

**U.S. Department of Justice**

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PRESS RELEASE

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Federal employee pleads guilty to income tax evasion by falsely claiming exemption

Washington, D.C. - A long-time employee of the Central Intelligence Agency (CIA), Cassandra Harris, has pled guilty to evading her income taxes for the calendar year 2001, U.S. Attorney Jeffrey A. Taylor, Francis Turner, Special Agent in Charge of the Internal Revenue Service, Criminal Investigation, Baltimore Field Office, and Sherryl Hobbs-Newman, Deputy Chief Financial Officer for the District of Columbia's Office of Tax and Revenue, announced today.

Harris pleaded guilty yesterday in the U.S. District Court for the District of Columbia before the Honorable Ellen Segal Huvelle. In pleading guilty, Harris, 47, of the 5300 block of 2nd Street, NW, Washington, D.C., admitted that she evaded approximately \$56,000 in federal income taxes for tax years 1999 through 2002.

According to the government's evidence, in 1999, Harris instructed the CIA to stop withholding income taxes from her pay by filing a Form W-4 in which she falsely claimed an exemption. She filed income tax returns for 1999 and 2000, but failed to report any income even though she earned more than \$70,000 from the CIA for each of these years. Instead, she wrote zero on all the lines of the returns and attached statements claiming, among other things, that she was not required to file returns or pay income taxes.

When the IRS contacted Harris to discuss her tax liability, Harris responded that the IRS's notice of tax deficiency was "illegal and unconstitutional." Harris continued to maintain that the filing of income tax returns was voluntary. For the tax years 2001 and 2002, Harris maintained her exempt withholding status with the CIA and failed to timely file income tax returns with the IRS. As a result, she failed to pay any taxes due for those years.

Harris also admitted to failing to pay her District of Columbia income taxes for the same years by claiming an exemption from state withholding and either filing incomplete returns or not at all.

Harris is scheduled to be sentenced on April 26, 2007. She faces a maximum term of imprisonment of 5 years and a fine of \$250,000 under the statute and a likely sentence of 10 to 16 months in prison pursuant to the plea agreement. Harris has agreed as part of her plea agreement to cooperate with the federal and local taxing authorities to pay any outstanding taxes, interest and penalties.

In announcing the guilty plea, U.S. Attorney Taylor, IRS Special Agent Turner and Deputy Chief Newman commended the investigatory work of IRS Special Agent Sharnell Thomas and D.C. Office of Tax and Revenue Special Agent Joseph Sadler. They also praised Assistant U.S. Attorneys Diane G. Lucas and Susan B. Menzer, who are prosecuting the case.