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NEWS RELEASE

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Paul J. McNulty, United States Attorney for the Eastern District of Virginia, announced that Blanche L. Cordes, age 80, a Hampton resident, pled guilty today in United States District Court in Norfolk, to filing a false tax return. Cordes faces a maximum prison term of 3 years, a fine of \$250,000, cost of prosecution and full restitution when sentenced on February 17, 2005, by United States District Judge Rebecca Beach Smith.

Ms. Cordes was employed as an accounting clerk, bookkeeper and tax preparer for Forrest & Markos, an accounting firm located in Newport News, Virginia. Forrest & Markos provided accounting related services to a variety of clients, including Sanitary Engineering, Inc. (SEI). Dating back at least as far as 1998, while in the performance of her work duties, Cordes embezzled SEI funds by writing out SEI company checks to herself for "cash" and negotiating the checks without proper authority from SEI. Between 1998 and 2003, Cordes negotiated approximately \$960,570.00 in SEI funds. Between the taxable years of 1998 and 2003, Cordes received taxable income from the embezzlement scheme and failed to report this income and the resulting taxes due and owing on her filed income tax returns.

As part of the plea agreement, Cordes has agreed to make restitution to the United States in the amount of \$295,790.20 which represents the tax due and owed to the government as a result of the under-reported embezzled funds.

Mr. McNulty stated: "This is our fourth tax evasion prosecution in the Peninsula this year. It ought to be clear by now that if you try to cheat the government you will be prosecuted."

The investigation was conducted by the Criminal Investigation Division of the Internal Revenue Service and the United States Secret Service. Assistant United States Attorney Howard J. Zlotnick prosecuted the case for the United States.

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