

STATE OF WISCONSIN**CIRCUIT COURT****WAUSHARA COUNTY**

STATE OF WISCONSIN

Plaintiff,

vs.

RONALD WILLIAM VALLERY

P.O. Box 225
 Wautoma, WI 54982
 DOB: 08/21/1986
 Sex/Race: M/W
 Eye Color: Hazel
 Hair Color: Brown
 Height: 5 ft 11 in
 Weight: 200 lbs

Defendant.

DA Case No.: 2017WS000389
 Assigned DA/ADA: Scott C. Blader
 Agency Case No.:

Court Case No.:

CRIMINAL COMPLAINT*For Official Use*

- Lieutenant Mark Piechowski
- Deputy Kaye Howver
- Deputy Patrick Fox
- Deputy Gary Grenier
- Deputy Douglas Christensen
- Investigator Gregory Weitz, being first duly sworn, affies and states as follows that:

Count 1: FRAUD/RENDERING INCOME TAX RETURN

The above-named defendant on or about Thursday, April 14, 2016, Waushara County, Wisconsin, did file a tax return with the State of Wisconsin with intent to defraud by under reporting income so as to evade proper tax assessment, 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: KNOWINGLY SUBMIT FALSE TAX DOCUMENTS

The above-named defendant on or about Thursday, April 14, 2016, Waushara County, Wisconsin, did provide false documents to a tax preparer, under reporting income, with intent that a fraudulent tax return be filed with the State of Wisconsin so as to evade proper assessment, contrary to sec. 71.83(2)(a)2, Wis. Stats., a Misdemeanor, and upon conviction .

Count 3: FRAUD/RENDERING INCOME TAX RETURN

The above-named defendant on or about Monday, February 23, 2015, Waushara County, Wisconsin, did file a tax return with the State of Wisconsin with intent to defraud by under reporting income so as to evade proper tax assessment, 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: KNOWINGLY SUBMIT FALSE TAX DOCUMENTS

The above-named defendant on or about Monday, February 23, 2015, Waushara County, Wisconsin, did provide false documents to a tax preparer, under reporting income, with intent that a fraudulent tax return be filed with the State of Wisconsin so as to evade proper assessment, contrary to sec. 71.83(2)(a)2, Wis. Stats., a Misdemeanor, and upon conviction .

Count 5: FRAUD/RENDERING INCOME TAX RETURN

The above-named defendant on or about Monday, March 10, 2014, Waushara County, Wisconsin, did file a tax return with the State of Wisconsin with intent to defraud by under reporting income so as to evade proper tax assessment, 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.

PROBABLE CAUSE:

1) That your affiant has read and reviewed the official law enforcement reports prepared by Detective Nate Klapoetke of the Waushara County Sheriff's Department, said reports known to your affiant to be accurate and reliable, based upon past professional experience, and with said reports having been prepared, filed, and maintained during the ordinary course of business of said law enforcement agency.

2) Detective Nate Klapoetke is the primary drug enforcement officer for Waushara County. Detective Nate Klapoetke reports that on February 24, 2016, confidential informant W16-003, under the control and direction of Waupaca County Law Enforcement, did have contact with a person known to be Joshua J. Kaminske M/W dob; 1/21/1989 by text message for the purpose of arranging a marijuana sale and delivery at Kaminske's home located in the Township of Farmington, Waupaca County, Wisconsin. Arrangements were made for the purchase of 29.79 grams of marijuana for \$300. Officers maintained a visual on Kaminske's home. Officers later observed Kaminske to be at the residence and further observed a white male operating a black GMC pickup truck arrive. Kaminske and the male enter Kaminske's residence. Your affiant reports that the operator of the GMC pickup truck was later identified as Ronald W. Vallery Jr. M/W dob: 8/21/1986. According to Waupaca County investigative reports, a confidential informant arrived shortly thereafter and entered the residence. The CI then exited the residence. Ronald Vallery then exited the residence wearing a backpack and entered a black GMC pickup truck before leaving the premises.

3) Deputy Klapoetke reports that Waupaca County law enforcement did speak with the CI, who confirmed that he entered Kaminske's home and observed Kaminske to be present together with a young white male with beard. The CI provided Kaminske with \$300 in U.S. currency and Kaminske provided him with approximately one ounce of marijuana.

