



PRESS RELEASE

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ESCORT SERVICE OWNERS PLEAD GUILTY TO TAX CHARGES

PHOENIX, ARIZONA - The United States Attorney's Office for the District of Arizona announced today that BARBARA FURRY, 57, of Scottsdale, Arizona, and JAMES R. McCAHILL, 64, of Scottsdale, Arizona, have each pleaded guilty before U.S. District Court Judge Paul G. Rosenblatt to federal income tax evasion, a felony, in violation of Title 26, United States Code, Section 7201. BARBARA FURRY pleaded to three counts involving the years 1995, 1996, and 1997, and JAMES R. McCAHILL pleaded to two counts involving the years 1995 and 1996.

FURRY and McCAHILL were indicted on March 31, 1999, on various charges relating to the operation of their numerous escort services, many of which were located at 4040 East McDowell Road in Phoenix. According to the indictment, during the period from 1992 to 1998, FURRY and McCAHILL opened various bank accounts to process credit card transactions, obtained escort service licenses from the city of Phoenix, and hired escorts knowing that the escorts would engage in prostitution activities. Dates would be arranged wherein escorts were paid in cash or credit card for sexual services. The proceeds from these prostitution activities were then processed by banks throughout the United States and then transferred into bank accounts in their names.

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According to the plea agreements, BARBARA FURRY failed to report income from the escort services that she operated for the years 1995, 1996, and 1997, and attempted to evade federal taxes of \$39,629 on this income by dealing extensively in cash and concealing or destroying many of the business records and receipts that were maintained. JAMES R. McCAHILL also failed to report the escort services income on his 1995 and 1996 federal tax returns and attempted to evade taxes of \$22,128 for those years.

FURRY and McCAHILL could each be sentenced to a maximum of five years in prison, a \$250,000 fine, or both, on each count. Both are scheduled for sentencing on December 17, 2001.

This case was investigated by Special Agents of the Phoenix Field Offices of IRS Criminal Investigation and the FBI. Prosecution was handled by Michael Kemp, Assistant United States Attorney, District of Arizona, Phoenix.

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