

FILED
4/14/2022

CR

THOMAS G. BRUTON
CLERK, U.S. DISTRICT COURT

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

1:22-CR-00222

UNITED STATES OF AMERICA)

No.

v.)

Violation: Title 26, United States
Code, Section 7201

HERBERT O. McDOWELL III)

COUNT ONE

JUDGE DURKIN
MAGISTRATE JUDGE VALDEZ

The SPECIAL JULY 2021 GRAND JURY charges:

1. At times material to this Indictment:

a. Defendant HERBERT O. McDOWELL III was a resident of

Wilmette, Illinois;

b. United Preferred Companies ("UPC") was a business located in

Northfield, Illinois, which was incorporated in the State of Illinois in 2011, with
McDOWELL as President and sole owner;

c. McDOWELL maintained a bank account in the name of UPC at

Bank A ("the Bank A account");

d. Benefit Fund A was an employee benefit fund located in

Northfield, Illinois;

e. Business A was an entity located in Northfield, Illinois that

administered health and insurance policies sold by others;

f. Business B was an entity located in Northfield, Illinois that sold

life insurance policies and other related products;

g. In calendar year 2015, McDOWELL received wages, compensation, and gross income, including as follows:

- i. approximately \$75,000 from Benefit Fund A;
- ii. approximately \$76,853 from Business A; and,
- iii. approximately \$201,635 from Business B.

h. By reason of McDOWELL's income, he was required by law following the close of calendar year 2015, and on or before April 18, 2016, to make an income tax return to the Internal Revenue Service and to pay the income tax due and owing thereon.

2. From on or about January 1, 2015, and continuing through April 18, 2016, in the Northern District of Illinois, Eastern Division,

HERBERT O. McDOWELL III,

defendant herein, willfully attempted to evade and defeat the payment of substantial income tax due and owing by McDOWELL to the United States of America, for calendar year 2015, by committing the following affirmative acts, among others:

a. McDOWELL used the Bank A account to conceal and avoid reporting his income to the Internal Revenue Service;

b. McDOWELL caused Benefit Fund A to issue checks in payment of wages, compensation, and other income to UPC, an entity which did not report the receipt of this income or file tax returns;

c. McDOWELL caused Business A to issue payments of wages, compensation, and other income to UPC, an entity which did not report the receipt of this income or file tax returns;

d. McDOWELL caused Business B to issue payments of wages, compensation, and other income to UPC, an entity which did not report the receipt of this income or file tax returns; and,

e. McDOWELL used the Bank A account to pay personal expenses and withdraw cash;

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

COUNT TWO

The SPECIAL JULY 2021 GRAND JURY further charges:

1. At times material to this Indictment:

a. Paragraphs 1.a through 1.d. and 1.f. of Count One are incorporated here.

g. In calendar year 2016, McDOWELL received wages, compensation, and gross income, including as follows:

i. approximately \$325,000 from Benefit Fund A; and,

ii. approximately \$107,372 from Business B.

h. By reason of McDOWELL's income, he was required by law following the close of calendar year 2016, and on or before April 18, 2017, to make an income tax return to the Internal Revenue Service and to pay the income tax due and owing thereon.

2. From on or about January 1, 2016, and continuing through April 18, 2017, in the Northern District of Illinois, Eastern Division,

HERBERT O. McDOWELL III,

defendant herein, willfully attempted to evade and defeat the payment of substantial income tax due and owing by McDOWELL to the United States of America, for calendar year 2016, by committing the following affirmative acts, among others:

a. McDOWELL used the Bank A account to conceal and avoid reporting his income to the Internal Revenue Service;

b. McDOWELL caused Benefit Fund A to issue checks in payment of wages, compensation, and other income to UPC, an entity which did not report the receipt of this income or file tax returns;

c. McDOWELL caused Business B to issue payments of wages, compensation, and other income to UPC, an entity which did not report the receipt of this income or file tax returns; and,

d. McDOWELL used the Bank A account to pay personal expenses and withdraw cash;

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

COUNT THREE

The SPECIAL JULY 2021 GRAND JURY further charges:

1. At times material to this Indictment:

a. Paragraphs 1.a. through 1.d. and 1.f. of Count One are incorporated here.

g. In calendar year 2017, McDOWELL received wages, compensation, and gross income, including as follows:

i. approximately \$414,500 from Benefit Fund A;

ii. approximately \$45,500 from Benefit Fund A through a third party;

iii. approximately \$52,000 from Benefit Fund A through a third party;

iv. approximately \$300,000 from Benefit Fund A through third parties;

v. approximately \$20,242 from Business B; and,

vi. approximately \$314,000, as cancelled debt, from Bank B.

h. By reason of McDOWELL's income, he was required by law following the close of calendar year 2017, and on or before April 17, 2018, to make an income tax return to the Internal Revenue Service and to pay the income tax due and owing thereon.

