

Department of Justice

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ALDEN WOMAN PLEADS GUILTY TO THEFT OF GOVERNMENT MONEY AND FILING A FALSE TAX RETURN

BUFFALO, N.Y.-- U.S. Attorney William J. Hochul, Jr. announced today that Karen Peterson, 68, of Alden, New York, pleaded guilty before Judge Richard J. Arcara, to theft of government money and filing a false tax return. The theft of government money charge carries a maximum penalty of ten years in prison and a \$250,000 fine. The tax charge carries a maximum penalty of three years in prison and fine of \$100,000.

Assistant U.S. Attorney MaryEllen Kresse, who is handling the case, stated that from June 1989 through September 2010, Peterson converted to her own use approximately \$570,000 in Civil Service Retirement System benefits, which were erroneously paid to her deceased father-in-law. The defendant falsely represented to the government that her father-in-law, who died in 1989, was still living. Peterson admitted that she failed to report the receipt of the benefits to the Internal Revenue Service, and that, from 2007 through 2009, she failed to pay approximately \$13,000 in income taxes.

The plea is the result of an investigation by the United States Office of Personnel Management, Office of Inspector General, the United States Secret Service, under the direction of Special Agent in Charge Tracy Gast, and the Internal Revenue Service, under the direction Special Agent-in-Charge Charles R. Pine.

Sentencing is scheduled for February 10, 2011 at 1:00 p.m. before Judge Arcara.

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