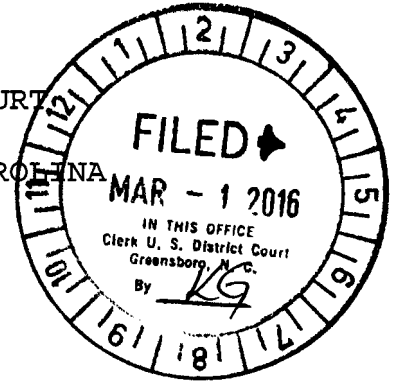


IN THE UNITED STATES DISTRICT COURT  
FOR THE MIDDLE DISTRICT OF NORTH CAROLINA



UNITED STATES OF AMERICA :  
 :  
v. :  
 :  
DANIEL ROBERT BALSON : 1:16CR 71 -1  
RENEE JEANNE BALSON : 1:16CR 71 -2

The Grand Jury charges:

COUNT ONE

1. At all times material to this Indictment, DANIEL ROBERT BALSON and RENEE JEANNE BALSON were married and resided together in Greensboro, North Carolina, which is within the jurisdiction of the Middle District of North Carolina.

2. At all times material to this Indictment, Southern Sales Online ("SSO") was a retail business that sold, through online sales websites, a variety of merchandise, including scrapbooking and art materials, books, inspirational DVDs, pet supplies, and tools. DANIEL ROBERT BALSON owned and operated SSO out of his residence in Greensboro, North Carolina. RENEE JEANNE BALSON was also involved in the operation of SSO. SSO earned over \$1,000,000.00 in gross receipts during the calendar years 2005 through 2011.

3. The Internal Revenue Service (IRS) was and is the agency of the United States Department of the Treasury

responsible for the administration of the internal revenue laws of the United States.

#### CONSPIRACY

4. Beginning at a time unknown to the Grand Jurors, but from at least in or about January 2005, and continuing up to and including on or about September 18, 2012, in the County of Guilford, in the Middle District of North Carolina, and elsewhere, DANIEL ROBERT BALSON and RENEE JEANNE BALSON did unlawfully, voluntarily, intentionally, and knowingly conspire, combine, confederate, and agree together, with each other and with others, both known and unknown to the Grand Jurors:

a. to defraud the United States for the purpose of impeding, impairing, obstructing, and defeating the lawful government functions of the Internal Revenue Service of the United States Department of Treasury in the ascertainment, computation, assessment, and collection of revenue: to wit, income taxes; and

b. to knowingly make and cause to make a false statement and report for the purpose of influencing the action of Bank of America, N.A., an institution the accounts of which were insured by the Federal Deposit Insurance Corporation, upon an application and loan modification agreement, in violation of Title 18, United States Code, Section 1014.

#### MANNER AND MEANS

Among the manner and means by which the co-conspirators carried out the conspiracy were the following:

5. One or more of the co-conspirators would and did sell, through SSO, merchandise, including stolen merchandise, on online sales websites, such as eBay and Amazon.

6. One or more of the co-conspirators would and did prepare and file false federal income tax returns that would and did fail to report the gross receipts from their business activities, including the operation of SSO.

7. One or more of the co-conspirators would and did fail to disclose the income from the operation of SSO in a loan modification application to Bank of America, N.A.

#### OVERT ACTS

In furtherance of the conspiracy, and to effect the objects thereof, members of the conspiracy and others, both known and unknown to the Grand Jurors, committed or caused to be committed the overt acts below, among others, within the Middle District of North Carolina, and elsewhere:

8. DANIEL ROBERT BALSON and RENEE JEANNE BALSON filed, or caused to be filed, false federal income tax returns, IRS Forms 1040, failing to report the operation of a business activity for tax years 2005 through 2010 on or about the dates listed below:

Tax Year	Date Filed (on or about)
2005	February 27, 2006
2006	February 4, 2007
2007	January 29, 2008
2008	February 10, 2009
2009	January 20, 2010
2009 amended return	March 11, 2010
2010	February 15, 2011

9. On April 16, 2012, DANIEL ROBERT BALSON and RENEE JEANNE BALSON filed, or caused to be filed, a false federal income tax return for tax year 2011 that underreported SSO's gross receipts on line 1(d) on Schedule C (Profit or Loss From Business).

10. On or about August 2, 2011, DANIEL ROBERT BALSON and RENEE JEANNE BALSON submitted a false affidavit to Bank of America, N.A., seeking a loan modification for the mortgage on their personal residence that failed to report income from the operation of SSO.

11. On or about August 15, 2011, DANIEL ROBERT BALSON and RENEE JEANNE BALSON submitted a second false affidavit to Bank of America, N.A., that again failed to report income from the operation of SSO.

12. On or about August 15, 2011, DANIEL ROBERT BALSON and RENEE JEANNE BALSON submitted copies of false federal income tax returns for tax years 2009 and 2010 to Bank of America, N.A., in support of their loan modification.

13. On September 18, 2012, DANIEL ROBERT BALSON and RENEE JEANNE BALSON signed a Loan Modification Agreement with Bank of America, N.A., falsely representing that they provided documentation for all income that they received and were required to disclose.

All in violation of Title 18, United States Code, Section 371.

COUNT TWO

1. The Grand Jurors reallege and incorporate by reference paragraphs one through three of Count One as if fully set forth herein.