4) Your affiant reports that Waupaca County law enforcement conducted surveillance of the black GMC truck driven by Ronald Vallery. A traffic stop was made on that vehicle. Waupaca County Deputy Kraeger made contact with Ronald Vallery and noticed the odor of marijuana. A subsequent search of the vehicle was undertaken and officers located a blue backpack in the backseat of the truck containing approximately \$500 in U.S. currency, 2.93 grams of marijuana, two glass marijuana pipes, a grinder, and an amphetamine pill. Further,

\$480 in U.S. currency was found in the left pants pocket of Ronald Vallery. *Two of the \$100 bills located on Ronald Vallery's person matched two \$100 bills of pre-recorded currency supplied to the CI to purchase the marijuana* from Kaminske's residence directly prior to the stop of Vallery's vehicle. It should be noted, a trace amount of marijuana was located with the U.S. currency. Officers also located two Samsung phones.

5) Detective Klapoetke reports that on February 25, 2016, he together with deputies from the Waushara County Sheriff's Department did execute a search warrant on Ronald Vallery's home at N3625 STH 73, Town of Wautoma, Waushara County, Wisconsin. Through the course of the search warrant, officers located the following items:

- a) \$5,360 in U.S. currency
 - b) 10 grams of marijuana in a jar
 - c) 1.1 grams of marijuana wax in a container
 - d) 51 grams of marijuana in a baggie
 - e) Marijuana residue in corners of lock box
 - f) 4 grams of marijuana wax in green container
 - g) Two bongs with odor of marijuana
- Total marijuana weight 66.1 grams**

6) Your affiant reports that on March 7, 2016, officers of the Waupaca County Sheriff's Department executed a search warrant on the residence of Joshua J. Kaminske M/W dob: 1/21/89. Subsequent to that search warrant, Kaminske was provided his Miranda rights and did provide a statement to law enforcement. Kaminske admitted to selling marijuana after his release from jail in February of 2013. Kaminske reported that he was purchasing marijuana in one pound quantities and as much as three to four pounds at a time. As of late, he had reduced down to quarter pound quantities because of his financial situation. Kaminske reported that he would pay between \$3,400 and \$3,600 a pound when he would purchase marijuana. Kaminske identified two sources for his marijuana. One source being Ronald W. Vallery M/W dob: 8/21/1986 who lived in the Wautoma area. According to Kaminske, Ronald Vallery had been the main source of marijuana for him since February of 2013 and he would often purchase a pound for between \$4,000 and \$5,200 from him depending upon quality. He knew Vallery through his sister who was friends with Vallery. Initially, Kaminske reported that he would have to travel to Vallery's home which was located in Amherst, Wisconsin to purchase marijuana from him but as of October 2015, Vallery was delivering the marijuana directly to Kaminske's residence. According to Kaminske, he had been purchasing marijuana from Vallery consistently at least a couple times a month. On occasion, he would purchase one-half of a pound of marijuana every other day depending on demand. Kaminske provided further specificity stating that beginning somewhere in October of 2015 Ronald Vallery began delivering approximately one-half pound of marijuana to him a week. Vallery recently started to "front" the marijuana to him given the trust that developed between the two. According to Kaminske, Vallery kept the marijuana he provided in a backpack within plastic vacuum sealed bags. Kaminske reported that after Vallery was pulled over and searched by law enforcement on February 24, 2016, Vallery contacted him by text message at 2:30 a.m. instructing Kaminske not to contact him on his phone as it was in the possession of police. Kaminske reported he had not contacted Vallery since the text message, however, his sister recently stopped by and asked Kaminske if he had the \$1,660 that Kaminske owed Vallery for the marijuana provided to him prior to his arrest. Kaminske went on to state that Vallery had a marijuana source out of state and that this source would ship the marijuana to Vallery's home.

