

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

UNITED STATES OF AMERICA	)	<b><u>UNDER SEAL</u></b>
	)	
	)	Case No.
	)	
v.	)	Violations: Title 26, United
	)	States Code, Sections
JEWEL LOCKHART	)	7206(1) and 7212(a)

**COUNT ONE**

The SPECIAL JUNE 2015 GRAND JURY charges:

1. At times material to this Indictment:

(a) The Internal Revenue Service 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 and businesses were required to accurately report income to the IRS on annual income tax returns. The IRS used this information to carry out its lawful function to ascertain income in order to compute, assess, and collect income taxes and penalties for the United States.

(b) Jewels Bus Company (JBC) was a business located in Chicago, Illinois, that provided bus transportation services.

(c) From 2008 until 2013, JBC held a contract with the Chicago Public Schools (CPS), under which JBC provided daily bus services to transport students to and from CPS schools. CPS paid JBC for these contracted services

through regular direct deposits to a JBC account at Citibank.

(d) On many occasions, JBC provided bus transportation services to individual CPS schools and other clients for special events. On these occasions, the fees charged and collected by JBC were deposited into bank accounts at Chase Bank.

(e) JEWEL LOCKHART was the owner and president of JBC.

(f) Individual A, a relative of LOCKHART, was the owner and president of Company A, which was incorporated in July 2008 and dissolved in December 2010.

(g) Individual B, also a relative of LOCKHART, was general manager and corporate counsel of JBC.

(h) On a yearly basis, JBC was required to file a United States corporate income tax return (Form 1120S), which was to accurately detail among other things, the corporation's gross receipts, gross profit, total income, and deductions.

(i) On a yearly basis, LOCKHART was required to file a United States personal tax return (Form 1040). Form 1040 required taxpayers to provide information, including total income for the tax year, the amount of federal income tax withheld during the tax year, the amount of federal income tax, and the amount of tax due or refund claimed.

2. Beginning at least as early as January 2009 and continuing until at least January 2016, in the Northern District of Illinois, Eastern Division,

JEWEL LOCKHART,

defendant herein, corruptly did obstruct and impede and endeavor to obstruct and impede the due administration of the Internal Revenue Code, Title 26 of the United States Code, namely, the correct identification and reporting of income, and the assessment and collection of income taxes owed to the United States.

***Concealed Income***

3. It was part of the corrupt endeavor that in tax years 2009, 2010, and 2011, LOCKHART and Individual B concealed income from JBC's tax return preparer by failing to record in JBC's corporate books income received from individual CPS schools and other clients.

4. It was further part of the corrupt endeavor that LOCKHART and Individual B deposited and caused to be deposited thousands of checks totaling approximately \$1.2 million from various clients into three accounts at Chase Bank.

5. It was further part of the corrupt endeavor that LOCKHART and Individual B provided JBC's tax return preparer the Citibank account statements, but concealed from the preparer the Chase Bank statements into which they had deposited income from various clients and individual CPS

schools.

6. It was further part of the corrupt endeavor that LOCKHART, Individual A, Individual B and others withdrew funds deposited in the Chase Bank accounts through cash transactions, transfers, and checks for personal expenditures and other purposes.

***False Deductions***

7. It was further part of the corrupt endeavor that in March 2009, Individual A purchased a residence at 821 E. Oakwood Blvd. in Chicago (the “Oakwood Residence”) for \$500,000 using a portion of funds transferred from JBC to Company A. LOCKHART and Individual B concealed from JBC’s tax return preparer that JBC’s transfers to Company A were used to purchase and renovate the Oakwood Residence by falsely characterizing those expenses as subcontractor expenses on JBC’s general ledger, which caused the transfers to Company A to be falsely deducted from JBC’s 2009 tax return as subcontractor expenses of the business.

8. It was further part of the corrupt endeavor that Individual A, Company A, JBC, and LOCKHART paid over \$600,000 to a contractor to renovate the Oakwood Residence using JBC funds. LOCKHART and Individual B concealed from JBC’s return preparer that JBC’s payments to the contractor were to renovate the Oakwood Residence and were not legitimate JBC business expenses, which caused the payments to the contractor to be

classified as capital costs on JBC's 2010 and 2011 Form 1120S returns when, in truth and fact, the payments were to renovate the Oakwood Residence.

9. It was further part of the corrupt endeavor that after the renovations were substantially complete, in June 2011, a quit claim deed was executed on the Oakwood Residence in favor of LOCKHART and Individual A as joint tenants that was notarized by Individual B. After the property was habitable, LOCKHART began utilizing the Oakwood Residence as her primary residence.

10. As a result of the corrupt endeavor, JBC claimed deductions of over \$500,000 to which it was not entitled in 2009.

#### ***Impeding Collection of Payroll Taxes***

11. It was further part of the corrupt endeavor that beginning in approximately 2011, JBC failed to remit all of the employment taxes it owed to the IRS. By August 2012, JBC owed the IRS approximately \$1.2 million and the IRS began civil collection proceedings.

12. It was further part of the corrupt endeavor that, during an interview on August 28, 2012, LOCKHART provided materially false information to an IRS revenue officer. Among other things, LOCKHART falsely stated that CPS was JBC's only client when, in fact, JBC had many other clients whose receipts were being deposited into JBC's Chase Bank accounts.

