Department of Justice

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FORMER COMPUTER COMPANY CEO PLEADS GUILTY TO CONSIPRACY, SECURITIES FRAUD, MONEY LAUNDERING

CINCINNATI – Michael E. Peppel, 43, former Chief Executive Officer of MCSi, Inc., a computer sales company formerly headquartered in Dayton, pleaded guilty in United States District Court here today to one count each of conspiracy, securities fraud, and money laundering for improperly reporting company revenues as part of a scheme to inflate the company's stock price.

Carter M. Stewart, United States Attorney for the Southern District of Ohio; Keith L. Bennett, Special Agent in Charge, Federal Bureau of Investigation, Cincinnati Field Division (FBI); Jose A. Gonzalez, Special Agent in Charge, Internal Revenue Service Criminal Investigation (IRS); Gerald A. O'Farrell, Assistant Inspector in Charge, U.S. Postal Inspection Service and Kenneth D. Israel, District Administrator, Salt Lake District Office, Securities and Exchange Commission, announced the plea entered today before Senior U.S. District Judge Sandra S. Beckwith. Peppel's trial was scheduled to begin today.

According to court documents, Peppel conspired with other company employees and officers between January 2000 and April 2003 to falsify company accounting records and financial statements. Peppel admitted that he willfully filed an SEC Form 10-Q containing the fraudulent information with the SEC in August 2002. This action violated key provisions of the Sarbanes-Oxley Act of 2002. In a statement of facts filed with Peppel's plea, he admitted that he tried to hide the fraud proceeds by orchestrating a complex series of transfers of $2,778,036.07 from one personal investment account to another.

Peppel also agreed to pay full restitution to the victims of his offense, and to forfeit three pieces of real property, the contents of bank and investment accounts, a$20,000 oil painting and a $9,000 bronze sculpture that represent the proceeds traceable to the crimes. The court will determine the exact amount to be forfeited prior to sentencing.

The maximum statutory penalty for conspiracy to commit securities, mail and wire fraud and for willful false certification of a financial report by a corporate officer is 20 years imprisonment, a maximum fine of $5 million up to three years of supervised release. Money laundering is punishable by up to ten years imprisonment, a $250,000 fine or twice the value of the property involved, and three years of supervised release.

Judge Beckwith will set a date for sentencing.

MCSi's Chief Financial Officer, Ira H. Stanley Jr., 58, of Oakwood, pleaded guilty on July 9, 2007 to a three-count bill of information charging him with one count of conspiracy to commit mail fraud, wire fraud and securities fraud, one count of mail fraud, and one count of false certification of a financial report by a corporate officer. This action violated key provisions of the Sarbanes-Oxley Act of 2002. Stanley is awaiting sentencing.

MCSi called itself North America’s premier reseller of advanced integrated computer technology and visual communications products for business, government and educational institutions. MCSi was formerly listed on the NASDAQ stock market, until it was delisted in April 2003. In 2001, the firm’s annual sales exceeded $810 million, it maintained offices at 160 locations, had 50,000 clients and had over 1,300 employees. In 2003 it filed for bankruptcy.

Stewart commended the efforts of the agents and investigators of the SEC, IRS, U.S. Postal Inspection Service and FBI for their in-depth investigation into this matter, and Assistant U.S. Attorneys Dwight Keller and Brent Tabacchi, both of whom are in the U.S. Attorney’s Office in Dayton, who are prosecuting the case.

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