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COOK COUNTY COMMISSIONER WILLIAM BEAVERS INDICTED ON FEDERAL TAX CHARGES FOR ALLEGEDLY FAILING TO PAY TAXES ON CAMPAIGN FUNDS AND COUNTY EXPENSE ACCOUNT USED FOR PERSONAL PURPOSES

CHICAGO — Cook County Commissioner **William Beavers** was indicted today on federal tax charges for allegedly obstructing the Internal Revenue Service and failing to report, and pay taxes on, all of his income. Beavers allegedly concealed his under-reporting of income and underpayment of taxes on thousands of dollars that he converted to personal use from his campaign accounts – including more than \$68,000 in personal gain on one occasion that was not reported – as well as from his county discretionary spending account. Between 2006 and 2008, Beavers allegedly paid himself more than \$225,000 from three separate campaign accounts and used at least a portion of those funds for personal purposes, including gambling. In 2006, he used more than \$68,000 from a campaign account to boost his city pension, and between 2006 and 2008, he used his \$1,200 monthly county contingency account for personal purposes without reporting any of these funds as income on his federal tax returns, the indictment alleges.

Beavers, 77, of Chicago, was charged with one count of corruptly endeavoring to obstruct and impede the IRS and three counts of filing false federal income tax returns in a four-count

indictment that was returned today by a federal grand jury, announced Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois; Alvin Patton, Special Agent-in-Charge of the Internal Revenue Service Criminal Investigation Division in Chicago; and Robert D. Grant, Special Agent-in-Charge of the Chicago Office of the Federal Bureau of Investigation.

Beavers, who was elected to the Cook County Board of Commissioners, representing the 4th District, in November 2006 and began serving as a commissioner a month later, will be ordered to appear for arraignment on a date to be determined in U.S. District Court. Previously, Beavers served as the 7th Ward alderman on Chicago's City Council from 1983 until November 2006, when he was elected to the commissioner's post.

"If politicians choose to use their campaign funds for personal use then they, like all the citizens they serve, share the obligation to honestly report their income and pay the correct amount of taxes," Mr. Fitzgerald said. "The indictment alleges that over a course of three years, Commissioner Beavers repeatedly used his campaign accounts for personal use and then thwarted the Internal Revenue Service by causing his campaign committees to create false records to cover it up."

Mr. Patton of the IRS said, "When public officials raise money for political campaigns and use those funds for personal expenses, they must report it as income and pay taxes. A system of government, like ours, which depends on its citizens' voluntarily compliance with tax laws, is undermined when elected officials shirk their tax responsibilities."

According to the indictment, Beavers had sole authority over three campaign committees that supported his political activities – Citizens for Beavers, Friends of William Beavers, also known as Friends for William Beavers, and 7th Ward Democratic Organization. As part of the corrupt

endeavor to obstruct the IRS, Beavers allegedly 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 the taxes he owed in his individual income tax returns for 2006, 2007 and 2008.

During those three years, Beavers caused his campaign committees to issue checks payable to himself and to third parties on his behalf, and he allegedly used at least part of the proceeds for personal expenses, including an unspecified amount for gambling. The checks included approximately 100 payable to Beavers personally, totaling about \$96,000 in 2006, \$69,300 in 2007, and \$61,000 in 2008, for a total of approximately \$226,300.

As part of the corrupt endeavor, the indictment alleges that Beavers concealed his personal use of campaign funds by maintaining and causing campaign workers to maintain records that falsely reflected the uses of campaign checks payable to Beavers, including records used to prepare semi-annual Illinois campaign finance reports known as D-2s. Beavers caused campaign workers to falsely record, on check stubs and other records, that certain campaign checks written to him and used for personal purposes were instead used for campaign expenses, the charges allege.

In some instances, Beavers allegedly attempted to conceal his use of campaign funds for personal use by telling campaign workers that checks payable to and cashed by him were for paying campaign-related expenses, even though those expenses were not incurred by the campaign committees until months after Beavers had converted the funds. In other instances, Beavers withheld from his campaign staff any explanation of certain checks payable to him, or he caused workers to falsely record that certain checks were “void” or unused even though he had cashed them.

The indictment alleges that on Nov. 14, 2006, Beavers caused a check for \$68,763.07 to be paid from Citizens for Beavers to the Municipal Employees' Annuity and Benefit Fund of Chicago, a pension plan for certain City of Chicago employees including Aldermen, to increase his monthly pension from \$2,890 to \$6,541. The check allegedly was for personal use and should have been, but was not, reported as income on his 2006 income tax return.

Beginning in December 2006 when he began serving as a county commissioner, through November 2008, Beavers received \$1,200 a month from Cook County in the form of a Commissioner Contingency Account (CCA) check for discretionary use. Any personal use of these funds was reportable as income, according to the indictment. Beavers allegedly used the total of \$28,800 for personal purposes without reporting any of the funds as income on tax returns.

The three counts of filing false tax returns allege that Beavers failed to include unspecified gross income from his campaign committees and county account when he reported the following amounts of total income and taxable income on his federal returns for 2006 - 2008:

\$208,561 total income and \$98,453 taxable income for 2006;

\$487,568 total and \$204,228 taxable for 2007; and

\$300,408 total and \$171,507 taxable for 2008.

Each count of the indictment carries a maximum penalty of three years in prison and a \$250,000 fine and restitution is mandatory. In addition, defendants convicted of tax offenses must pay the costs of prosecution and remain liable for any and all back taxes, as well as a civil fraud penalty of 75 percent of the underpayment plus interest. If convicted, the Court must impose a reasonable sentence under federal statutes and the advisory United States Sentencing Guidelines.

The government is being represented by Assistant U.S. Attorneys Matthew Getter and Samuel B. Cole.

The public is reminded that an indictment contains only charges and is not evidence of guilt. The defendant is presumed innocent and is entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

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