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**FORMER CFO OF BALTIMORE FURNITURE COMPANY PLEADS GUILTY
TO FRAUDULENTLY TAKING \$4.5 MILLION OF COMPANY MONEY**

BALTIMORE, Maryland - United States Attorney for the District of Maryland Rod J. Rosenstein announces that today Islam Alrub, age 39, of Baltimore, pleaded guilty before U.S. District Court Judge J. Frederick Motz to wire fraud.

United States Attorney Rosenstein stated, "Corporate fraud harms businesses and the public at large. The United States Attorney's Office is committed to prosecuting people who defraud Maryland businesses."

According to the agreed statement of facts presented to the court, David-Edward Company Ltd. (hereinafter "David-Edward") is a manufacturer and designer of high end office and stadium furniture with offices and a manufacturing plant located in Baltimore County. David-Edward is presently owned and run by its founder's three sons: David Pitts who is the president; and Kevin and Gregory Pitts, who are the other company officers. Alrub had been employed by David-Edward for approximately 13 years from 1991 to 2004. In 1997, Alrub was promoted to the position of Chief Financial Officer and Controller ("CFO"). As CFO, Alrub had complete control over the financial transactions of David-Edward.

Beginning in early 2004, David Pitts became concerned with the cash flow problems that seemed to be plaguing David-Edward. In the spring of 2004, Pitts brought in an accounting firm to examine the financial situation. Alrub provided the firm with data and the firm concluded that there were no evident problems in David-Edward's finances.

Still concerned with the cash flow problem, David Pitts announced to the staff that he intended to have a "focused audit" of specific areas of the company's financial operation. Shortly thereafter, Alrub abruptly resigned.

Alarmed by the Defendant's unexpected resignation, Pitts hired a forensic accountant to review the financial records that Alrub had controlled since 1997. The analysis revealed that Alrub

had employed a number of strategies, as follows, to drain approximately \$4.5 million from David-Edward.

The Line of Credit at PNC

David-Edward had, up to August, 2002, a \$1 million dollar line of credit with PNC. At Alrub's urging, David-Edward obtained an increase in the line to \$1.5 million. In April 2004, Alrub, without the company's consent or knowledge, sought an increase in the line of credit from \$1.5 million to \$2 million. To accomplish this, Alrub made false representations to PNC officials and forged the signatures of Gregory Pitts and Kevin Pitts on requisite corporate documents.

At the time of his resignation, Alrub had used almost the entire \$2 million credit line. Moreover, Alrub had obtained an additional \$350,000 corporate loan from PNC. Alrub had drawn down \$229,000 on this note.

M&T Bank Account

David-Edward operated a plant in Red Lion, Pennsylvania. For a number of years in the 1980s and 1990s, David-Edward maintained a bank account with M&T Bank and its predecessor to issue payroll checks to Pennsylvania employees and to pay for some occasional expenses.

Sometime in 2000 or 2001, David-Edward decided to consolidate the payroll into one account. As a result, Pitts directed Alrub to close the M&T Bank account. Alrub reported that he had done so. In fact, Alrub never closed the M&T Bank account, but rather continued to deposit David-Edward funds into the account. Alrub used approximately \$550,000 in funds withdrawn from this account for his own benefit.

Provident Bank Account

David-Edward maintained an account at Provident Bank of Maryland, in part, to collect payments from customers. Funds collected by David-Edward would be deposited into the Provident account and subsequently transferred, often by wire transfer, to the PNC account in Wilmington, Delaware. Alrub diverted \$1.29 million in David-Edward funds from this account to himself or to entities in which he owned or had an interest.

American Express

David-Edward had a business credit card account with American Express. Alrub charged \$159,149 of personal items to this business account. Additionally, Alrub opened an American Express account in his own name and used David-Edward funds to pay the charges which were for his own benefit and not David-Edward.

Alrub drained approximately \$4.5 million from David-Edward during his tenure as CFO. In addition to keeping over \$2.88 million to pay for his own personal use, approximately \$1.224 million can be traced flowing out of David-Edward accounts to specific business entities which Alrub either controlled or had an interest in. Additionally, \$515,000 can be traced to payments

Alrub made to individuals who worked on properties or for entities owned by Alrub.

Alrub faces a maximum sentence of 20 years in prison and 3 years of supervised release. Judge Motz has scheduled sentencing for October 5, 2005 at 9:00 a.m.

In announcing the guilty plea, United States Attorney Rosenstein thanked the Federal Bureau of Investigation for their work, and Assistant U.S. Attorney Stephen M. Schenning who is prosecuting the case.