

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA)	No.
)	
v.)	Violations: Title 26, United States
)	Code, Sections 7206(1) and 7212(a)
WILLIAM BEAVERS)	

COUNT ONE

The SPECIAL JULY 2010 GRAND JURY charges:

1. At times material to this indictment:

(a) The Internal Revenue Service (“IRS”) was an agency of the United States Department of the Treasury, responsible for administering and enforcing the tax laws of the United States. Under these laws, individuals were required to report accurately income to the IRS on annual income tax returns in order for the IRS to carry out its lawful function to ascertain income; compute, assess and collect income taxes; and audit tax returns and records.

(b) Defendant WILLIAM BEAVERS served on the Chicago City Council as an Alderman for the City of Chicago’s 7th Ward, an office he held from his election to that position in 1983 until approximately November 2006. In November 2006, BEAVERS was elected to the Cook County Board of Commissioners, representing the 4th District, and he has held that office since approximately December 2006.

(c) Defendant WILLIAM BEAVERS had three campaign committees that supported BEAVERS in his political activities: (1) Citizens for Beavers; (2) Friends of William Beavers, also known as Friends for William Beavers; and (3) 7th Ward Democratic Organization.

Each of these campaign committees had its own checking account, for which BEAVERS had sole signatory authority. BEAVERS had authority over the issuance of checks from his three campaign committees, including to whom checks would be issued and in what amount, and how these checks were categorized for the purpose of reporting requirements.

(d) The three campaign committees supporting defendant WILLIAM BEAVERS' political activities were required under Illinois law to file income and expenditure reports (D-2s), typically on a semi-annual basis, with the Illinois State Board of Elections. The D-2s were supposed to report, among other things, the identities of individuals to whom expenditures were made within the reporting period in aggregate amounts exceeding \$150, as well as the amounts and purposes of the expenditures. At the time of filing, each D-2 was verified for truth and completeness by the campaign treasurer.

(e) Defendant WILLIAM BEAVERS had a legal duty and obligation, under the Internal Revenue Code and regulations and rules issued thereunder, to:

- (i) accurately report all income that he had received during a particular year on the annual individual income tax return that he filed with the Internal Revenue Service; and
- (ii) report as income on his annual individual income tax return funds from campaign committees used for personal purposes.

The Corrupt Endeavor

2. Beginning in approximately January 2006, and continuing through approximately April 2011, in the Northern District of Illinois, Eastern Division, and elsewhere,

WILLIAM BEAVERS,

defendant herein, corruptly obstructed and impeded and endeavored to obstruct and impede the Internal Revenue Service in the due administration of Title 26, United States Code, namely, the correct identification and reporting of income and the assessment and collection of income taxes due the United States.

3. It was part of the corrupt endeavor that defendant WILLIAM BEAVERS converted campaign funds for his own personal use, provided false information to his campaign treasurers regarding the use of these funds, and understated his income and tax liabilities on his annual federal income tax returns.

Issuance of Checks from Campaign Committees to Defendant

4. It was further part of the corrupt endeavor that during the years 2006 through 2008, defendant WILLIAM BEAVERS caused his campaign committees to issue checks payable to BEAVERS himself and to third parties on behalf of BEAVERS, the proceeds of which BEAVERS used at least in part for his personal purposes, including gambling. Included among those checks were approximately 100 checks written to BEAVERS, the approximate total amounts of which were:

YEAR	AMOUNT
2006	\$96,000
2007	\$69,300
2008	\$61,000
TOTAL	\$226,300

Defendant Falsely Represented the Use of These Checks

5. It was further part of the corrupt endeavor that defendant WILLIAM BEAVERS, in order to conceal his personal use of at least a portion of the campaign funds taken by him through these checks, maintained and caused his campaign workers to maintain records, used to prepare D2s, that falsely reflected the uses of campaign checks payable to BEAVERS.

- Defendant Falsely Represented That Checks Were Used to Pay Campaign Expenses That Were Incurred Later

6. It was further part of the corrupt endeavor that defendant WILLIAM BEAVERS caused his campaign workers to falsely record, on check stubs and other records, that certain campaign checks payable to BEAVERS and used for his personal purposes were instead used for campaign expenditures.

7. It was further part of the corrupt endeavor that defendant WILLIAM BEAVERS sometimes told campaign workers that campaign checks written to and cashed by BEAVERS were for the purpose of paying certain campaign-related expenses, even though those expenses were not incurred by the campaign committees until months after BEAVERS had issued and cashed those checks to himself. In this way, BEAVERS attempted to mask his use of the those checks for personal use by attributing them to the payment of invoices for later-incurred expenses.

- **Defendant Masked His Personal Use Of Campaign Committee Funds Through Entries Made In Or Withheld From Campaign Records And D-2s**

8. It was further part of the corrupt endeavor that defendant WILLIAM BEAVERS caused his campaign workers to falsely record that certain checks payable to BEAVERS were "void" or unused, when in fact they had been cashed by BEAVERS.

9. It was further part of the corrupt endeavor that BEAVERS withheld from his campaign workers any explanation of certain checks payable to BEAVERS.

Defendant Masked His Personal Use of Campaign Funds to Increase his Pension Annuity Through False Campaign Records

10. It was further part of the corrupt endeavor that on or about November 14, 2006, defendant WILLIAM BEAVERS caused a \$68,763.07 check to be issued from the Citizens for Beavers checking account to a City of Chicago employee pension fund in order to obtain a larger annuity upon retirement and caused the campaign committee not to accurately report the check's true purpose in its books and records.

