

UNITED STATE DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA)
)
 vs.) No. _____
) Violations: Title 18, United States Code,
 LYNN S. LOPPNOW and) Section 371 and 2 and Title 26, United
 DEAN R. LOPPNOW) States Code, Sections 7201 and 7203

COUNT ONE

The SPECIAL FEBRUARY 2011-2 GRAND JURY charges:

1. At times material to this indictment:
 - a. The Internal Revenue Service was an agency of the United States Department of the Treasury ("IRS"), which, among other things, collected federal income taxes, interest, and penalties which were due and owing from persons and corporations.
 - b. One method by which the IRS collected taxes and penalties, which were due and owing, was by issuing levies against the assets of a person, including marital assets, who was delinquent in his or her tax payments. To facilitate the execution of a levy, the IRS could serve a bank with an IRS Form 668-A(c) ("Notice of Levy"), which directed that the assets of the taxpayer be paid to the IRS in satisfaction of the taxpayer's or spouse's taxes and penalties owed.
 - c. Aflac Incorporated ("Aflac") was one of the largest providers of supplemental insurance in the United States.
 - d. Xerox Corporation ("Xerox") is a multinational document management corporation.

d. From 1994 to the present, defendant DEAN R. LOPPNOW worked for Aflac in various positions, including District Sales Coordinator and Regional Sales Coordinator.

e. From 1974 to 2003, defendant LYNN S. LOPPNOW worked for Xerox. From 1999 to the present, defendant LYNN S. LOPPNOW worked at Aflac as a Sales Associate.

f. Bank Account A, Bank Account B, and Bank Account C were three bank accounts held at American Chartered Bank. Defendant LYNN S. LOPPNOW and her husband DEAN R. LOPPNOW were the sole signatories on Bank Account A, Bank Account B, and Bank Account C.

2. During the calendar year 2002, defendant LYNN S. LOPPNOW, a resident of Hoffman Estates, Illinois, had and received a gross income of approximately \$137,409, but failed to file any federal income tax return for that year with the Internal Revenue Service.

3. Defendant LYNN S. LOPPNOW was required by law, following the close of the calendar year 2002 and on or before April 15, 2003, to make an income tax return to the Internal Revenue Service, and to pay such income tax.

4. For the tax year 2002, defendant LYNN S. LOPPNOW did not pay federal taxes due and owing in the amount of approximately \$33,970.

5. On or about October 26, 2004, the IRS served defendant LYNN S. LOPPNOW with a deficiency letter, which notified her that she owed approximately \$56,150 in taxes and

penalties due and owing for the tax year 2002, however, defendant LYNN S. LOPPNOW failed to make any required payments to the IRS.

6. On or about December 8, 2005, the IRS served American Chartered Bank with an IRS Form 668-A(c), notifying American Chartered Bank that defendant LYNN S. LOPPNOW owed the IRS approximately \$56,150 in delinquent taxes, interest, and penalties for the tax year 2002.

7. Beginning on or about 2002 through the present, at Hoffman Estates, in the Northern District of Illinois, Eastern Division, and elsewhere,

LYNN S. LOPPNOW and
DEAN R. LOPPNOW

defendants herein, conspired with each other, and with others known and unknown to the Grand Jury, to defraud the United States of taxes due and owing by defendant LYNN S. LOPPNOW, by impeding, impairing, and obstructing the lawful functions of the IRS, an agency of the United States, in the exercise of its lawful governmental functions, namely, the correct ascertainment, computation, assessment, and collection of defendant LYNN S. LOPPNOW's federal income taxes, and interest and penalties due and owing.

8. It was part of the conspiracy that, on or about December 22, 2003, defendant LYNN S. LOPPNOW obtained a certificate of organization for Swan Lake Ventures, LLC from the state of New Mexico.

9. It was further part of the conspiracy that, on or about September 20, 2005, defendant DEAN R. LOPPNOW filed for a Certificate of Limited Liability Company for Alpha & Omega Enterprises, LLC with the state of Oklahoma.

