



Department of Justice

United States Attorney McGregor W. Scott
Eastern District of California

FOR IMMEDIATE RELEASE
Monday, November 3, 2008
www.usdoj.gov/usao/cae
Docket #: 06-cr-258-FCD

CONTACT: Lauren Horwood
PHONE: (916) 554-2706
edcapress@usdoj.gov

REDDING WOMAN SENTENCED FOR EMBEZZLEMENT RELATED CHARGES
Past President and CFO of Shasta County Company Sentenced to Three Years and 10 Months

SACRAMENTO, Calif.—United States Attorney McGregor W. Scott announced today that PEGGY KAYE WITTS, 62, of Redding, Calif., was sentenced today by United States District Judge Frank C. Damrell Jr., to three years and 10 months in prison on federal wire fraud and tax evasion charges. WITTS embezzled over \$824,333 from the Voorwood Company Inc., of Anderson, Calif., and failed to report the stolen money as income on her federal tax returns. WITTS pleaded guilty to the charges on July 21, 2008.

This case is the product of an extensive investigation by the Anderson Police Department, the U.S. Department of Labor's Employee Benefits Security Administration and Office of Inspector General, and the Internal Revenue Service—Criminal Investigation Division.

According to Assistant United States Attorney Matthew Stegman, who prosecuted the case, WITTS was employed by Voorwood beginning in 1991, becoming the chief financial officer in 1999 and president in 2002. She admitted that she engaged in a scheme to defraud the Voorwood Company by issuing duplicate paychecks to herself for over four years and issuing company checks to herself, family members, and others for her personal expenses. She also admitted to tax evasion based on her failure to report the embezzled money as income and to pay taxes on the money.

Judge Damrell, in sentencing the defendant, questioned why the defendant would commit this crime, given the amount of damage the defendant did to the company and her family by committing the theft. He then stated that, "greed is the only answer I can come up with."

Employee Benefits Security Administration Assistant Secretary of Labor Bradford P. Campbell said, "We will aggressively investigate theft or fraud against employee benefit plans. Today's sentencing sends a clear message that theft of benefit plan assets is a serious crime punishable to the full extent of the law."

According to IRS-CI Special Agent in Charge Scott O'Briant, "Today's sentence is a reminder that those who intentionally conceal income and evade taxes will be prosecuted. Ms. Witts misused her position of responsibility for personal gain. The IRS will aggressively investigate fraud schemes such as these and continue to work closely with our law enforcement partners to solve these types of crimes, bringing those involved to justice."

Judge Damrell also ordered WITTS to pay full restitution for her crimes in the amount of \$824,333 to the Voorwood Company and \$199,858 to the Internal Revenue Service. After pleading guilty, the defendant turned over to the Voorwood Company, in partial satisfaction of her restitution obligation, the proceeds from the sale of her house in Redding, other real estate

located in Shasta County, as well as all interest in her Voorwood retirement plan, and a Roth IRA.

Additionally, because the company is owned entirely by its Employee Stock Ownership Plan (ESOP) and WITTS had been the president of the ESOP board of trustees, she is now prohibited for 13 years from participating in any way with administering an employee benefit plan, acting as an adviser to an employee benefit plan, or serving in any capacity that involves control of the assets of any employee benefit plan. The 13-year term is the statutory debarment period under federal law.

###