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District of Arizona

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Public Affairs

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FORMER MARANA RESIDENT CONVICTED OF FOURTEEN COUNTS OF WIRE FRAUD

TUCSON, Ariz. – On March 1, 2012, a federal jury in Tucson, Ariz., found Phillip E. Narum, 46, formerly of Marana, Ariz., guilty of 14 counts of wire fraud for defrauding his employer with the use of wire transfers, a company credit card, and company checks.

Evidence presented at trial showed that in 2004, Narum was hired as an independent contractor at Young and Sons Contracting, Inc., a family owned and operated construction firm in Tucson, Ariz. Narum worked out of the Young and Sons' office and gained access to the accounting system. He also had access to the company operating account and was issued a company credit card.

Although Narum was entitled to approximately \$413,673 in compensation for the period of Nov. 2004 to June 2008, he actually received approximately \$1,056,931, as a result of his use of company checks and credit card charges. Narum's employment was terminated in 2008, after company employees discovered, while Narum was on vacation, multiple unauthorized payments made to him. Narum paid back approximately \$61,049 to Young & Sons before he was terminated. Narum used the fraudulently obtained proceeds for personal expenses, such as credit card debt and mortgage payments. He also used the funds to purchase personal items, including a motor home, multiple dragsters, and dragster parts.

On the day before trial began, Feb. 21, 2012, Narum pleaded guilty to filing false tax returns for the years 2005 and 2006. Narum failed to report additional gross receipts of \$171,351, and \$59,100, respectively, on those tax returns. The unreported gross receipts included proceeds derived from the fraud described above. Narum also pleaded guilty to one count of failure to file a return for tax year 2007, despite having received more than \$225,756 in fraud proceeds.

Each count of wire fraud carries a maximum penalty of 20 years imprisonment, a \$250,000 fine, or both. Each count of subscribing and filing a false income tax return is punishable by a term of 3 years imprisonment, a fine of \$100,000.00, or both, and a period of 1 year supervised release. The failure to file a tax return is punishable by up to 1 year imprisonment, a \$100,000.00 fine, or both. In determining an actual sentence, Judge David C. Bury will consult the U.S. Sentencing Guidelines, which provide appropriate sentencing ranges. The judge, however, is not bound by those guidelines in determining a sentence. Sentencing is set for May 7, 2012.

The investigation was conducted by the Internal Revenue Service - Criminal Investigation and the Federal Bureau of Investigation. The prosecution is being handled by Sonia M. Owens and Danny N. Roetzel, Trial Attorneys, DOJ Tax Division, and Assistant U.S. Attorney Jane L. Westby, District of Arizona, Tucson.

CASE NUMBER: CR-10-3578-DCB-TUC

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