

STATE OF WISCONSIN	CIRCUIT COURT	BAYFIELD COUNTY
STATE OF WISCONSIN	Plaintiff,	DA Case No.: 2017BY000852 Assigned DA/ADA: Kimberly A. Lawton Agency Case No.: 2017-063 Court Case No.: 2020 CF ATN:
vs.		
STEVEN E. DUNN 36810 Connie's Lane Bayfield, WI 54814 DOB: 09/13/1967 Sex/Race: M/W Alias:	Defendant.	<b>CRIMINAL COMPLAINT</b>
		<i>For Official Use</i>

The undersigned, of the State of Wisconsin Department of Revenue, being first duly sworn, states that:

**Count 1: THEFT - MOVABLE PROPERTY ( > \$5000 - \$10,000)**

The above-named defendant on or about between Thursday, April 24, 2014 and Wednesday, August 2, 2017, in the City of Bayfield, Bayfield County, Wisconsin, did intentionally take and carry away and use movable property, namely diesel fuel, of Bayfield School District, having a value greater than \$5000 but less than \$10,000, without consent, and with intent to permanently deprive the owner of possession of the property, contrary to sec. 943.20(1)(a) and (3)(bm), 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: THEFT - MOVABLE PROPERTY ( > \$5000 - \$10,000)**

The above-named defendant on or about between Friday, April 25, 2014 and Monday, August 7, 2017, in the City of Bayfield, Bayfield County, Wisconsin, did intentionally take and carry away, use, transfer, and retain possession of movable property, namely equipment and supplies, of Bayfield School District, having a value greater than \$5000 but less than \$10,000, without consent, and with intent to permanently deprive the owner of possession of the property, contrary to sec. 943.20(1)(a) and (3)(bm), 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 Tuesday, March 31, 2015, in the Town of Bayfield, Bayfield County, Wisconsin, did render a false or fraudulent income tax return with intent to defeat or evade any assessment required by Chapter 71 of the Wisconsin Statutes, or to obtain a refund or credit with fraudulent intent, 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 Thursday, April 28, 2016, in the Town of Bayfield, Bayfield County, Wisconsin, did render a false or fraudulent income tax return with intent to defeat or evade any assessment required by Chapter 71 of the Wisconsin Statutes, or to obtain a refund or credit with fraudulent intent, 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 5: FRAUD/RENDERING INCOME TAX RETURN OR OBTAIN REFUND WITH FRAUDULENT INTENT**

The above-named defendant on or about Friday, April 21, 2017, in the Town of Bayfield, Bayfield County, Wisconsin, did render a false or fraudulent income tax return with intent to defeat or evade any assessment required by Chapter 71 of the Wisconsin Statutes, or to obtain a refund or credit with fraudulent intent, 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 6: FRAUD/RENDERING INCOME TAX RETURN OR OBTAIN REFUND WITH FRAUDULENT INTENT**

The above-named defendant on or about Friday, April 13, 2018, in the Town of Bayfield, Bayfield County, Wisconsin, did render a false or fraudulent income tax return with intent to defeat or evade any assessment required by Chapter 71 of the Wisconsin Statutes, or to obtain a refund or credit with fraudulent intent, 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 7: MISDEMEANOR THEFT**

The above-named defendant on or about between Friday, July 1, 2016 and Thursday, September 28, 2017, in the Town of Bayfield, Bayfield County, Wisconsin, by virtue of his business, having possession of money of another, namely sales tax moneys under sec. 77.60(11), did retain possession of such money without the owner's consent, contrary to the defendant's authority, and with intent to convert said property to his own use, contrary to sec. 943.20(1)(b) and (3)(a), 939.51(3)(a) Wis. Stats., a Class A Misdemeanor, and upon conviction may be fined not more than Ten Thousand Dollars (\$10,000), or imprisoned not more than nine (9) months, or both.

