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News Release

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Former Minnesota Department of Revenue employee sentenced for stealing \$1.9 million in state funds

MINNEAPOLIS – Earlier today in federal court, a former auditor with the Minnesota Department of Revenue was sentenced for creating false tax refunds and using those refund proceeds for personal benefit. Citing the need to protect the public's confidence in the integrity of the tax system and in public employees, United States District Court Judge Joan N. Ericksen sentenced Pamela Marie Dellis, age 59, of Lindstrom, to 60 months in prison on one count of conspiracy to commit mail fraud and one count of money laundering. Dellis was charged along with two co-defendants on January 7, 2011, and pleaded guilty on March 7, 2011.

On August 9, 2011, Dellis's niece, Laurie R. Sondrall, age 29, of Minneapolis, was sentenced to 27 months on one count of conspiracy. She pleaded guilty on March 7, 2011. Dellis's sister, Nancy T. Sondrall, age 55, of Brooklyn Center, is scheduled to be sentenced on September 23, 2011. She also pleaded guilty on March 7, 2011, to one count of conspiracy. Nancy Sondrall faces a potential maximum penalty of five years. All three defendants will be required to pay back more than \$1.9 million in restitution.

Following today's sentencing, Myron Frans, the Commissioner for the Minnesota Department of Revenue, said, "The criminal actions of Pam Dellis have undermined public trust and eroded confidence in the integrity of state government – and will not be tolerated. The public expects employees to act honestly and ethically, to be accountable and comply with all laws, regulations and policies, and to inspire public confidence in state government institutions."

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.

“At the Internal Revenue Service, protecting taxpayer money is a matter we take extremely seriously,” said Kelly R. Jackson, Special Agent in Charge of the IRS’s Criminal Investigation Division in St. Paul. “An integral part of the agency’s mission involves detecting and catching fraudulent tax schemes. The object of this scheme was to defraud the government and the taxpaying public.”

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 IRS-Criminal Investigation Division. The case is being prosecuted by Assistant U.S. Attorney Robert M. Lewis.

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