

STATE OF WISCONSIN CIRCUIT COURT DANE COUNTY

STATE OF WISCONSIN
Plaintiff,

vs.

MATTHEW M SCHRAUFNAGEL
613 N High St
Randolph, WI 53956
DOB: 12/10/1970
Sex/Race: M/W
Eye Color: Brown
Hair Color: Brown
Height: 6 ft 1 in
Weight: 215 lbs
Alias:

Defendant,

Ref. Agency: WI Dept. of Revenue
DA Case No.: 2017DA011658
Assigned DA/ADA:
Agency Case No.: WIDOR 0-156-764-672

Court Case No.: 2018CF _____
ATN:

CRIMINAL COMPLAINT

For Official Use

The below-named complaining witness being first duly sworn states the following:

Count 1: FRAUD/RENDERING INCOME TAX RETURN OR OBTAIN REFUND WITH FRAUDULENT INTENT

The above-named defendant on or about Sunday, February 2, 2014, Dane County, Wisconsin, with the intent to defeat or evade any tax assessment required by Chapter 71 of Wisconsin Statutes, or with fraudulent intent to obtain a refund or credit, did render a false or fraudulent income tax return, contrary to sec. 71.83(2)(b)1, 939.50(3)(h) Wis. Stats., a Class H Felony, and upon conviction may be fined not more than Ten Thousand Dollars (\$10,000), or imprisoned not more than six (6) years, or both.

Count 2: FRAUD/RENDERING INCOME TAX RETURN OR OBTAIN REFUND WITH FRAUDULENT INTENT

The above-named defendant on or about Thursday, January 22, 2015, Dane County, Wisconsin, with the intent to defeat or evade any tax assessment required by Chapter 71 of Wisconsin Statutes, or with fraudulent intent to obtain a refund or credit, did render a false or fraudulent income tax return, contrary to sec. 71.83(2)(b)1, 939.50(3)(h) Wis. Stats., a Class H Felony, and upon conviction may be fined not more than Ten Thousand Dollars (\$10,000), or imprisoned not more than six (6) years, or both.

Count 3: FRAUD/RENDERING INCOME TAX RETURN OR OBTAIN REFUND WITH FRAUDULENT INTENT

The above-named defendant on or about Thursday, January 28, 2016, Dane County, Wisconsin, with the intent to defeat or evade any tax assessment required by Chapter 71 of Wisconsin Statutes, or with fraudulent intent to obtain a refund or credit, did render a false or fraudulent income tax return, contrary to sec. 71.83(2)(b)1, 939.50(3)(h) Wis. Stats., a Class H

Felony, and upon conviction may be fined not more than Ten Thousand Dollars (\$10,000), or imprisoned not more than six (6) years, or both.

Count 4: FRAUD/RENDERING INCOME TAX RETURN OR OBTAIN REFUND WITH FRAUDULENT INTENT

The above-named defendant on or about Monday, January 23, 2017, Dane County, Wisconsin, with the intent to defeat or evade any tax assessment required by chapter 71 of Wisconsin Statutes, or with fraudulent intent to obtain a refund or credit, did render a false or fraudulent income tax return, contrary to sec. 71.83(2)(b)1, 939.50(3)(h) Wis. Stats., a Class H Felony, and upon conviction may be fined not more than Ten Thousand Dollars (\$10,000), or imprisoned not more than six (6) years, or both.

FACTS:

Your complainant, Wisconsin Department of Revenue Special Agent Paul Libeck, reports he verbally identified the defendant herein during an interview that was held on September 27, 2017, as Matthew M. Schraufnagel. In that interview, Schraufnagel said he resides on North High Street in the Village of Randolph, County of Columbia, State of Wisconsin.

INTRODUCTION

Agent Libeck reports this case came from a referral from an income tax return processing review by the Department of Revenue. Agent Libeck consequently investigated the tax returns filed by Schraufnagel for 2013, 2014, 2015, and 2016 and learned that Schraufnagel electronically prepared and filed his own income tax returns for years 2013, 2014, 2015, and 2016 using the H&R Block's website (hrblock.com). Schraufnagel falsified the electronic W2 information by falsely claiming excessive taxes withheld for tax years 2013, 2014, 2015, and 2016. He also understated his wages in 2015 and 2016. These acts are evidenced by comparing Schraufnagel's W2s with the tax returns he filed. These acts were done without the consent of the State of Wisconsin, with the intent to fraudulently obtain refunds from the Wisconsin Department of Revenue. This was done with intent to permanently deprive the State of Wisconsin of its monetary value. It should be noted that for the 2016 tax year, Schraufnagel attempted to have a \$3,185 fraudulent refund directed to his Summit Credit Union bank account. However, this refund was stopped by the Department of Revenue.

