

FILED
03-16-2022
Clerk of Circuit Court
Brown County, WI
2022CF000469
Honorable Tammy Jo
Hock
Branch 3

STATE OF WISCONSIN CIRCUIT COURT BROWN COUNTY

STATE OF WISCONSIN
Plaintiff,

vs.

ELTON JAMES SCHENK
4175 County Road Y
Custer, WI 54423
DOB: 09/17/1975
Sex/Race: M/W
Eye Color: Blue
Hair Color: Brown
Height: 6 ft 00 in
Weight: 250 lbs

Defendant.

DA Case No.: 2020BR004321
Assigned ADA: Jessica R Gereau
Agency Case No.: 0-481-629-696
Court Case No.: 2022CF _____
ATN:

CRIMINAL COMPLAINT

For Official Use

Complainant, Jessica R. Gereau, an Assistant District Attorney, being first duly sworn on oath, deposes and says that:

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

The above-named defendant on or about March 11, 2017, in the City of Green Bay, Brown County, Wisconsin, did render a false or fraudulent income tax return with intent to defeat or evade any assessment required by this chapter, or to obtain a refund or credit with fraudulent intent, contrary to sec. 71.83(2)(b)1 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.

Complainant is an Assistant District Attorney with the Brown County District Attorney's Office and knows of the above offense(s) on information and belief based upon:

PROBABLE CAUSE:

The complainant, being duly sworn on oath, swears that she has had the opportunity to review the police reports from Special Agent Steven Kosmosky of the Wisconsin Department of Revenue, and other documents supporting this complaint referenced herein, which are the types of reports and documents kept in the ordinary course of business, which complainant believes to be truthful and reliable because they have proven to be truthful and reliable on numerous occasions in the past.

The complainant further asserts that based upon her review of the referenced reports and/or supporting documents, the incidents alleged occurred in the City of Green Bay, Brown County, Wisconsin.

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1. Your complainant's review of the reports of Special Agent Steven Kosmosky with the Office of Criminal Investigation of the Wisconsin Department of Revenue, which state:

The following summarizes my investigation of Elton James Schenk. The investigation shows he committed the following offenses: Filing a false income tax return in order to evade income tax contrary to sec. 71.83(2)(b)(1), Wis. Stats. (2014, 2015, & 2016).

Pursuant to sec. 71.80(6m), Wis. Stats., proceedings for a criminal violation under this chapter may be brought in the circuit court for Dane County or for the county in which the defendant resides or is located when charged with the violation. Elton Schenk lived in Brown County, Wisconsin when he filed his 2014, 2015, and 2016 Wisconsin tax returns; this case will be referred to the Brown County District Attorney's Office for prosecution of the above listed offenses.

I investigated this case in the course of my regular duties as a special agent in the fraud unit of the Office of Criminal Investigation, Wisconsin Department of Revenue. I received this lead from Special Agent (S/A) Lisa Kennedy. She had received a referral from revenue auditor Doug Berthon who worked as an individual income tax auditor for the Wisconsin Department of Revenue. Auditor Berthon was conducting an audit of Jennifer Mott (Mott) and Elton Schenk (Schenk) for tax years 2015 and 2016 based on an Internal Revenue Service (IRS) audit report received by the Wisconsin Department of Revenue. Mott and Schenk had filed joint tax returns for both years with Mott shown as the prime. Auditor Berthon had received a reply to a letter he sent to Mott. Her reply stated that her now ex-husband, Elton Schenk, had completed their tax returns and he had made up fake federal Schedule C businesses. The Schedule C is a federal tax form used to report the income or loss from a sole proprietor business. Mott's reply indicated she did not have any involvement in the tax preparation, and she requested innocent spouse relief. Auditor Berthon referred the case to the Office of Criminal Investigation due to the reported fraud.