10. It was further part of the conspiracy that, on or about September 23, 2005, defendant LYNN S. LOPPNOW registered a mortgage on their residence with the Cook County Recorder of Deeds in the amount of \$500,000, payable in one installment on September 30, 2017, with Swan Lake Ventures, LLC as the mortgagee.

11. It was further part of the conspiracy that, on or about September 29, 2005, defendant LYNN S. LOPPNOW withdrew approximately \$38,300 from her retirement fund from Ameritrade, electing not to have any federal taxes withheld from the distribution.

12. It was further part of the conspiracy that, on or about September 29, 2005, defendant DEAN R. LOPPNOW withdrew approximately \$142,236 from his retirement account at Ameritrade, electing not to have any federal taxes withheld from the distribution.

13. It was further part of the conspiracy that, on or about October 9, 2005, defendant LYNN S. LOPPNOW opened a Scottrade account (“Swan Lake Account”) in the name of Swan Lake Ventures, LLC, listing Alpha and Omega as her employer and giving defendant DEAN R. LOPPNOW trading authority on the account.

14. It was further part of the conspiracy that, on or about October 11, 2005, defendant DEAN R. LOPPNOW opened a Scottrade account in the name of Alpha & Omega Enterprises, LLC (“Alpha & Omega Account”), listing Alpha & Omega as his employer.

15. It was further part of the conspiracy that, on or about November 4, 2005, defendant LYNN S. LOPPNOW withdrew approximately \$202,000 from her retirement fund from Ameritrade, electing not to have any federal taxes withheld from the distribution.

16. It was further part of the conspiracy that, on or about December 5, 2005, defendant LYNN S. LOPPNOW withdrew approximately \$70,500 from her retirement fund from Ameritrade, electing not to have any federal taxes withheld from the distribution.

17. It was further part of the conspiracy that, on or about December 8, 2005, defendant LYNN S. LOPPNOW transferred approximately \$134,745 from her Swan Lake Account to defendant DEAN R. LOPPNOW's Alpha & Omega Account.

18. It was further part of the conspiracy that, on or about December 12, 2005, defendant LYNN S. LOPPNOW deposited the \$38,300 check that she received from Ameritrade into her Swan Lake Account and immediately requested that the money be transferred to defendant DEAN R. LOPPNOW's Alpha & Omega Account.

19. It was further part of the conspiracy that, on or about December 12, 2005, defendant DEAN R. LOPPNOW deposited the \$142,236 check that he received from Ameritrade into his Alpha & Omega Account.

20. It was further part of the conspiracy that, on or about December 23, 2005, defendant LYNN S. LOPPNOW transferred 837 shares of Aflac stock from her Swan Lake Account to defendant DEAN R. LOPPNOW's Alpha & Omega Account.

21. It was further part of the conspiracy that, on or about December 27, 2005, defendant LYNN S. LOPPNOW filed for bankruptcy in the United States District Court for

the Northern District of Illinois, Case # 05-64181, indicating in her petition that she had less than \$50,000 in assets and over \$50,000 in debts, and listing the \$56,150 IRS levy as a debt.

22. It was further part of the conspiracy that, on or about December 27, 2005, defendant LYNN S. LOPPNOW called the IRS and gave defendant DEAN R. LOPPNOW permission to speak on her behalf, and that defendant DEAN R. LOPPNOW told the IRS that defendant LYNN S. LOPPNOW entered into bankruptcy and therefore should have the levy released on Bank Account A, Bank Account B, and Bank Account C because they could not pay their bills.

23. It was further part of the conspiracy that, on or about February 23, 2006, defendant LYNN S. LOPPNOW deposited the \$202,000 and \$70,500 checks that she received from Ameritrade into a Harris Bank account held by defendant DEAN R. LOPPNOW in the name of High Tide Enterprises, LLC.

24. It was further part of the conspiracy that LYNN S. LOPPNOW and DEAN R. LOPPNOW did misrepresent, conceal and hide, and cause to be misrepresented, concealed and hidden, the purposes and acts done in furtherance of the conspiracy.

