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San Diego Tobacco Distributor Pleads Guilty to Felony Tax Evasion

Keith Allen Larson, of San Diego, has pleaded guilty to two counts of felony tobacco tax evasion, the California State Board of Equalization announced today. The case was prosecuted by the San Diego County District Attorney's Economic Crimes Division.

Larson, 42, is the President of JK Larson, Inc., a tobacco products distributor in San Diego, California. The case against Larson began in March 2006 when an anonymous caller contacted the BOE's Information Center Tax Evasion Line to report that Larson was not reporting all of his untaxed tobacco purchases. During the course of an investigation, Larson's out-of-state supplier was contacted and provided detailed records of Larson's untaxed purchases. Over \$600,000 of underreported tobacco products tax was discovered when these purchases were compared to the untaxed tobacco purchases reported by Larson. Through the use of a search warrant BOE was able to establish the true liability owed.

The charge was based on Larson's failure to pay the State of California \$624,745 in tobacco products tax between January 1, 2003 and April 30, 2007. Larsen entered his guilty plea October 12.

Larson was previously convicted on February 1, 2001 of two felony counts of tobacco tax evasion. His five years of formal probation had ended February 16, 2008.

The plea agreement requires Larson to serve 24 months in state prison and pay restitution of \$675,000, which includes \$53,255 in BOE investigative costs.

The five-member California State Board of Equalization is a publicly elected tax board. The BOE collects more than \$48 billion annually in taxes and fees supporting state and local government services. It hears business tax appeals, acts as the appellate body for franchise and personal income tax appeals, and serves a significant role in the assessment and administration of property taxes. For more information on other taxes and fees in California, visit www.taxes.ca.gov.

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