



## U.S. Department of Justice

*United States Attorney  
Eastern District of Arkansas*

FOR IMMEDIATE RELEASE  
**January 19, 2011**

**CONTACT: Christopher R. Thyer  
United States Attorney  
501-340-2600**

### **LAST OF DEFENDANTS SENTENCED IN TAX CONSPIRACY CASE**

**Little Rock** – Christopher R. Thyer, United States Attorney for the Eastern District of Arkansas; and Christopher Pikelis, Special Agent in Charge for IRS Criminal Investigation - Nashville Field Office, announced today the sentencing of Randall Jarvis, age 44, of Salt Lake City, Utah. On January 18, 2011, Jarvis was sentenced by the Honorable J. Leon Holmes, Chief Judge, United States District Court, Eastern District of Arkansas, for his role in a tax conspiracy case that spanned from 1997 until 2005. This sentencing was the culmination of a case that was originally indicted in 2006 and involved a total of five defendants. The other defendants, Julia Freeman a/k/a Judy Ford, age 71; Lydia Prisock, age 63; both formerly of Little Rock, Carol Reese, age 65 of Scottsdale, Arizona; and Robert Colee, age 72 of Grant's Pass, Oregon have previously been sentenced.

Jarvis was sentenced to 24 months imprisonment and three years supervised release. Freeman, was sentenced on April 19, 2010 to 33 months imprisonment, three years supervised release, and restitution in the amount of \$1,100,492.00. Lydia Prisock was also sentenced on April 19, 2010 to time served, three years supervised release, and restitution in the amount of \$82,519.00. Carol Reese was sentenced on May 13, 2010, to three years probation. All of these individuals were sentenced by Judge Holmes. Colee was sentenced on August 12, 2010 in the United States District Court in the District of Oregon, Judge Anna J. Brown presiding, to 15 months imprisonment, three years supervised release, and restitution in the amount of \$604,208.00. Colee's case was transferred to that district pursuant to Rule 20 of the Federal Rules of Criminal Procedure which allows defendants to plead and be sentenced in the district of their residence.

"The sentences in this case should serve as a deterrent to anyone thinking they can evade paying taxes. Non-compliance with the tax laws increases the burden on the honest citizens who comply with their tax obligations," stated United States Attorney Thyer. "The investigation and

prosecution of this case was lengthy, and I commend the agents involved for seeing justice served."

"Tax evasion is not a victimless crime," said SAC Pikelis. "We all pay when others swindle the government. Tax evasion and tax fraud of this magnitude and with this degree of trickery, dishonesty and deceit, deserves to be punished. The IRS remains determined and vigilant in ferreting out such schemes to cheat the honest taxpayers."

The five were charged with conspiring to defraud the Internal Revenue Service for tax years 1997 through 2004. Freeman, Colee, and Prisock controlled a distributorship for Nikken, a multi-level marketing company engaged in the sale of alternative health care products, which generated commissions in excess of \$5,000,000 during the years 1997 through 2004. Spackman was an income tax preparer for the three, and Jarvis assisted in setting up fraudulent ministerial entities through which the Nikken commissions were funneled. This was done in order to disguise the income received and to evade payment of personal income taxes. During the years in question the defendants conspired with one another 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 Department of Treasury in the ascertainment, computation, assessment, and collection of over \$1,000,000 in income taxes due and owing on the commissions Freeman, Colee, and Prisock received from Nikken.

The prosecution of the case was delayed because Freeman, Prisock and Reese avoided apprehension. All three individuals were aware of the Indictment and took actions to elude authorities in determining their location. Reese was arrested in Scottsdale, Arizona. Upon her arrest, she assisted the Internal Revenue Service in locating Freeman and Prisock. Freeman and Prisock were arrested in June 2009 at a home in Katy, Texas where they had been residing periodically for a year and a half. Upon their arrest, both defendants were detained pending resolution of the case.

The case was investigated by the Internal Revenue Service - Criminal Investigation and was prosecuted by Assistant United States Attorney Karen Whatley and Department of Justice Tax Division Attorney Robert A. Kemins.

###