I reviewed the 2014, 2015, and 2016 joint Wisconsin tax returns filed by Schenk and Mott. Each of the returns had been self-prepared and electronically filed using an Intuit product (TurboTax). All three of the returns were filed from the same IP address. During this time, Schenk worked as a manager for Security Finance Corporation of Wisconsin while Mott worked as a school counselor for the Green Bay Area School District. Their taxable income was significantly reduced in each year by the net loss reported for their home businesses. The returns showed wage income and adjusted gross income (AGI) as follows:

2016 - Wages of \$199,985 AGI of \$181,989

Each return included a federal Schedule C for a home-based business. The businesses had minimal gross receipts and comparatively large amounts of expenses which resulted in a significant net loss. For 2014 and 2015 they reported a home-based repossession business with Elton Schenk named as the sole proprietor and for 2016 they reported a home-based counseling business with Jennifer Mott named as the sole proprietor. A summary of the respective federal Schedule C follows:

| | TYPE | PROPRIETOR | RECEIPTS | EXPENSES | NET LOSS |
|------|------------|---------------|----------|----------|----------|
| 2016 | Counseling | Jennifer Mott | \$1,352 | \$23,500 | \$22,148 |

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Schenk and Mott received a refund for 2016 from the State of Wisconsin of \$3,485 respectively.

I was unable to find any information to substantiate a repossession or counseling business for Schenk or Mott using social media and other open source resources. Neither Schenk nor Mott had a sales & use tax account, a seller's permit, or business registrations with this department. However, Schenk had a web presence as a tax preparer. Google search returns showed several indexed webpages linking Schenk to tax preparation, Security Finance Corporation, and IRS PTIN records. I reviewed earlier tax returns submitted by Schenk and Mott going back to 2003. The couple also reported a counseling business in 2011 and 2012. For 2011, the counseling business generated a net loss of \$20,001. Neither business generated a net profit in any of the years I reviewed.

Schenk had not filed a 2017 or 2018 Wisconsin tax return. Information available to the department indicated he had a filing requirement in each of those years. Mott had filed both a 2017 and 2018 Wisconsin tax return using the single filing status. Available online records indicated the two were divorced as of November 2017.

I reviewed the documentation Mott had sent to auditor Doug Berthon. Mott included a copy of a letter she had provided to the IRS. In the letter Mott wrote that Elton Schenk had prepared their taxes every year since they had gotten married in 2002 and that she never participated in the tax preparation or even looked at the tax returns he completed. She also wrote that Schenk made up fake car repossession and counseling businesses. She reported Schenk worked as a supervisor of tax preparers at Security Finance and as such knew how to prepare tax returns and knew tax law. She included several pages of what appear to be a tax law and tax preparation test that she said Elton Schenk had completed while employed at Security Finance as proof of his tax knowledge. She provided several pages of a text message thread between her and Schenk in which the two were talking about the audit bill they received from the IRS. In that conversation Mott blames Schenk for the bill because of his fake businesses.

HISTORY

Schenk was married to Jennifer L. Mott in 2002, they were divorced in 2017. They have two children in common who both live with Mott. Mott has worked as a school counselor for the Green Bay Public School District going back to at least 2007. She has a clean criminal record. Schenk and Mott filed joint Wisconsin tax returns from 2003-2016, with the exception of 2004 when each filed separate returns. While married to Mott, Schenk admitted to having an affair with Lindley Hummer. The divorce was not amicable and the two parties continue to have issues with the placement of their children and child support.

From 2011 to 2017, Schenk worked for Security Finance of Wisconsin. The company is in the business of high-risk personal lending and tax preparation. Schenk was hired as a supervisor and progressed to a position in which he was responsible for all of the company's Wisconsin operations. His 2017 Form W2 showed his Security Finance wages were \$151,961. Schenk was fired in November 2017. An anonymous source sent an email to human resources that claimed Schenk was living with and having an inappropriate relationship with Hummer. Hummer was a Security Finance employee at the time and was one of Schenk's subordinates. Schenk believes Mott sent the email.

