



U.S. Department of Justice

DAVID E. O'MEILIA
United States Attorney
Northern District of Oklahoma

333 West Fourth Street, Suite 3460
Tulsa, Oklahoma 74103-3880

(918) 581-7463
Fax (918) 581-7769

NEWS RELEASE

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Contact: Randal Edgmon

Wife of Former CEO of NESCO Sentenced to 18 Months Imprisonment for Conspiracy to Defraud the IRS, Filing Fraudulent Tax Returns and Failure to File Federal Income Tax Returns

David E. O'Meilia, United States Attorney for the Northern District of Oklahoma, Jacqueline L. Collins, Special Agent-in-Charge of the Internal Revenue Service - Criminal Investigation Division, and John E. Lewis, Special Agent-in-Charge of the Oklahoma Office of the Federal Bureau of Investigation, announce today the sentencing of Judith Ray Patterson, 59, of Tulsa, Oklahoma. Judith Ray Patterson is the wife of Eddy Lynn Patterson, former CEO of National Environmental Service Company (NESCO).

NESCO was a public corporation whose stock was traded on the NASDAQ. In June, 2001, NESCO was recognized by Fortune Small Business Magazine as one of America's 100 fastest growing companies. However, the stock price of NESCO fell after public disclosure of the company's restatement of financial statements for the year 2000 and the first quarter of 2001. Eventually, NESCO filed for bankruptcy reorganization pursuant to Chapter 11 on November 25, 2001, in the United States Bankruptcy Court for the Northern District of Oklahoma.

The couple were convicted after a three week jury trial in November and December, 2003. The jury convicted Judith Patterson of one count of conspiracy to defraud the Internal Revenue Service, two counts of filing false federal income tax returns for the years 1993 and 1995 and four counts for failure to file federal income tax returns for the years 1996, 1998, 1999 and 2000. Evidence at trial established the Pattersons filed fraudulent amended

income tax returns for years 1993 and 1995 and did not file federal income tax returns from 1996 to 2000. In addition, evidence at trial included letters sent by Eddy L. Patterson and Judith Ray Patterson to the Internal Revenue Service renouncing their citizenship of the United States and claiming the IRS did not have jurisdiction over them. During 1996 to 2000 Eddy and Judith Patterson earned a combined income of \$1.9 million dollars resulting in approximately \$188,000 of unpaid federal tax liability.

United States District Judge Claire V. Eagan sentenced Judith Patterson to 18 months imprisonment on Counts 1, Conspiracy, and Counts 2 and 3, filing fraudulent returns; 12 months imprisonment on Counts 4-7, for failure to file federal income tax returns, each sentence to run concurrent to the others. No fine was assessed but Judith Patterson was ordered to pay approximately \$20,000.00 in costs of prosecution .

United States Attorney O'Meilia stated the prosecution and sentencing of Judith Patterson sends a clear message that not only will the United States Attorney's Office prosecute income tax offenses to the fullest extent of the law but the federal courts consider such tax offenses extremely serious and will impose substantial terms of incarceration.

Eddy Patterson is scheduled to be sentenced on June 1, 2004 on his convictions for tax, bank and securities fraud.

Count 1: Conspiracy 18 U.S.C. 371

Fine not to exceed \$250,000 and/or imprisonment up to five years and term of supervised release of not more than 1 year.

Counts 2 and 3: False Return 26 U.S.C. 7206

Fine not to exceed \$100,000.00 and/or imprisonment up to 3 years and term of supervised release of not more than 1 year.

Counts 4-7: Failure to File: 26 U.S.C. 7203

Fine not to exceed \$25,000 and/or imprisonment up to 1 year and term of supervised release of not more than 1 year.