

Area man arrested in tax case

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RANCHO SANTA FE ---- Special agents from the California Franchise Tax Board arrested a man Friday at his Rancho Santa Fe home for allegedly failing to pay state income taxes on more than \$66 million, authorities said.

According to tax board investigators, Jon Gunderson, the 53-year-old owner and operator of Outdoor Media Group Inc., used phony deductions in 1998 to offset a gain of more than \$12.8 million.

In 2003, the agents said in a statement, Gunderson used new phony transactions to hide income of more than \$54 million. Gunderson owes the tax board more than \$5 million in unpaid tax, authorities said.

"Plus, there'll be interest, penalties and the cost of the investigation," said John Gilbert, tax board spokesman.

Gunderson faces three felony charges of filing false state income tax returns. Each charge could mean up to three years in state prison.

Gunderson's bail was set at \$5 million at the Presley Detention Center in Riverside. His arraignment hadn't been scheduled.

A spokesman said the investigation is continuing.

The underreporting of income makes up 80 percent of the annual \$6.5 billion "tax gap" between taxes due and taxes paid in California, said State Controller and tax board Chairman Steve Westly.