**Count 8: KNOWINGLY MAKE FALSE STATEMENT IN APPLICATION FOR A CERTIFICATE OF TITLE**

The above-named defendant on or about Monday, June 30, 2014, in the Town of Bayfield, Bayfield County, Wisconsin, did knowingly make a false statement in an application for a certificate of title for a motor vehicle, namely a 1998 37' Sea Ray Express boat, contrary to sec. 342.06(2), 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 9: KNOWINGLY MAKE FALSE STATEMENT IN APPLICATION FOR A CERTIFICATE OF TITLE**

The above-named defendant on or about Wednesday, July 26, 2017, in the Town of Bayfield, Bayfield County, Wisconsin, did knowingly make a false statement in an application for a certificate of title for a motor vehicle, namely a 2002 Ford F750, contrary to sec. 342.06(2), 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 10: KNOWINGLY MAKE FALSE STATEMENT IN APPLICATION FOR A CERTIFICATE OF TITLE**

The above-named defendant on or about Wednesday, May 16, 2018, in the Town of Bayfield, Bayfield County, Wisconsin, did knowingly make a false statement in an application for a certificate of title for a motor vehicle, namely a 2003 Dodge Ram 3500, contrary to sec. 342.06(2), 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:**

The complainant is a special agent for the State of Wisconsin Department of Revenue. The complainant has read the written reports of, and has spoken with fellow law enforcement officers employed by the Bayfield Police Department or other law enforcement agencies, and the complainant believes the statements and information to be truthful and reliable. Specifically, the complainant has read the reports of or spoken with Bayfield Police Department Chief John Fangman and State of Wisconsin Department of Revenue Special Agent Nicholas Weidman. To the extent that information was obtained from citizen witnesses, the complainant also believes that the information provided was truthful and reliable.

1. On July 31, 2017, Bayfield Police Department Chief John Fangman ("Fangman") received a call from Witness 1, Superintendent of the Bayfield School District, located in the City of Bayfield, Bayfield County, Wisconsin requesting to speak with him about an employee matter. Fangman met with Witness 1 in his office at the Bayfield School District. Also present was the Bayfield School District's finance manager, Witness 2.
2. On July 31, 2017, Witness 1 and Witness 2 told Fangman that they believed the Bayfield School District's buildings and grounds supervisor, Steven Dunn had been misappropriating school district funds or property for his own purposes. They believed this had been occurring for several years. Witness 2 showed Fangman several examples, all from within the past year. Those examples included, but are not limited to:

- a. Diesel Fuel. Witness 2 showed Fangman fuel receipts for diesel fuel, purchased by Steven Dunn with a Bayfield School District credit card from various gas stations. The receipts had hand written notes "generator" or "skid steer" but the amount of diesel fuel purchased was large quantities. Witness 1 stated he believed the amount of diesel fuel purchased far exceeded the amount used by the school district. Some receipts were for over 80 gallons purchased at one time. Fangman's investigation showed that Steven Dunn has a pickup truck with an external fuel tank in the bed which can be used to fuel other vehicles. The investigation also showed that Steven Dunn owns a large diesel powered boat which he uses for charter fishing expeditions on Lake Superior as well as at least one diesel powered truck.
  - b. Other Items. Witness 2 showed Fangman receipts from NAPA Auto Parts for items purchased by Steven Dunn with Bayfield School District funds. These receipts are also marked with handwritten notes as "generator parts" or parts for other school equipment. However, many of these receipts listed parts that would not be used on a generator or other school equipment, but were automotive parts for trucks, shock absorbers, and starter motors. There was also a receipt for a 12 volt DC fuel pump, hose and nozzle for an external fuel tank. Witness 1 and Witness 2 stated that all Bayfield School District vehicles are serviced by VonHolzen Auto in Ashland, Wisconsin. The Bayfield School District has no repair shop or certified mechanic on site for its vehicles so there should be no reason for automotive parts to be bought with school funds.
3. On August 10, 2017, Witness 1 called Fangman and advised that Witness 1 and Witness 2 had sat down with Steven Dunn and asked him to explain the suspicious receipts. According to Witness 1, Steven Dunn admitted to purchasing auto parts with school funds and agreed to return the parts to the school. Steven Dunn also agreed to pay restitution to the school for parts which could not be returned. Steven Dunn also resigned his position at the school district.
4. On September 22, 2017, Steven Dunn came to the Bayfield Police Department for a voluntary interview with Fangman. During the interview, Steven Dunn admitted he "screwed up." Steven Dunn admitted items he purchased with school district funds had been retained and used by him. Steven Dunn justified this by stating he sometimes did work for the school at his home.
5. During September and October 2017, Fangman reviewed paperwork provided by Witness 2 of suspicious purchases made by Steven Dunn with school district funds. This paperwork included diesel fuel purchases and other items purchased by Steven Dunn with Bayfield School District funds. Fangman also completed research on fuel consumption for both the school's generator and skid steer.
6. Fangman spoke with Witness 1 and Witness 3 who both said the school's generator did not run when Steven Dunn was the buildings and grounds supervisor. Witness 1 advised that the fuel for the generator was delivered to the school by Superior Petrol in Bayfield in their tanker truck. During the September 22, 2017 voluntary interview, Steven Dunn told Fangman that he was "jump starting" the generator and running it.

