



August 10, 2017

Three Alaska Residents and Four Corporations Charged with Defrauding Investors of Over \$1 Million

Yesterday, 57 year-old Arnold Ray Berg, 54 year-old Karen Lorraine Berg, 58 year-old Kevin Lee Johnson all of Anchorage and four different corporations (Berg Corporation, Quality Products, Inc., Aquila Alaska Corporation and International Technology Development Corporation) were indicted by a grand jury on multiple counts of scheme to defraud, theft in the first degree, prohibited securities practices and falsification of business records. Arraignment is set for all of the defendants on August 17, 2017 at 1:45 in Anchorage Superior Court.

The defendants are alleged to have defrauded investors from all over the U.S. of over \$1 Million. Arnold Ray Berg, Karen Lorraine Berg, and Kevin Lee Johnson are directors in Berg Corporation and International Technology Development Corporation. Arnold Berg and Kevin Johnson are directors in Aquila Alaska Corporation. Arnold Berg is the sole owner of Quality Products, Inc. Arnold Berg and Kevin Johnson allegedly sold 1,406,824 worth of unregistered securities in Berg Corporation and 500,000 worth of unregistered securities in International Technology Development Corporation in return for over \$1 Million in investments. The investment funds were supposed to be used to advance a mobile IV system. Arnold Berg, Kevin Johnson and Karen Berg allegedly used a vast majority of the investment funds on personal expenses rather than advancing the mobile IV system. It was further alleged that they altered 43 invoices for Berg Corporation after they were made aware of the investigation.

Arnold Berg, Kevin Johnson and Berg Corporation were indicted on four counts of scheme to defraud, one count of theft in the first degree, one count of attempted theft in the first degree, two counts of prohibited securities practices and one count of falsification of business records. Karen Berg was indicted on four counts of scheme to defraud, one count of theft in the first degree, one count of attempted theft in the first degree, one count of prohibited securities practices and one count of falsifying business records. Quality Products, Inc. was indicted on four counts of scheme to defraud, one count of theft in the first degree and one count of attempted theft in the first degree.

Aquila Alaska was charged with one count of scheme to defraud and one count of theft in the first degree. International Technology Development Corporation was indicted on four counts of scheme to defraud, one count of theft in the first degree, one count of attempted theft in the first degree and two counts of prohibited securities practices.

The scheme to defraud and theft in the first degree charges carry a sentence of up to 10 years in prison, a fine of up to \$100,000, and restitution to the victims. The attempted theft in the first degree, prohibited securities practices and falsification of business records carry a sentence of up to five year in prison, a fine of up to \$50,000 and restitution to the victims. For the corporations, the charges carry fines of up to three times the pecuniary gain realized by the corporations.

All of the charges discussed herein are merely allegations and are not evidence of guilt. All of the defendants are presumed innocent. All of the defendants are entitled to a fair trial at which the government must prove guilt beyond a reasonable doubt.

The investigation was conducted by the Alaska Division of Banking and Securities. CONTACT: Assistant Attorney General Charles Agerter @ (907) 269-7945 at the Office of Special Prosecutions.

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