



DEPARTMENT OF TAXATION

**News Release**

**LINDA LINGLE**  
GOVERNOR

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KURT KAWAFUCHI, DIRECTOR  
Phone: (808) 587-1510  
Fax: (808) 587-1560

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**TAX PREPARER SENT TO JAIL**

HONOLULU—The Department of Taxation announced today that Circuit Court Judge Michael A. Wilson sentenced Richard J. Basuel, a tax return preparer at RB Tax Service, to a prison term of 98 years and revoked his probation and added another 18 years, all to run concurrently.

Judge Wilson sentenced Mr. Basuel to the following: a term of five years for each of the 11 counts for committing tax evasion, total of 55 years; a term of three years for each of the 11 counts for preparing false and fraudulent statements, total of 33 years; and a term of 10 years for theft in the first degree, a total of 98 years. Probation was also revoked for his prior crime of preparing false tax returns, and Mr. Basuel was sentenced to a term of 18 years, all to run concurrently. In summary, Mr. Basuel will serve at least 10 years in prison. Judge Wilson also imposed on Mr. Basuel a fine of \$60,000.

This conviction is the third for Mr. Basuel, who on February 3, 2000, pled "no contest" to not filing his annual general excise tax returns. For that conviction, Mr. Basuel was placed on probation and fined \$15,000. On or about April 18, 2001, Mr. Basuel pled "guilty" to six counts of preparing false and fraudulent returns and for that conviction he

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was fined \$30,000 and sent to prison for six months. The scheme for the fraudulent returns stemmed from his false statement that Hawaii was not a state and wages were excluded from income.

On or about February 17, 2004, Mr. Basuel was convicted by a jury of his peers on 11 counts of tax evasion, 11 counts for preparing false income tax returns and one count for theft in the first degree. The scheme for this conviction was based on his claim that wages were not income pursuant to Internal Revenue Code (IRC) section 861. Hawaii State law does not recognize IRC 861 and the wages are taxable. Mr. Basuel concealed his identity in the preparation of these returns by not signing the returns as the paid preparer and charged his clients 10% of their refunds.

Mr. Basuel is currently facing federal tax charges and is scheduled for trial in December 2004.

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For more information, contact  
Stephen Hironaka  
Criminal Tax Investigator  
Phone: (808) 587-1795  
Email: Stephen.T.Hironaka@hawaii.gov