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Subject: USAO News Release: JOHN F. HEARD JR., OWNER OF SUPERIOR PROTECTION INC., SENTENCED TO PRISON FOR CONSPIRACY, TAX FRAUD, BANKRUPTCY FRAUD, BRIBERY AND OTHER CHARGES



Department of Justice

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JOHN F. HEARD JR., OWNER OF SUPERIOR PROTECTION INC., SENTENCED TO PRISON FOR CONSPIRACY, TAX FRAUD, BANKRUPTCY FRAUD, BRIBERY AND OTHER CHARGES

(HOUSTON) - John F. Heard Jr., the owner of Superior Protection Inc. (SPI), was sentenced to a total of 151 months in federal prison without parole for conspiring to defraud the United States of \$5.7 million in employment taxes, income tax evasion, corrupt interference with the tax laws and bribery of a public official and ordered to pay more than \$8.7 million in restitution the U.S. government, United State Attorney José Angel Moreno and John DiCicco, Principal Deputy Assistant Attorney General for the Justice Department's Tax Division, announced today.

Heard was convicted in November 2010 along with his wife and others - including his corporation - after 16 days of trial and two days of deliberation in federal court in Houston of conspiring to defraud the United States of millions in employment taxes as well as income tax evasion in 2001 and 2003, willfully making and subscribing to a false income tax return in 2007 as well as and bribery and corrupt interference with the tax laws. United States District Judge Ewing Werlein Jr. sentenced Heard late this morning. In addition to the prison term, the court ordered Heard to pay more than \$8.7 million in restitution. Immediately following the pronouncement of sentence, Judge Werlein ordered Heard to be taken into federal custody to begin serving his sentence pending transfer to a Bureau of Prisons facility to be designated in the near future.

Heard operated and controlled numerous private security companies, including SPI, since 1987 which failed to pay employment taxes totaling more than \$5.7 million. In the scheme, the conspirators opened and closed numerous corporations and used fictitious names for numerous documents, including tax returns, corporate documents, bank documents and payroll checks. The conspirators also named lower-level employees as company officials in corporate documents in an effort to impede the Internal Revenue Service (IRS) by

concealing the true individuals who operated and controlled the security guard companies. The conspirators failed to file numerous IRS Forms 941, and when they did they were often false.

Janet Heard, John's wife, was also convicted by the jury of conspiring with her husband to defraud the United States and five counts of bankruptcy fraud arising for her role in assisting to conceal assets from the IRS. The Heards both signed a settlement agreement in 2006 with the company that had purchased SPI and acknowledged that Heard owed the IRS more than \$5.5 million in employment taxes. Shortly after signing that agreement, she created a trust in which the Heards placed assets in order to conceal them from the IRS. She made numerous false oaths in her bankruptcy proceeding in 2007 and 2008 when she did not disclose the existence of the trust. John Heard also failed to report significant amounts of funds that he pulled out of SPI for his personal use on his personal income tax returns in 2001 and 2003 and did not report any of the income that he earned in 2007 on his personal income tax return. John Heard also provided airline tickets, lodging and access to two celebrity golf tournaments to a government contracting official who oversaw a federal security guard contract related to SPI in exchange for a favorable reference on behalf of SPI to a contracting official and for pre-signed security-guard forms from the General Services Administration.

Co-defendant Gary Lambert, who was also found guilty following trial of conspiring with Heard, worked for Heard in the numerous predecessor security guard companies and was the initial chief financial officer at SPI.

Janet Heard is pending sentencing on April 29, 2011, and faces a maximum of 25 years in federal prison for her convictions. Lambert will be sentenced on April 15, 2011, and faces a maximum of five years in federal prison.

The case was investigated by IRS – Criminal Investigations; the Department of Homeland Security - Office of Inspector General; the Bureau of Alcohol, Tobacco, Firearms and Explosives; and the Federal Protective Service. The case was prosecuted by Assistant U.S. Attorney Mark McIntyre and Trial Attorney Todd Ellinwood of the U.S. Department of Justice, Tax Division.

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