



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



News Release

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Twenty years later Minneapolis man pleads guilty to orchestrating yet another investment scam

MINNEAPOLIS – Earlier today in federal court, a 62-year-old Minneapolis man pleaded guilty to orchestrating four different investment scams that lured investors into investing millions of dollars in ventures that were never finished. Michael Joseph Krzyzaniak pleaded guilty to one count of wire fraud and one count of income tax evasion in connection to that crime. Krzyzaniak, who was indicted on April 12, 2011, entered his plea before United States District Court Chief Judge Michael J. Davis.

In 1993, Krzyzaniak, also known as Michael Crosby, pleaded guilty in federal court in the District of Minnesota to four counts of mail fraud relative to another investment scam. Krzyzaniak, who fled before that case was resolved, eventually was apprehended in Florida by members of a federal fugitive task force. He was ultimately sentenced to—and served—72 months in federal prison.

Today Krzyzaniak again admitted perpetrating a fraud. Specifically, he admitted that from 2003 through January of 2011, he conducted a scheme to defraud individuals in Minnesota and elsewhere by convincing them to invest money in prospective business projects that turned out to be fraudulent. In total, investors provided Krzyzaniak with between \$20 and \$50 million for investment.

As to his recent scam, Krzyzaniak, in his position as the president or business officer for one or more business entities, contacted potential investors and induced them into contributing funds by making false statements about purported investment opportunities. The business projects he

claimed to be developing included Internet terminals at airports; 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 admitted telling 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 appropriate regulatory agencies and others. In addition, Krzyzaniak 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 for investment fraud.

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

In addition, Krzyzaniak admitted that from 2004-2007, he did not file federal income tax returns or pay any income taxes. The total tax loss to the government due to these actions was between \$400,000 and \$1 million.

For his crimes, Krzyzaniak faces a potential maximum penalty of 20 years in prison on the wire fraud charge and five years on the tax evasion charge. Judge Davis will determine his sentence at a future hearing, yet to be scheduled.

This case is the result of an investigation by the Federal Bureau of Investigation, the U.S. 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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