



# Department of Justice

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Eastern District of California

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## **PAST PRESIDENT AND CFO OF SHASTA COUNTY COMPANY PLEADS GUILTY TO EMBEZZLEMENT AND TAX EVASION**

SACRAMENTO, Calif.—United States Attorney McGregor W. Scott announced today that PEGGY KAYE WITTS, 61, of Redding, California, pleaded guilty today to one felony count each of wire fraud and tax evasion, arising out of her embezzling over \$850,000 from the Voorwood Company, Inc., of Anderson, California, and failing to report the stolen money as income. The guilty plea was entered before United States District Judge Frank C. Damrell, Jr.

According to Assistant United States Attorney Matthew Stegman, who is prosecuting the case, WITTS was employed by Voorwood beginning in 1991, becoming the chief financial officer in 1999 and president in 2002. The defendant admitted that she engaged in a scheme to defraud the Voorwood Company by issuing duplicate paychecks to herself for over four years and issuing company checks to herself, family members, and others for her personal expenses. She also admitted to tax evasion based on her failure to report the embezzled money as income and to pay taxes on the money.

The case is the product of an extensive investigation by the Anderson Police Department, the U.S. Department of Labor's Employee Benefits Security Administration and Office of Inspector General, and the Internal Revenue Service - Criminal Investigation Division.

For the wire fraud violation, WITTS faces up to 20 years in prison, and up to five years in prison for tax evasion, with a fine of up to \$250,000 for each count. However, her actual

sentence will be determined at the discretion of the court after consideration of the Federal Sentencing Guidelines, which take into account a number of variables, and any applicable statutory sentencing factors.

The plea agreement also requires that WITTS pay full restitution for her crimes, including that the defendant turn over to Voorwood, in partial satisfaction of her restitution obligation, the proceeds from the sale of her house in Redding, other real estate located in Shasta County, a mobile home, as well as all interest in her Voorwood retirement plan, and a Roth IRA.

In addition, because the company is owned entirely by its Employee Stock Ownership Plan and WITTS had been the president of the ESOP board of trustees, the plea agreement requires that she be prohibited for 13 years from participating in any way with administering an employee benefit plan, as an adviser to an employee benefit plan, or in any capacity that involves control of the assets of any employee benefit plan.

WITTS is scheduled to be sentenced by Judge Damrell on September 29, 2008, at 10:00 a.m.

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