7. On May 14, 2018, Witness 1 told State of Wisconsin Department of Revenue Special Agent Nicholas Weidman ("Weidman") that Steven Dunn has an external fuel tank in the bed of his pickup truck that holds approximately 80 gallons which he uses to refuel the boats used in his fishing charter business. Witness 1 said Steven Dunn would turn in receipts for large amounts of fuel claiming it was used in the school's generator but that the fuel could not have been used for the generator because the generator had not been used when Steven Dunn worked there. Witness 2 said that Steven Dunn would also turn in fuel receipts claiming that he fueled school buses. Witness 2 said that was unlikely because the school buses are owned by a separate business and the bus drivers fuel the buses. Witness 1 said the school district does own two buses that are not used daily for transporting students from their residences to school but Steven Dunn was not responsible for refueling those buses. Witness 2 said some of the fuel receipts came from gas stations in Ashland which is a little less than an hour away from Bayfield. Witness 2 said there were several occasions that Steven Dunn would submit fuel receipts from purchases on weekends which was unusual because Steven Dunn did not work for school district on weekends.
8. On July 10, 2018, Weidman spoke to Witness 3, the Bayfield School District's current buildings and grounds supervisor. Witness 3 said he had not had to purchase diesel fuel for the school since Steven Dunn resigned in August 2017. Witness 3 told Weidman that the school's generator did not run when scheduled while Steven Dunn was the Building and Grounds Supervisor for the Bayfield School District. Witness 3 said the generator is scheduled to run for 25 minutes every Monday morning at 6:00am but needed to be jump started in order to run before Witness 3 fixed it in August 2017. Witness 3 said the generator had a 75 gallon tank and that he had never filled the tank since Steven Dunn left. The generator is located inside of a maintenance garage roughly 30 feet from the exterior door. According to Witness 3, Steven Dunn said he would use the transfer tank in the back of his pick up to fill up the tank on the generator. Witness 3 said the hose on Steven Dunn's transfer tank could not have reached the tank of the generator.
9. On August 17, 2018, Weidman conducted a voluntary interview with Steven Dunn and his wife, Kelly Dunn at their attorney's office in Ashland, Wisconsin. During the interview, Steven Dunn admitted that he had put diesel fuel that he had purchased with Bayfield School District funds into his personal vehicles but said it was a small amount that was left in the transfer tank. Steven Dunn estimated that he put 10% of diesel fuel that he had purchased with Bayfield School District funds into his personal vehicles. During a second voluntary interview on October 30, 2018, Steven Dunn told Weidman that he wrote "generator" on the diesel fuel receipts but the diesel was used also for the skid steer, pressure washer and other things.
10. On September 14, 2017, Fangman took a reading of the school's generator's hour meter and it read 604.70 hours. On October 30, 2018, Weidman took a reading of the school's generator's hour meter and it read 628.60 hours. These readings indicate the generator ran for an average of 1.8 hours per month, when working properly. According to fuel consumption data provided by the generator's manufacturer, the school's generator would use approximately 1.45 gallons of diesel per hour while under  $\frac{1}{4}$  load. However, during Steven Dunn's tenure, the generator was only tested, no electricity was ever provided to the facility and therefore it would use even less

fuel. Weidman estimated that the school's generator would use an average 1.45 gallons per hour, while running approximately 1.8 hours per month, for an average diesel consumption of 32 gallons per year.

