

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA)
)
) No. 15 CR 0176
) Judge Sharon Johnson Coleman
)
WILLIAM DADDONO)

PLEA AGREEMENT

1. This Plea Agreement between the United States Attorney for the Northern District of Illinois, ZACHARY T. FARDON, and defendant WILLIAM DADDONO, and his attorney, SCOTT FRANKEL, is made pursuant to Rule 11 of the Federal Rules of Criminal Procedure and is governed in part by Rule 11(c)(1)(A), as more fully set forth below. The parties to this Agreement have agreed upon the following:

Charges in This Case

2. The indictment in this case charges defendant with two counts of willfully attempting to evade or defeat the payment of income tax due and owing by defendant to the United States of America, in violation of Title 26, United States Code, Section 7201 (Counts One and Three), and two counts of filing a false income tax return, in violation of Title 26, United States Code, Section 7206 (Counts Two and Four).

3. Defendant has read the charges against him contained in the indictment, and those charges have been fully explained to him by his attorney.

4. Defendant fully understands the nature and elements of the crimes with which he has been charged.

Charge to Which Defendant Is Pleading Guilty

5. By this Plea Agreement, defendant agrees to enter a voluntary plea of guilty to the following count of the indictment: Count Three, which charges defendant with willfully attempting to evade and defeat the payment of income tax due and owing to the United States of America in violation of Title 26, United States Code, Section 7201.

Factual Basis

6. Defendant will plead guilty because he is in fact guilty of the charges contained in Count Three of the indictment. In pleading guilty, defendant admits the following facts and that those facts establish his guilt beyond a reasonable doubt and constitute relevant conduct pursuant to Guideline § 1B1.3:

a. Offense Conduct

Beginning on or about January 1, 2009, and continuing through on or about April 15, 2010, in the Northern District of Illinois, Eastern Division, and elsewhere, defendant WILLIAM DADDONO did willfully attempt to evade and defeat the payment of income tax due and owing by defendant, in the amount of approximately \$102,412, to the United States of America for the calendar year 2009, by causing such income to be paid by two companies owned by DADDONO, Advanced Appraisal Group, and later Advanced Appraisal Consultants, to another company previously owned by DADDONO, Real Property Valuation, and to reflect such checks as business expenses for appraisal fees on the books of AAG or AAC, despite the fact that neither AAG nor AAC owed Real Property Valuation any fees for appraisals.

Specifically, during the calendar year 2009, DADDONO owned and operated two companies, AAG and AAC, for the purpose of providing real estate appraisals. The combined gross receipts for AAG and AAC in 2009 were approximately \$297,000.

In order to evade payment of his personal income taxes, DADDONO caused AAG in January and February 2009, and then AAC beginning in March 2009, to issue checks to Real Property Valuations, a defunct corporation that was previously owned and operated by DADDONO. DADDONO also caused one check to be issued by AAC directly to DADDONO. DADDONO then directed the employees of AAG and AAC to record these checks as business expenses in the books and ledgers of the company issuing the checks. DADDONO deposited the checks issued by AAG and AAC in a bank account at Fifth Third Bank, held in the name of Real Property Valuation. DADDONO was the sole signatory on the bank account of Real Property Valuation. DADDONO used the money deposited in the Real Property Valuation bank account for personal use.

On August 24, 2010, DADDONO, to further his evasion, caused to be filed with the Internal Revenue Service an individual income tax return (Form 1040 with schedules and attachments) for the calendar year 2009, reporting negative total income for the calendar year of 2009 in the amount of (\$19,869). DADDONO did not report that his income from appraisal fees was approximately \$297,251, and that combined with other sources his income was approximately \$334,594, and that with appropriate deductions, he owed approximately \$102,412 in taxes to the IRS for the year 2009.

b. Relevant Conduct

DADDONO also evaded the payment of income taxes due and owing to the United States for calendar years 2005 through 2008 and calendar year 2010. DADDONO owned and operated AAG, and later AAC, during those years and performed appraisal services on behalf of those companies, resulting in gross receipts to AAG and AAC in each calendar year 2005 through 2008, and 2010. In order to evade the payment of personal income taxes in each of

these years, DADDONO caused employees of AAG and AAC to write checks payable to Real Property Valuation, even though neither AAG nor AAC owed any fees or other money to Real Property Valuation. DADDONO further caused the employees of AAG and AAC to enter the payments made to Real Property Valuation as business expenses on the ledgers of AAG, and later on the ledgers of AAC. The amounts diverted by DADDONO to Real Property Valuation and falsely entered as business expenses on the ledgers of AAG and AAC for each of the calendar years is summarized below:

YEAR	AMOUNT
2005	\$280,589
2006	\$300,966
2007	\$376,283
2008	\$386,842
2010	\$278,614
TOTAL	\$1,623,294

DADDONO deposited the checks made payable to Real Property Valuation into an account he maintained in the name of Real Property Valuation and used the funds for his own personal purposes.

