

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

v.

Case: 4:16-cr-20700  
Judge: Parker, Linda V.  
MJ: Davis, Stephanie Dawkins  
Filed: 10-19-2016  
In Re: SEALED MATTER (sk)

D-1 JEREMIAH CHEFF,  
D-2 NICOLETTE CHEFF,

Defendants.

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**INDICTMENT**

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THE GRAND JURY CHARGES:

**INTRODUCTION**

At times material to this Indictment:

1. Defendants JEREMIAH CHEFF and NICOLETTE CHEFF, a married couple, resided in Grand Blanc, Michigan, within the Eastern District of Michigan.
2. By in or around 2010, defendants JEREMIAH CHEFF and NICOLETTE CHEFF owned sixteen different Adult Foster Care homes (“AFCs”) throughout Michigan that were operating under five business entities (“Cheff Businesses”)

3. The AFCs were foster care homes for residents with mental illnesses, or developmental or physical disabilities that prevented them from living on their own. A substantial portion of the funding for the AFCs came from government sources.

4. The Cheff Businesses employed workers at the AFCs who took care of the residents. The workers at the AFCs were paid wages.

5. The defendants operated some of the Cheff Businesses as partnerships, with defendants JEREMIAH CHEFF and NICOLETTE CHEFF each owning a 50 percent interest. The Cheff Businesses that were operated as partnerships included Hunter's Home, with two locations in White Lake, Michigan, along with locations in Groveland, Clarkston, Orion, Davisburg, Davison, Goodrich, and Holly, Michigan. Additional Cheff Businesses operated as partnerships by defendants JEREMIAH CHEFF and NICOLETTE CHEFF included Nico's Place, with two locations in Goodrich, Michigan, and Harmony Manor, with three locations in Flint, Michigan.

6. The defendants operated some of the Cheff Businesses as corporations, with defendants JEREMIAH CHEFF and NICOLETTE CHEFF each owning a 50 percent interest. The Cheff Businesses operated as corporations included Hilltop Estates, with a location in Pontiac, Michigan, and Deerwood Manor, with a location in Oxford, Michigan.

7. Defendants JEREMIAH CHEFF and NICOLETTE CHEFF were jointly responsible for the operation, management, and business activity of the Cheff Businesses.

8. The Internal Revenue Service (“IRS”) was and is an agency of the United States Department of Treasury responsible for administering the tax laws of the United States including the ascertainment, computation, assessment, and collection of income taxes and payroll taxes.

### **Payroll Taxes**

9. Defendants JEREMIAH CHEFF and NICOLETTE CHEFF caused the Cheff Businesses to withhold taxes from employees’ paychecks including federal income taxes, Medicare, and Social Security taxes. Medicare, and Social Security taxes are often referred to as Federal Insurance Contribution Act taxes or “FICA” taxes. Withheld federal income taxes and FICA taxes will be referred to collectively in this indictment as “payroll taxes.” The amount of payroll taxes withheld by an employer must be held to be a special fund in trust for the United States.

10. The Cheff Businesses were required to pay over the payroll taxes to the IRS on a periodic basis. The Cheff Businesses were also required to file with the IRS, on a quarterly basis, an Employer’s Quarterly Federal Income Tax Return (“Form 941”) due at the end of the month following the end of each calendar

quarter. On the Forms 941, the Cheff Businesses were required to report the total amount of wages and other compensation subject to withholding, the total amount of income tax withheld, the total amount of FICA taxes due, and the total tax deposits, among other things.

11. As the owners who controlled the operation, management, and business activity of the Cheff Businesses, defendants JEREMIAH CHEFF and NICOLETTE CHEFF were both responsible for withholding payroll taxes from the paychecks of employees. They were also both responsible for accounting to the IRS for the payroll taxes of the Cheff Businesses by filing Forms 941 and were both responsible for paying the payroll taxes over to the IRS.

12. Defendants JEREMIAH CHEFF and NICOLETTE CHEFF used an outside company for payroll services including the preparation of Forms 941 for the Cheff Businesses.

13. Defendants JEREMIAH CHEFF and NICOLETTE CHEFF were regularly supplied with Forms 941 for the Cheff Businesses prepared by the outside company along with detailed mailing instructions, filing due dates, and payment amounts.

14. From the quarter ending September 30, 2010, through the quarter ending September 30, 2014, defendants JEREMIAH CHEFF and NICOLETTE CHEFF withheld payroll taxes from the paychecks of the employees of the Cheff

Businesses but failed to pay over those funds to the IRS and failed to timely file Forms 941 for those quarters.

