

News Release

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LATAH COUNTY MAN ARRAIGNED ON FEDERAL BANKRUPTCY FRAUD, MONEY LAUNDERING AND INCOME TAX CHARGES

A Juliaetta man appeared in U.S. District Court in Coeur d'Alene this morning to answer criminal charges that he failed to disclose substantial assets in his bankruptcy petition, laundered some of his assets through undisclosed bank accounts, and failed to file federal income tax returns for three years in a row.

The charges against Jeffrey Lewis Grinolds, 44, came in a nine-count indictment returned by a federal grand jury in September. Grinolds is charged with two counts of bankruptcy fraud, four counts of money laundering, and three counts of willfully failing to file income tax returns. In court this morning, he entered pleas of not guilty to all charges.

Trial was set for December 3 at 1:30 p.m. before Chief U.S. District Judge B. Lynn Winmill. Grinolds faces maximum penalties of five years in prison on each of the bankruptcy fraud charges, 10 years on each of the money laundering charges, and one year on each of the tax charges, plus substantial fines.

Grinolds filed for chapter 7 bankruptcy on April 9, 2003, in Kootenai County, claiming that he had only \$30 cash and an interest in a wrecked Peterbilt truck worth \$300. He specifically denied having any checking or savings accounts, or any interest in any businesses. He further denied having had a sole proprietorship or being self-employed any time over the preceding six years.

The grand jury alleges, however, that at the time he filed for bankruptcy, Grinolds had an interest in a sole proprietorship called Grinolds Fabrication, and that he also had interests in logging contracts with Guy Bennett Lumber Company, a savings account containing more than \$4,000, and an interest in a 2002 Ford 150 pick-up truck.

Grinolds is also alleged to have understated by approximately \$377,000 his gross income for the year 2002 to the bankruptcy court, and laundered more than \$62,000 of the funds involved in the bankruptcy fraud through two bank accounts in the name of Grinolds Fabrication.

The indictment further alleges that Grinolds willfully failed to file federal income tax returns for the years 2001 through 2003, despite earning gross income in excess of \$1.2 million during that period.

An indictment is a means of charging a person with criminal activity. It is not evidence. The person is presumed innocent until proven guilty beyond a reasonable doubt.

The case was investigated by the Internal Revenue Service - Criminal Investigation, and the United States Trustee Program.