SEPTEMBER 27, 2017 INTERVIEW WITH SCHRAUFNAGEL

Agent Libeck reports on September 27, 2017, he met with Schraufnagel at the Wisconsin Department of Revenue in Madison, Wisconsin. Libeck asked Schraufnagel if he knew the purpose of the meeting, and Schraufnagel said he made erroneous calculations and tried to file his return off of his final paystubs for each year, before he received his W2. When presented with a copy of his final paystubs which showed different numbers than those he claimed, he said he did not know where the numbers claimed on the returns he prepared came from. He agreed the numbers on the paystub and the numbers on the return did not match. Schraufnagel said he used H&R Block software to prepare the return and did not have any assistance in doing so.

Agent Libeck reports when Schraufnagel was presented with his 2015 tax return, the return his employer filed, and his final paystub, he was not able to explain the understated wages or overstated withholdings.

Agent Libeck reports Schraufnagel again had no explanation for the repeated errors in the 2013 and 2014 returns and confirmed the returns submitted were not right. In this year, he correctly reported his taxable wages but overstated his withholding.

Agent Libeck reports Schraufnagel said he knows he should have waited to file his tax returns until after he received his W2, and said he's done so in the past. Schraufnagel said he was capable of completing the returns correctly. Schraufnagel said, "it doesn't look right or good at all" when asked about the pattern of errors or "have any further explanation for any of it." When asked about the pattern of increasing withholding errors, Schraufnagel said, "I don't remember my thought process with these," "it doesn't look good, at all," and "I am thinking that these things that have been presented here today do not look very good at all." When pressed for a reason and what he was thinking, Schraufnagel said, "I am very, kind of extremely, concerned. I am concerned about something looking like a pattern of deceitment [sic]. I am becoming rather concerned about my future wellbeing at this point. I am not really sure what to do about that at this point," and then, "a crime is a pretty frightening thing and could spell some very bad things."

2013 TAX YEAR

Agent Libeck reports he examined Schraufnagel's tax records and verified that Schraufnagel electronically filed a Wisconsin income tax return on Wisconsin Form 1A for 2013. The return was received by the Department on February 2, 2014. Schraufnagel reported wages of \$43,778 from State of Wisconsin OHS (Department of Health Services). The wages Schraufnagel reported matched the wages reported to the Department by the employer. The return reported Wisconsin withholding of \$2,712. The employer reported \$2,524 of Wisconsin withholdings. Schraufnagel overstated the withholding by \$188.

2014 TAX YEAR

Agent Libeck reports he learned through Schraufnagel's tax records that Schraufnagel filed a Wisconsin income tax return on Wisconsin Form 1 for 2014. The return was received by the Department on January 22, 2015. Schraufnagel reported wages of \$41,497 from State of Wisconsin OHS. The wages Schraufnagel reported matched the wages reported to the Department by the employer. The return reported Wisconsin withholding of \$2,492. The employer reported \$2,129 of Wisconsin withholdings. Schraufnagel overstated the withholding by \$363.

Agent Libeck reports on October 10, 2017, thirteen days after Schraufnagel was interviewed, the Department received a handwritten Form 1X to amend the 2014 Wisconsin tax return for the errors contained in the original return. In the amendment Schraufnagel removed the \$3,901 subtraction for Medical Care Insurance and reported the correct amount of Wisconsin income taxes withheld. He reported owing \$608 of additional Wisconsin income tax, plus interest. However, he did not remit payment. He included a statement that said, "due to some cognitive limitations, these forms have been very difficult for me to do. I am attempting to make corrections."

2015 TAX YEAR

Agent Libeck reports he learned through Schraufnagel's tax records that Schraufnagel electronically filed a Wisconsin income tax return on Wisconsin Form 1 for 2015. The return was received by the Department on January 28, 2016. Schraufnagel reported wages of

\$41,396 from State of Wisconsin OHS, while Schraufnagel's employer reported Schraufnagel's wages were \$44,397. Schraufnagel understated his wages by \$3,001. The return reported Wisconsin withholding of \$3,112 but his employer reported \$2,264 of Wisconsin withholdings. Schraufnagel overstated the withholding by \$848.

