



**U.S. Department of Justice**

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**PETOSKEY RESIDENT INDICTED FOR FILING FALSE TAX RETURNS**

GRAND RAPIDS, Mich. – Herbert Friske, of Petoskey, Michigan, appeared March 16, 2010 on a three count indictment charging him with filing false tax returns for 2003, 2004 and 2005, announced U.S. Attorney Donald A. Davis. Mr. Davis was joined in the announcement by Special Agent in Charge Maurice M. Aouate, Internal Revenue Service Criminal Investigation.

The indictment alleges that Friske used numerous sham trusts to conceal his income, including rent from several commercial properties in Petoskey and profits from the sale of real estate in Petoskey and Alanson, Michigan. According to the indictment, Friske placed the income from these properties in the sham trusts, and then knowingly omitted it on his tax returns. Friske allegedly maintained control of the funds, however, and used the sham trusts to pay for personal expenses, including his home mortgage, college tuition for his children and various investments. The indictment further alleges that Friske knowingly failed to report rental income received from one of his tenants in cash.

“The law is crystal clear,” said Aouate. “Everybody has a duty to pay their taxes.”

Filing a false tax return carries a maximum penalty of three years imprisonment and a \$250,000 fine, per count.

An indictment is only a charge and is not evidence of guilt. A defendant is entitled to a fair trial in which it will be the government's burden to prove guilt beyond a reasonable doubt.

The investigation of this matter is being conducted by the IRS. Prosecution of this case is assigned to Assistant U.S. Attorney Nils R. Kessler and U.S. Department of Justice Tax Division trial attorney Melissa S. Siskind.

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