OVERT ACTS

25. To effect the objects of the conspiracy, LYNN S. LOPPNOW and DEAN R. LOPPNOW did commit the following overt acts, among others, in the Northern District of Illinois, Eastern Division, and elsewhere:

a. On or about September 23, 2005, defendant LYNN S. LOPPNOW registered a mortgage on her residence with the Cook County Recorder of Deeds in the amount of \$500,000, payable in one installment on September 30, 2017, with Swan Lake Ventures, LLC as the mortgagee.

b. On or about October 9, 2005, defendant LYNN S. LOPPNOW opened a Scottrade account in the name of Swan Lake Ventures, LLC, listing Alpha and Omega as her employer and giving defendant DEAN R. LOPPNOW trading authority on the account.

c. On or about November 4, 2005, defendant LYNN S. LOPPNOW withdrew approximately \$202,000 from her retirement fund from Ameritrade, electing not to have any federal taxes withheld from the distribution.

d. On or about December 8, 2005, defendant LYNN S. LOPPNOW transferred approximately \$134,745 from her Swan Lake Account to defendant DEAN R. LOPPNOW's Alpha & Omega Account.

e. On or about December 27, 2005, defendant LYNN S. LOPPNOW filed for bankruptcy in the United States District Court for the Northern District of Illinois, Case # 05-64181, falsely indicating in her petition that she had less than \$50,000 in assets, despite the transfers discussed above, and over \$50,000 in debts, listing the \$56,150 IRS levy as a debt.

f. On or about December 27, 2005, defendant LYNN S. LOPPNOW called the IRS and gave defendant DEAN R. LOPPNOW permission to speak on her behalf, and that defendant DEAN R. LOPPNOW told the IRS that defendant LYNN S. LOPPNOW entered into bankruptcy and therefore should have the levy released on Bank Account A, Bank Account B, and Bank Account C because they could not pay their bills.

All in violation of Title 18, United States Code, Section 371.

COUNT TWO

The SPECIAL FEBRUARY 2011-2 further charges:

1. The allegations in paragraphs 1 to 6 of Count One are realleged and fully incorporated herein.

2. Throughout calendar year 2002, and continuing to on or about February 23, 2006, in the Northern District of Illinois, Eastern Division, and elsewhere,

LYNN S. LOPPNOW and
DEAN R. LOPPNOW

defendants herein, well knowing all of the foregoing facts, did willfully attempt to evade and defeat the income tax due and owing by defendant LYNN S. LOPPNOW to the United States of America for the 2002 tax year by committing the following affirmative acts of evasion:

c. on or about December 22, 2003, defendant LYNN S. LOPPNOW obtained a certificate of organization for Swan Lake Ventures, LLC from the state of New Mexico;

d. on or about October 26, 2004, the IRS served defendant LYNN S. LOPPNOW with a deficiency letter, which notified her that she owed approximately \$56,150 in taxes and penalties due and owing for the tax year 2002, however, defendant LYNN S. LOPPNOW failed to make any required payments to the IRS;

e. on or about September 20, 2005, defendant DEAN R. LOPPNOW filed for a Certificate of Limited Liability Company for Alpha & Omega Enterprises, LLC with the state of Oklahoma;

f. on or about September 23, 2005, defendant LYNN S. LOPPNOW registered a mortgage on her residence with the Cook County Recorder of Deeds in the amount of \$500,000, payable in one installment on September 30, 2017, with Swan Lake Ventures, LLC as the mortgagee;

g. on or about September 29, 2005, defendant LYNN S. LOPPNOW withdrew approximately \$38,300 from her retirement fund from Ameritrade, electing not to have any federal taxes withheld from the distribution;

h.. on or about September 29, 2005, defendant DEAN R. LOPPNOW withdrew approximately \$142,236 from his retirement account at Ameritrade, electing not to have any federal taxes withheld from the distribution;

i. on or about October 9, 2005, defendant LYNN S. LOPPNOW opened a Scottrade account (“Swan Lake Account”) in the name of Swan Lake Ventures, LLC, listing Alpha and Omega as her employer and giving defendant DEAN R. LOPPNOW trading authority on the account;