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Schenk has primarily worked in the lending, banking, and collection fields. He has held positions in these areas with F&M Bank-Wisconsin, Aames Funding, Signal Finance Company, TCF National Bank, Payday Loan Stores of Wisconsin, Dorsch Ford, JD Byrider, Associated Bank, and Security Finance, among others.

THEORY OF CASE

For 2014, 2015, and 2016, Elton Schenk and Jennifer Mott filed joint Wisconsin tax returns. Schenk completed each of the returns. Each year included a federal Schedule C for a business that did not exist. The fake federal Schedule C businesses reduced the amount of Wisconsin income tax they owed. The federal Schedule C are summarized below:

| | 2014 | 2015 | 2016 |
|-----------------------|--------------|--------------|------------|
| <i>Income</i> | | | |
| Gross Receipts | \$750 | \$1,219 | \$1,352 |
| Gross Income | \$750 | \$1,219 | \$1,352 |
| <i>Expenses</i> | | | |
| Advertising | \$900 | \$750 | \$623 |
| Car & truck | \$5,026 | \$25,791 | \$7,974 |
| Depreciation | \$1,440 | None | None |
| Supplies | \$2,589 | \$550 | \$1,450 |
| Travel | \$1,498 | None | \$4,447 |
| Meals & entertainment | \$324 | \$791 | \$663 |
| Utilities | \$1,604 | \$2,831 | None |
| Other | \$4,452 | None | \$3,579 |
| Contract labor | None | None | \$4,689 |
| Office | None | None | \$75 |
| Business use of home | None | \$7,646 | None |
| Net loss: | \$17,083 | \$37,140 | \$22,148 |
| Business description: | Repossession | Repossession | Counseling |
| Proprietor: | Schenk | Schenk | Mott |

In addition to the fake businesses, Schenk knowingly reported false amounts of medical and dental expenses on their 2014 and 2015 federal Schedule A. These amounts were used to calculate their Wisconsin itemized deduction credit for 2014 and 2015. Schenk also knowingly inflated the amount of charitable contributions reported on their 2014, 2015, and 2016 federal Schedule A. Those amounts were also used to calculate their Wisconsin itemized deduction credit for 2014, 2015, and 2016.

Below is a summary detailing the Wisconsin income tax Schenk avoided by using the fake businesses and the unallowable medical/dental expenses.

| | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|---|-------------|-------------|-------------|
| Wisconsin income as reported: | \$145,839 | \$126,866 | \$176,019 |
| Add back fake business loss: | \$17,083 | \$37,140 | \$22,148 |
| Add back student loan interest deduction: | \$932 | \$1,996 | --- |

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| | | | |
|-----------------------------------|----------------|----------------|----------------|
| Wisconsin income (adjusted): | \$163,854 | \$166,002 | \$198,167 |
| Less exemptions: | \$(2,800) | \$(2,800) | \$(2,800) |
| Taxable income: | \$161,054 | \$163,202 | \$195,367 |
| Wisconsin income tax (tables): | \$9,705 | \$9,833 | \$11,849 |
| Wisconsin income tax as reported: | \$8,576 | \$7,380 | \$10,461 |
| Difference: | \$1,129 | \$2,453 | \$1,388 |

| | | | |
|---|--------------|----------------|------------|
| | 2014 | 2015 | 2016 |
| Itemized deduction credit as reported: | \$1,544 | \$1,330 | --- |
| Itemized deduction credit as adjusted: | \$760 | \$200 | --- |
| <i>-medical & dental expenses removed</i> | | | |
| Difference: | \$784 | \$1,130 | --- |

Total of loss to Wisconsin: \$1,913 \$3,583 \$1,388

The calculation above does not account for the inflated amounts Schenk reported for charitable contributions.

