

**U.S. Department of Justice****Jeffrey A. Taylor**
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for the District of Columbia*Judiciary Center
555 4th Street, N.W.
Washington, D.C. 20530**PRESS RELEASE****FOR IMMEDIATE RELEASE**
Friday, February 9, 2007For Information, Contact Public Affairs
Channing Phillips (202) 514-6933**Chief Financial Officer of Douglas Development Corporation pleads guilty to Tax Evasion**

Washington, D.C. - The Chief Financial Officer of Douglas Development Corporation (DDC), John E. Brownell, 45, of Rockville, Maryland, has pleaded guilty to a single count of tax evasion, U.S. Attorney Jeffrey A. Taylor and Francis L. Turner, Special Agent in Charge, Internal Revenue Service, Criminal Investigation, announced today. Brownell is the third high-level official of DDC who has been found guilty of felony charges.

The defendant pleaded guilty yesterday, February 8, 2007, in the U.S. District Court for the District of Columbia before the Honorable Ricardo M. Urbina. The statutory penalty is five years. Judge Urbina set sentencing for June 7, 2007.

According to the facts set forth by the government prosecutor at the plea proceeding, for about an 8½ year period, between mid-1996 and 2004, Douglas Development made payments totaling over \$270,000 to a credit line account of the defendant at Potomac Valley Bank, where the funds were then used by Brownell for personal purposes. These payments were disguised in the books of Douglas Development to appear as routine financial obligations of DDC to the bank – in effect, the compensation of Brownell was disguised as a company loan repayment.

In addition, Douglas Development provided other unreported income to the defendant, including high dollar checks payable directly to Brownell that were recorded on the DDC books as loans. In loan applications to financial institutions, Brownell did not report having loans of any sort to his employer. Finally, the government's proffer disclosed an instance where DDC distributed monies directly from a real estate loan settlement to Brownell personally – a distribution that was not accounted for on the books of the company. The total tax loss, according to the government was in the range of \$80,000 to \$150,000.

This conviction marks the fifth individual convicted of a felony arising from the criminal investigation that looked into the relationship between the D.C. Government and certain private developers and contractors. In October 2004, Fernando Villegas, a construction contractor, pleaded guilty to conspiracy to pay bribes to a D.C. Government official and is pending sentencing. Also in October 2004, Michael Lorusso, a former D.C. Government official, pleaded guilty to conspiracy to receive bribes (from Villegas and from Douglas Development) and is pending sentencing. In October 2006, Douglas Jemal, the President and owner of Douglas Development, was found guilty at trial of wire fraud and is pending sentencing. Blake Esherick, the number two official at Douglas Development, was found guilty at that same trial of wire fraud and tax evasion and is pending sentencing. Jemal is scheduled to be sentenced on April 16, 2007. Esherick is scheduled to be sentenced on March 15, 2007.) Brownell, who has pled guilty to tax evasion, is now the third high level Douglas Development official to be found guilty of a felony charge.

In announcing the guilty plea, U.S. Attorney Taylor, IRS Special Agent in Charge Turner praised the work of the following individuals: Special Agent Charles Jones, Revenue Agent Jennifer Abbot, Court Witness Coordinator Jeanne Moisa, and Trial Illustrator Kelly Johnson of the Internal Revenue Service; FBI Special Agents David McClelland, Thomas Chadwick, Andrew Sekela and Eric Paris, FBI Forensic Computer Technician Susy Hwang; Legal Assistant Lisa Robinson of the U.S. Attorney's Office; Oliver John-Baptiste, of the Litigation Support Unit of the U.S. Attorney's Office; and Assistant U.S. Attorneys Timothy Lynch and Mark H. Dubester, who has handled this matter from its inception.