Defendant Failed to Report His Personal Use of Discretionary Cook County Funds

11. It was further part of the corrupt endeavor that beginning in or around December 2006, and continuing every month until at least December 2008, defendant WILLIAM BEAVERS obtained a monthly check in the amount of \$1,200 provided to him by Cook County to be used at his discretion as a Cook County Commissioner and used those funds for personal purposes without listing those funds as income on his federal income tax returns.

Filing of False Tax Returns

12. It was further part of the corrupt endeavor that defendant WILLIAM BEAVERS concealed from the IRS the use of campaign committee funds and Cook County funds for personal expenses by directing the preparation of campaign records and D-2s that concealed the true purpose of funds BEAVERS took from the campaign committees for his own personal use, and by knowingly understating his actual gross income on his tax returns he submitted to the IRS for years 2006, 2007 and 2008.

All in violation of Title 26, United States Code, Section 7212(a).

COUNT TWO

The SPECIAL JULY 2010 GRAND JURY further charges:

1. The allegations in paragraph 1(a) through (c) of Count One of this indictment are realleged here.

2. At times material to this Count:

(a) The Municipal Employees' Annuity and Benefit Fund of Chicago ("MEA&BF") was a government pension plan open to certain City of Chicago employees, including City of Chicago Aldermen, who chose to participate. MEA&BF offered an option for City of Chicago Aldermen to contribute more money to the plan and thereby collect a larger annuity upon retirement.

(b) Cook County, Illinois, paid to each Cook County Commissioner each month a Commissioner Contingency Account ("CCA") check for the Commissioners' discretionary use. Any personal use of these funds was reportable as income. Beginning in December 2006, defendant WILLIAM BEAVERS received \$1,200 per month in CCA checks.

3. On or about November 14, 2006, defendant WILLIAM BEAVERS gave to MEA&BF a check for \$68,763.07 payable to MEA&BF from the Citizens for Beavers checking account in order to increase his monthly pension annuity from \$2,890 to \$6,541. This check was for BEAVERS' personal use and was therefore reportable as income on his federal income tax return.

4. In December 2006, defendant WILLIAM BEAVERS took the \$1,200 CCA check issued to him and used it for his personal purposes.

5. In 2006, defendant WILLIAM BEAVERS cashed checks from his campaign accounts

and used them for his personal purposes.

6. On or about April 16, 2007, in the Northern District of Illinois, Eastern Division,

WILLIAM BEAVERS,

defendant herein, willfully made, subscribed, and caused to be made and subscribed, a United States Individual Income Tax Return (Form 1040 with schedules and attachments), for the calendar year 2006, which return was verified by written declaration that it was made under the penalties of perjury and was filed with the Internal Revenue Service, which income tax return he did not believe to be true and correct as to every material matter, in that it stated on Line 22 that his total income was \$208,561, and on Line 43 that his taxable income was \$98,453, whereas, in truth and fact, as BEAVERS knew, his total income was in excess of that amount, in that the defendant failed to report additional gross income received in calendar year 2006, including gross income received from his campaign committees and from the Cook County Commissioner's Contingency Account;

In violation of Title 26, United States Code, Section 7206(1).

COUNT THREE

The SPECIAL JULY 2010 GRAND JURY further charges:

1. The allegations in paragraph 1(a) through (c) of Count One and paragraph 2(b) of Count Two of this indictment are realleged here.

2. In 2007, defendant WILLIAM BEAVERS took the \$14,400 in CCA checks issued to him and used them for his personal purposes.

3. In 2007, defendant WILLIAM BEAVERS cashed checks from his campaign accounts and used them for his personal purposes.

4. On or about April 15, 2008, in the Northern District of Illinois, Eastern Division,

WILLIAM BEAVERS,

defendant herein, willfully made, subscribed, and caused to be made and subscribed, a United States Individual Income Tax Return (Form 1040 with schedules and attachments), for the calendar year 2007, which return was verified by written declaration that it was made under the penalties of perjury and was filed with the Internal Revenue Service, which income tax return he did not believe to be true and correct as to every material matter, in that it stated on Line 22 that his total income was \$487,568, and on Line 43 that his taxable income was \$204,228 whereas, in truth and fact, as BEAVERS knew, his total income was in excess of that amount, in that the defendant failed to report additional gross income received in calendar year 2007, including gross income received from his campaign committees and from the Cook County Commissioner's Contingency Account;

In violation of Title 26, United States Code, Section 7206(1).

COUNT FOUR

The SPECIAL JULY 2010 GRAND JURY further charges:

1. The allegations in paragraph 1(a) through (c) of Count One and paragraph 2(b) of Count Two of this indictment are realleged here.

2. In 2008, defendant WILLIAM BEAVERS took at least \$13,200 in CCA checks issued to him and used them for his personal purposes.

3. In 2008, defendant WILLIAM BEAVERS cashed checks from his campaign accounts and used them for his personal purposes.

4. On or about April 15, 2009, in the Northern District of Illinois, Eastern Division,

WILLIAM BEAVERS,

defendant herein, willfully made, subscribed, and caused to be made and subscribed, a United States Individual Income Tax Return (Form 1040 with schedules and attachments), for the calendar year 2008, which return was verified by written declaration that it was made under the penalties of perjury and was filed with the Internal Revenue Service, which income tax return he did not believe to be true and correct as to every material matter, in that it stated on Line 22 that his total income was \$300,408, and on Line 43 that his taxable income was \$171,507, whereas, in truth and fact, as BEAVERS knew, his total income was in excess of that amount, in that the defendant failed to

report additional gross income received in calendar year 2008, including gross income received from his campaign committees and from the Cook County Commissioner's Contingency Account;

In violation of Title 26, United States Code, Section 7206(1).

A TRUE BILL:

FOREPERSON

UNITED STATES ATTORNEY