

**IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

<b>UNITED STATES OF AMERICA</b>	<b>:</b>	<b>CRIMINAL NO.: 13 -</b>
<b>v.</b>	<b>:</b>	<b>DATE FILED: January 29, 2013</b>
<b>MARK OLKOWSKI</b>	<b>:</b>	<b>VIOLATIONS:</b>
	<b>:</b>	<b>26 U.S.C. § 7206 (filing false income tax</b>
	<b>:</b>	<b>returns - 8 counts)</b>
	<b>:</b>	<b>18 U.S.C. § 1343 (wire fraud - 15 counts)</b>
	<b>:</b>	<b>18 U.S.C. § 2 (aiding and abetting)</b>

**INDICTMENT**

**COUNT ONE**

**FILING A FALSE INCOME TAX RETURN  
26 U.S.C. § 7206**

**THE GRAND JURY CHARGES THAT:**

At all times material to the indictment:

1. Defendant **MARK OLKOWSKI** and W.K. were co-owners of K & O Sporting Goods ("K & O") located at 2001 E. Moyamensing Avenue, Philadelphia, PA. K & O supplied personalized t-shirts, sweatshirts and other items of apparel to a number of customers, including labor unions, individuals running for elective office, local municipalities, and bars and taverns.

2. K & O was a partnership which was required to file an Partnership Tax Return, IRS Form 1065, to report its income. Partnership income is not taxed at the partnership level. Rather, partnership income is considered "flow through" income; that is, partnership income is to be split evenly between the partners and reported as business income on the

partners' personal federal income tax returns.

3. Defendant **MARK OLKOWSKI** under-reported K & O's gross partnership receipts to the Internal Revenue Service on K & O's partnership tax returns during 2006 through 2009. Defendant **OLKOWSKI** also failed to report all of his "flow through" partnership income on his personal income tax returns during that same time period.

4. Defendant **MARK OLKOWSKI** also failed to report as income the value of personal expenses he paid with corporate funds, and failed to report as income significant sums of cash received by K & O but which he retained and did not deposit to K & O business accounts.

5. On or about April 15, 2007, in the Eastern District of Pennsylvania, defendant

**MARK OLKOWSKI**

willfully made and subscribed a United States income tax return, and aided and abetted the making and subscription of the same, that is, IRS Form 1040 for the calendar year 2006, which was verified by a written declaration that it was made under the penalty of perjury and filed with the Director, Internal Revenue Service Center, which defendant **OLKOWSKI** did not believe to be true and correct as to every material matter, in that the return reported adjustable gross income of approximately \$96,065 when in fact, **OLKOWSKI** knew that he had received additional taxable income of approximately \$44,446.

In violation of Title 26, United States Code, Sections 7206(1)(2) and Title 18, United States Code, Section 2.

**COUNT TWO**

**FILING A FALSE INCOME TAX RETURN  
26 U.S.C. § 7206(1)**

**THE GRAND JURY FURTHER CHARGES THAT:**

1. Paragraphs 1 through 4 of Count One are incorporated here
2. On or about April 15, 2008, in the Eastern District of Pennsylvania,

defendant

**MARK OLKOWSKI**

willfully made and subscribed a United States income tax return, IRS Form 1040, for the calendar year 2007, which was verified by a written declaration that it was made under the penalty of perjury and filed with the Director, Internal Revenue Service Center, which defendant **OLKOWSKI** did not believe to be true and correct as to every material matter, in that the return reported adjustable gross income of approximately \$176,911 when in fact, as **OLKOWSKI** knew, he had received additional taxable income of approximately \$44,820.

In violation of Title 26, United States Code, Sections 7206(1)(2) and Title 18, United States Code, Section 2. in that the return reported adjustable gross income of approximately

**COUNT THREE**

**FILING A FALSE INCOME TAX RETURN  
26 U.S.C. § 7206(1)**

**THE GRAND JURY FURTHER CHARGES THAT:**

1. Paragraphs 1 through 4 of Count One are incorporated here
2. On or about April 15, 2009, in the Eastern District of Pennsylvania,

defendant

**MARK OLKOWSKI**

willfully made and subscribed a United States income tax return, and aided and abetted the making and subscription of the same, that is IRS Form 1040 for the calendar year 2008, which was verified by a written declaration that it was made under the penalty of perjury and filed with the Director, Internal Revenue Service Center, which defendant **OLKOWSKI** did not believe to be true and correct as to every material matter, in that the return reported adjusted gross income of approximately \$27,843 when in fact, as **OLKOWSKI** knew, he had received additional taxable income of approximately \$79,925.

In violation of Title 26, United States Code, Sections 7206(1)(2) and Title 18, United States Code, Section 2.

