United States Department of Justice
United States Attorney's Office
District of Minnesota

News Release

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Minneapolis man indicted for orchestrating $20 million investment scam

Earlier today in Minneapolis, a federal indictment was unsealed, charging a 62-year-old Minneapolis man in connection with orchestrating four different investment scams that lured investors into investing millions of dollars in ventures that were never finished. The indictment, which was filed on April 12, 2011, charges Michael Joseph Krzyzaniak with 14 counts of mail fraud, six counts of wire fraud, three counts of money laundering, three counts of income tax evasion, and four counts of failure to file income taxes. The indictment was unsealed following Krzyzaniak's initial appearance in federal court.

The indictment alleges that from 2003 through January of 2011, Krzyzaniak, also known as Michael Joseph Crosby, conducted a scheme to defraud individuals in Minnesota and elsewhere by convincing them to invest money in prospective business projects, which, in fact, turned out to be fraudulent. In total, investors provided Krzyzaniak with more than $20 million for investment.

Krzyzaniak allegedly contacted potential investors and induced them to contribute funds by making false statements about purported investment opportunities. The business projects he claimed to be developing included Internet terminals at airports; golf courses in various states; a golf club resort in Desert Hot Springs, California;, alternative energy projects in Hartsel Springs, Colorado; and a NASCAR-type race track in Elko, Minnesota.

Krzyzaniak allegedly told investors their money would be invested in a particular project, and that they could expect a substantial investment return. He then indicated that each project was proceeding toward a successful conclusion, having secured appropriate approval from the government, regulatory agencies, and others. In addition, Krzyazniak told investors he had

various financing sources available, if needed, and also had a number of celebrity endorsements. All of those representations were false. Moreover, he failed to disclose that he had been previously convicted of a federal felony involving investment fraud.

Krzyzaniak allegedly spent large portions of the funds provided him to pay for personal expenses, fund his lavish lifestyle, and distribute lulling payments. In some instances, Krzyzaniak reportedly invested funds, but only as an effort to prevent the fraud from being discovered.

If convicted, Krzyzaniak faces a potential maximum penalty of 20 years in prison on each mail and wire fraud count, ten years on each money laundering count, five years on each tax evasion count and one year on each failure to file count. All sentences will be determined by a federal district court judge.

This case is the result of an investigation by the Federal Bureau of Investigation, the United States Postal Inspection Service and the Internal Revenue Service-Criminal Investigation Division. It is being prosecuted by Assistant U.S. Attorney Christian S. Wilton.

This law enforcement action is in part sponsored by the interagency Financial Fraud Enforcement Task Force. The task force was established to wage an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes. It includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch and, with state and local partners, investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes.

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