



PRESS RELEASE

Internal Revenue Service - Criminal Investigation *Chief Richard Weber*

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IRS – Criminal Investigation

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North Carolina Couple Sentenced to Prison for Tax and Bank Fraud Related to Their Online Business

Defendants Failed to Report More Than \$1 Million Dollars Earned from Internet Sales

A Greensboro, North Carolina couple, who operated an online sales business, was sentenced to prison today for tax fraud and bank fraud charges, announced Principal Deputy Assistant Attorney General Caroline D. Ciruolo, head of the Justice Department's Tax Division, and U.S. Attorney Ripley Rand for the Middle District of North Carolina.

Daniel Balson, 51, and Renee Balson, 53, were sentenced to serve 27 months and 16 months in prison, respectively, by U.S. District Court Judge Catherine C. Eagles of the Middle District of North Carolina. According to court documents, Daniel Balson owned and operated Southern Sales Online (SSO), an online retail business that sold a variety of merchandise through eBay and Amazon, including scrapbooking and art materials, books, inspirational DVDs, pet supplies and tools. Daniel Balson admitted selling stolen merchandise through SSO. Although SSO earned over \$1 million in gross receipts during tax years 2005 through 2011, the Balsons failed to report the operation of SSO and its gross receipts on their individual income tax returns. The Balsons also failed to report the income from SSO on a bank application for a mortgage loan modification in 2011.

"While doing business from behind a computer may provide a sense of security or anonymity to individuals like Mr. and Mrs. Balson, it is inconsequential to us whether a criminal operates online or in a brick and mortar location," said Chief Richard Weber of IRS-Criminal Investigation. "IRS special agents are skilled at investigating all types of tax and related financial crimes and today's sentencing is a testament to that hard work and commitment."

"Not only did Daniel Balson steal and sell merchandise, he failed to report this illegal income on his tax returns year after year, and he and his wife concealed the income when requesting that the bank forgive a portion of their mortgage debt," said Principal Deputy Assistant Attorney General Ciruolo. "The clear message of today's sentencings is that the price for such lies to the Internal Revenue Service (IRS) and a federally insured financial institution is time in jail."

On Aug. 2, Daniel Balson pleaded guilty to one count of filing a false tax return for 2010 and one count of making a false statement on a loan application and Renee Balson pleaded guilty to one count of making a false statement on a loan application.

In addition to the term of prison imposed, Daniel Balson was ordered to serve five years of supervised release, to pay \$244,128 in restitution to the IRS, and to pay, jointly and severally

with Renee Balson \$70,984 in restitution to Bank of America. Renee Balson was also ordered to serve five years of supervised release.

Principal Deputy Assistant Attorney General Ciruolo and U.S. Attorney Rand commended special agents of IRS-Criminal Investigation, who conducted the investigation, and Assistant Chief Todd A. Ellinwood and Trial Attorney Mara A. Strier of the Tax Division, who prosecuted the case.

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