11. The Bayfield School District's skid steer was purchased on June 9, 2015. According to Weidman's investigation, the skid steer ran for a total of 94.90 hours from June 9, 2015 to July 5, 2017. According to fuel consumption data on the skid steer, it would consume an average of 1.5 to 3 gallons per hour. If the skid steer ran under a full load for the entire 94.90 hours, it would have used a maximum of 310 gallons of diesel during that time.
12. During his investigation, Weidman calculated the amount of diesel fuel that was bought by Steven Dunn with school district funds that is unaccounted for as being used for school equipment. Between April 24, 2014 and August 2, 2017, Steven Dunn purchased 2,754.05 gallons of diesel fuel with Bayfield School District funds. According to Weidman's calculations, at a maximum, 495 gallons of diesel fuel would have been used during this time for school equipment. The total amount of diesel unaccounted for between April 24, 2014 and August 2, 2017 is approximately 2,295.99 gallons with an approximate value of \$6,202.03. This is the approximate value of diesel fuel stolen by Steven Dunn. The annual breakdown is below:
  - a. In 2014, Steven Dunn purchased 494.46 gallons of diesel fuel with Bayfield School District's funds. The school's generator consumption calculation during that time was 32 gallons and the pressure washer was 5 gallons, leaving 457.47 gallons unaccounted.
  - b. In 2015, Steve Dunn purchased 569.75 gallons of diesel fuel with Bayfield School District funds. The school's generator consumption calculation during that time was 32 gallons, the skid steer was 71.6 gallons and the pressure washer was 5 gallons, leaving 461.20 gallons unaccounted.
  - c. In 2016, Steve Dunn purchased 1,308.68 gallons of diesel fuel with Bayfield School District funds. The school's generator consumption calculation during that time was 32 gallons, the skid steer was 143.1 gallons, and the pressure washer was 5 gallons, leaving 1,128.56 gallons unaccounted.
  - d. In 2017, Steve Dunn purchased 381.17 gallons of diesel fuel with school district funds. The school's generator consumption calculation during that time was 32 gallons, the skid steer was 95.4, and the pressure washer was 5 gallons, leaving 248.76 gallons unaccounted.
13. Fangman reviewed a list of items purchased by Steven Dunn with school district funds, which after searching the school by staff, could not be found on school property. They include, but are not limited to, the following:
  - a. LED lights. Purchased on 12/11/2014 for \$1,820.60. Steven Dunn stated to Fangman he purchased these LED lights for bus #2 and installed them on that bus. Steven Dunn stated he bought the bus from the school and then removed the lights for his own use. Steven

Dunn stated he then sold the bus to someone in Tennessee. Fangman spoke with school employees who drove or had personal knowledge of bus #2. All stated there were never any LED lights installed on the bus. Two LED flood lights that Steven Dunn stated were installed on the bus were found to be currently installed on Steven Dunn's Sea Ray boat.

- b. Liftmaster commercial door opener. Purchased on 10/21/2015 for \$705.00. Steven Dunn marked the paperwork, "Tech Ed overhead door." Steven Dunn told Fangman he replaced one of the garage door openers in the tech ed building. Fangman checked the three overhead doors in the tech ed building; two have Liftmaster door openers but the model numbers are different than the one purchased by Steven Dunn.
  - c. Heavy Duty bright aluminum truck box. Purchased on 12/16/2015 for \$369.00. Steven Dunn marked paperwork, "vehicle maintenance." Steven Dunn told Fangman it was left outside, got damaged and Steven Dunn took the door.
14. Fangman also reviewed a list of items that were returned to the school by Steven Dunn or Steven Dunn had the school's account credited or Steven Dunn paid the school for the item. All of these actions by Steven Dunn occurred after he admitted to Witness 1 and Witness 2 that he used school district funds for personal purchases and then resigned. The list includes, but is not limited to, the following items:
- a. 12-volt, 1.9 HP electric winch. Purchased on 10/03/2014 for \$2,069.10. Steven Dunn marked paperwork, "building maintenance." Steven Dunn told Fangman the winch was purchased to hoist up a wall inside the school. School staff is not aware of a wall being hoisted. This winch is 12-volt, for mounting on a vehicle, not 110 volt for use inside a building.
  - b. 12-volt fuel transfer pump. Purchased on 10/04/2016 for \$439.00. Steven Dunn marked paperwork, "operations, non capital equipment, generator." This pump was attached to an external fuel tank located in Steven Dunn's personal truck.
  - c. Vehicle starter and battery core deposit. Purchased on 12/20/2016 for \$261.95. Steven Dunn marked the paperwork, "mini bus vehicle maintenance."
  - d. Valve for heavy duty truck. Purchased on 07/21/2017 for \$127.70. Returned to school. Steven Dunn stated on paperwork, "building maintenance, NC unit."
  - e. Air suspension valve for heavy duty truck. Purchased on 07/25/2017 for \$173.99. Steven Dunn marked paperwork, "building maintenance HVAC system."
  - f. CD ignition and labor. Purchased on 07/25/2017 for \$123.17. Steven Dunn admitted this was to repair a family member's saw.