j. on or about October 11, 2005, defendant DEAN R. LOPPNOW opened a Scottrade account in the name of Alpha & Omega Enterprises, LLC (“Alpha & Omega Account”), listing Alpha & Omega as his employer;

k. on or about November 4, 2005, defendant LYNN S. LOPPNOW withdrew approximately \$202,000 from her retirement fund from Ameritrade, electing not to have any federal taxes withheld from the distribution;

l. on or about December 5, 2005, defendant LYNN S. LOPPNOW withdrew approximately \$70,500 from her retirement fund from Ameritrade, electing not to have any federal taxes withheld from the distribution;

m. on or about December 8, 2005, defendant LYNN S. LOPPNOW transferred approximately \$134,745 from her Swan Lake Account to defendant DEAN R. LOPPNOW's Alpha & Omega Account;

l. on or about December 12, 2005, defendant LYNN S. LOPPNOW deposited the \$38,299.98 check that she received from Ameritrade into her Swan Lake Account and immediately requested that the money be transferred to defendant DEAN R. LOPPNOW's Alpha & Omega Account;

m. on or about December 12, 2005, defendant DEAN R. LOPPNOW deposited the approximately \$142,236 check that he received from Ameritrade into his Alpha & Omega Account;

n. on or about December 23, 2005, defendant LYNN S. LOPPNOW transferred 837 shares of AFLAC stock from her Sawn Lake Account to defendant DEAN R. LOPPNOW's Alpha & Omega Account;

o. on or about December 27, 2005, defendant LYNN S. LOPPNOW filed for bankruptcy, indicating in her petition that she had less than \$50,000 in assets and over \$50,000 in debts, and listing the \$56,150 IRS levy as a debt;

p. on or about December 27, 2005, defendant LYNN S. LOPPNOW called the IRS and gave defendant DEAN R. LOPPNOW permission to speak on her behalf, and

that defendant DEAN R. LOPPNOW told the IRS that defendant LYNN S. LOPPNOW entered into bankruptcy and therefore should have the levy released on Bank Account A, Bank Account B, and Bank Account C because they could not pay their bills; and

q. on or about February 23, 2006, defendant LYNN S. LOPPNOW deposited the \$202,000 and \$70,500 checks that she received from Ameritrade into a Harris Bank account held by defendant DEAN R. LOPPNOW in the name of High Tide Enterprises, LLC;

In violation of Title 26, United States Code, Section 7201 and Title 18, United States Code, Section 2.

COUNT THREE

The SPECIAL FEBRUARY 2011-2 GRAND JURY further charges:

1. During the calendar year 2004, in the Northern District of Illinois, Eastern Division, and elsewhere,

LYNN S. LOPPNOW,

defendant herein, who was a resident of Hoffman Estates, Illinois, had and received a gross income of approximately \$39,845.

2. By reason of such income, defendant LYNN S. LOPPNOW 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 Center, at Kansas City, Missouri, to a person assigned to receive returns at the local office of the Internal Revenue Service at Chicago, Illinois, or to another Internal Revenue Service office permitted by the Commissioner of Internal Revenue, stating specifically the items of her gross income and any deductions and credits to which she was entitled.

3. Well knowing all of the foregoing facts, defendant LYNN S. LOPPNOW willfully did fail to make the required income tax return to the Internal Revenue Service, or to any proper officer of the United States.

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

COUNT FOUR

The SPECIAL FEBRUARY 2011-2 GRAND JURY further charges:

1. During the calendar year 2005, in the Northern District of Illinois, Eastern Division, and elsewhere,

LYNN S. LOPPNOW,

defendant herein, who was a resident of Hoffman Estates, Illinois, had and received a gross income of approximately \$366,207.

2. By reason of such income, defendant LYNN S. LOPPNOW 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 Center, at Kansas City, Missouri, to a person assigned to receive returns at the local office of the Internal Revenue Service at Chicago, Illinois, or to another Internal Revenue Service office permitted by the Commissioner of Internal Revenue, stating specifically the items of her gross income and any deductions and credits to which she was entitled.

