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News Release

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Fort Ripley woman pleads guilty to not paying federal employment taxes

A 50-year-old Fort Ripley woman pleaded guilty today in federal court for not paying federal employment taxes on the wages of employees of her adult foster care business.

Joni Rae Gangestad pleaded guilty to one count of failure truthfully to account for and pay over federal employment taxes. She entered her plea on March 31 in Minneapolis before United States District Court Judge James Rosenbaum. Gangestad was charged on March 4.

According to Gangestad's plea agreement, she admitted that from 2003 through 2006 she failed to pay over federal employment taxes for the employees of JB Waivered Services. Gangestad owned JB Waivered, located in Fort Ripley, and was responsible for the company's overall administration, including paying invoices and making bank deposits.

Gangestad had a duty to collect, truthfully account for, and pay federal employment taxes, including income and Federal Insurance Collection Act (FICA) taxes on the employee wages. Gangestad was also the person responsible for filing JB Waivered's employment tax returns, but she admitted she stopped filing returns after the second quarter of 2003.

According to bank records, from 2003 through 2006, Gangestad had sufficient funds with which to pay the federal employment taxes owed by JB Waivered. The total amount of federal employment taxes that Gangestad failed to pay is \$486,193.

Gangestad faces a potential maximum penalty of five years in prison. Judge Rosenbaum will determine Gangestad's sentence at a future date. This case is the result of an investigation by the Internal Revenue Service-Criminal Investigation Division. It is being prosecuted by Assistant U.S. Attorney Nicole A. Engisch.