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DAUGHTER SENTENCED TO PRISON FOR FAILING TO PAY TAXES ON \$4.5 MILLION SHE EMBEZZLED FROM FATHER'S MANUFACTURING COMPANY AND FOR FRAUDULENTLY BILLING NSA

Baltimore, Maryland - U.S. District Judge Richard D. Bennett sentenced Christina Turley Knott, age 51, of Edgewater, Maryland, late yesterday to 15 months in prison followed by one year of home detention as part of three years of supervised release, for fraudulently billing NSA and for subscribing to a false tax return. Judge Bennett also ordered that upon her release from prison, Knott must enter into an agreement to pay restitution of \$300,000 to the IRS and the Comptroller of Maryland.

The sentence was announced by United States Attorney for the District of Maryland Rod J. Rosenstein; George Ellard, Inspector General of the National Security Agency; Acting Special Agent in Charge Eric C. Hylton of the Internal Revenue Service - Criminal Investigation, Washington, D.C. Field Office; and Special Agent in Charge Robert Craig of the Defense Criminal Investigative Service - Mid-Atlantic Field Office.

"Today's sentencing of Christina Turley Knott, and last week's sentencing of her father and brother, William and Donald Turley, show that after starting a business and successfully contracting with the government, they forgot that being honest in billing is equally important to providing a good product," said Robert Craig, Special Agent in Charge for the Defense Criminal Investigative Service, Mid-Atlantic Field Office. "DCIS, its law enforcement partners and the U.S. Attorney's Office will investigate and prosecute those that try to take advantage of government contracts and the government's need for specialized equipment, especially during this time in our country's history."

"The investigation revealed that Knott's stolen money was taxable and she intentionally failed to report it," said Acting Special Agent in Charge Eric Hylton. "IRS Criminal Investigation will thoroughly investigate those who blatantly steal from others and fail to pay their taxes."

According to her plea agreement, Christina Turley Knott is the daughter of William Turley, who owned Bechdon Company, a manufacturing company located in Upper Marlboro, Maryland, and was president of the company from 1966 until his resignation on November 19, 2008. The company manufactured metal, plastic and sheet metal parts and other specialty items for customers, including the National Security Agency (NSA). Knott worked as a bookkeeper at her father's company until 2005, preparing and submitting invoices to the NSA for the time and materials used to produce products ordered by NSA.

Beginning in at least 2003, and continuing until she was terminated from her employment at Bechdon in October 2005, Knott participated with her father and brother in a scheme to defraud the NSA by inflating the hours worked by various Bechdon employees on jobs ordered by the NSA. Knott admitted that she instructed at least four Bechdon employees as to the number of hours they should add to the time they had worked for the NSA.

In addition, from 2002 through 2005, Christina Knott used her position as bookkeeper at the Bechdon Company to embezzle approximately \$4.5 million from

the company, by writing checks to herself that were drawn on company accounts. When the embezzlement was discovered in 2005, Knott's employment was terminated. Christina Knott did not report the embezzled funds as income on her 2003 or 2004 federal income tax returns, for a total tax loss of \$1,042,297.

Both William Turley, age 71, of Annapolis, Maryland, and his son Donald Turley, age 54, of Owings, Maryland, were sentenced on March 2, 2012, to 18 months in prison, each followed by a year of home detention as part of three years of supervised release, for conspiring to commit and committing wire fraud arising from the fraudulent NSA billing scheme. Judge Bennett ordered William Turley to pay a \$100,000 fine and also ordered the Turleys to pay restitution of \$247,631.83. The Turleys were convicted on December 8, 2011, after a seven day trial.

United States Attorney Rod J. Rosenstein praised the NSA-OIG, IRS- Criminal Investigation and the DCIS for their work in the investigation. Mr. Rosenstein thanked Assistant United States Attorney Leo J. Wise and Jefferson M. Gray, who prosecuted the case.

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