In order to further evade payment of his taxes, DADDONO knowingly caused the filing of Form 1120S corporate income tax returns that falsely inflated expenses and underreported income as a result of DADDONO instructing employees to enter payments made to Real Property Valuation as business expenses. DADDONO also caused the filing of false Form

1040 individual income tax returns for the years 2005 through 2008 that falsely underreported the amount of his income by failing to include the amounts paid to DADDONO by AAG and AAC through Real Property Valuation. As a result, DADDONO caused tax losses to the United States in the amount of \$82,123 for 2005, \$90,744 for 2006, \$123,241 for 2007, \$99,124 for 2008, and \$55,723 for 2010.

c. Total Loss for 2005 through 2010

As a result of the offense conduct and relevant conduct described above, the total amount of income tax due and owing by DADDONO for the 2005 through 2010 calendar years is \$553,367.

Maximum Statutory Penalties

7. Defendant understands that the charge to which he is pleading guilty carries the following statutory penalties:

a. A maximum sentence of three years' imprisonment. This offense also carries a maximum fine of \$250,000, or twice the gross gain or gross loss resulting from that offense, whichever is greater. Defendant further understands that the Court must order costs of prosecution, estimated not to exceed \$500. Defendant further understands that the judge also may impose a term of supervised release of not more than three years.

b. In accord with Title 18, United States Code, Section 3013, defendant will be assessed \$100 on the charge to which he has pled guilty, in addition to any other penalty or restitution imposed.

Sentencing Guidelines Calculations

8. Defendant understands that in imposing sentence the Court will be guided by the United States Sentencing Guidelines. Defendant understands that the Sentencing Guidelines are

advisory, not mandatory, but that the Court must consider the Guidelines in determining a reasonable sentence.

9. For purposes of calculating the Sentencing Guidelines, the parties agree on the following points:

a. **Applicable Guidelines.** The Sentencing Guidelines to be considered in this case are those in effect at the time of the conduct. The following statements regarding the calculation of the Sentencing Guidelines are based on the Guidelines Manual currently in effect, namely the November 2015 Guidelines Manual:

b. **Offense Level Calculations.**

i. The base offense level is 20, pursuant to Guideline §§ 2T1.1(a)(1) and 2T4.1(H), because the loss total from the offense of conviction and relevant conduct (\$553,367) is more than \$550,000 but not more than \$1,500,000.

ii. Defendant has clearly demonstrated a recognition and affirmative acceptance of personal responsibility for his criminal conduct. If the government does not receive additional evidence in conflict with this provision, and if defendant continues to accept responsibility for his actions within the meaning of Guideline § 3E1.1(a), including by furnishing the United States Attorney's Office and the Probation Office with all requested financial information relevant to his ability to satisfy any fine or restitution that may be imposed in this case, a two-level reduction in the offense level is appropriate.

iii. In accord with Guideline § 3E1.1(b), defendant has timely notified the government of his intention to enter a plea of guilty, thereby permitting the government to avoid preparing for trial and permitting the Court to allocate its resources efficiently. Therefore, as provided by Guideline § 3E1.1(b), if the Court determines the offense level to be 16 or greater

prior to determining that defendant is entitled to a two-level reduction for acceptance of responsibility, the government will move for an additional one-level reduction in the offense level.

c. **Criminal History Category.** With regard to determining defendant's criminal history points and criminal history category, based on the facts now known to the government, defendant's criminal history points equal at least seven and defendant's criminal history category is anticipated to be IV:

i. On or about June 11, 1998, defendant was convicted of Driving While Intoxicated in the Circuit Court of DuPage County, for which he was sentenced to 3 months 29 days periodic imprisonment. It is not known based on current information if this conviction accrues any criminal history points.

