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NEWS RELEASE

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Former Tulsa Businessman and CEO Sentenced to Imprisonment For Tax Fraud, Loan Fraud, and Securities Violations

David E. O'Meilia, United States Attorney for the Northern District of Oklahoma, announced that Eddy L. Patterson, 63, of Tulsa, was sentenced today by U.S. District Judge Claire V. Eagan, to over nine years imprisonment (110 months) and ordered to pay a money judgement of \$3,476,936.00. Patterson was found guilty in a December 2003 jury trial of 27 counts involving conspiracy, filing false income tax returns, evasion of federal taxes, bank fraud, and securities fraud. His wife, Judith Patterson, was also found guilty of associated crimes and sentenced to 18 month imprisonment last March.

The criminal conviction of bank fraud and securities fraud are in connection with Eddy L. Patterson's position as co-founder and chief executive officer (CEO) of National Environmental Service Company (NESCO) of Tulsa. 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.

Patterson's tax fraud convictions include a variety of criminal acts involving the filing of false statements in income tax returns for the years 1993 and 1995, and failing to file personal federal income tax returns and failing to pay personal federal income taxes for the years 1996 to 2000. During the course of the conspiracy, the Pattersons sent letters to the IRS renouncing their citizenship of the United States and claiming the IRS did not have jurisdiction over them.

The Securities and Exchange Commission has a civil lawsuit still pending against Eddy Patterson. The SEC alleges that Patterson committed financial fraud and other securities law violations related to his orchestration of a false invoice scheme that inflated NESCO's assets and revenue for fiscal year 2000 and the first quarter of 2001 by over \$2 million. In its Complaint, the SEC requests that Eddy L. Patterson be permanently enjoined from future securities activities, that a third-tier civil monetary penalty be assessed against him, that he be ordered to disgorge the full amount of improper compensation he received from NESCO, with prejudgment interest, and that he be barred from serving in the future as an officer or director of a public company.

The criminal case was prosecuted by Assistant U.S. Attorney Doug Horn, Chief of the Criminal Division, and Assistant U.S. Attorney Melody Noble Nelson, both of Mr. O'Meilia's staff, and Jeffrey J. Ansley, an Assistant United States Attorney from the Northern District of Texas in coordination with the Securities and Exchange Commission.

U.S. Attorney O'Meilia praised the efforts of the federal prosecutors involved and the agents of the Tulsa Resident Agencies of the FBI and IRS-CID, along with the Securities and Exchange Commission attorneys who coordinated their efforts over a four-year period. In particular, U.S. Attorney O'Meilia thanked the United States Attorney's Office for the Northern District of Texas for providing Assistant United States Attorney Jeff Ansley to assist with the prosecution.

Mr. O'Meilia further stated that the Department of Justice and U.S. Attorneys' Offices nationwide are committed to exposing and eradicating corporate fraud at all levels. He also gave credit to the Department of the Treasury, the Federal Bureau of Investigation and the Securities and Exchange Commission for their endeavors toward this goal.