



October 29th, 2009

Southaven Resident Pleads Guilty to Mail Fraud, Tax Evasion

Memphis, TN – Paula Sharice Nelson a/k/a Paula Mason, a/k/a Paula Kimmons, 30, of Southaven, Mississippi, pled guilty to one count of mail fraud and one count of income tax evasion before U.S. District Judge S. Thomas Anderson announced Lawrence J. Laurenzi, U.S. Attorney for the Western District of Tennessee. Nelson faces a maximum penalty of 35 years in prison and a fine of \$1.25 million when she is sentenced on January 28, 2010.

Nelson was charged on March 12, 2008, with mail fraud, bankruptcy fraud, money laundering, and three counts of income tax evasion. Nelson was also charged with devising a scheme to provide false and fraudulent information to financial institutions to secure mortgage loans on various pieces of real property throughout Memphis, Tennessee.

According to a factual basis read during the hearing, between April of 2000 and September of 2005, Nelson engaged in a property flipping scheme in which she would purchase HUD homes that were in foreclosure at low prices and then sell those homes to purchasers who were family members and other associates at inflated prices. These sales usually took place on the same day as the purchase by Nelson, and in some instances, before Nelson even purchased the property. In connection with these property sales, Nelson and others would submit and cause to be submitted fraudulent information and documentation regarding the purchasers' employment and income in order to obtain mortgage loans on the properties. Nelson would also alter appraisal information before submitting it to mortgage lenders to delete necessary repairs. In this fashion, Nelson bought and sold 14 properties in the Memphis area during this period of time.

The evidence revealed that Nelson kept the proceeds from these sales and did not report them on her federal income tax returns. Nelson admitted that she did not file a federal income tax return in 2004 and paid no federal income tax that year. Nelson also admitted that she was aware of the requirement that she file a tax return and pay taxes on her income.

This investigation was conducted by the United States Postal Inspection Service and IRS Criminal Investigation. Assistant U.S. Attorney Christopher E. Cotten represented the government.

#