Agent Libeck reports on October 9, 2017, twelve days after Schraufnagel was interviewed, the Department received a handwritten Form 1A, indicating it was an amended return for 2015. On the amended return, Schraufnagel reported the correct wages of \$44,396 and he removed the \$3,377 subtraction for Medical Care Insurance. He also reported the correct amount of Wisconsin income taxes withheld, and reported owing \$1,302 of additional Wisconsin income tax, plus interest. However, Schraufnagel did not remit payment. He included a statement that said, "I am attempting to correct previously reported errors. These forms have been very difficult for me to do."

2016 TAX YEAR

Agent Libeck reports he learned through Schraufnagel's tax records that Schraufnagel electronically filed a Wisconsin income tax return on Wisconsin Form 1 for 2016. The return was received by the Department on January 23, 2017. Schraufnagel reported wages of \$42,693 from State of Wisconsin OHS; however, his employer reported he earned \$45,693 in wages. Schraufnagel understated his withholding by \$3,000. The return reported Wisconsin withholding of \$4,295; however, his employer reported \$2,375 in Wisconsin withholdings. Schraufnagel overstated the withholding by \$1,920. The Department selected the return for review and suspended the return to investigate the withholding discrepancy. The refund requested was not issued by the Department.

On July 10, 2017, Schraufnagel attempted to submit an amended return but he electronically submitted a file type that the Department was unable to open. However, Schraufnagel provided a copy of the forms during his September 27, 2017 interview.

SUMMARY OF DISCREPIENCIES

The following summarizes Schraufnagel's reported wages and withholding, the employer reported amounts, and the differences:

Year	WI Wages-Reported	WI Wages-Correct	Difference
2013	\$43,778	\$43,778	\$0
2014	\$41,497	\$41,497	\$0
2015	\$41,396	\$44,397	\$3,001
2016	\$42,693	\$45,693	\$3,000

Year	WI Withholding-Reported	WI Withholding-Correct	Difference
2013	\$2,712	\$2,524	\$188
2014	\$2,492	\$2,129	\$363
2015	\$3,112	\$2,264	\$848
2016	\$4,295	\$2,375	\$1,920

Wisconsin Department of Health Services supplied copies of W2s issued to Schraufnagel for the years 2009, 2010, 2011, 2012, 2013, 2014, 2015 and 2016. The copies of the W2s received from Wisconsin Department of Health Services matched the W2 information that the Department had on file from the employer and from the IRS. No W2cs were issued. The W2s

received from Wisconsin Department of Health Services did not match the W2s filed with the return for the state income tax line for 2013 through 2016.

VENUE

The venue is appropriate in Dane County, as the tax returns were received in Dane County, Wisconsin.

AMOUNT OWED

The following represents the amount of state tax owed per the investigation:

	2013	2014	2015	2016	Total
Theft due to false withholding	\$188	\$363	\$848	\$1,920*	\$3,319
Theft due to understated wages			\$232	\$527	\$ 759
Total	\$188	\$363	\$1,080	\$2,447	\$4,078

*2016 Attempted-refund stop by WI Department of Revenue

CONCLUSIONS

Agent Libeck reports that he concluded that since Schraufnagel was able to correctly enter his 2013 and 2014 wages, it is clear he is capable of correctly entering the data. No calculation would need to be made to enter the wages or withholding, as the final paystubs show the correct amounts that should have been reported. The amounts incorrectly reported do not match any numbers from the final paystubs. It seems highly unlikely that the only errors would be in his favor, with overstated withholdings four times on his Wisconsin returns and understated wages for two years. He also overstated his federal withholding four times. His wages were understated two years in a row, by \$3,000 and \$3,001. The withholding error is increasing, approximately doubling each year. Since these errors follow a pattern, the amounts reported are not on the final paystubs, the correct amounts are on the final paystubs, and Schraufnagel did not offer any reasonable explanation for the errors, it is likely these errors were made intentionally.

This complaint is based on the information and belief of your Complainant, who is an agent of the Wisconsin Department of Revenue and who learned of the above offense from the report of Agent Libeck, which report your Complainant believes to be truthful and reliable inasmuch as it was prepared during the course of his/her official duties.

Further, your Complainant believes the information furnished by the defendant to be truthful and reliable insofar as they are admissions against penal interest.

Subscribed and sworn to before me on
01/03/18

Electronically Signed By:
Andrea B. Raymond
Deputy District Attorney
State Bar #: 1068164

Electronically Signed By:
Paul Libeck, Special Agent
Complainant