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Lakewood Retailer Charged with Filing False Tax Returns

OLYMPIA – April 15, 2011 – Two cash registers were not better than one for a Lakewood business charged today with filing false tax returns to cover up the theft of sales tax collected on cash sales.

Smoke and Beer and More was charged in Pierce County Superior Court with reporting only 27 percent of the retail sales tax it collected from customers from 2006 through early 2009, defrauding the state of at least \$92,543 in sales tax.

The charges were brought by the Economic Crime Unit of the Attorney General’s Office at the request of the Department of Revenue after it uncovered the scheme during an audit.

According to the charging papers, owner Jong S. Cheon operated two cash registers, and rang up credit or debit card charges on one register and cash transactions on the other. The business allegedly only reported credit or debit sales to the Department of Revenue.

The charging papers state Cheon admitted to the crime during an appeal of a \$146,768 tax assessment resulting from the audit. Cheon sought a refund of penalties and interest added to the assessment. He subsequently paid the full amount after learning that criminal charges might be filed against him.

Department of Revenue Director Suzan DelBene said consumers have a right to expect the taxes they pay will be returned to them in the form of state and local services. She said the Department is on the lookout for other businesses that may be skimming cash transactions.

“These taxes are not the property of the business to be used to pay bills or make a profit,” she said. “These are trust funds the business collects on behalf of state and local government.”

The maximum penalty for a business filing a false tax return is a \$10,000 fine.

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