



February 20, 2008

**FORMER OWNERS OF SEATTLE COMPANY
SENTENCED FOR FILING FALSE INCOME TAX
RETURNS
Men had Company Pay their Personal Expenses,
Failed to Report as Income**

PAUL AUSTIN, 58, formerly of Ellensburg, Washington and PAUL WERLINK, 61, of Camano Island, Washington, were sentenced today in U.S. District Court in Seattle for Making and Subscribing False Income Tax Returns. PAUL AUSTIN was sentenced to 30 days in prison, one year of supervised release, 100 hours of community service, and a \$5,000 fine. PAUL WERLINK was sentenced to 20 days in prison, one year of supervised release, 100 hours of community service, and a \$5,000 fine. At sentencing, U.S. District Judge Ricardo S. Martinez told them "Our tax system will not work if people don't comply with it and understand that it is for the betterment of the entire country."

When the men pleaded guilty on October 25, 2007, they admitted that during the calendar years 1998 through 2003, PAUL AUSTIN, who was formerly the president, and a fifty percent owner of, The Safety Team, Inc. and PAUL WERLINK, who was formerly the corporate secretary, and the other fifty percent owner, directed that certain of their personal expenses be paid by the corporation. Their failure to report these payments as income caused a material understatement of their personal income and the income tax due and owing for each of these calendar years. AUSTIN has since paid \$320,000 in back taxes, civil penalties and interest. WERLINK has paid \$90,000 in back taxes, civil penalties and interest.

The Safety Team, Inc, is a business located at 670 South Lucile Street in Seattle, Washington, which specialized in the installation of fire extinguishing systems, the sales of fire prevention equipment, and consulting on fire safety. For each year in question, the aggregate amount of these payments for personal expenses was omitted from PAUL AUSTIN's and PAUL WERLINK's personal income tax returns, but was included as a corporate expense on the corporate income tax return of The Safety Team, Inc. In addition to understating their personal income, PAUL AUSTIN's and PAUL WERLINK's actions also caused a material overstatement of business expenses and a material understatement of the corporate income tax due and owing on the corporate returns for these same years. PAUL V. AUSTIN and PAUL WERLINK later sold their interests in The Safety Team, Inc., and are no longer involved as owners of the business.

In their sentencing memo, prosecutors detailed the types of personal expenses that the men attempted to write off as corporate expenses, including substantial sums related to his construction of a log house in Chelan County during the tax years 1999 through 2001, expenditures in support of a snowmobile racing hobby, and purchases of recreational vehicles including an all-terrain vehicle and a motorcycle. In addition, both men repeatedly charged expenses related to personal travel as corporate expenses, prosecutors wrote

in their sentencing memo.

At AUSTIN's sentencing Assistant United States Attorney Robert Westinghouse told the court, "for more than ten years Mr. Austin systematically cheated on his taxes. He made a knowing decision to shirk his duty as a taxpayer.... The message should be 'when you cheat on your taxes you are going to go to jail,' and that is a message that will resonate with the public."

Judge Martinez agreed telling the men, "Every time you used the corporate credit card to pay your personal expenses you cheated the rest of the taxpayers."

This case was investigated by the Internal Revenue Service - Criminal Investigation (IRS-CI). The case was prosecuted by Assistant United States Attorney Robert Westinghouse.

For additional information please contact Emily Langlie, Public Affairs Officer for the United States Attorney's Office, at (206) 553-4110.

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