, Illinois.

10. It was further part of the scheme that when the IRS mailed a refund check based on the false tax return to one of the addresses connected to and controlled by defendant WATTS, defendant caused these refund checks to be deposited and attempted to be deposited into bank accounts he controlled.

11. It was further part of the scheme that defendant WATTS filed more than 470 federal income tax returns claiming refunds in excess of \$120,000,000, and caused the United States Treasury, Internal Revenue Service, to issue refunds totaling in excess of \$10 million.

12. It was further part of the scheme that defendant WATTS misrepresented, concealed and hid the acts done in furtherance of his scheme to defraud.

13. On or about November 28, 2008, at Chicago in the Northern District of Illinois, Eastern Division,

ANDREW J. WATTS,

defendant herein, for the purpose of executing the above-described scheme and attempting to do so, knowingly caused to be delivered by the United States Postal Service by mail, according to the directions thereon, an envelope addressed to:

Andrew Watts
6244 N. Winthrop, Apt. 408,
Chicago, IL 60660

which envelope contained check number 230953498, dated November 28, 2008, in the amount of \$750,233.45, from the IRS in Austin, Texas and made payable to Andrew Watts;

In violation of Title 18, United States Code, Section 1341.

COUNT TWO

The SPECIAL JULY 2010 GRAND JURY further charges:

1. Paragraphs 1 through 12 of Count One is realleged as if fully restated herein.
2. On or about August 9, 2008, at Chicago, in the Northern District of Illinois, Eastern Division,

ANDREW J. WATTS,

defendant herein, for the purpose of executing the aforesaid scheme and attempting to do so, did knowingly cause to be placed in an authorized depository for mail matter, to be sent and delivered by the United States Postal Service according to the directions thereon, an envelope containing a Federal Income Tax Return Form 1040 for tax year 2007, which envelope was addressed to:

Department of the Treasury
Internal Revenue Service
Kansas City, MO 64999-0002

In violation of Title 18, United States Code, Section 1341.

COUNT THREE

The SPECIAL JULY 2010 GRAND JURY further charges:

1. Paragraphs 1 through 12 of Count One is realleged as if fully restated herein.
2. On or about August 16, 2008, at Chicago, in the Northern District of Illinois, Eastern Division,

ANDREW J. WATTS,

defendant herein, for the purpose of executing the aforesaid scheme and attempting to do so, did knowingly cause to be placed in an authorized depository for mail matter, to be sent and delivered by the United States Postal Service according to the directions thereon, an envelope containing a Federal Income Tax Return Form 1040 for tax year 2007, which envelope was addressed to:

Department of the Treasury
Internal Revenue Service
Kansas City, MO 64999

In violation of Title 18, United States Code, Section 1341.

COUNT FOUR

The SPECIAL JULY 2010 GRAND JURY further charges:

1. Paragraphs 1 through 12 of Count One is realleged as if fully restated herein.
2. On or about August 20, 2008, at Chicago, in the Northern District of Illinois, Eastern Division,

ANDREW J. WATTS,

defendant herein, for the purpose of executing the aforesaid scheme and attempting to do so, did knowingly cause to be placed in an authorized depository for mail matter, to be sent and delivered by the United States Postal Service according to the directions thereon, an envelope containing a Federal Income Tax Return Form 1040 for tax year 2007, which envelope was addressed to:

Department of the Treasury
Internal Revenue Service
Kansas City, MO 64999

In violation of Title 18, United States Code, Section 1341.

COUNTS FIVE THROUGH EIGHTEEN

The SPECIAL JULY 2010 GRAND JURY further charges:

1. Paragraphs 1 through 12 of Count One is realleged as if fully restated herein.
2. The Internal Revenue Service (“IRS”) was an agency of the United States Department of Treasury.
3. On or about the dates set forth below, each such date constituting a separate count of this indictment, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

ANDREW J. WATTS,

defendant herein, made and caused to be presented to the Internal Revenue Service a claim upon and against the United States Department of Treasury, Internal Revenue Service, that is, a tax return as set forth below, claiming a federal income tax refund in the amount set forth below, knowing that the claim was false, fictitious and fraudulent, in that the returns falsely indicated that the taxpayer was entitled to a refund in the amount set forth below:

