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News Release

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Minnesota man sentenced for failing to pay employment taxes

A Minnesota man was sentenced earlier today in federal court in Minneapolis for failing to pay \$627,437.41 in employment taxes to the Internal Revenue Service ("IRS"). United States District Court Chief Judge Michael J. Davis sentenced Stephen John Kopel to three years of probation, with him being confined to a community correctional facility, with work-release privileges, for the first six months and subject to home confinement, with special conditions, for the second six-month period. Kopel was charged via an information on February 5, 2010, and pleaded guilty on March 16, 2010, to one count of willful failure to account for and pay taxes.

In his plea agreement, Kopel, co-owner of S&P Foods, Inc., a corporation that operated a McDonald's franchise restaurant in Rosemount, admitted he had failed to report and pay to the IRS federal employment taxes withheld for tax year 2005. Kopel, who, along with his wife, owned S&P Foods, was the president and chief executive officer of the company. In that capacity, he deducted employment taxes from the wages of S&P employees, but between 2003 and 2006, he failed to pay those taxes over to the IRS, even though he admittedly was aware of his obligation to do so.

Kopel specifically failed to report and pay \$28,691.33 in federal employment taxes for tax year 2005. The tax loss that resulted from his actions between 2003 and 2006, however, totaled \$627,437.41, including \$398,024.85 in unpaid employee withholdings and \$229,412.56 in unpaid "employer" portion of Federal Insurance Contribution Act taxes.

Following today's sentencing, Kelly R. Jackson, Special Agent in Charge of the IRS-Criminal Investigation Division's St. Paul Field Office, said, "Business owners, such as Mr. Kopel, have a responsibility to withhold income taxes for their employees and then remit those taxes to the Internal Revenue Service. The failure to pay over withheld taxes is a serious offense.

IRS-Criminal Investigation intends to vigorously pursue anyone who collects taxes from their employees and fails to remit those taxes.”

This case was the result of an investigation by the IRS-Criminal Investigation Division. It was prosecuted by Assistant U.S. Attorney Nicole A. Engisch.

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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.