



PRESS RELEASE

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ESCORT SERVICE OWNER SENTENCED ON TAX CHARGES

PHOENIX, ARIZONA - The United States Attorney's Office for the District of Arizona announced that JAMES R. McCAHILL, 64, of Scottsdale, Arizona, was sentenced today before U.S. District Court Judge Paul G. Rosenblatt on charges of federal income tax evasion, a felony, in violation of Title 26, United States Code, Section 7201.

JAMES R. McCAHILL, who pled guilty in October to two counts of income tax evasion involving the years 1995 and 1996, was sentenced to 15 months in prison, followed by three years of supervised probation.

McCAHILL, and another individual, BARBARA FURRY, 57, also of Scottsdale, were indicted on March 31, 1999, on various charges relating to the operation of 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, McCAHILL and FURRY 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.

Proceeds from these prostitution activities were then processed by banks throughout the United States and subsequently transferred into bank accounts in their names.

According to the plea agreement, JAMES R. McCAHILL 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.

McCAHILL faced a maximum sentence on these tax evasion counts of five years in prison, fines of \$250,000, or both.

BARBARA FURRY's sentencing before Judge Rosenblatt is scheduled for January 7, 2002.

This investigation was conducted by special agents of the Phoenix Field Offices of IRS Criminal Investigation and the FBI. The prosecution was handled by Michael Kemp, Assistant United States Attorney, District of Arizona, Phoenix.

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