



*U.S. Department of Justice
United States Attorney
Southern District of Mississippi*

**FOR IMMEDIATE RELEASE
December 10, 2010**

**PEARL RIVER COUNTY TAX PREPARER SENTENCED TO
36 MONTHS PRISON FOR PREPARING FALSE TAX RETURNS**

Gulfport, Miss -- Carolyn T. Lilly of Carriere, Mississippi, was sentenced on December 7, 2010 by U.S. District Judge Sul Ozerden to serve 36 months in prison, followed by one year supervised release, for preparing false tax returns, U.S. Attorney Donald R. Burkhalter and James C. Lee, Special Agent in Charge of Internal Revenue Service Criminal Investigation, New Orleans Field Office, announced today. Lilly was also ordered to pay restitution immediately in the amount of \$250,000.00.

Lilly had previously pled guilty to a criminal information charging her with aiding and assisting in the preparation of a false 2005 tax return for two individuals. Lilly admitted that the return was false because the taxpayers filing the return were not entitled to claim \$323,449.00 in casualty loss deductions as had been reported on their return. Lilly's entire fraudulent tax preparation scheme extended over a number of years, encompassed thousands of taxpayers - primarily in Louisiana and Mississippi - and represented a total intended loss to the federal government of between \$20 million and \$50 million.

"We are pleased with today's announcement. The tax system is built on the premise that taxpayers file accurate and timely tax returns. Willfully aiding or assisting in the preparing of false tax returns is a serious crime, punishable under Federal law. To ensure confidence in our tax system, Special Agents of IRS Criminal Investigation are committed to the aggressive pursuit and prosecution of individuals who intentionally violate the nation's laws," stated James C. Lee, Special Agent in Charge of Internal Revenue Service Criminal Investigation, New Orleans Field Office.

U.S. Attorney Burkhalter commended the investigative efforts of the Special Agents and Revenue Agents of the Internal Revenue Service – Criminal Investigation. The case was prosecuted by Assistant United States Attorney Mike Hurst.

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