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PRESS RELEASE

**FORMER BOOKKEEPER OF LOCAL SALON
ACCUSED OF EMBEZZLING OVER \$1,000,000**

Ruth C. Fallis, the former bookkeeper for the Perry Anthony Design Group, a salon/day spa in Pike Creek, Delaware, was arrested Friday morning for her alleged role in embezzling in excess of \$1,000,000 from the company, announced United States Attorney Colm F. Connolly. Fallis was arrested pursuant to a criminal complaint charging her with interstate transportation of stolen/fraudulent securities and with wire fraud.¹ As the affidavit attached to the criminal complaint describes, between December 2001 and October 2005, Fallis, who had been the bookkeeper for the Perry Anthony Design Group since 1991, embezzled money from the salon/day spa in at least two ways: by forging checks totaling over \$500,000 from the company's account to herself and to companies/vendors to whom she owed money for personal expenses such as credit card purchases and home improvements; and by stealing more than \$500,000 of cash receipts that she was responsible for depositing into the company account. In order to hide the theft, in 2002, Fallis stopped making the quarterly federal tax deposits on behalf of the Perry Anthony Design Group and diverted calls and notices from the IRS to herself, so that the owner

¹A criminal complaint is only an accusation. A defendant is presumed innocent until proven guilty.

of the company would not learn of the tax liability and/or of her ongoing embezzlement. The total of the forged checks and stolen cash exceeds \$1,000,000.

Regarding the forged checks, as the affidavit details, Fallis wrote 74 unauthorized checks totaling \$557,044.93 off the Perry Anthony Design Group account either to herself or to pay her expenses. Of those 74 checks, Fallis wrote 56 checks totaling \$462,536.60 to pay her American Express (AmEx) bills. A review of Fallis' AmEx statements showed that she used her AmEx card to buy first class plane tickets for herself and her family, take trips to Europe, go skiing with her family out West, stay at expensive resorts and hotels, and go on shopping sprees in New York City. In addition, Fallis wrote eleven checks totaling \$40,913.50 to herself. She also wrote one check in the amount of \$5,716.41 to pay a Diner's credit card bill, two checks totaling \$9,180 to pay for landscaping work done at her home, and five checks totaling \$43,692 to pay for contracting work done on her home. Meanwhile, salon owner Perry Scarfo is left with an unpaid tax bill totaling approximately \$1.3 million.

U.S. Attorney Connolly thanked the Delaware State Police and the Treasury Inspector General for their investigative work which led to the criminal complaint. He cited in particular the efforts of Detective Douglas P. Deveney of the Delaware State Police and Special Agent John L. Davids of the Treasury Inspector General for Tax Administration.

Delaware State Police Lieutenant Colonel Mark W. Seifert stated, "Troopers working in the State Police Financial Crimes Unit have consistently been able to work closely with members of the U.S. Attorney's Office in efforts to address the emerging challenge of white collar crime. By working in partnership with the U.S. Attorney's Office and bringing to bear all of our resources, we were able to enhance this prosecution. Our detectives have become quite skilled in investigating these difficult cases and we appreciate the U.S. Attorney's support in working together on these important cases."

If convicted, Ruth C. Fallis faces a maximum sentence of 30 years imprisonment and a \$1,000,000 fine for the wire fraud charge and a maximum sentence of 20 years imprisonment and a \$250,000 fine for stolen/fraudulent securities charge.

Assistant U.S. Attorney Beth Moskow-Schnoll is prosecuting the case.

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