**COUNT FOUR**

**FILING A FALSE INCOME TAX RETURN  
26 U.S.C. § 7206(1)**

**THE GRAND JURY FURTHER CHARGES THAT:**

1. Paragraphs 1 through 4 of Count One are incorporated here
2. On or about April 18, 2010, in the Eastern District of Pennsylvania,

defendant

**MARK OLKOWSKI**

willfully made and subscribed a United States income tax return, and aided and abetted the making and subscription of the same, that is IRS Form 1040 for the calendar year 2009, which was verified by a written declaration that it was made under the penalty of perjury and filed with the Director, Internal Revenue Service Center, which defendant **OLKOWSKI** did not believe to be true and correct as to every material matter, in that the return reported adjusted gross income of approximately \$32,647, when in fact, as **OLKOWSKI** knew, he had received additional taxable income of approximately \$67,906.

In violation of Title 26, United States Code, Sections 7206(1)(2) and Title 18, United States Code, Section 2.

**COUNT FIVE**

**FILING A FALSE INCOME TAX RETURN  
26 U.S.C. § 7206(1)**

**THE GRAND JURY FURTHER CHARGES THAT:**

1. Paragraphs 1 through 4 of Count One are incorporated here
5. On or about April 15, 2007, in the Eastern District of Pennsylvania,

defendant

**MARK OLKOWSKI**

willfully made and subscribed a United States income tax return, and aided and abetted the making and subscription of the same, that is, IRS Form 1065 for the calendar year 2006, which was verified by a written declaration that it was made under the penalty of perjury and filed with the Director, Internal Revenue Service Center, which defendant **OLKOWSKI** did not believe to be true and correct as to every material matter, in that the return reported gross receipts for K & O Sports of approximately \$392,715 when in fact, **OLKOWSKI** knew that K & O had received additional gross receipts of approximately \$46,770.

In violation of Title 26, United States Code, Sections 7206(1)(2) and Title 18, United States Code, Section 2.

**COUNT SIX**

**FILING A FALSE INCOME TAX RETURN  
26 U.S.C. § 7206(1)**

**THE GRAND JURY FURTHER CHARGES THAT:**

1. Paragraphs 1 through 4 of Count One are incorporated here
2. On or about April 15, 2008, in the Eastern District of Pennsylvania,

defendant

**MARK OLKOWSKI**

willfully made and subscribed a United States income tax return, IRS Form 1065, for the calendar year 2007, which was verified by a written declaration that it was made under the penalty of perjury and filed with the Director, Internal Revenue Service Center, which defendant **OLKOWSKI** did not believe to be true and correct as to every material matter, in that the return reported gross receipts for K & O Sports of approximately \$371,312 when in fact, **OLKOWSKI** knew that K & O had received additional gross receipts of approximately \$49,450.

In violation of Title 26, United States Code, Sections 7206(1)(2) and Title 18, United States Code, Section 2.

**COUNT SEVEN**

**FILING A FALSE INCOME TAX RETURN  
26 U.S.C. § 7206(1)**

**THE GRAND JURY FURTHER CHARGES THAT:**

1. Paragraphs 1 through 4 of Count One are incorporated here
2. On or about April 15, 2009, in the Eastern District of Pennsylvania,

defendant

**MARK OLKOWSKI**

willfully made and subscribed a United States income tax return, and aided and abetted the making and subscription of the same, that is IRS Form 1065 for the calendar year 2008, which was verified by a written declaration that it was made under the penalty of perjury and filed with the Director, Internal Revenue Service Center, which defendant **OLKOWSKI** did not believe to be true and correct as to every material matter, in that the return reported gross receipts for K & O Sports of approximately \$477,665 when in fact, **OLKOWSKI** knew that K & O had received additional gross receipts of approximately \$70,772.

In violation of Title 26, United States Code, Sections 7206(1)(2) and Title 18,  
United States Code, Section 2.



**COUNT EIGHT**

**FILING A FALSE INCOME TAX RETURN  
26 U.S.C. § 7206(1)**

**THE GRAND JURY FURTHER CHARGES THAT:**

1. Paragraphs 1 through 4 of Count One are incorporated here
2. On or about April 18, 2010, in the Eastern District of Pennsylvania,

defendant

**MARK OLKOWSKI**

willfully made and subscribed a United States income tax return, and aided and abetted the making and subscription of the same, that is IRS Form 1065 for the calendar year 2009, which was verified by a written declaration that it was made under the penalty of perjury and filed with the Director, Internal Revenue Service Center, which defendant **OLKOWSKI** did not believe to be true and correct as to every material matter, in that the return reported gross receipts for K & O Sports of approximately \$404,881 when in fact, **OLKOWSKI** knew that K & O had received additional gross receipts of approximately \$84,280.