ii. On or about June 18, 2002, defendant was convicted of aggravated DUI and driving on a revoked or suspended license in the Circuit Court of DuPage County, for which sentence is currently unknown. It is not known based on current information if this conviction accrues any criminal history points.

iii. On or about September 5, 2003, defendant was convicted of a DUI and driving on a suspended or revoked license in the Circuit Court of DuPage County, for which he was sentenced to 15 days' imprisonment. Pursuant to U.S.S.G. § 4A1.1(c), this conviction accrues one criminal history point.

iv. On or about August 20, 2004, defendant was convicted of a DUI and driving on a suspended or revoked license in the Circuit Court of DuPage County, for which he was sentenced to 10 days' imprisonment. Pursuant to U.S.S.G. § 4A1.1(c), this conviction accrues one criminal history point.

v. On or about October 22, 2004, defendant was convicted of a DUI and driving on a suspended or revoked license in the Circuit Court of DuPage County, for which he was sentenced to 10 days' imprisonment. Pursuant to U.S.S.G. § 4A1.1(c), this conviction accrues one criminal history point.

vi. On or about March 18, 2005, defendant was convicted of a DUI and driving on a suspended or revoked license in the Circuit Court of DuPage County, for which he was sentenced to 15 days' imprisonment. Pursuant to U.S.S.G. § 4A1.1(c), this conviction accrues one criminal history point.

vii. On or about August 15, 2012, defendant was convicted of a DUI and leaving the scene of an accident in the Circuit Court of Cook County, for which he was sentenced to 17 days' imprisonment. Pursuant to U.S.S.G. § 4A1.1(c), this conviction accrues no criminal history points because defendant already has accrued four points in this category.

viii. On or about June 25, 2013, defendant was convicted of aggravated DUI in the Circuit Court of Cook County, for which he was sentenced to six years' imprisonment. Pursuant to U.S.S.G. § 4A1.1(a), this conviction accrues three criminal history points.

d. **Anticipated Advisory Sentencing Guidelines Range.** Therefore, based on the facts now known to the government, the anticipated offense level is 17, which, when combined with the anticipated criminal history category of at least IV, results in an anticipated advisory Sentencing Guidelines range of 37 to 46 months' imprisonment, in addition to any supervised release, fine, and restitution the Court may impose.

e. Defendant and his attorney and the government acknowledge that the above Guideline calculations are preliminary in nature, and are non-binding predictions upon which neither party is entitled to rely. Defendant understands that further review of the facts or applicable

legal principles may lead the government to conclude that different or additional Guideline provisions apply in this case. Defendant understands that the Probation Office will conduct its own investigation and that the Court ultimately determines the facts and law relevant to sentencing, and that the Court's determinations govern the final Guideline calculation. Accordingly, the validity of this Agreement is not contingent upon the probation officer's or the Court's concurrence with the above calculations, and defendant shall not have a right to withdraw his plea on the basis of the Court's rejection of these calculations.

f. Both parties expressly acknowledge that this Agreement is not governed by Fed.R.Crim.P. 11(c)(1)(B), and that errors in applying or interpreting any of the Sentencing Guidelines may be corrected by either party prior to sentencing. The parties may correct these errors either by stipulation or by a statement to the Probation Office or the Court, setting forth the disagreement regarding the applicable provisions of the Guidelines. The validity of this Agreement will not be affected by such corrections, and defendant shall not have a right to withdraw his plea, nor the government the right to vacate this Agreement, on the basis of such corrections.

Agreements Relating to Sentencing

10. Each party is free to recommend whatever sentence it deems appropriate.

11. It is understood by the parties that the sentencing judge is neither a party to nor bound by this Agreement and may impose a sentence up to the maximum penalties as set forth above. Defendant further acknowledges that if the Court does not accept the sentencing recommendation of the parties, defendant will have no right to withdraw his guilty plea.

12. Regarding restitution, defendant agrees to pay restitution to the United States Treasury, arising from the offense conduct set forth above, totaling \$553,367, pursuant to Title

18, United States Code, §§ 3663(a)(3) and 3664. Defendant understands that the amount of tax loss as calculated by the Internal Revenue Service may exceed the amount of tax due as calculated for restitution in the criminal case.

