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News Release

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Former Minnesota Department of Revenue employee pleads guilty to stealing \$1.9 million in state funds

Earlier today in federal court in Minneapolis, a former auditor with the Minnesota Department of Revenue pleaded guilty to creating false tax refunds and using those refund proceeds for personal benefit. Pamela Marie Dellis, age 58, of Lindstrom, appeared before United States District Court Judge Joan N. Ericksen and pleaded guilty to one count of conspiracy to commit mail fraud and one count of money laundering. Dellis's sister, Nancy T. Sondrall, age 55, of Brooklyn Center, and Dellis's niece, Laurie R. Sondrall, age 28, of Minneapolis, also pleaded guilty to one count of conspiracy for their roles in the scheme.

In their plea agreements, the defendants admitted that from January 12, 2005, through September 17, 2010, they conspired to defraud the State of Minnesota by embezzling funds through the creation of false tax refund checks. As an auditor with the Minnesota Department of Revenue, Dellis's job, in part, was to process tax overpayments. In numerous instances, however, she falsified records so as to create the impression that a taxpayer was owed a refund due to an overpayment when, in fact, that was not the case. Then, she drafted a refund check or a "transfer of funds," made payable to her sister or niece, for the false refund amount. To make it more difficult for anyone to detect that the refunds were not legitimate, Dellis admitted using variations of her co-conspirators' names on the checks and transfers.

To cash the checks, Dellis and her co-conspirators sometimes sought the services of a check-cashing business and then divided the check proceeds. On other occasions, the checks were deposited into an account, in an effort to conceal the source of the funds, and then withdrawn and shared by the co-conspirators. In all, Dellis was responsible for more than 200 fraudulent tax refund payments, totaling approximately \$1.9 million.

For her crimes, Dellis faces a potential maximum penalty of 25 years in prison on the money laundering charge and five years on the conspiracy charge. The other two defendants face

a potential maximum penalty of five years for conspiracy. Judge Ericksen will determine their sentences at a future hearing, yet to be scheduled.

This case is the result of an investigation by the Minnesota Department of Revenue, who discovered the fraud when an employee identified a suspicious pattern in refunds authorized by Dellis. The Department of Revenue collaborated on the investigation with the Minnesota Bureau of Criminal Apprehension, the Minnesota Financial Crimes Task Force, and the Internal Revenue Service-Criminal Investigation Division. The case is being prosecuted by Assistant U.S. Attorney Robert M. Lewis.

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