

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

UNITED STATES OF AMERICA,)
) Criminal No. _____
 Plaintiff,)
) **INFORMATION**
 v.)
) (18 U.S.C. § 371)
 KENNETH FRANK HARYCKI,)
)
 Defendant.)

The United States Attorney charges that:

1. The defendant, KENNETH FRANK HARYCKI, is a citizen of Minnesota and, at all times relevant, was a certified public accountant (CPA) with a bachelor’s degree in accounting and master’s degree in business taxation.

2. From prior to 2007 until at least 2014, the defendant owned and operated businesses that provided bookkeeping, payroll, and accounting services, including tax-related services, to clients.

3. In 2007, the defendant began providing services to co-conspirators A and B, including payroll and related services to companies controlled by co-conspirators A and B.

4. One such business was MODEL HEALTH CARE (“MODEL”). Although a third person was listed as the owner of MODEL, the defendant took direction from co-conspirators A and B and knew them, and not the listed owner, to be in control of MODEL.

5. The defendant, through training and experience as a CPA and a provider of payroll services, understood that federal law requires employers to deduct and collect from the taxable wages of its employees federal income taxes and FICA taxes (Social Security and

Medicare contributions), pay over the withheld amounts to the United States, and every quarter file a Form 941 with the Internal Revenue Service. Within the first few payroll cycles for MODEL, the defendant concluded that payroll taxes were being deducted from the wages of employees but were not being paid over to the government. The defendant knew that co-conspirators A and B had directed that the funds not be paid to the government but instead be used for other purposes, including for the benefit of co-conspirators A and B and their family members and to fund other businesses operated by co-conspirators A and B.

6. The defendant regularly prepared and assisted in the preparation of the quarterly Forms 941 for MODEL and other businesses owned or operated by co-conspirators A and B. The defendant knew that the Forms 941 being prepared and submitted were false in that they described amounts being paid over to the government from employees' wages, but the amounts described were not paid over. Moreover, the defendant assisted in preparing Forms 941 which were false in that the defendant knew that MODEL and the other businesses operated by co-conspirators A and B lacked accurate and reliable records. The defendant made no attempt to accurately determine amounts actually withheld and instead fabricated entries on the Forms 941 to make the forms match other records and assist co-conspirators A and B avoid detection by the government.

7. On or about February 18, 2010, the defendant created MKH HOLDINGS INC. as an entity to assume control over bank accounts used to fund MODEL and the other businesses operated by co-conspirators A and B. MKH HOLDINGS was used to facilitate and further the conspiracy including, for example, by causing funds to be paid to co-

conspirators A and B and others which the defendant knew were not accurately reported on income tax returns.

8. In addition to conspiring to defraud the United States by not paying over withheld payroll taxes and by filing and preparing false Forms 941, the defendant also assisted in the preparation of income tax returns that falsely characterized deductions and underreported income and tax liability.

9. During the course of the conspiracy, the defendant prepared false tax returns, incorporated businesses and obtained employer identification numbers (EINs), paid for personal expenses, and opened and used numerous bank accounts for the benefit of co-conspirators A and B, in order to avoid payment of all taxes due and owing on income.

COUNT 1
(Conspiracy to Defraud the United States)

10. Paragraphs 1-9 above are realleged as if fully set forth herein.

11. From on or about July 1, 2007 until on or about at least March 17, 2014, the defendant,

KENNETH FRANK HARYCKI,

did knowingly and willfully conspire with others including co-conspirators A and B to defraud the United States for the purpose of impairing, impeding, obstructing and defeating the lawful functions of the Internal Revenue Service of the Treasury Department in the ascertainment, computation, assessment, and collection of income and employment taxes, using means involving deceit and dishonesty.

Manner and Means

12. The manner and means of the conspiracy are described in the foregoing paragraphs 1-9.

Overt Act

13. On or about February 18, 2010, HARYCKI filed paperwork to incorporate MKH HOLDINGS INC., an entity to be used in furtherance of the conspiracy.

14. All in violation of Title 18, United States Code, Section 371.

Respectfully submitted,

Dated:

ANDREW M. LUGER
United States Attorney

BY: ROBERT M. LEWIS
Assistant U.S. Attorney