



UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

UNITED STATES OF AMERICA,)
)
 Plaintiff,)
)
 v.)
)
 WILLIAM FRANKLIN JONES,)
)
 Defendant.)

INDICTMENT

(26 U.S.C. § 7201)

CR08-076 PAM/RLE

THE UNITED STATES GRAND JURY CHARGES THAT:

1. At all times relevant to this indictment, defendant William Franklin Jones was a resident of the State of Minnesota.

2. In or about 2001, defendant Jones caused to be sold three real property parcels in the State of Minnesota, identified by street addresses as follows:

- a. A property at 1563 Wynne, St. Paul, Minnesota;
- b. A property at 1910 Feronia, St. Paul, Minnesota;
- c. A property at 1619 Hubbard, St. Paul, Minnesota.

3. In or about May 2001, defendant Jones sent a property identification form to a third party serving as the qualified intermediary for the exchange of 1563 Wynne, providing a street address and property description of a property being acquired in a like-kind exchange, and including a Quit Claim Deed for said property. The property described did not refer to a true street address and referred to land already owned by defendant Jones, and the deed named a seller who did not own the property.

On or about May 25, 2001, defendant Jones opened a bank

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account with another person for the purpose of receiving the proceeds of the sale of real property.

5. In or about 2001, defendant Jones sent property identification forms and other documents relating to the sales of 1910 Feronia and 1619 Hubbard to the third party serving as the qualified intermediary for the exchanges of said properties, in which defendant Jones provided a street address and legal description of the property being acquired in a like-kind exchange. The property described did not refer to a true street address and referred to land already owned by defendant Jones, and the sales documents named a seller who did not own the property.

6. In or about 2001, defendant Jones asked a third party to allow him to convey property to the third party and receive and hold a sum of money for defendant Jones, to be used for the benefit of defendant Jones.

7. On or about September 12, 2001, defendant Jones caused two bank accounts to be opened for the purpose of receiving the proceeds of the sale of real property.

8. On or about April 15, 2002, defendant Jones signed and caused to be filed a U.S. Individual Income Tax Return, Form 1040, and accompanying schedules and forms, for the tax year 2001.

9. On or about April 15, 2002, defendant Jones signed and caused to be filed two Forms 8824 for the tax year 2001 that identified certain real property transactions occurring during 2001

as like-kind exchanges:

a. One Form 8824 described the exchange of property at 1563 Wynne for property at 420 Henreitta Ave. North.

b. One Form 8824 described the exchange of property at 1910 Feronia and 1619 Hubbard for property at 440 Henreitta Ave North.

10. The purpose of describing the above transactions as like-kind exchanges was to avoid taxation on the gain from the sales of the properties at 1563 Wynne, 1910 Feronia, and 1619 Hubbard, under the provisions of the Internal Revenue Code.

11. The above transactions were not like-kind exchanges.

12. Defendant Jones described the recognized gain on line 23 of each Form 8824 above as \$0.

13. On or about April 15, 2002, on line 13 of the U.S. Individual Income Tax Return, Form 1040, which defendant Jones signed and caused to be filed, defendant Jones described no income from capital gains, including from the sale of real property.

14. On or about April 15, 2002, lines 39 and 40 of the U.S. Individual Income Tax Return, Form 1040, which defendant Jones signed and caused to be filed, defendant Jones described taxable income as \$0 and tax as \$0.

15. In or about 2001 and 2002, defendant Jones kept income from the sale of the properties at 1563 Wynne, 1910 Feronia, and 1619 Hubbard from being reported to the Internal Revenue Service,

by describing said properties as being like-kind exchanges for the property at 420 Henreitta Ave. North.

16. In or about 2001 and 2002, defendant Jones caused proceeds from the sales of the properties located at 1563 Wynne, 1910 Feronia, and 1619 Hubbard to be spent without being subject to federal income tax.

COUNT 1
(Income Tax Evasion)

17. The Grand Jury realleges paragraphs 1 through 16 of the Indictment as if set forth in full herein.

18. During the calendar year 2001, defendant Jones had and received taxable income of at least \$450,000 from the sale of real property in addition to the amounts reported on his Form 1040, and upon said taxable income there was owing to the United States of America income taxes of at least \$90,000.

19. Well knowing and believing the facts set forth in the preceding paragraph, the defendant,

WILLIAM FRANKLIN JONES,

a resident of Minnesota, did willfully evade and defeat and attempt to evade and defeat a substantial part of the income tax due and owing by him to the United States of America for the calendar year 2001 by taking the following affirmative actions:

a. On or about April 15, 2002, defendant Jones signed and caused to be filed a false U.S. Individual Income Tax Return, Form 1040, with the Internal Revenue Service, wherein he stated

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that his income for the calendar year included no capital gains, his taxable income for the calendar year 2001 was the sum of \$0 and that the amount of tax due and owing thereon was \$0, whereas, as he then and there well knew and believed, his income for the calendar year 2001 included capital gains from the sale of real property, his actual taxable income for the calendar year 2001 was substantially in excess of \$0, and that upon said additional taxable income a substantial tax was due and owing to the United States of America.

b. On or about April 15, 2002, defendant Jones signed and caused to be filed a false U.S. Individual Income Tax Return, Form 1040 and attached Forms 8824, with the Internal Revenue Service, wherein he identified real property transactions occurring during said calendar year as like-kind exchanges whereas, as he then and there well knew and believed, the transactions were not like-kind exchanges and were, therefore, subject to taxation, resulting in an underpayment of taxes to the United States in the amount of approximately \$90,000.

All in violation of Title 26, United States Code, Section 7201.

A TRUE BILL

ACTING UNITED STATES ATTORNEY

FOREPERSON