



DEPARTMENT OF TAXATION

**News Release**

**LINDA LINGLE**  
GOVERNOR

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**CORPORATION PRESIDENT SENTENCED IN TAX CASE**

HONOLULU — The president of Island Power Hawai'i, Inc. (IPHI) was sentenced before the Honorable Russell S. Nagata for willfully failing to file the corporation's annual general excise returns for tax years 2004 to 2005. Donald M. Naruse, president of IPHI, failed to report nearly \$1.5 million dollars in gross income his corporation received over two years and was held jointly and severally responsible to pay restitution in the amount of \$59,758 and a fine of \$4,000.

Prior to incorporating his business, Naruse operated as a sole proprietor doing business as Island Power Hawaii (IPH) from 2001 through part of 2004. He was also charged with willfully failing to file his annual general excise tax returns. Naruse failed to report over \$1.7 million dollars in gross income he received for the years in question and was ordered to pay restitution in the amount of \$71,509 and a fine of \$4,000.

As the owner of IPH and the president of IPHI, Naruse was charged in both cases as the responsible person who failed to file the annual general excise returns of both companies for 2001 through 2005. By not reporting over \$3.2 million dollars in gross income the companies received, Naruse must now pay the combined restitution balance of \$131,267 and the fine of \$8,000. He and the corporation were each granted deferred acceptance of no contest pleas and ordered to remain in compliance with all tax laws during their one-year deferral periods.

(more)

Willful failure to file a tax return as described in the HRS § 231-35 carries a fine of not more than \$25,000 for individuals and a \$100,000 for corporations per violation, a period of incarceration of not more than one year or probation.

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