15. While failing to pay over payroll taxes due to the IRS, defendants JEREMIAH CHEFF and NICOLETTE CHEFF spent portions of the funds of the Cheff Businesses for their personal benefit and enjoyment.

### **IRS Collection Actions**

16. On or about January 20, 2012, defendants JEREMIAH CHEFF and NICOLETTE CHEFF were contacted by an IRS Revenue Officer about delinquent Forms 941 for Nico's Place.

17. On or about February 4, 2012, defendant NICOLETTE CHEFF caused Forms 941 for Nico's Place, signed by defendant JEREMIAH CHEFF, to be sent to the IRS but did not send any payment.

18. On or about April 20, 2012, the IRS filed a Notice of Federal Tax Lien in an effort to collect the delinquent payroll taxes for Nico's Place.

19. After the Notice of Federal Tax Lien was filed, defendants JEREMIAH CHEFF and NICOLETTE CHEFF still failed to pay over the payroll taxes due.

### **COUNTS ONE THROUGH SIXTY**

(26 U.S.C. § 7202 – Failure to Account For and Pay Over Payroll Taxes;  
18 U.S.C. § 2 Aiding and Abetting)

20. Paragraphs 1 through 19 of this Indictment are realleged and reincorporated herein.



21. Beginning on or about October 31, 2010, and continuing up to and including on or about October 31, 2014, in the Eastern District of Michigan, defendants JEREMIAH CHEFF and NICOLETTE CHEFF did willfully fail to truthfully account for and pay over to the IRS all of the federal income taxes withheld and FICA taxes due and owing to the United States on behalf of their businesses and employees, for each of the following quarters, with each calendar quarter constituting a separate count of this Indictment, as set forth below:

<b>Count</b>	<b>Cheff Business</b>	<b>Quarter/Year</b>	<b>Form 941 Due on or About Date</b>
1	Hilltop Estates	Fourth Quarter 2010	January 31, 2011
2	Hilltop Estates	First Quarter 2011	April 30, 2011
3	Hilltop Estates	Second Quarter 2011	July 31, 2011
4	Hilltop Estates	Third Quarter 2011	October 31, 2011
5	Hilltop Estates	Fourth Quarter 2011	January 31, 2012
6	Hilltop Estates	First Quarter 2012	April 30, 2012
7	Hilltop Estates	Second Quarter 2012	July 31, 2012
8	Hilltop Estates	Third Quarter 2012	October 31, 2012
9	Hilltop Estates	Fourth Quarter 2012	January 31, 2013
10	Harmony Manor	First Quarter 2011	April 30, 2011
11	Harmony Manor	Second Quarter 2011	July 31, 2011
12	Harmony Manor	Third Quarter 2011	October 31, 2011

13	Harmony Manor	Fourth Quarter 2011	January 31, 2012
14	Harmony Manor	First Quarter 2012	April 30, 2012
15	Harmony Manor	Second Quarter 2012	July 31, 2012
16	Harmony Manor	Third Quarter 2012	October 31, 2012
17	Harmony Manor	Fourth Quarter 2012	January 31, 2013
18	Hunter's Home	Third Quarter 2010	October 31, 2010
19	Hunter's Home	Fourth Quarter 2010	January 31, 2011
20	Hunter's Home	First Quarter 2011	April 30, 2011
21	Hunter's Home	Second Quarter 2011	July 31, 2011
22	Hunter's Home	Third Quarter 2011	October 31, 2011
23	Hunter's Home	Fourth Quarter 2011	January 31, 2012
24	Hunter's Home	First Quarter 2012	April 30, 2012
25	Hunter's Home	Second Quarter 2012	July 31, 2012
26	Hunter's Home	Third Quarter 2012	October 31, 2012
27	Hunter's Home	Fourth Quarter 2012	January 31, 2013
28	Hunter's Home	First Quarter 2013	April 30, 2013
29	Hunter's Home	Second Quarter 2013	July 31, 2013
30	Hunter's Home	Third Quarter 2013	October 31, 2013
31	Hunter's Home	Fourth Quarter 2013	January 31, 2014
32	Hunter's Home	First Quarter 2014	April 30, 2014
33	Hunter's Home	Second Quarter 2014	July 31, 2014
34	Hunter's Home	Third Quarter 2014	October 31, 2014