Schenk and Mott's 2014, 2015, and 2016 tax returns were filed from IP address 72.129.154.187. The website ipintel.io revealed that IP address was in Green Bay, Wisconsin through Spectrum. The results included a map that pinpointed the location of the IP address. The map corresponded to Schenk and Mott's address of 407 Northway Drive in Green Bay. Schenk and Mott purchased this property in February 2014.

Available information indicated Schenk was issued PTIN number PO1754219 in 2014. A PTIN is a number assigned by the IRS required for anyone that prepares or assists in the preparation of federal tax returns and/or claims for refund. I searched department records to see how many Wisconsin income tax returns Schenk had prepared using both his name and his PTIN. The searches yielded only his personal returns. Schenk did not file Wisconsin tax returns for clients.

Interview with Schenk

On June 17, 2019, between the approximate hours of 10:30 AM and 12:05 PM, S/A Lisa Kennedy and I interviewed Schenk at the Wisconsin Department of Revenue office located at 730 North 3rd Street in Wausau, Wisconsin. Schenk was not represented by an attorney. I recorded the interview on my department issued iPhone using the voice memo application. I saved the audio file in my electronic case file.

Upon Schenk's arrival I greeted him and let him know that our conversation would be recorded. Elton Schenk verbally identified himself to me for the recording. I explained to him that he was not in custody or being detained, not under arrest, and was free to leave at any time. I read Schenk the Miranda warning and asked if he understood his rights and he replied that he did.

Schenk told me that Mott "was out to get him." He described, at length, how poor their relationship was described her as "vindictive." He said she was stopping him from seeing their children and blamed their tax trouble on her, stating, "This is all her fault." He talked about his affair with Lindley Hummer and how it impacted his relationship with Mott. Schenk said that

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Mott had prepared their 2014, 2015, and 2016 tax returns and claimed his only involvement was providing her with his business expenses. He told me Mott had used his work laptop computer to file the returns. He claimed she must have known his password to access the computer. He told me he and Mott lived together at 407 Northway Drive in Green Bay, Wisconsin during the time period the 2014-2016 tax returns were filed. Beside their children, Schenk did not recall anyone else living with them or staying with them for an extended period.

Schenk seemed to downplay his tax knowledge and experience, he told me "I hate taxes", and said he had very little tax knowledge. Given his lengthy employment history in banking, lending, and collections I expected him to be somewhat knowledgeable. He claimed he knew the names of the forms but that was about it. When I asked about his position at Security Finance and the tax training he received there, he told me he had to attend a two-day seminar for both the 2015 and 2016 filing seasons and had to take a quiz at the conclusion of the seminar. Schenk said he was hired by Security Finance as a "supervisor in training." He stated there were no open positions at the time he was hired so he traveled around the country filling in as needed. Eventually, he was given a permanent position as a supervisor in Wisconsin and in December of 2015 was promoted to the director of supervision. In that role he said he oversaw the entirety of company operations in the state of Wisconsin. He explained Security Finance was in the high-risk lending business and, beginning in 2014, offered tax preparation services. He told me he did not deal much with the tax preparation side of the business and that the company had tax professionals available to field specific tax questions from their tax preparers.

I showed Schenk printed copies of the 2014, 2015, and 2016 federal Schedule C he and Mott had filed. He again blamed Mott and said she had prepared their taxes in each of those years. He said she had asked him to do it but he did not want to so he put it off and eventually she did them.

Schenk claimed Mott had access to his work computer (Security Finance property) and that she filed their returns using his work computer. He also said he thought she had used Turbo Tax in each of these years. He reported he did not see the 2014 or 2015 tax returns before they were filed, but did open up their 2016 return, after she had completed it, but before it had been filed to change the bank account information so the refund would be deposited into his personal bank account. He said he did not actually look at the return.

I asked Schenk if the repossession business reported in 2014 and 2015, in his name, was a legitimate business and he said that it was. He claimed to have been in the automobile repossession business on and off since 1997. He said he saw an opportunity in the field while he worked at Associated Bank and thought he would give it a try. He claimed to have repossessed over 300 vehicles in his lifetime.

