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PRESS RELEASE

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GERMANTOWN MAN PLEADS GUILTY TO FRAUD & TAX CHARGES

Memphis , TN - Terrell L. Harris, U.S. Attorney for the Western District of Tennessee, announced that Robert K. Earley pled guilty Monday before U.S. District Judge Bernice B. Donald to both counts of an information filed yesterday charging him with mail fraud and income tax evasion.

According to the information, from January 1, 1996 until March 1, 1997, Earley devised a scheme to defraud Williams-Sonoma, Inc., of funds rightly belonging to them. The information states that Earley opened a bank account at Union Planters Bank in Memphis entitled "Williams Sonoma Employees Fund" and caused funds belonging to Williams Sonoma to be deposited into this bank account. Earley allegedly had the bank statements sent to an address he controlled at 1801 Hunters Hill Cove, Germantown, Tennessee in order to hide it from the appropriate

executives at Williams-Sonoma. Finally, the information alleges that Earley used the funds in the account for his own personal use.

The mail fraud charge in the information relates to the mailing of a bank statement on or about September 1, 996, relating to this unauthorized bank account. Additionally, Earley pled guilty to one count of income tax evasion relating to the filing of his personal income tax return for 1996. According to the information, on or about June 23, 1997, Earley signed and filed his personal tax return for 1996 with the Internal Revenue Service, claiming taxable income of $505,363 and tax due and owing of $175,403.75. The information alleges that Earley, at the time of filing this return, knew his taxable income for 1996 was substantially greater than $505,363, and that substantial additional tax was due and owing to the United States.

Earley faces a maximum of 5 years in prison and a fine of $250,000 on each count. He was released pending his sentencing, which is scheduled for October 29, 2002.

This investigation was conducted by FBI and IRS-Criminal Investigation. Assistant U.S. Attorney Tim DiScenza represented the government.

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