



March 24, 2008

**BELLEVUE RESIDENT SENTENCED TO THREE YEARS  
IN JAIL FOR TAX EVASION**  
**Multi-Level Marketing Guru Failed to File Income Tax  
Returns on Millions of Dollars of Income**

RAYMOND J. GEBAUER, 55, of Bellevue, Washington, was sentenced today in U.S. District Court in Seattle to three years in jail for four counts of Tax Evasion. GEBAUER was convicted in August 2007, following a five day jury trial. At trial prosecutors proved that from calendar years 1998 through 2001, GEBAUER earned gross income totaling more than \$3.5 million, however GEBAUER never filed any tax returns. GEBAUER even filled out dummy returns so that he could submit them to financial institutions for home loans, but never filed the returns with the government or paid hundreds of thousands of dollars owed in taxes. U.S. District Judge James L. Robart ordered GEBAUER into custody immediately following the verdict. Today at sentencing the judge said that the "almost gamesmanship [GEBAUER] engaged in with the IRS did not reflect well on him." The judge also stated that it was important to indicate to society that the laws apply to people who choose not to pay their taxes, explaining that "the millions of people who pay taxes, because it's legally required and it's the right thing to do, deserve to be protected, knowing everyone pays their fair share." GEBAUER was also ordered to pay a fine in the amount of \$48,251, as well as the costs of prosecution.

During the trial, prosecutors showed how GEBAUER attempted to use a web of trusts and corporations to hide his income from the government. GEBAUER also put the title to his real property and vehicles in the name of various trusts and nominee entities in an attempt to hide the assets from the IRS. Testimony at trial showed that GEBAUER spent more than \$2,000,000 for his personal expenses over just a four year period.

According to GEBAUER's web site (<http://www.raygebauer.net>), he made more than \$20,000 per month selling health supplements for Mannatech, a Dallas, Texas, based multi-level marketing firm. In some loan documents, GEBAUER claimed he made more than \$55,000 per month. GEBAUER owned a lakefront home, ski boat, Sea Doo, grand piano and two luxury automobiles. GEBAUER also has published the book, "How to Cure and Prevent any Disease." Testimony at trial revealed that GEBAUER spent extravagantly on luxuries, but had not filed a legitimate tax return since the early 1970's.

The IRS spent years trying to get GEBAUER into compliance with tax laws. GEBAUER met with IRS personnel one time, and then repeatedly claimed he would be on vacation when the IRS attempted to meet with him.

The Internal Revenue Service Criminal Investigation (IRS-CI) investigated the case. Assistant United States Attorneys Karyn Johnson and Jim Oesterle prosecuted the case.

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

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