

## News Release

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### **Milaca couple charged with tax crimes**

**ST. PAUL, Minn.** – The Minnesota Department of Revenue announced that the Kanabec County Attorney’s Office recently charged Linda Rother, 58, and her husband, David Mormann, 59, both of Milaca, with three tax felonies each.

Rother is charged with one count of making sales without a permit after the permit was revoked, one count of failing to file a return, and one count of failing to pay taxes.

Mormann is charged with one count of aiding and abetting sales without a permit after the permit was revoked, one count of failing to file a return, and one count of failing to pay taxes.

According to the criminal complaint, Rother ran Studio One Portraits, a photography business, when she failed to pay sales tax she collected from customers, to the state. Rother defaulted on her payment plans with the department and continued making sales without submitting the sales tax to the state or filing sales tax returns.

In 2010, the department revoked Rother’s sales tax permit, which meant she couldn’t operate her business and that it would be a crime to do so.

But, the complaint alleges, Rother made taxable sales in 2011 under a different business name, Digital Hot Shots, and failed to file a sales tax return for that year. Business records showed taxable sales above \$100,000 for 2011. Invoices show that sales tax was charged and collected from customers, but not paid to the state.

Rother owes the state an estimated \$50,000 in sales tax, penalty and interest.

The charges each carry a maximum penalty of up to five years in prison and up to a \$10,000 fine.

The Minnesota Department of Revenue has a 24-hour tip line for anyone who suspects an individual or business is violating tax laws. That number is 651-297-5195, or 1-800-657-3500 (TTY users call 711 for Minnesota Relay). Tipsters may remain anonymous and can also email the department at [tax.fraud@state.mn.us](mailto:tax.fraud@state.mn.us). In 2012, citizen tips totaled 80 percent of the department's criminal case referrals.

While most taxpayers comply with tax laws voluntarily, the Minnesota Department of Revenue takes progressive enforcement action against non-compliant taxpayers ensuring tax laws are fairly administered, collecting no more and no less than taxpayers owe.

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