



PRESS RELEASE

Internal Revenue Service - Criminal Investigation
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Date: March 22, 2017

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CI Release #: PHOFO-2017-7

Tucson Businessman Sentenced to Prison for Tax Evasion

TUCSON, Ariz. – On March 20, 2017, Larry Lester Larson, 74, of Tucson, Ariz., was sentenced by U.S. District Court Judge Rosemary Márquez to one month of prison along with a fine of \$15,000. On September 1, 2016, Larson pleaded guilty to tax evasion. Prior to sentencing, Larson made full restitution to the Internal Revenue Service of \$322,936.23 which was comprised of a tax deficiency of \$139,509 plus interest and penalties of \$183,427.23.

According to court records, the defendant was the CEO and sole owner of State Industrial Supply Corporation, a company that distributed fasteners and machine parts. During the tax years 2006 through 2009, Larson paid numerous personal expenses out of his corporation's business account. These expenses totaled approximately \$413,832 and were deducted as business expenses on the corporation's Federal income tax returns that Larson filed on behalf of the corporation.

Among the personal expenses Larson falsely deducted as business expenses included, elective surgery, dental surgery, garage floor coating for his personal residence, the purchase of jewelry, the purchase of an ATV, remodeling expenses for his son's personal residence, a car lift at his personal residence, pool service and utilities for his personal residence, payments for portions of a family member's wedding expense, a personal loan that was paid back and falsely expensed as "bad debt," and airfare for a Hawaiian vacation.

"The defendant wrongfully used his business to fund a variety of personal expenses. We want honest taxpayers to know, especially this time of year, they are doing the right thing when they file accurate tax returns" stated IRS-Criminal Investigation Assistant Special Agent in Charge Susan Bradby.

The investigation in this case was conducted by the Internal Revenue Service
Criminal Investigation.

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