Schenk explained he was fearful that his career at Security Finance was in jeopardy because of his relationship with Lindley Hummer and he considered the repossession business his backup plan and way out. He went on to say the business was in operation beginning September of 2014 through March of 2015. During that time he did not repossess any vehicles. The receipts reported on their federal Schedule C, each year, was money given to him by his now deceased father to help him get the business up and running. He said he decided to get out of the business because things between him and Mott were better at the time.

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I asked Schenk to look at the expenses reported on the 2014 and 2015 federal Schedule C for the repossession business and asked if they were true and accurate reflections of his business expenses. He said, "No, some of the numbers are off." Again, he blamed Mott and said he gave her his true expense information.

For 2016, they reported a home-based counseling business in Mott's name. Schenk said he had no knowledge of any such business and stated Mott had completed the tax return. He said he was not at the house much during that time but could not recall any such business activity. He went on to say he and Mott were not talking much at that time and said it was possible she did have such a business and did not tell him about it.

I had sent Schenk a letter detailing the date, time, and location of the interview. Schenk did not bring any of the requested records. I asked him if he possessed any of the records and he told me he did not have anything. He claimed when he moved out he left all of the records with Mott and she burned them. The only thing he provided me during the interview was a printed copy of the email that had been sent to Security Finance from an unknown source that described his relationship with Lindley Hummer. Schenk said he had videos of encounters between Mott and local law enforcement that showed how vindictive she was. I told him he could send them to me.

Email from Kaye Horton

On June 25, 2019 I received an email from Kaye Horton, an employee relations specialist with Security Finance. I had contacted Horton and requested information regarding any tax training Schenk received at Security Finance, his position history there, and position descriptions for the positions he held. Below is the text of the email I received:

Elton Schenk was hired on January 24, 2011, as a Supervisor-In-Training. He became a Territory Supervisor on November 1, 2011, and then became Director of Supervision on January 1, 2015. His employment was terminated on November 7, 2017. The reason for his termination did not involve taxes as he stated.

As a Supervisor-In-Training, he was training for a position of Supervisor. As a Supervisor, he developed, trained and managed personnel and oversaw all operations of 8 to 10. As Director of Supervision, he was responsible for operational performance of 40-60 branch offices.

Wisconsin was added to our Tax Program in 2014. Attached is a list of the Tax Training courses taken by Elton Schenk during his employment with our Company.

Attached to Horton's email was a spreadsheet that detailed the tax training Schenk received through Security Finance. The spreadsheet shows a total of 26 tax training events over the course of his employment.

Interview with Mott

On July 12, 2019, between the approximate hours of 1:00 PM and 1:45 PM, S/A Lisa Kennedy and I interviewed Mott at the Wisconsin Department of Revenue office located at 200 N

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Jefferson Street in Green Bay, Wisconsin. Mott was not represented by an attorney. I recorded the interview on my department issued iPhone using the voice memo application. I saved the audio file in my electronic case file.

I asked Mott if she would describe the state of her relationship with Elton Schenk. She replied, "None." She said he "signed off on the kids" last May, meaning he no longer had any placement, and since then she had not had contact with him. She also said he had not paid any child support. Additionally, she said even before last May the relationship "wasn't amicable" and their kids did not want to go with him on the weekends.

I asked Mott to tell us about her schooling. She said she has an undergraduate degree in psychology from UW Oshkosh and a master's degree in school counseling from UW Stout. She said the only accounting or tax training she had was a high school accounting class. She stated she has never prepared her own tax return.

When I asked her to describe her tax law/preparation knowledge, she said, "None, before this happened." She continued, she knew what a W2 was and she knew her daycare provider sent a form showing what she paid for daycare expenses. She said she always took her tax forms to an accountant or gave them to Schenk to do. She said she would find out what they were getting back for a refund from Schenk but he did not communicate anything else regarding the taxes to her.

