

TO: Interested Media
FROM: BUD CUMMINS, United States Attorney
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LITTLE ROCK, AR– Bud Cummins announced that John Michael Muntzel, 54, of Little Rock, pleaded guilty today to an information charging him with three counts of filing false income tax returns with the Internal Revenue Service. Muntzel appeared before U.S. District Judge William R. Wilson, Jr., to enter his plea. Muntzel faces a maximum penalty of 3 years in prison and a fine of \$250,000 on each count. Muntzel’s actual sentence will be determined according to the Federal Sentencing Guidelines by Judge Wilson on June 25, 2004.

According to the information, Muntzel filed federal tax returns for 1997, 1998, and 1999 that misrepresented deductions of personal living expenditures as business expenses, including personal trips, recreational activities, allowances and personal utilities. This conduct resulted in Muntzel underreporting his income by approximately \$343,801.37 for those years. As part of his plea, he agreed to an order of restitution to the IRS of the actual tax loss to the government.

Evidence presented by the Assistant United States Attorney during the plea hearing revealed that Muntzel formerly operated four McDonalds restaurants in the Little Rock area. Muntzel admitted during the hearing to essentially living out of his corporate bank accounts and that his false business expenses included a salary to his daughter who did not work for his company, his daughter’s college tuition, personal vacations, personal vehicles, and renovations to his personal residence. In addition, Muntzel grossly inflated charitable contribution

deductions claimed on his returns to his church and the Ronald McDonald House, and he admitted to deducting previous income tax payments to the IRS and traffic tickets as charitable contributions. Muntzel admitted that he took these deductions in violation of the United States tax code with full knowledge that his actions were illegal.

“With tax time just around the corner, every taxpayer must remember that intentionally ducking your lawful taxes is a criminal act. Nobody likes to pay taxes, but lawbreaking isn’t the way to lodge a protest. For that, you have to write your congressman,” stated Cummins.

This investigation was conducted by IRS Criminal Investigation Division.

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