15. Witness 4, a tech ed teacher with the Bayfield School District, told Fangman that, on several occasions after Steven Dunn resigned, items were found in the school district's tech ed building which "showed up" with no one's knowledge how or who brought the items to the school. Examples included a tank less water heater and two small air compressors. It is felt these items were returned by Steven Dunn because there is a school district invoice showing a similar item being purchased by Steven Dunn.
16. On July 10, 2018, Witness 2 told Weidman that she estimated about 25% of Steven Dunn's purchases of items had been for the school and the other 75% were for Steven Dunn's personal use. When asked how she knew which purchases were legitimate and which were for Steven Dunn's personal use, Witness 2 said that she knew which vehicles were owned by the school so if a part was for a make and model of a vehicle the school did not own, then it was for Steven Dunn. Witness 2 also said that she could identify purchases that were unusual and would not have been used by the school district for any reason. Witness 3 said that NAPA would deliver items to the school every day when Steven Dunn was the supervisor and since Steven Dunn left NAPA makes deliveries once every other week.
17. During the August 17, 2018 voluntary interview, Steven Dunn told Weidman that some of his personal purchases from NAPA were accidentally charged to the school account when they should have been charged to his account. Steven Dunn said when he found out about the mistake, he told NAPA to correct the charges. Steven Dunn said it only happened once in the spring of 2017 and that he did not know about it until someone at the school brought it to his attention. Steven Dunn denied any other personal purchases.
18. According to Weidman's investigation, Steven Dunn purchased approximately \$8,377 worth of items with Bayfield School District funds for his personal use from April 25, 2014 to August 7, 2017. According to the Bayfield School District, Steven Dunn either repaid or returned to the school approximately \$4,009 worth of property that he purchased with school district funds for his own personal use. This was not done until after Steven Dunn was confronted with the personal purchases and resigned from the school. Additionally, some of the items returned to the school cannot be used at the school such as truck parts and an electric winch. Steven Dunn did not rectify all of his personal purchases, the Bayfield School District claims that Steven Dunn purchased approximately \$4,368 worth of items that he did not rectify in one way or another.
19. According to Fangman, Steven Dunn was formerly the Bayfield Fire Chief and while he was the Fire Chief the fire department received a grant from the city to purchase a piece of sonar equipment for the fire department's boat. After receiving the grant, the fire department purchased two pieces of sonar equipment instead of one. An internal investigation of the purchase showed that Steven Dunn used one of the sonars for his personal boat. After Steven Dunn was confronted about using one of the sonars for his personal boat, he returned the sonar and resigned as Fire Chief. Also according to Fangman, Steven Dunn has been caught using school funds for personal use prior to this investigation. According to Fangman, that investigation and discipline was handled internally by the school board.