She confirmed that she, Schenk, and their two children lived at 407 Northway Drive in Green Bay from 2014-2016 and that no one else lived or stayed with them for an extended period during those years or the time period during which the returns were filed. She said Schenk's girlfriend Lindley Hummer and Mott's sister both stayed with them for brief periods.

I asked her who completed their 2014, 2015, and 2016 joint income tax returns and she said that Schenk did them. She said the extent of her involvement was to gather her forms as they came in the mail and turn them over to Schenk. She reported she did not review any of the returns or electronically sign any of them. According to Mott, Elton Schenk prepared their joint tax returns every year since they were married in 2002.

Mott said she thought the returns had been prepared on a laptop computer owned by Security Finance that had been given to Schenk for work purposes. She told us she never saw him working on their tax returns. She went on to say that Schenk kept the laptop with him everywhere he went and said the computer was password protected. I asked her if she knew the password and if she had ever gained access to the computer and she denied both.

We reviewed Mott and Schenk's joint tax returns for 2014, 2015, and 2016. Mott reported the following items on those returns were false and made up by Schenk:

- The \$250 deduction for educator expenses reported on their 2014, 2015, and 2016 federal Form 1040, line 23. This was added back on Wisconsin Schedule I for 2014.
- The repossession business reported on federal Schedule C in 2014 and 2015 and the school counselor business reported on their 2016 federal Schedule C. Mott said these businesses were completely fictitious.

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- The unreimbursed employee expenses reported on federal Schedule A as itemized deductions for 2014, 2015, and 2016. Mott said that Security Finance reimbursed all of his business travel miles, hotel, airfare, cell phone bill, and meal expenses. She said she thought the expenses were reimbursed on his regular paychecks because the amount of his paychecks varied. These expenses are not included for the Wisconsin itemized deduction credit.

Mott and Schenk were audited by the IRS for 2015 and 2016. Mott told us the day they received the audit letter from the IRS, she and Schenk had a conversation about it in the garage of their home. She told me Schenk suggested she tell the IRS that she prepared the returns and also tell them that she had burned the documentation requested. She said she disagreed with him but ultimately he told the IRS that she had burned the tax records. Mott told us she did not burn any tax records and that no records existed regarding the federal Schedule C businesses because the businesses did not exist. Mott suggested I contact Schenk's first ex-wife for additional information.

Second Interview with Schenk (Confession)

On October 4, 2019, between the approximate hours of 11:10 AM and 1:45 PM, I interviewed Schenk in room 1W-01 of the Department of Revenue Office located at 730 North 3rd Street in the city of Wausau. The two of us were the only people present for the interview. The interview was recorded on my department issued iPhone using the voice memo application. I saved the audio file in my electronic case file and it is available if requested.

Upon Schenk's arrival I greeted him and let him know that our conversation would be recorded. Schenk verbally identified himself to me for the recording. I explained to him that he was not in custody or being detained, not under arrest, and was free to leave at any time. I read Schenk the Miranda warning and asked if he understood his rights and he replied that he did. I further explained that his participation was voluntary and he was free to answer or not answer any of the questions. I asked Schenk if he was providing his statement voluntarily and of his own free will and he said he was.

I asked Schenk if he was able to provide complete honest answers to questions and he said that he could. I asked him if he thought his mental state was altered and he told me he felt like his memory was not as good as it had been but otherwise he was OK. Schenk did not display typical signs of impairment. He walked and moved without any apparent issue (although he winced when he sat down, he said it was pain from his burns), his speech was articulate and clear, his choice of words were appropriate, the content he communicated was appropriate for the situation, he was appropriately dressed and groomed, his eyes appeared normal (not bloodshot or watery), and his pupil size appeared normal. Based on my training and experience, I felt comfortable conducting the interview at that time. I did not notice anything during the course of the interview concerning his fitness to participate in the interview.