In violation of Title 26, United States Code, Sections 7206(1)(2) and Title 18, United States Code, Section 2.

**COUNTS NINE THROUGH TWENTY-THREE**

**WIRE FRAUD  
18 U.S.C. § 1343**

**THE GRAND JURY FURTHER CHARGES THAT:**

At all times material to this Indictment:

1. The Federal and State Unemployment Insurance system was designed to provide unemployment insurance benefits, commonly called unemployment compensation (UC), to persons out of work through no fault of their own. To be insured under the system, an unemployment compensation claimant must have worked for an employer who is covered by the unemployment compensation law.

2. In general, claimants are eligible for unemployment compensation benefits if they (a) are able and available for work; (b) have earned enough wages and worked enough weeks to qualify; (c) have worked for an employer covered by the unemployment compensation system within a specified period of time prior to the filing of their unemployment compensation claims; and (d) are unemployed through no fault of their own.

3. Claimants who are deemed eligible receive unemployment compensation benefits for up to 26 weeks during the 52-week period beginning with the date of their unemployment compensation claim, and benefits terminate once a worker returns to full-time employment.

**The Scheme to Submit Fraudulent Unemployment Compensation Claims**

4. From in or about July 2007 through in or about February 2008, and from in or about July 2008 through in or about March 2009, defendant

## **MARK OLKOWSKI**

devised and intended to devise a scheme to defraud the Commonwealth of Pennsylvania, Department of Labor & Industry, Office of Unemployment Compensation Benefits, which oversees the payment of unemployment benefits, and to obtain money and property of the Commonwealth by means of false and fraudulent pretenses, representations, and promises.

5. It was part of the scheme that in July 2007 defendant **MARK OLKOWSKI** applied for unemployment compensation benefits from the Commonwealth of Pennsylvania while he was employed by and was an owner of K & O Sports ("K & O"), located at 2001 E. Moyamensing Avenue, Philadelphia, PA. In July 2007, defendant **OLKOWSKI** was earning income from K & O.

6. It was further part of the scheme that defendant **MARK OLKOWSKI** lied to the Office of Unemployment Compensation Benefits in his July 2007 application when he told the Office that he was not employed and that he was not self-employed as of July 2007.

7. It was further part of the scheme that defendant **MARK OLKOWSKI** received unemployment benefits from July 2007 to February 2008 which totaled approximately \$12,272.

8. It was further part of the scheme that, after his unemployment benefits expired in February 2008, defendant **MARK OLKOWSKI** started taking a salary from K & O, which salary was reported on K & O's books and records, and took that salary long enough to ostensibly claim eligibility for unemployment benefits.

9. It was further part of the scheme that defendant **MARK OLKOWSKI** applied for unemployment benefits in July 2008. Defendant **OLKOWSKI** lied to the Office of

Unemployment Compensation Benefits in his 2008 application when he told the Office that he was not employed and that he was not self-employed as of July 2008.

10. It was further part of the scheme that defendant **MARK OLKOWSKI** received unemployment benefits from July 2008 to March 2009 which totaled approximately \$13,212. In total, defendant **OLKOWSKI** unlawfully received approximately \$25,484 in unemployment benefits while he owned and operated K & O Sports and was receiving income from K & O.

#### **THE WIRE TRANSFERS**

11. On or about the following dates, at Philadelphia, in the Eastern District of Pennsylvania, and elsewhere, having devised and intending to devise this scheme, defendant

**MARK OLKOWSKI,**

for the purpose of executing the scheme and attempting to do so, knowingly caused to be transmitted in interstate commerce the following unemployment compensation benefit payments from the Commonwealth of Pennsylvania, State Treasury Department, Harrisburg, Pennsylvania, to his personal Philadelphia, PA. Wachovia Bank account, as described below:

<b><u>COUNT</u></b>	<b><u>DATE</u></b>	<b><u>AMOUNT OF WIRE TRANSFER</u></b>
9	2/8/08	\$472
10	7/30/08	\$472
11	8/20/08	\$980
12	8/27/08	\$980
13	9/10/08	\$980
14	9/24/08	\$980

15	10/8/08	\$980
16	10/23/08	\$980
17	11/5/08	\$980
18	11/20/08	\$980
19	3/10/09	\$980
20	3/10/09	\$980
21	3/10/09	\$980
22	3/10/09	\$980
23	3/10/09	\$980

All in violation of Title 18, United States Code, Sections 1343 and 2.

**A TRUE BILL:**

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**FOREPERSON**

  
**ZANE DAVID MEMEGER**  
United States Attorney