2. On or about March 11, 2010, in the County of Guilford, in the Middle District of North Carolina, DANIEL ROBERT BALSON and RENEE JEANNE BALSON did willfully make and subscribe a false joint Amended U.S. Individual Income Tax Return, IRS Form 1040X, for the calendar year 2009, which was verified by a written declaration that it was made under the penalties of perjury and which they did not believe to be true and correct as to every material matter, in that they failed to disclose on the attached

U.S. Individual Income Tax Return, IRS Form 1040X, that they were engaged in the operation of a business activity from which they derived gross receipts or sales.

All in violation of Title 26, United States Code, Section 7206(1).

COUNT THREE

1. The Grand Jurors reallege and incorporate by reference paragraphs one through three of Count One as if fully set forth herein.

2. On or about February 15, 2011, in the County of Guilford, in the Middle District of North Carolina, DANIEL ROBERT BALSON did willfully make and subscribe a false U.S. Individual Income Tax Return, IRS Form 1040, for the calendar year 2010, which was verified by a written declaration that it was made under the penalties of perjury and which he did not believe to be true and correct as to every material matter, in that he failed to disclose that he was engaged in the operation of a business activity from which he derived gross receipts or sales.

All in violation of Title 26, United States Code, Section 7206(1).

COUNT FOUR

1. The Grand Jurors reallege and incorporate by reference paragraphs one through three of Count One as if fully set forth herein.

2. On or about April 16, 2012, in the County of Guilford, in the Middle District of North Carolina, DANIEL ROBERT BALSON did willfully make and subscribe a false U.S. Individual Income Tax Return, IRS Form 1040, for the calendar year 2011, which was verified by a written declaration that it was made under the penalties of perjury and which he did not believe to be true and correct as to every material matter, in that he stated, on line 1(d) on Schedule C, that he had received total gross receipts of \$72,922.00, whereas he then well knew, he received substantially more than \$72,922.00 in total gross receipts.

All in violation of Title 26, United States Code, Section 7206(1).

COUNT FIVE

1. The Grand Jurors reallege and incorporate by reference paragraphs one through three of Count One as if fully set forth herein.

2. On or about August 15, 2011, in the County of Guilford, in the Middle District of North Carolina, and elsewhere, DANIEL ROBERT BALSON and RENEE JEANNE BALSON did

knowingly make and caused to be made a false statement and report for the purpose of influencing the action of Bank of America, N.A., an institution the accounts of which were insured by the Federal Deposit Insurance Corporation, upon a loan modification, to wit: DANIEL ROBERT BALSON and RENEE JEANNE BALSON submitted and caused to be submitted to Bank of America, N.A., a false affidavit.

All in violation of Title 18, United States Code, Section 1014.

#### COUNTS SIX THROUGH TEN

1. The Grand Jurors reallege and incorporate by reference paragraphs one through three of Count One as if fully set forth herein.

2. On or about the dates listed below, in the County of Guilford, in the Middle District of North Carolina, and elsewhere, DANIEL ROBERT BALSON and RENEE JEANNE BALSON, for the purpose of executing the scheme and artifice to defraud, knowingly did cause the transmission of writings, signs, signals, pictures, and sounds, by means of a wire communication in interstate commerce, that is, through SSO, sold and advertised for sale on eBay and Amazon, whose servers are located outside North Carolina, known stolen merchandise, each transmission constituting a separate offense:



Count	Date (on or about)	Description of Interstate Wire
6	June 22, 2011	Sale on Amazon of stolen LifeWay Christian Store merchandise - Jonah: Navigating a Life Interrupted - DVD Leader Kit. Sale price was \$120.00.
7	July 1, 2011	Sale on Amazon of stolen LifeWay Christian Store merchandise - He Speaks to Me Leader Kit: Preparing to Hear from God. Sale price was \$120.00.
8	December 2, 2011	Sale on Amazon of stolen LifeWay Christian Store merchandise - Jonah: Navigating a Life Interrupted - DVD Leader Kit. Sale price was \$99.00.
9	December 12, 2011	Sale on Amazon of stolen LifeWay Christian Store merchandise - He Speaks to Me Leader Kit: Preparing to Hear from God. Sale price was \$99.00.
10	May 24, 2012	Sale on eBay of stolen Hobby Lobby merchandise - Bob Ross paint brushes. Sale price was \$39.00.

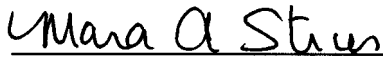
All in violation of Title 18, United States Code, Section  
1343.

A TRUE BILL:



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TODD A. ELLINWOOD  
ASSISTANT CHIEF  
U.S. DEPARTMENT OF JUSTICE, TAX DIVISION



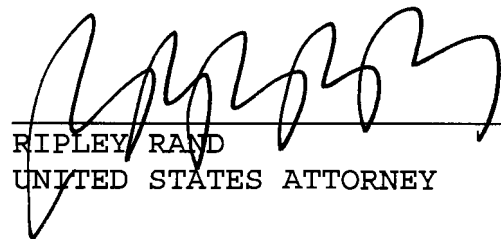
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MARA A. STRIER  
TRIAL ATTORNEY  
U.S. DEPARTMENT OF JUSTICE, TAX DIVISION



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CLIFTON T. BARRETT  
ASSISTANT UNITED STATES ATTORNEY



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RIPLEY RAND  
UNITED STATES ATTORNEY