I placed copies of Schenk's 2014, 2015, and 2016 federal tax returns on the table between us and pointed out the areas of the return that I believed were potentially fraudulent, as follows:

| <u>Year(s)</u> | <u>Form</u> | <u>Line</u> | <u>Description</u> | <u>Amount(s)</u> |
|----------------|-------------|-------------|---------------------------|--------------------|
| 2015, 2016* | 1040 | 23 | Educator expenses | \$250 |
| 2014, 2015 | Sch A | 1 | Medical & dental expenses | \$30,474, \$36,011 |

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| | | | | |
|------------------|-------|-----|--------------------------|------------------------------------|
| 2014, '15, & '16 | Sch A | 16 | Gifts by cash or check | \$5,500, \$1,500, \$6,450 |
| 2014, '15, & '16 | Sch A | 17 | Other than cash or check | \$500, \$2,500, \$4,500 |
| 2014, '15, & '16 | Sch C | All | Entire form | \$(17,083), \$(37,140), \$(22,148) |

I asked Schenk to provide an explanation for each item. As he did in the prior interview, he blamed his ex-spouse Jennifer Mott for the problems with the returns. He said the educator expense deductions were Mott's and he could not substantiate the validity of the deductions.

I briefly explained some of the rules regarding what are allowable itemized deductions for medical and dental expenses. I asked Schenk if his family had medical care insurance in 2014 and 2015. He said they had family coverage through Mott's employer, the Green Bay Area Public School District. I asked him if there were any particular incidents that led to large medical bills. He told me Mott frequently went to the emergency room for migraines and stated one of his children suffered a broken arm. He said Mott may not have known the rules and may have reported amounts that were paid by insurance.

Schenk denied any knowledge of the 2016 federal Schedule C counseling business in Mott's name.

Additionally, we discussed the unreimbursed employee business expenses reported on his federal Schedule A for 2014, 2015, and 2016 as itemized deductions. Schenk said he was not reimbursed for any mileage at Security Finance and that the majority of expenses were for mileage on his personal vehicle. Although these expenses are not considered when calculating the Wisconsin itemized deduction credit, we discussed them because I thought it may prove relevant to the vehicle expense amounts reported on their federal Schedule C.

I asked Schenk who prepared the tax returns we had looked at. He told me Mott did them. I told him all of the information I had acquired in the investigation pointed to him as the one that completed the tax returns. I told him that I felt like I had more than enough evidence to get a conviction for filing a fraudulent tax return and that I would be presenting that case to a prosecutor. I went on to tell him that he could help himself out by telling the truth and by taking responsibility for his actions. Schenk began talking in a quiet voice and repeated "I don't want to lose my job. I don't want to lose my job, it's all I have." He also repeated, "I can't go to jail." I further explained that he could help mitigate the damage to his family and his personal life by telling the truth. I told him charging decisions are made by prosecutors but I would be able to present him in the best light possible if he was honest with me and took responsibility for his actions. Schenk then asked if he could go to the bathroom. I told him he could, and pointed him in the proper direction.

Schenk returned to the interview room a short time later. I continued explaining the benefits of being truthful, as I was talking Schenk interjected, "I did it. Jenny knew of it, but it was me." I clarified that he was responsible for completing the 2014, 2015, and 2016 returns and he confirmed that he was. Schenk then started asking questions regarding how things would unfold going forward. He also said that he had information about illegal collection practices at Security Finance. He said some of what they frequently do is illegal such as processing loan documents without signatures and doing business at the home of their clients. He also offered information regarding Security Finances' tax preparation practices. He said it was common for them to file without a taxpayer's signature and expressed his desire to work a deal with me. I told him I would consider his request but that I would like more information regarding his

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situation first. He then asked if he could go out for a smoke break. I told him to go ahead and stopped the recording when he left the room.