Count	Date	Tax Return	Refund Claimed
5	Sept. 5, 2008	2006 Form 1040 in the name of WLW	\$743,500
6	Jan. 14, 2008	2007 Form 1040 in the name of taxpayer WLW	\$186,798
7	Sept. 8, 2008	2007 Form 1040X in the name of taxpayer WLW	\$852,121
8	Feb. 12, 2007	2006 Form 1040 in the name of taxpayer MT	\$27,230
9	Feb. 13, 2007	2006 Form 1040 in the name of taxpayer MJ	\$32,361
10	Aug. 19, 2008	2007 Form 1040 in the name of taxpayer MJ	\$15,170

11	Feb. 15, 2007	2006 Form 1040 in the name of taxpayer CY	\$24,392
12	Aug. 9, 2008	2007 Form 1040 in the name of taxpayer CY	\$15,170
13	Feb. 12, 2007	2006 Form 1040 in the name of taxpayer LAS	\$21,677
14	Aug 22, 2008	2007 Form 1040 in the name of taxpayer LAS	\$15,170
15	April 11, 2008	2007 Form 1040 in the name of taxpayer WW	\$15,170
16	April 11, 2008	2007 Form 1040 in the name of taxpayer FW	\$4,766
17	April 11, 2008	2007 Form 1040 in the name of taxpayer HW	\$12,755
18	April 6, 2008	2007 Form 1040 in the name of taxpayer MW	\$19,611

In violation of Title 18, United States Code, Section 287.

COUNTS NINETEEN THROUGH TWENTY-SEVEN

The SPECIAL JULY 2010 GRAND JURY further charges:

1. Paragraphs 1 through 12 of Count One is realleged as if fully restated herein.
2. On or about the dates set forth below, each such date constituting a separate count of this indictment, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

ANDREW J. WATTS,

defendant herein, did knowingly possess and use, without lawful authority, a means of identification of another person, namely the social security number of deceased individuals during and in relation to the defendant's false claims for a federal income tax refund in the name of the deceased individual as described in Counts Five through Eighteen of this Indictment, knowing that the means of identification belonged to another person;

Count	Date	Return
19	Sept. 5, 2008	2007 Form 1040X in the name of taxpayer WLW
20	Feb. 12, 2007	2006 Form 1040 in the name of taxpayer MT
21	Feb. 13, 2007	2006 Form 1040 in the name of taxpayer MJ
22	Feb. 15, 2007	2006 Form 1040 in the name of taxpayer CY
23	Feb. 12, 2007	2006 Form 1040 in the name of taxpayer LAS
24	April 11, 2008	2007 Form 1040 in the name of taxpayer WW
25	April 11, 2008	2007 Form 1040 in the name of taxpayer FW
26	April 11, 2008	2007 Form 1040 in the name of HW
27	April 6, 2008	2007 Form 1040 in the name of taxpayer MW

in violation of Title 18, United States Code, Section 1028A.

FORFEITURE ALLEGATION

The SPECIAL JULY 2010 GRAND JURY further charges that:

1. The allegations of Count One through Four are re-alleged and fully incorporated herein for the purpose of alleging forfeiture to the United States pursuant to Title 28, United States Code, Section 2461(c) and Title 18, United States Code, Section 981(a)(1)(C).

2. As a result of the violation as alleged in the foregoing indictment,

ANDREW J. WATTS,

defendant herein, shall forfeit to the United States any and all right, title, and interest he may have in any property, real and personal, which constitutes and is derived from proceeds traceable to the offense charged in the foregoing information.

3. The interests of the defendant ANDREW J. WATTS subject to forfeiture to the United States pursuant to Title 18, United States Code, Section 981(a)(1)(C) as incorporated by Title 28, United States Code, Section 2461(c), include but are not limited to approximately at least \$10,000,000.

4. If any of the forfeitable property described above, as a result of any act or omission by the defendant:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the court;
- d. has been substantially diminished in value; or

- e. has been commingled with other property which cannot be divided without difficulty,

the United States of America shall be entitled to forfeiture of substitute property pursuant to the provisions of Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c).

All pursuant to Title 28, United States Code, Section 2461(c) and Title 18, United States Code, Section 981(a)(1)(C).

A TRUE BILL:

FOREPERSON

UNITED STATES ATTORNEY