3. Well knowing all of the foregoing facts, defendant LYNN S. LOPPNOW willfully did fail to make the required income tax return to the Internal Revenue Service, or to any proper officer of the United States.

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

COUNT FIVE

The SPECIAL FEBRUARY 2011-2 GRAND JURY further charges:

1. During the calendar year 2006, in the Northern District of Illinois, Eastern Division, and elsewhere,

LYNN S. LOPPNOW,

defendant herein, who was a resident of Hoffman Estates, Illinois, had and received a gross income of approximately \$55,671.

2. By reason of such income, defendant LYNN S. LOPPNOW was required by law, following the close of the calendar year 2006 and on or before April 17, 2007, to make an income tax return to the Internal Revenue Service Center, at Kansas City, Missouri, to a person assigned to receive returns at the local office of the Internal Revenue Service at Chicago, Illinois, or to another Internal Revenue Service office permitted by the Commissioner of Internal Revenue, stating specifically the items of her gross income and any deductions and credits to which she was entitled.

3. Well knowing all of the foregoing facts, defendant LYNN S. LOPPNOW willfully did fail to make the required income tax return to the Internal Revenue Service, or to any proper officer of the United States.

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

COUNT SIX

The SPECIAL FEBRUARY 2011-2 GRAND JURY further charges:

1. During the calendar year 2004, in the Northern District of Illinois, Eastern Division, and elsewhere,

DEAN R. LOPPNOW,

defendant herein, who was a resident of Hoffman Estates, Illinois, had and received a gross income of approximately \$320,377.

2. By reason of such income, defendant DEAN R. LOPPNOW 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 Center, at Kansas City, Missouri, to a person assigned to receive returns at the local office of the Internal Revenue Service at Chicago, Illinois, or to another Internal Revenue Service office permitted by the Commissioner of Internal Revenue, stating specifically the items of her gross income and any deductions and credits to which she was entitled.

3. Well knowing all of the foregoing facts, defendant LYNN S. LOPPNOW willfully did fail to make the required income tax return to the Internal Revenue Service, or to any proper officer of the United States.

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

COUNT SEVEN

The SPECIAL FEBRUARY 2011-2 GRAND JURY further charges:

1. During the calendar year 2005, in the Northern District of Illinois, Eastern Division, and elsewhere,

DEAN R. LOPPNOW,

defendant herein, who was a resident of Hoffman Estates, Illinois, had and received a gross income of approximately \$504,563.

2. By reason of such income, defendant DEAN R. LOPPNOW 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 Center, at Kansas City, Missouri, to a person assigned to receive returns at the local office of the Internal Revenue Service at Chicago, Illinois, or to another Internal Revenue Service office permitted by the Commissioner of Internal Revenue, stating specifically the items of her gross income and any deductions and credits to which she was entitled.

3. Well knowing all of the foregoing facts, defendant LYNN S. LOPPNOW willfully did fail to make the required income tax return to the Internal Revenue Service, or to any proper officer of the United States.

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

COUNT EIGHT

The SPECIAL FEBRUARY 2011-2 GRAND JURY further charges:

1. During the calendar year 2006, in the Northern District of Illinois, Eastern Division, and elsewhere,

DEAN R. LOPPNOW,

defendant herein, who was a resident of Hoffman Estates, Illinois, had and received a gross income of approximately \$218,769.

2. By reason of such income, defendant DEAN R. LOPPNOW was required by law, following the close of the calendar year 2006 and on or before April 17, 2007, to make an income tax return to the Internal Revenue Service Center, at Kansas City, Missouri, to a person assigned to receive returns at the local office of the Internal Revenue Service at Chicago, Illinois, or to another Internal Revenue Service office permitted by the Commissioner of Internal Revenue, stating specifically the items of her gross income and any deductions and credits to which she was entitled.

3. Well knowing all of the foregoing facts, defendant LYNN S. LOPPNOW willfully did fail to make the required income tax return to the Internal Revenue Service, or to any proper officer of the United States.

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

A TRUE BILL:

FOREPERSON

UNITED STATES ATTORNEY