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**FORMER NORTHRIDGE WATER BOARD GENERAL MANAGER
PLEADS GUILTY TO TAX FRAUD SCHEME**

SACRAMENTO--United States Attorney McGregor W. Scott announced today that DEWIGHT FRANCES KRAMER, 80, of Sacramento, pleaded guilty this morning before U.S. District Court Judge Garland E. Burrell to conspiring to defraud the United States. Judgment and sentencing has been set before Judge Burrell for May 7, 2004 at 9:00 a.m., where KRAMER faces a maximum sentence of five years in prison and up to a \$250,000 fine.

The case is the product of an joint investigation undertaken by the Sacramento County District Attorney's Office, the Internal Revenue Service - Criminal Investigations, and the Federal Bureau of Investigation.

According to Assistant U.S. Attorney James P. Arguelles, who is prosecuting the case, KRAMER admitted as part of his plea that while he was the General Manager for Northridge Water District ("NWD"), he conspired with co-defendant Jerry NESS to conceal from the IRS hundreds of thousands of dollars in taxable income earned by themselves and other NWD employees. Specifically, KRAMER admitted that during the period of January of 1999 through December of 2002, he and NESS caused the compensation for unused sick leave and vacation pay for NWD employees to be issued through accounts payable rather than payroll, resulting in no Form 1099s or other notifications being issued to the IRS.

KRAMER also issued himself bonuses, salary advances, and a car allowance, all of which were also run through NWD's accounts payable, rather than payroll, again resulting in no withholding of federal taxes from such payments. KRAMER admitted that he knowingly issued these payments through the accounts payable system in order to conceal them from the IRS, and that he in fact paid no federal taxes on such income. In total, KRAMER admitted that during the period of January of 1999 through December of 2002, approximately \$516,332 in compensation issued to KRAMER, NESS, and other NWD employees was run through the NWD accounts payable system in order to conceal it from the IRS.

Judge Burrell set a trial date of July 13, 2004 for co-defendant NESS, who previously entered a plea of not guilty, and has been released on his own recognizance. The United States Attorney's Office notes that the indictment on file contains only accusations, and that defendant NESS is presumed innocent until and unless proven guilty beyond a reasonable doubt.

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