When Schenk returned from his smoke break, I started the recording again. Schenk reiterated that he could provide information regarding tax preparation and compliance practices at Security Finance in exchange for a deal on his case. I told him I would discuss the issue with my supervisor and asked him to detail the preparation of his 2014, 2015, and 2016 tax returns.

Schenk stated that Mott spent money "like it was going out of water, like crazy, no matter how much I made." He said he would do the taxes legitimately and if the results showed they owed or the refund wasn't enough he would "make the adjustments." Elton further explained that "making the adjustments" referred to reporting the fake federal Schedule C businesses. He told me Mott knew what he was doing, in general, but probably not the specifics of it. She was more concerned with the bottom line of the return than the specifics of how he had gotten there. He recounted one year they had a family trip to Orlando, Florida planned and they were banking on their tax return to finance the trip. He said he took it upon himself to "adjust" the return that year so they would have enough to go.

Later in the conversation, he told me he falsified the returns to get money so they could catch up on bills. He said Mott spent the money on iPads for the children and to add to her wardrobe. He also said he was trying to avoid paying alternative minimum tax.

I asked if Mott had an opportunity to look at the 2014, 2015, and 2016 tax returns before he filed them. He said he did not know and explained she was more interested in the bottom line than the content of the returns. He said at one point she had told him, "I don't want to look at it, that way I can say I don't know what is going on."

I asked him if any of the specific tax return items we had discussed previously were legitimate. He told me the unreimbursed employee expenses were legitimate. I asked about the medical expenses and he said Jennifer compiled those numbers and gave them to him to use. He reported that both of them knew the amounts were not allowable because they were not out-of-pocket expenses and that they used the amounts their providers billed their insurance. Schenk told me Mott had an addiction to opioids (pills) and suggested she may have wanted more money for that reason also.

Schenk gave me a thumb-drive, black in color, Staples brand, a USB 2.0 device, that had the number 27987 printed on it. The device contained four QuickTime Movie video clips. The clips appear to be recordings of Elton at Jennifer's home to pick up their children for a visit. Elton was greeted at the door of the home by his daughter. She told him both she and her brother were sick and would not be going with him. Elton called the police. The video clips show some conversation between police officers and Jennifer Mott. I saved the video clips in my electronic case file.

Schenk initially denied he prepared or assisted in the preparation and filing of the 2014, 2015, and 2016 tax returns. During my second interview with him, Schenk confessed that he completed the tax returns. He knowingly made up the federal Schedule C business income and expenses and inflated the medical/dental expenses and charitable contributions (both cash/check and non-cash) on their federal Schedule A to get a larger refund they were not

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entitled to. He told me he did it because he wanted to avoid paying the alternative minimum tax and used the money to pay bills and to finance a family trip to Orlando, Florida one year.

FACTS RELATING TO INTENT

The follow is a summary of the facts that show Elton Schenk filed fraudulent tax returns for tax year 2014, 2015, and 2016. He intentionally created fake businesses and reported those businesses on federal Schedule C, in all three years, and inflated the medical/dental expenses reported on their federal Schedule A for 2014 and 2015:

1. Schenk admitted he prepared his and Mott's joint 2014, 2015, and 2016 tax returns, including the federal Schedule C and federal Schedule A.
2. The fraudulent Wisconsin tax returns Schenk filed for 2014, 2015, and 2016 evaded a total of \$4,970 of Wisconsin income tax.
3. Schenk reported the fake businesses and inflated the medical/dental expenses to avoid paying alternative minimum tax, finance a trip to Orlando, Florida, purchase iPads, purchase clothing, and to catch up on general bills.

[Special Agent Kosmosky confirmed that Elton Schenk filed his 2016 Wisconsin income tax return on March 11, 2017. This criminal charge is only based on his fraudulent filing of the 2016 tax return.]

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

Subscribed and sworn to before me on
03/16/22

Electronically Signed By:

J. Foss Davis

Assistant District Attorney

State Bar #: 1105914

Electronically Signed By:

Jessica R. Gereau

Complainant