13. Restitution shall be due immediately, and paid pursuant to a schedule to be set by the Court at sentencing. Defendant acknowledges that pursuant to Title 18, United States Code, Section 3664(k), he is required to notify the Court and the United States Attorney's Office of any material change in economic circumstances that might affect his ability to pay restitution.

14. Defendant agrees to pay the special assessment of \$100 at the time of sentencing with a cashier's check or money order payable to the Clerk of the U.S. District Court.

15. Defendant agrees that the United States may enforce collection of any fine or restitution imposed in this case pursuant to Title 18, United States Code, Sections 3572, 3613, and 3664(m), notwithstanding any payment schedule set by the Court.

Acknowledgments and Waivers Regarding Plea of Guilty

Nature of Agreement

16. This Agreement is entirely voluntary and represents the entire agreement between the United States Attorney and defendant regarding defendant's criminal liability in case 15 CR 0176.

17. This Agreement concerns criminal liability only. Except as expressly set forth in this Agreement, nothing herein shall constitute a limitation, waiver, or release by the United States or any of its agencies of any administrative or judicial civil claim, demand, or cause of action it may have against defendant or any other person or entity. The obligations of this Agreement are limited to the United States Attorney's Office for the Northern District of Illinois and cannot bind

any other federal, state, or local prosecuting, administrative, or regulatory authorities, except as expressly set forth in this Agreement.

18. Defendant understands that nothing in this Agreement shall limit the Internal Revenue Service in its collection of any taxes, interest or penalties from defendant or defendant's partnership or corporations. Defendant understands that the amount of tax as calculated by the IRS may exceed the amount of tax due as calculated for the criminal case.

Waiver of Rights

19. Defendant understands that by pleading guilty he surrenders certain rights, including the following:

a. **Trial rights.** Defendant has the right to persist in a plea of not guilty to the charges against him, and if he does, he would have the right to a public and speedy trial.

i. The trial could be either a jury trial or a trial by the judge sitting without a jury. However, in order that the trial be conducted by the judge sitting without a jury, defendant, the government, and the judge all must agree that the trial be conducted by the judge without a jury.

ii. If the trial is a jury trial, the jury would be composed of twelve citizens from the district, selected at random. Defendant and his attorney would participate in choosing the jury by requesting that the Court remove prospective jurors for cause where actual bias or other disqualification is shown, or by removing prospective jurors without cause by exercising peremptory challenges.

iii. If the trial is a jury trial, the jury would be instructed that defendant is presumed innocent, that the government has the burden of proving defendant guilty beyond a reasonable doubt, and that the jury could not convict him unless, after hearing all the evidence, it

was persuaded of his guilt beyond a reasonable doubt and that it was to consider each count of the indictment separately. The jury would have to agree unanimously as to each count before it could return a verdict of guilty or not guilty as to that count.

iv. If the trial is held by the judge without a jury, the judge would find the facts and determine, after hearing all the evidence, and considering each count separately, whether or not the judge was persuaded that the government had established defendant's guilt beyond a reasonable doubt.

v. At a trial, whether by a jury or a judge, the government would be required to present its witnesses and other evidence against defendant. Defendant would be able to confront those government witnesses and his attorney would be able to cross-examine them.

vi. At a trial, defendant could present witnesses and other evidence in his own behalf. If the witnesses for defendant would not appear voluntarily, he could require their attendance through the subpoena power of the Court. A defendant is not required to present any evidence.

vii. At a trial, defendant would have a privilege against self-incrimination so that he could decline to testify, and no inference of guilt could be drawn from his refusal to testify. If defendant desired to do so, he could testify in his own behalf.

b. **Appellate rights.** Defendant further understands he is waiving all appellate issues that might have been available if he had exercised his right to trial, and may only appeal the validity of this plea of guilty and the sentence imposed. Defendant understands that any appeal must be filed within 14 calendar days of the entry of the judgment of conviction.

c. Defendant understands that by pleading guilty he is waiving all the rights set forth in the prior paragraphs, with the exception of the appellate rights specifically preserved

above. Defendant's attorney has explained those rights to him, and the consequences of his waiver of those rights.

Presentence Investigation Report/Post-Sentence Supervision

20. Defendant understands that the United States Attorney's Office in its submission to the Probation Office as part of the Pre-Sentence Report and at sentencing shall fully apprise the District Court and the Probation Office of the nature, scope, and extent of defendant's conduct regarding the charges against him, and related matters. The government will make known all matters in aggravation and mitigation relevant to sentencing.

