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State Charges Marysville Septic Tank Operator with Felony Fraud, Theft of Sales Taxes

EVERETT – Feb. 21, 2008 – The operator of a Marysville septic tank company has been charged with felony theft of sales tax and filing fraudulent state tax returns to cover up the thefts.

Jeffrey S. Rice, 44, owner of American Septic Service, Inc., was charged Wednesday in Snohomish County Superior Court with one count of theft in the first degree and 10 counts of filing a false or fraudulent tax return. The charges were brought by the Attorney General's Office at the request of the Washington State Department of Revenue.

He is scheduled to be arraigned at 3 p.m. March 11.

Rice is accused of failing to report at least \$4,230 in sales taxes he collected from customers during 2006, and reporting only a third of his company's gross income subject to business and occupation tax.

According to charging papers, the Department discovered the alleged thefts by comparing the company's reporting income against its bank deposits and invoices obtained from customers.

Sales taxes collected by businesses are trust funds. Failure to remit them to the state can be charged as theft, and depending upon the amount of funds stolen could be punishable by up to 10 years in jail and a \$20,000 fine. Filing fraudulent returns is a felony subject to a maximum penalty of five years in prison and a \$10,000 fine.

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