20. During his investigation, Weidman reviewed Steven and Kelly Dunn's Wisconsin income tax returns for the tax years 2014-2017. These returns were all filed jointly. The home address listed on each of the tax returns is the Dunns' residence located on Connie's Lane, Town of Bayfield, Bayfield County, Wisconsin.
21. For their 2014-2017 tax returns, Steven and Kelly Dunn reported losses from two sole proprietor businesses: Dunn's Trucking and Island Express Charters. Dunn's Trucking has been in business since at least 2009, while Island Express Charters was opened in 2016. Services provided by Dunn's Trucking appear to be hauling and snow removal. Island Express Charters operates as a fishing charter on Lake Superior. Neither business is registered with the Wisconsin Department of Financial Institutions.
22. Some receipts and all expenditures from these businesses were reported on the Dunns' individual income tax returns through a single Schedule C each year for the tax years 2014 – 2017. During the August 17, 2018 voluntary interview, Kelly Dunn told Weidman the total receipts and expenses for the snow plowing and fishing charter businesses were calculated by her and she was responsible for the bookkeeping for the small businesses. Kelly Dunn told Weidman she takes the receipts, 1099s and invoices and enters the information onto a spreadsheet and gives the spreadsheet to her accountant who files their tax returns.
23. Weidman's investigation showed that the Dunns had unreported gross receipts from the snow plowing and fishing charter businesses in 2014-2017. These amounts represent additional gross receipts from the Schedule C businesses. Kelly Dunn told Weidman she only reported sales if the customer issued them a Form 1099 at the end of the year. Additionally, Kelly Dunn never included sales from the fishing charter business in the total gross receipts calculation on the Dunns' Schedule C return for any years. Weidman reviewed the Dunns' bank accounts which showed that their deposits were much higher than income from wages and gross receipts reported on their Schedule C. These deposits generally consisted of cash and checks written out to Steven Dunn, Kelly Dunn, Dunn's Trucking or Island Express Charters. The majority of these deposits represented income. The reconciliation also showed that Steven Dunn would occasionally deposit checks written out to business into the Dunns' personal joint checking account. Kelly Dunn indicated that the majority of fishing receipts were deposited into the Dunn's personal joint checking account. The checks written out to the business that were deposited into the personal joint account were added to total cash and check deposits into the business account to determine gross receipts for each year. According to Weidman's calculations, the following were the amounts of the Dunns' unreported sales: \$7,659 in 2014; \$14,410 in 2015; \$10,100 in 2016; and \$28,958 in 2017.
24. During the August 17, 2018 voluntary interview, Steven and Kelly Dunn provided Weidman with additional sales invoices that were not included in their total sales for their 2017 tax returns. They admitted that their sales were underreported, but said it was an error. They said the additional invoices were not included in the total sales reported because the invoices were in a folder separate from the other invoices. Kelly Dunn said she found the invoices when she was gathering all of the requested business records for the investigation.

25. Weidman's investigation found that for the tax years 2014-2017, the Dunns would claim personal expenses as business expenses on the Dunn's Trucking Schedule C return. Many of the expenses were vehicle expenses, including gasoline or diesel purchases, which were made in summer months, prior to the start of the fishing business. Other major expenses that the Dunn's claimed were boat and fishing expenses prior to the start of the fishing business, and ATV, UTV, and snowmobile related purchases. The boat and fishing expenses were claimed on each year's tax return for at least three years before the fishing business was created. Many of the other expenses that were fraudulently claimed were vehicle parts for vehicles not used in the business. The Dunns would also include expenses from their many vacations as business expenses – these expenses include: airplane tickets for flights to Florida; airport parking for flights to Texas; and toll expenses, gasoline, and diesel for road trips and snowmobiling trips. Kelly Dunn claimed the trips to Florida and North Carolina were business trips for their fishing charter business. During the October 30, 2018 interview, Kelly Dunn denied any personal expenses being included with business expenses calculation. Kelly Dunn also claimed that just because they had a snowplowing business and fishing business did not mean they did not have other sales throughout the year that incurred expenses. According to Weidman's calculations, the fraudulent amount of personal expenses claimed were \$7,139 in 2014; \$5,072 in 2015; \$1,447 in 2016 and \$5,524 in 2017.

26. The Dunns also excluded the property Steven Dunn embezzled from the Bayfield School District as income on their 2014-2017 income tax returns.

