



September 14, 2011

IRS Pursues Businesses for Non-payment of Taxes

On September 7, the IRS raided a building at 1303, SW Frontage Road in Fort Collins, Colorado that houses several businesses, namely K&K Siding and Windows, CrossCountry Fulfillment and CrossCountry Windows and Siding. These businesses, owned by husband and wife team, Kay and William Kunzman, are alleged to have failed to pay taxes amounting to about \$200,000 and withholding the truth in their tax returns. The IRS sent an undercover agent into the building premises on reconnaissance before raiding it, confiscating computers and relevant documents.

The Kunzmans, allegedly made withholding deductions from their employees' salaries but did not remit them to pay for their taxes since 2006, according to court papers. The couple has also been previously convicted of running a Ponzi (pyramid) scheme, money laundering and securities fraud and had spent time in federal penitentiary for these crimes in 1994.

It was a confidential informant who tipped the IRS off about the Kunzmans' activities. The IRS is investigating the Kunzmans for willful non-payment and non-accounting of taxes that includes federal income and FICA taxes, failure to file personal and income tax returns and making false statements on tax returns. Court documents show that the informant had submitted his or her W-2 forms indicating taxes were withheld but corresponding records at the Social Security and several other state and federal agencies show that no taxes were paid as legislated by the law.

IRS special agent Tracy Guest wrote in an affidavit for the search warrant, "... a search of IRS records revealed that CCF (CrossCountry Fulfillment) has failed to file forms 941 and failed to pay over employment taxes to the IRS for all quarters from the third quarter of 2006 through the second quarter of 2011. IRS records also show that CCF has not submitted employee forms W-2 since the inception of the business in 2006." Agent Guest calculated the tax amount owing to be almost \$200,000. In addition, the affidavit also stated that the Kunzmans lied in their tax returns, indicating a loss in their business to lower the amount of personal taxes they owe, even down to zero in some cases.

On September 7, IRS agents in multiple black SUVs blocked entrance and exit points around the building north of Prospect Road along Interstate 25 and cordoned off the area as they entered the building and raided the premises.

Their previous criminal records show that Kay Kunzman confessed to money laundering and securities fraud and was jailed for four years in 1994. After his wife pleaded guilty, William Kunzman was convicted of similar charges and fined \$300,000 due to a real estate scheme that cost investors \$1.8 million. He was sent to jail for six years.