



DEPARTMENT OF THE ATTORNEY GENERAL

News Release

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For Immediate Release: October 15, 2003 News Release No. 2003-53

TAX FRAUD CRACKDOWN CONTINUES

HONOLULU-Attorney General Mark Bennett announced today that:

On October 13, 2003, Waianae residents Charles I. Reinhardt, 52, and his wife Linda L. Reinhardt, 48, each pled guilty to four counts of attempt to evade or defeat a tax in violation of section 231-34, Hawaii Revised Statutes. First Circuit Court Judge Michael A. Town will sentence Mr. and Mrs. Reinhardt for those offenses on December 22, 2003.

Investigation by the Tax Department revealed that for calendar years 1998, 1999, 2000 and 2001, Mr. and Mrs. Reinhardt tried to defeat the income tax laws of the State of Hawaii by fraudulently claiming that they were entitled to a refund of their withholding taxes because they did not have income subject to taxation.

Attempting to evade or defeat a state tax, commonly called tax evasion, is a class "C" felony punishable by up to five years in jail and a fine of up to \$100,000.00 for each offense.

There are in the State of Hawaii a number of individuals who are encouraging taxpayers to file what are commonly referred to as Zero AGI tax returns that make the frivolous argument that wages are not taxable under state or federal law. Anyone who willfully aids, assists, or advises someone to file a fraudulent tax return can also be prosecuted for a felony. Ultimately, the individual taxpayer is responsible for the correctness of his or her state tax return.

Recently, the Tax Department referred to the Criminal Justice Division for felony prosecution a number of cases involving taxpayers who allegedly filed fraudulent HW-4 forms with their employers fraudulently claiming that they were entitled to 99 personal exemptions and requesting that none of their income be withheld for state income tax purposes. Such conduct is a felony and punishable by imprisonment and fines of up to \$100,000.00.

Any employer who receives a suspicious HW-4 form from an employee claiming an inordinate number of personal exemptions, should warn the employee that the State of Hawaii has a zero tolerance policy regarding false and fraudulent HW-4s. Violators will be prosecuted in the criminal courts.

Anyone having information concerning tax crimes should call state tax investigators at (808) 587-1795.

For more information, contact:
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