27. Due to the Dunns underreporting the income from their businesses and fraudulently claiming personal expenses as business expenses, Steven and Kelly Dunn's Schedule C businesses never reported a profit from 2014-2017 and lowered their income tax liability each year resulting in tax refunds. The Dunns should have had tax liabilities each of those years. According to Weidman's calculations, for the tax years 2014-2017, the Dunns evaded a total of \$6,986 in Wisconsin income tax while receiving tax refunds from the State of Wisconsin totaling \$5,367. The following is a breakdown by tax year:

- a. 2014 Tax Return. The Wisconsin Department of Revenue received Steven Dunn and Kelly Dunn's 2014 Wisconsin tax returns on March 31, 2015. The Dunns evaded \$1,381 in state income taxes for the 2014 tax year while receiving a tax refund of \$758.
- b. 2015 Tax Return. The Wisconsin Department of Revenue received Steven Dunn and Kelly Dunn's 2015 Wisconsin tax returns on April 28, 2016. The Dunns evaded \$1,393 in state income taxes for the 2015 tax year while receiving a tax refund of \$769.
- c. 2016 Tax Return. The Wisconsin Department of Revenue received Steven Dunn and Kelly Dunn's 2016 Wisconsin tax returns on April 21, 2017. The Dunns evaded \$1,477 in state income taxes for the 2016 tax year while receiving a tax refund of \$1,177.

- d. 2017 Tax Return. The Wisconsin Department of Revenue received Steven Dunn and Kelly Dunn's 2017 Wisconsin tax returns on April 13, 2018. The Dunns evaded \$2,735 in state income taxes for the 2017 tax year while receiving a tax refund of \$2,663.
28. Steven and Kelly Dunn own a sole proprietor charter fishing business called Island Express Charters. The address for this business is the Dunns' home address in the Town of Bayfield, Bayfield County, Wisconsin. Sales from a fishing charter service of this nature are subject to Wisconsin sales tax. Steven Dunn told Weidman that he provides fishing poles and bait to his customers during the fishing charter excursion, which would make those sales subject to Wisconsin sales tax. Neither Steven nor Kelly Dunn have ever filed a Wisconsin Sales & Use Tax Return (ST-12 return) for their fishing charter business for the period July 1, 2016 to September 28, 2017 or remitted any of the sales tax they collected. The Dunns' fishing receipts deposited into their bank accounts in 2016-2017 was \$20,042. The total sales tax included in those sales was \$1,045 which is the amount of the theft of sales tax.
  29. Island Express Charters' website was designed by Kelly Dunn. Island Express Charters' website informs its customers that Wisconsin sales tax is included in the price of the fishing charter service. During the August 17, 2018 voluntary interview, Kelly Dunn told Weidman she copied the website from another website and did not realize that she left the disclaimer on the website that said sales tax was included in the price. Both Steven and Kelly Dunn claimed they did not know they had to collect sales tax on fishing receipts.
  30. During his October 30, 2018 voluntary interview, Steven Dunn denied to Weidman that he ever underreported the sales price of any vehicle he bought from 2013 to 2018. He claimed he reported the correct purchase price on the registration documents and paid the correct amount of sales tax.
  31. On July 28, 2009, Steve Dunn purchased a 1998 37' Sea Ray Express boat for \$100,000 according to the yacht broker, Witness 5. Steven Dunn registered the vessel on June 30, 2014. Steven Dunn reported the purchase price as \$10,000 on the registration form and paid \$550 in Wisconsin sales tax. Steven Dunn actually owed \$5,500 of Wisconsin sales tax from this purchase.
  32. On June 15, 2017, Steven Dunn purchased a 2002 Ford F750 according to the vehicle registration document, MV-1. Steven Dunn registered the vehicle on July 26, 2017. Steven Dunn reported the purchase price on the MV-1 as \$2,000 and paid \$110 in Wisconsin sales tax. According to the seller of this vehicle, Witness 6, Steven Dunn actually paid \$5,000 and therefore owed \$275 of Wisconsin sales tax for this purchase.
  33. On May 16, 2018, Steven Dunn purchased a 2003 Dodge Ram 3500 according to the vehicle registration form, MV-1. Steven Dunn registered the vehicle on May 16, 2018. Steven Dunn reported the purchase price as \$7,000 on the MV-1 and paid \$385 in Wisconsin sales tax. According to the seller of this vehicle, Witness 7, Steven Dunn actually paid \$15,800 and therefore owed \$869 of Wisconsin sales tax for this purchase.

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

Subscribed and sworn to before me on  
04/16/20

Electronically Signed By:

Katie Posewitz

Assistant District Attorney

State Bar #: 1084173

Electronically Signed By:

Special Agent Nicholas Weidman

Complainant