



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

News Release

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Three indicted for conspiring not to pay federal taxes

MINNEAPOLIS—Earlier today in federal court, three individuals were indicted for conspiring to evade paying federal taxes. Jeffrey John Wirth; his ex-wife, Holly Claire Damiani; and Michael James Murry were charged with one count of conspiracy to defraud the United States. In addition, Wirth was charged with two counts of filing a false individual tax return and two counts of filing a false corporate tax return. Damiani was charged with two counts of filing a false individual tax return. And Murry was charged with two counts of procuring a false corporate tax return and two counts of procuring a false individual tax return.

The indictment alleges that from January of 2003 through February of 2010, the defendants conspired with each other to obstruct tax collection by the Internal Revenue Service ("IRS"). Wirth was the sole owner and chief executive officer of The Wirth Companies ("TWC"), a real estate development and management company. He also owned approximately 30 other businesses. Through TWC and those related businesses, Wirth developed, owned, or managed office buildings, mobile communication towers, apartment buildings, a shopping center, and luxury hotels. Those entities include the Grand Hotel in downtown Minneapolis, the Grand Rios Hotel & Waterpark in Brooklyn Park, and the Grand Lodge Hotel & Waterpark of America in Bloomington. Damiani, who was married to Wirth from 1980 to 2008, was a vice president at TWC from 1988 to 2006 and the company's chief financial officer from 2003 to 2006. From 2000 through September of 2010, Murry was the primary tax preparer for Wirth and his businesses.

As part of the conspiracy, the indictment alleges that the defendants arranged for millions of dollars worth of construction and acquisitions for Wirth and Damiani's custom mansion, located on an island in Lake Minnetonka, to be paid by TWC and the related businesses but not reported on business income tax returns or Wirth and Damiani's personal income tax returns. The defendants also allegedly arranged for hundreds of thousands of dollars of Wirth and Damiani's personal expenses to be paid by TWC and the related businesses but, again, failed to report it on corporate or individual tax returns. Expenses included travel, dry cleaning, personal fitness training, and things for their children.

On their personal income taxes, both Wirth and Damiani allegedly understated their wages. From 2002 to 2006, the wages paid by TWC to Wirth and Damiani were \$12,000 per year or less, whereas the fair market value of their labor was significantly higher than that. In addition, the defendants allegedly failed to report on TWC's tax returns millions of dollars in fee income earned during the construction and development of the Grand Rios and the Grand Lodge. The defendants also allegedly caused the income and losses of TWC and the related businesses to be "zeroed" out by using losses from certain Wirth businesses to offset income from other Wirth businesses.

In addition, Wirth filed false corporate tax returns in 2004 and 2005, both of which were prepared by Murry. Wirth and Damiani filed false individual income tax returns in 2004 and 2005, which also were prepared by Murry. As a result of all of these schemes, the total tax loss to the federal Internal Revenue Service is in the millions of dollars.

For their crimes, the defendants face a potential maximum penalty of five years in prison on the conspiracy charge and three years on each tax count. All sentences will be determined by a federal district court judge.

This case is the result of an investigation by the IRS-Criminal Investigation Division. It is being prosecuted by Assistant U.S. Attorney William J. Otteson.

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Per U.S. Department of Justice policy, the U.S. Attorney's Office is not allowed to provide the age and city of residence for defendants charged in criminal tax cases.