7) Detective Klapoetke reports that on March 12, 2016, he reviewed a forensic analysis of Ronald Vallery's phones. Numerous SMS messages were located dating back to February of 2016 indicating drug related activity. Text messages referring to Vallery getting pulled over and stating "Got pulled over don't contact me." were found. Further, text messages referring to "onions" which your affiant believes to be an ounce of marijuana were located together with numerous other drug related comments talking about dropping off and acquiring marijuana. A brief summary of select conversations are as follows:

Conversation 1

Message to Vallery 2/18/2016 at 5:29 p.m.: Damn. I ran out already. Lol. Text wen ur back. Enjoy.

Conversation 2

Message to Vallery 2/21/2016 at 4:51 p.m.: This fone will get shut off tamoro. Ill turn it bak on tuesday.If u can stop by on my lunch 1030 ta 11 or after 430 with 5 candles and 2 onions id appreciate it.

Vallery reply 2/21/2016 at 4:59 p.m.: Ok. Sounds good.

Conversation 3

Message to Vallery 2/21/2016 at 5:36: Will prolly need 2 more tues or wed so u kno. See u tomoro. I got funds here so don't gota go to bank. Sleep well

Message to Vallery 2/21/2016 at 5:38: Stop by at 1045am if u can and ill likely hav sum csh so u kno. Pc out. Hav a good nite.

Message to Vallery 2/21/2016 at 5:39: I mean 1030. I hav wut owe jus not much xtra anymore. Some bills came up but thats y we will jus do 2 at a time so i don't owe yamuch. My check next thurs shoud b way bigger

Reply by Vallery 2/21/2016 at 5:43: K

Message to Vallery 2/21/2016 at 5:46: I mite hav 350 xtra. 900 total. Got that one guy i told ya bout at work that mite giv me csh fer onion and a candle up frnt bfore i see u. Either c u then. Pc out.

Conversation 4

Message to Vallery 2/22/2016 at 3:05: Just waiting on someone to drop off the money I need then Im heading if I can make it by 430 if not I'll text u

Reply by Vallery 2/22/2016 at 3:05:56: Ok I'll be here a Lil longer then that but hurry still

Conversation 5

Message to Vallery 2/22/2016 at 4:30 p.m.: You coming here tomorrow? I work at 2

Reply by Vallery 2/22/2016 at 4:34: Probably not till wed. And u just ran out.

Message to Vallery 2/22/2016 at 4:35: Fml none?

Reply by Vallery 2/22/2016 at 4:43: Nope sorry girl. Hopefully tmrw more comes thru if not Wed for sure

Message to Vallery 2/22/2016 at 4:43:34: K

Conversation 6

Message to Vallery 2/22/2016 at 7:29 p.m.: Ill likly need ya stop by at lunch again with candles and produce if u can. Pretty much all gone. Even short 3 candles. I will confirm I got it all and such on first break around 8am. Thanx pc out

Reply by Vallery 2/22/2016 at 8:22:12: I kan't stop tmrw

Message to Vallery 2/22/2016 at 8:39 p.m.: K. Perhaps Wednesday.

Reply by Vallery 2/22/2016 at 8:40 p.m.: K

Conversation 7

Reply by Vallery 2/24/2016 at 11:29 a.m.: What's up?

Message to Vallery 2/24/2016 at 11:35 a.m.: At Mitch's what's up with you?

Reply by Vallery 2/24/2016 at 11:36: Not much. That came thru last night. If u Wana meet up today. I'll be in town around 430 or so.

Message to Vallery 2/24/2016 at 11:46: Yes I do. Just let me know and il meet ya

Conversation 8

Message to Vallery 2/24/2016 at 1:11: Can u stop by at 430 by chance?

Reply by Vallery 2/24/2016 at 1:12:53: Yea I can do that

Message to Vallery 2/24/2016 at 1:16: Cool. Bring wutever u r comfortable with. Ill b smart about itGot Like 5 or 6 candles ordered today so u kno. Thanx. See u then.

