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## **Bellevue home builder sentenced to jail for tax theft**

**OLYMPIA** – July 30, 2015 – Bellevue custom home builder Grey T. Lundberg was sentenced to one year in jail for not paying nearly \$630,000 in sales tax he collected from customers.

King County Superior Court Judge Ronald Kessler ordered Lundberg to serve one year in jail, but will allow the former owner of CMI Homes to serve his time through the work release program. He must still pay back the remaining taxes, penalties and interest.

The state of Washington charged Lundberg in 2010 with 13 counts of sales tax theft. He pled guilty in August 2010 and agreed to repay the funds. When Lundberg failed to keep up with the payment plan, the court in March 2014 granted his request for a reduced balance and new payment schedule. However, he quit making payments two months later.

“Businesses expect Revenue to create a level playing field when it comes to taxes,” said Washington State Department of Revenue (Revenue) Director Vikki Smith. “Criminal prosecutions are a last resort when one business simply doesn’t see itself as subject to the same rules.”

Lundberg failed to file state tax returns from the time he started CMI Homes in July 2006 through December 2007. He began filing tax returns in January 2008 after Revenue began auditing his company, but still didn’t turn over to the state the sales tax he collected.

Washington State Attorney General Bob Ferguson, whose office represented Revenue in this matter said, “Tax evasion is a crime. If a business doesn’t pay taxes, it’s the equivalent of stealing from taxpayers. If you evade taxes, my office will hold you accountable.”

Lundberg’s upscale homes were featured at Street of Dreams events, including a \$2 million Best of Show home that was among three burned down by arsonists in Snohomish County in March 2008.

Retail sales tax is the largest source of state revenues, supporting vital services that benefit Washington’s residents and the economy. Businesses that collect retail sales tax do so “in trust” for the state and must remit those taxes to Revenue. Failure to remit the taxes constitutes theft.

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### **About Revenue**

For tax assistance or to request this document in an alternate format, visit <http://dor.wa.gov> or call 1-800-647-7706. Teletype (TTY) users may use the Washington Relay Service by calling 711.

The Department of Revenue is Washington state's primary tax administration agency, nationally recognized for innovation and service quality. Revenue collected more than \$19.6 billion in tax revenues in fiscal year 2014. These funds go to support public schools, social services, health care, corrections, public safety and natural resources conservation.