



The United States Attorney's Office

Central District of California



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Release No. 09-121

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TWO DAUGHTERS OF RIALTO TAX RETURN PREPARER SENTENCED TO 6 YEARS IN FEDERAL PRISON

Father Previously Sentenced to 9 Years in Prison in \$30+ Million Scheme

Riverside, California – Two daughters of a Rialto man who previously was sent to prison for crimes related to his fraudulent operation of an income tax preparation business have both been sentenced to 72 months in federal prison for their roles in a scheme to defraud the Internal Revenue Service out of more than \$30 million.

Karen Denise Berry of San Bernardino and Carla Denine Berry of Rialto were sentenced Monday afternoon, each receiving a sentence of six years in federal prison. In addition to the prison terms, United States District Judge Stephen G. Larson ordered Karen Berry and Carla Berry to pay \$14 million in restitution to the IRS.

Karen Berry and Carla Berry pleaded guilty in March 2008 to various charges, including conspiracy to defraud the IRS, aiding and assisting in the preparation of false tax returns, and subscribing to a false tax return.

Their father, Matthew Carl Berry, who ran a tax return preparation eventually called N.C.K. Services, Inc., was sentenced in June to nine years in federal prison. Judge Larson ordered Matthew Berry to pay more than \$15 million in restitution to the IRS after finding that the scheme caused losses of \$31 million. Matthew Berry was convicted at trial of conspiring to defraud the IRS and filing false personal income tax returns for the years 2001, 2002 and 2004.

Matthew Berry operated the tax business out of his residence in Rialto from as early as 1995 through 2003. Beginning in early 2000, his daughters began preparing false income tax returns at the business. In 2002, two others convicted in the case began preparing false income tax returns at the business as well. In 2004, the business relocated to a commercial building in Rialto, where Matthew Berry and his daughters formed N.C.K. Services, Inc.

The defendants in this case prepared false income tax returns that included fabricated and inflated Schedule A deductions for things such as mortgage interest, un-reimbursed employee expenses, real estate taxes and charitable contributions.

"IRS-Criminal Investigation will continue to aggressively investigate tax return preparers who knowingly prepare false tax returns," said Leslie P. DeMarco, Special Agent in Charge, IRS-Criminal Investigation, Los Angeles Field Office. "These dishonest preparers undermine the integrity of our tax system and must be held accountable. The collective 21-year prison sentence for the Berry family serves as a reminder to all tax return preparers who intentionally prepare fraudulent tax returns -- their disregard for our tax system can lead them to prison,"

Co-conspirators Ivan Taylor Johnson of San Bernardino and Valerie Madel Dixon of Rialto previously pleaded guilty to conspiracy to defraud the IRS and aiding and assisting in the preparation of false income tax returns. Judge Larson sentenced Johnson in October 2008 to 35 months in federal prison and ordered him to pay \$19,034,901 in restitution to the IRS. Dixon was sentenced in November 2008 to five years of probation, which includes 10 months of home detention, and was also ordered to pay \$19,034,901 in restitution to the IRS.

The investigation in this case was conducted by IRS-Criminal Investigation. The case was jointly prosecuted by the United States Attorney's Office and the Tax Division of the United States Department of Justice.

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