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News Release

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Las Vegas man pleads guilty to money laundering in connection with Petters Co. fraud

A fourth individual connected to Petters Co. Inc. (PCI) pleaded guilty today in federal court in connection with an alleged scheme to defraud and to obtain billions of dollars from third-party lenders, and to launder billions of dollars of proceeds of the fraud.

Larry Reynolds, 67, Las Vegas, pleaded guilty to one count of money laundering conspiracy. Reynolds entered his plea Oct. 23 in St. Paul before United States District Court Judge Paul Magnuson. Reynolds was charged on Oct. 16.

According to his plea agreement, Reynolds admitted that he conspired with another to launder the proceeds of fraud from 2002 through September 2008. Reynolds owned Nationwide International Resources (NIR), which was a shell corporation and had no real operations. In 2002, Reynolds opened a bank account in the name of NIR.

The plea agreement states that at the request of the owner of PCI, Reynolds began receiving funds into the NIR account for PCI. These funds were wired into the NIR account from third-party investors that loaned money to PCI. The investors were advised that the funds were being sent to NIR for the purchase of consumer electronics by PCI. In fact, Reynolds wired almost all of the funds back to PCI the following day.

From 2002 until September 2008, approximately \$12 billion was routed through the NIR account and re-directed to PCI, the plea agreement states. Multiple times per month, wire transfers were made into the NIR account from lenders ranging from approximately \$2 million to \$25 million.

Reynolds kept a percentage of the funds run through the NIR account as a "commission," and obtained more than \$6 million for his role in the scheme. Reynolds admitted that he knew the funds wired into the NIR account came from investors that were providing loans to PCI, and Reynolds also admitted that he knew that PCI made false representations to investors about NIR and the purpose of the funds wired to NIR.

Reynolds admitted that he knew the wire transfers were purported to be for the purchase of merchandise from NIR by PCI, and also admitted that PCI made no purchases of merchandise from NIR. Reynolds also admitted that he knew that the NIR account was being used by PCI to conceal or disguise that nature, source, ownership and control of the funds and to promote the fraud scheme.

Reynolds faces a potential maximum penalty of 20 years in prison. Judge Magnuson will determine his sentence at a future date. This case is the result of an investigation by the Federal Bureau of Investigation, the Internal Revenue Service-Criminal Investigation Division and the U.S. Postal Inspection Service. It is being prosecuted by Assistant U.S. Attorneys Joe Dixon, John F. Docherty, John R. Marti and Timothy C. Rank.