35	Deerwood Manor	First Quarter 2011	April 30, 2011
36	Deerwood Manor	Second Quarter 2011	July 31, 2011
37	Deerwood Manor	Third Quarter 2011	October 31, 2011
38	Deerwood Manor	Fourth Quarter 2011	January 31, 2012
39	Deerwood Manor	First Quarter 2012	April 30, 2012
40	Deerwood Manor	Second Quarter 2012	July 31, 2012
41	Deerwood Manor	Third Quarter 2012	October 31, 2012
42	Deerwood Manor	Fourth Quarter 2012	January 31, 2013
43	Deerwood Manor	First Quarter 2013	April 30, 2013
44	Deerwood Manor	Second Quarter 2013	July 31, 2013
45	Nico's Place	Third Quarter 2010	October 31, 2010
46	Nico's Place	Fourth Quarter 2010	January 31, 2011
47	Nico's Place	First Quarter 2011	April 30, 2011
48	Nico's Place	Second Quarter 2011	July 31, 2011
49	Nico's Place	Third Quarter 2011	October 31, 2011
50	Nico's Place	Fourth Quarter 2011	January 31, 2012
51	Nico's Place	First Quarter 2012	April 30, 2012
52	Nico's Place	Second Quarter 2012	July 31, 2012
53	Nico's Place	Third Quarter 2012	October 31, 2012
54	Nico's Place	Fourth Quarter 2012	January 31, 2013
55	Nico's Place	First Quarter 2013	April 30, 2013
56	Nico's Place	Second Quarter 2013	July 31, 2013



<b>57</b>	Nico's Place	Third Quarter 2013	October 31, 2013
<b>58</b>	Nico's Place	Fourth Quarter 2013	January 31, 2014
<b>59</b>	Nico's Place	First Quarter 2014	April 30, 2014
<b>60</b>	Nico's Place	Second Quarter 2014	July 31, 2014

Each of these counts is a separate violation of 26 U.S.C. § 7202 and 18 U.S.C.

§ 2.

THIS IS A TRUE BILL

Dated: October 19, 2016

s/GRAND JURY FOREPERSON

BARBARA L. MCQUADE  
United States Attorney

s/JEFFREY A. MCLELLAN  
Trial Attorney  
U.S. Department of Justice, Tax Division

s/CARL F. BROOKER, IV  
Trial Attorney  
U.S. Department of Justice, Tax Division

(Companion Case information MUST be con

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United States District Court  
 Eastern District of Michigan

**Criminal Case Cover**

NOTE: It is the responsibility of the Assistant U.S. Attorney signing this form to complete it accurately in all respects.

<b>Companion Case Information</b>	Companion Case Number:
This may be a companion case based upon LCrR 57.10 (b)(4) <sup>1</sup> :	Judge Assigned:
<input type="checkbox"/> Yes <input type="checkbox"/> No	AUSA's Initials:

Case Title: USA v. JEREMIAH CHEFF and NICOLETTE CHEFF

County where offense occurred: Genesee and other counties

Check One:     Felony                       Misdemeanor                       Petty

- Indictment/  Information --- no prior complaint.
- Indictment/  Information --- based upon prior complaint [Case number: \_\_\_\_\_]
- Indictment/  Information --- based upon LCrR 57.10 (d) [Complete Superseding section \_\_\_\_\_]

**Superseding Case Information**

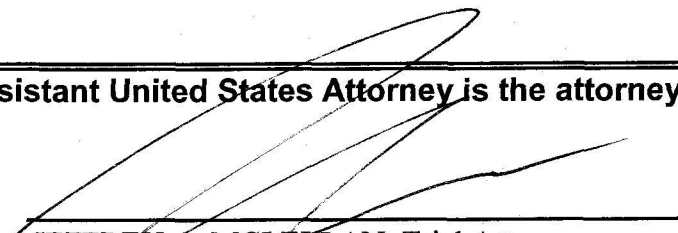
Superseding to Case No: \_\_\_\_\_ Judge: \_\_\_\_\_

- Corrects errors; no additional charges or defendants.
- Involves, for plea purposes, different charges or adds counts.
- Embraces same subject matter but adds the additional defendants or charges below:

<u>Defendant name</u>	<u>Charges</u>	<u>Prior Complaint (if applicable)</u>
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**Please take notice that the below listed Assistant United States Attorney is the attorney of record for the above captioned case.**

October 19, 2016  
 Date

  
 \_\_\_\_\_  
 JEFFREY A. MCLELLAN, Trial Attorney  
 U.S. Department of Justice, Tax Division

<sup>1</sup> Companion cases are matters in which it appears that (1) substantially similar evidence will be offered at trial, or (2) the same or related parties are present, and the cases arise out of the same transaction or occurrence. Cases may be companion cases even though one of them may have already been terminated.