13. It was further part of the corrupt endeavor that on September 28, 2012, and August 20, 2014, LOCKHART executed IRS Form 433-B, Collection Information Statement for Businesses. Under penalty of perjury, LOCKHART stated in each form that JBC only had three bank accounts at Citibank and failed to disclose JBC's Chase Bank accounts.

14. It was further part of the corrupt endeavor that on September 28, 2012, LOCKHART executed IRS Form 433-A, which identified her real estate assets. Under penalty of perjury, LOCKHART stated that she owned real estate located at 4020 S. Drexel Boulevard, which she claimed was her primary residence, and a residential building located at 11352 S. Prairie Avenue in Chicago. LOCKHART failed to disclose, thereby concealing from the IRS, that she owned the Oakwood Residence.

15. It was further part of the corrupt endeavor that on November 24, 2014, LOCKHART executed IRS Form 433-B (OIC), Collection Information Statement for Businesses. Under penalty of perjury, LOCKHART disclosed the three bank accounts at Citibank she had previously disclosed in IRS filings, and failed to disclose JBC's Chase Bank accounts, including a fourth Chase Bank account she had opened in April 2014.

16. It was further part of the corrupt endeavor that beginning in September 2014, LOCKHART began depositing business receipts into an account held in the name of JETC Enterprises, a JBC affiliated business, which

LOCKHART did not disclose to the IRS. LOCKHART also failed to disclose to the IRS that, in November 2014, she began negotiating client checks payable to JBC at currency exchanges. From November 2014 and continuing until January 2016, LOCKHART negotiated over \$800,000 in client checks payable to JBC at currency exchanges, thereby concealing those assets from the IRS revenue officer.

17. It was further part of the corrupt endeavor that LOCKHART did misrepresent, conceal, hide, and cause to be misrepresented, concealed, and hidden the true purpose of the acts done in furtherance of the endeavor.

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

**COUNT TWO**

The SPECIAL JUNE 2015 GRAND JURY further charges:

On or about September 20, 2010, in the Northern District of Illinois,  
Eastern Division,

**JEWEL LOCKHART,**

defendant herein, willfully made and subscribed, and caused to be made and subscribed, a U.S. Corporate Income Tax Return (Form 1120S with schedules and attachments), for the calendar year 2009, 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 return she did not believe to be true and correct as to every material matter, in that the return reported on Line 6 that the total income was \$10,856,220 when defendant knew that the corporation's total income substantially exceeded that amount;

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



**COUNT THREE**

The SPECIAL JUNE 2015 GRAND JURY further charges:

On or about October 16, 2010, in the Northern District of Illinois, Eastern Division,

**JEWEL LOCKHART,**

defendant herein, willfully made and subscribed, and caused to be made and subscribed, a U.S. Personal Income Tax Return (Form 1040 with schedules and attachments), for the calendar year 2009, 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 return she did not believe to be true and correct as to every material matter, in that the return reported on Line 22 that the total income was \$828,095 when defendant knew that her total income substantially exceeded that amount;

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

**COUNT FOUR**

The SPECIAL JUNE 2015 GRAND JURY further charges:

On or about October 21, 2011, in the Northern District of Illinois, Eastern Division,

JEWEL LOCKHART,

defendant herein, willfully made and subscribed, and caused to be made and subscribed, a U.S. Corporate Income Tax Return (Form 1120S with schedules and attachments), for the calendar year 2010, 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 return she did not believe to be true and correct as to every material matter, in that the return reported on Line 6 that the total income was \$10,317,774 when defendant knew that the corporation's total income substantially exceeded that amount;

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

**COUNT FIVE**

The SPECIAL JUNE 2015 GRAND JURY further charges:

On or about October 18, 2011, in the Northern District of Illinois, Eastern Division,

JEWEL LOCKHART,

defendant herein, willfully made and subscribed, and caused to be made and subscribed, a U.S. Personal Income Tax Return (Form 1040 with schedules and attachments), for the calendar year 2010, 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 return she did not believe to be true and correct as to every material matter, in that the return reported on Line 22 that the total income was \$44,852 when defendant knew that her total income substantially exceeded that amount;

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

**COUNT SIX**

The SPECIAL JUNE 2015 GRAND JURY further charges:

On or about September 17, 2012, in the Northern District of Illinois,  
Eastern Division,

**JEWEL LOCKHART,**

defendant herein, willfully made and subscribed, and caused to be made and subscribed, a U.S. Corporate Income Tax Return (Form 1120S with schedules and attachments), for the calendar year 2011, 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 return she did not believe to be true and correct as to every material matter, in that the return reported on Line 6 that the total income was \$9,722,694 when defendant knew that the corporation's total income substantially exceeded that amount;

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

**COUNT SEVEN**

The SPECIAL JUNE 2015 GRAND JURY further charges:

On or about October 15, 2012, in the Northern District of Illinois, Eastern Division,

**JEWEL LOCKHART,**

defendant herein, willfully made and subscribed, and caused to be made and subscribed, a U.S. Personal Income Tax Return (Form 1040 with schedules and attachments), for the calendar year 2011, 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 return she did not believe to be true and correct as to every material matter, in that the return reported on Line 22 that the total income was \$237,071 when defendant knew that her total income substantially exceeded that amount;

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

A TRUE BILL:

\_\_\_\_\_  
FOREPERSON

\_\_\_\_\_  
UNITED STATES ATTORNEY