Reply by Vallery 2/24/2016 at 1:20: Kk

8) Your affiant reports that Special Agent Michael Austin of the Wisconsin Department of Revenue reports that he was tasked with investigating Ronald Vallery, Jrs. Financial structure to ascertain whether Vallery accurately reported income to the Wisconsin Department of Revenue as part of his annual tax filings. Specifically, a review of Vallery's financial structure was undertaken to ascertain whether Vallery may have falsified his income tax returns for calendar years 2013, 2014 and 2015. Your affiant is aware, that Wisconsin Statute 71.83(2)(b)(1) makes it a crime for an individual to file a false income tax return with intent to defeat or evade a tax assessment. Further, your affiant is aware that Sec. 71.83(2)(a)(2) Wis. Stats., makes it a misdemeanor offense for a person to submit documents used for the preparation (or aiding in the preparation) of false income tax returns later filed with the State. After a comprehensive review of Ronald Vallery's finances, Agent Austin reports that he is recommending charges for submission of false income tax returns with intent to defeat or evade a tax by underrepresenting income, and for providing fraudulent documentation to a tax preparer for calendar years 2013, 2014 and 2015.

9) Agent Vallery reports that for **calendar year 2015**, an inspection of Vallery's tax filings indicated that on *April 14, 2016*, Vallery reported his 2015 income by making a filing with the Wisconsin Department of Revenue. In that tax filing, he represented that he \$10,390 in taxable income. However, a significant review was undertaken of Vallery's finances including a review of his bank records which indicated that for calendar year 2015 the cash flowing out of Vallery's accounts were approximately \$73,019.39 beyond the \$10,390 in taxable income that he reported. This underreporting was an effort to defeat or evade assessment of cash from his purported business of selling marijuana. By underreporting his income by \$73,019.39, Ronald Vallery effectively evaded a tax assessment for calendar year 2015 in the amount of \$4,416.21.

10) **For calendar year 2014**, Agent Austin reports that records reveal that Vallery submitted a tax filing to the Wisconsin Department of Revenue on February 23, 2015 claiming **\$11,544** in taxable income. Specifically, Vallery stated that he had been working part-time at the Wisconsin Department of Veteran's Affairs. However, an extensive review of Vallery's finances including the monthly income and expenses associated with his various bank accounts revealed that there was a gross underreporting of income. Specifically, when a review of his finances were undertaken, including his expenditures, Agent Austin was able to determine that the amount of money flowing out for Vallery's monthly living expenses exceeded \$11,544 by \$64,925.17. Specifically, the bills and expenditures he was paying out of his accounts exceeded by \$64,925.17 the \$11,544 he reported as taxable income for calendar year 2014. This underreporting of income appeared to Agent Austin to be a direct effort to defeat or evade tax assessment on the cash he was acquiring from his business of selling marijuana. The amount of tax Vallery was able to evade for calendar year 2014 by underreporting his income was \$3,946.28.

11) For the **2013 tax year** Special Agent Austin reports that DOR records reveal that Vallery did file a tax statement with the Wisconsin Department of Revenue on March 10, 2014.

Through this tax filing, Vallery claimed \$37,115 in taxable income largely derived from working at Waupaca Foundry Inc. However, when a receipts of income analysis was done together with an expenditure reconstruction of his assets, it revealed that the money flowing out of Vallery's accounts exceeded the income reported by \$39,912.29. Specifically, DOR analysts were able to attribute an additional \$39,912.29 in income to Vallery beyond the \$37,115 he claimed. This underreporting appeared to be a clear effort to defeat a cash tax assessment on his business of selling marijuana. The amount of tax that Vallery evaded for 2013 is estimated to be \$2,800.91.

12) For tax years 2013, 2014, 2015, the total amount of tax that Vallery evaded by underreporting his income was \$11,163.40.

13) Special Agent Austin reports that an inspection of Vallery's tax filings did indicate that Vallery filed his 2015 tax documents, through H&R Block located in the City of Wautoma, Waushara County, Wisconsin. By providing intentionally false information or specifically omitting information about cash accrued, he did in fact provide his tax preparer with false information. Similarly, Agent Austin reports that a review of tax documents filed for calendar years 2014 and 2015 reflect similar false income documents being submitted for the purposes of tax preparation and filing.

Based on the foregoing, the complainant believes this complaint to be true and correct.

Subscribed and sworn to before me on
04/13/17

Electronically Signed By:
Scott C. Blader
District Attorney
State Bar #: 1033953

Electronically Signed By:
Deputy Gary Grenier
Complainant