21. Defendant agrees to truthfully and completely execute a Financial Statement (with supporting documentation) prior to sentencing, to be provided to and shared among the Court, the Probation Office, and the United States Attorney's Office regarding all details of his financial circumstances, including his recent income tax returns as specified by the probation officer. Defendant understands that providing false or incomplete information, or refusing to provide this information, may be used as a basis for denial of a reduction for acceptance of responsibility pursuant to Guideline § 3E1.1 and enhancement of his sentence for obstruction of justice under Guideline § 3C1.1, and may be prosecuted as a violation of Title 18, United States Code, Section 1001 or as a contempt of the Court.

22. For the purpose of monitoring defendant's compliance with his obligations to pay a fine and restitution during any term of supervised release or probation to which defendant is sentenced, defendant further consents to the disclosure by the IRS to the Probation Office and the United States Attorney's Office of defendant's individual income tax returns (together with extensions, correspondence, and other tax information) filed subsequent to defendant's sentencing, to and including the final year of any period of supervised release or probation to which defendant

is sentenced. Defendant also agrees that a certified copy of this Agreement shall be sufficient evidence of defendant's request to the IRS to disclose the returns and return information, as provided for in Title 26, United States Code, Section 6103(b).

Other Terms

23. Defendant agrees to cooperate with the United States Attorney's Office in collecting any unpaid fine and restitution for which defendant is liable, including providing financial statements and supporting records as requested by the United States Attorney's Office.

24. Regarding matters relating to the IRS, defendant agrees as follows (noting in this paragraph, however, precludes defendant or defendant's corporations from asserting any legal or factual defense to taxes, interest and penalties that may be assessed by the IRS):

a. Defendant agrees to cooperate with the IRS in any tax examination or audit of defendant and corporations which directly or indirectly relates to or arises out of the course of conduct that defendant has acknowledged in this Plea Agreement, by transmitting to the IRS original records or copies thereof, and any additional books and records that the IRS may request.

b. Defendant will not object to a motion brought by the United States Attorney's Office for the entry of an order authorizing disclosure to the IRS of documents, testimony, and related investigative materials that may constitute grand jury material, preliminary to or in connection with any judicial proceeding, pursuant to Fed.R.Crim.P. 6(e)(3)(E)(i). In addition, defendant will not object to the government's solicitation of consent from third parties who provided records or other materials to the grand jury pursuant to grand jury subpoenas, to turn those materials over to the IRS for use in civil or administrative proceedings or investigations, rather than returning them to the third parties for later summons or subpoena in connection with a

civil or administrative proceeding involving, or investigation of, defendant or defendant's corporations.

Conclusion

25. Defendant understands that this Agreement will be filed with the Court, will become a matter of public record, and may be disclosed to any person.

26. Defendant understands that his compliance with each part of this Agreement extends throughout the period of his sentence, and failure to abide by any term of the Agreement is a violation of the Agreement. Defendant further understands that in the event he violates this Agreement, the government, at its option, may move to vacate the Agreement, rendering it null and void, and thereafter prosecute defendant not subject to any of the limits set forth in this Agreement, or may move to resentence defendant or require defendant's specific performance of this Agreement. Defendant understands and agrees that in the event that the Court permits defendant to withdraw from this Agreement, or defendant breaches any of its terms and the government elects to void the Agreement and prosecute defendant, any prosecutions that are not time-barred by the applicable statute of limitations on the date of the signing of this Agreement may be commenced against defendant in accordance with this paragraph, notwithstanding the expiration of the statute of limitations between the signing of this Agreement and the commencement of such prosecutions.

27. Should the judge refuse to accept defendant's plea of guilty, this Agreement shall become null and void and neither party will be bound to it.

28. Defendant and his attorney acknowledge that no threats, promises, or representations have been made, nor agreements reached, other than those set forth in this Agreement, to cause defendant to plead guilty.

29. Defendant acknowledges that he has read this Agreement and carefully reviewed each provision with his attorney. Defendant further acknowledges that he understands and voluntarily accepts each and every term and condition of this Agreement.

AGREED THIS DATE: _____

ZACHARY T. FARDON
United States Attorney

WILLIAM DADDONO
Defendant

SHERI H. MECKLENBURG
Assistant U.S. Attorney

SCOTT FRANKEL
Attorney for Defendant