2. From on or about January 1, 2017, and continuing through April 17, 2018, in the Northern District of Illinois, Eastern Division,

HERBERT O. McDOWELL III,

defendant herein, willfully attempted to evade and defeat the payment of substantial income tax due and owing by McDOWELL to the United States of America, for calendar year 2017, by committing the following affirmative acts, among others:

a. McDOWELL used the Bank A account to conceal and avoid reporting his income to the Internal Revenue Service;

b. McDOWELL caused Benefit Fund A to issue checks in payment of wages, compensation, and other income to UPC, an entity which did not report the receipt of this income or file tax returns;

c. McDOWELL caused Benefit Fund A to issue payments of wages, compensation, and other income to Attorney A in order to pay McDOWELL's personal legal bills and a personal deficiency judgment;

d. McDOWELL caused Benefit Fund A to issue payments of wages, compensation, and other income to Attorney A in order to pay McDOWELL's personal expenses;

e. McDOWELL caused Benefit Fund A to issue payments of wages, compensation, and other income to Attorney A in order to obtain the release of a lien on McDOWELL's personal property;

f. McDOWELL caused Benefit Fund A to issue payments of wages, compensation, and other income to McDOWELL's landlord in payment of McDOWELL's rent;

g. McDOWELL caused Business B to issue payments of wages, compensation, and other income to UPC, an entity which did not report the receipt of this income or file tax returns; and,

h. Defendant used the Bank A account to pay personal expenses and withdraw cash;

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

COUNT FOUR

The SPECIAL JULY 2021 GRAND JURY further charges:

1. At times material to this Indictment:

a. Paragraphs 1.a. through 1.d. and 1.f. of Count One are incorporated here.

g. In calendar year 2018, McDOWELL received wages, compensation, and gross income, including as follows:

i. approximately \$531,586 from Benefit Fund A;

ii. approximately \$10,500 from Benefit Fund A through a third party; and,

iii. approximately \$95,496 from Business B.

h. By reason of McDOWELL's income, he was required by law following the close of calendar year 2018, and on or before April 15, 2019, to make an income tax return to the Internal Revenue Service and to pay the income tax due and owing thereon.

2. From on or about January 1, 2018, and continuing through April 15, 2019, in the Northern District of Illinois, Eastern Division,

HERBERT O. McDOWELL III,

defendant herein, willfully attempted to evade and defeat the payment of substantial income tax due and owing by McDOWELL to the United States of America, for calendar year 2018, by committing the following affirmative acts, among others:

a. McDOWELL used the Bank A account to conceal and avoid reporting his income to the Internal Revenue Service;

b. McDOWELL caused Benefit Fund A to issue checks in payment of wages, compensation, and other income to UPC, an entity which did not report the receipt of this income or file tax returns;

c. McDOWELL caused Benefit Fund A to issue payments of wages, compensation, and other income to McDOWELL's landlord in payment of McDOWELL's rent;

d. McDOWELL caused Business B to issue payments of wages, compensation, and other income to UPC, an entity which did not report the receipt of this income or file tax returns; and,

e. McDOWELL used the Bank A account to pay personal expenses and withdraw cash;

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

COUNT FIVE

The SPECIAL JULY 2021 GRAND JURY further charges:

1. At times material to this Indictment:

a. Paragraphs 1.a. through 1.d. of Count One are incorporated here.

e. In calendar year 2019, McDOWELL received wages, compensation, and gross income, including approximately \$718,905 from Benefit Fund A.

f. By reason of McDOWELL's income, he was required by law following the close of calendar year 2019, and on or before July 15, 2020, to make an income tax return to the Internal Revenue Service and to pay the income tax due and owing thereon.

2. From on or about January 1, 2019, and continuing through July 15, 2020, in the Northern District of Illinois, Eastern Division,

HERBERT O. McDOWELL III,

defendant herein, willfully attempted to evade and defeat the payment of substantial income tax due and owing by McDOWELL to the United States of America, for calendar year 2019, by committing the following affirmative acts, among others:

a. McDOWELL used the Bank A account to conceal and avoid reporting his income to the Internal Revenue Service;

b. McDOWELL caused Benefit Fund A to issue checks in payment of wages, compensation, and other income to UPC, an entity which did not report the receipt of this income or file tax returns;

c. McDOWELL caused Benefit Fund A to issue payments of wages, compensation, and other income to McDOWELL's landlord in payment of McDOWELL's rent; and,

d. McDOWELL used the Bank A account to pay personal expenses and withdraw cash;

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

A TRUE BILL:

FOREPERSON

UNITED STATES ATTORNEY