



United States Department of Justice

United States Attorney Kevin V. Ryan

Northern District of California

11th Floor, Federal Building
450 Golden Gate Avenue, Box 36055
San Francisco, California 94102
(415) 436-7200
FAX: (415) 436-7234

FOR IMMEDIATE RELEASE

FEBRUARY 6, 2007

WWW.USDOJ.GOV/USAO/CAN

CONTACT: Luke Macaulay

(415) 436-6757

Luke.Macaulay@usdoj.gov

BROTHER AND SISTER SENTENCED FOR PREPARING FALSE TAX RETURNS

SAN FRANCISCO – United States Attorney Kevin V. Ryan and IRS-Criminal Investigation Special Agent in Charge Roger L. Wirth announced today that KENNETH GRIMES was sentenced to six months in prison, six months of community confinement, and one year of supervised release. BRENDA ALLEN was sentenced to two years probation which includes 8 months of home confinement.

In pleading guilty on October 2, 2006, Mr. Grimes and Ms. Allen, both residents of Oakland, admitted that beginning in the early 1990's and continuing through at least 2003, Mr. Grimes owned and operated the Ken Grimes Company in Oakland, Calif., which provided tax return preparation services to clients. Both Mr. Grimes and his sister, Ms. Allen, prepared false tax returns on behalf of others by overstating expenses through submitting false Schedules A and E on their clients' returns. Mr. Grimes admitted that when Ms. Allen first began working for him, clients were hesitant to have their tax returns prepared by her. Mr. Grimes taught Ms. Allen how to prepare false tax returns which increased her clientele.

Mr. Grimes and Ms. Allen were indicted by a federal grand jury on April 13, 2006. Mr. Grimes was charged with one count of conspiracy, 14 counts of assisting in the preparation of a false tax return, and three counts of tax evasion. Ms. Allen was charged with one count of conspiracy and three counts of aiding and assisting in the preparation of a false tax return.

According to IRS Criminal Investigation Special Agent in Charge, Roger L. Wirth, "Fraudulent tax preparation schemes utilizing false and inflated deductions cost the government millions of dollars each year. IRS Criminal Investigation will aggressively investigate those who intentionally cause the preparation and filing of false tax returns. Taxpayers should be very careful in choosing their tax professional."

According to the indictment, on April 8, 2003, an undercover operation was conducted by IRS special agents on the Ken Grimes Company. During that operation, Allen is alleged to have prepared a false and fictitious Schedule C on the undercover agent's income tax return. According to the indictment, Allen told the undercover agent that she had manipulated the figures to get the most money back on the tax return.

After contacts by the IRS, both Grimes and Allen attempted to conceal their unscrupulous activities by leaving the return preparer signatures blank or stating that the tax returns were self-prepared.

Cynthia Stier is the Assistant U.S. Attorney who is prosecuting the case with the assistance of Stefania Chin. These charges are the result of an investigation by IRS-Criminal Investigation.

The sentence was handed down by U.S. District Court Judge Vaughn Walker. Mr. Grimes will be serving his

sentence on March 30, 2006.

Further Information:

A copy of this press release may be found on the U.S. Attorney's Office's website at www.usdoj.gov/usao/can.

Electronic court filings and further procedural and docket information are available at <https://ecf.cand.uscourts.gov/cgi-bin/login.pl>.

Judges' calendars with schedules for upcoming court hearings can be viewed on the court's website at www.cand.uscourts.gov.

All press inquiries to the U.S. Attorney's Office should be directed to Luke Macaulay at (415) 436-6757 or by email at Luke.Macaulay@usdoj.gov.

###