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6 UNITED STATES DISTRICT COURT
7 EASTERN DISTRICT OF WASHINGTON

8 UNITED STATES OF AMERICA,)
9)

10 Plaintiff,)

11 vs.)

12 RICHARD JOHN NOVAK,)

13 Defendant.)
14)

CR-05-180-3-LRS

Government's Memorandum in
Support of Motion for
Downward Departure Pursuant
to U.S.S.G § 5K1.1

15 **Nature of the Government's Motion and the Guideline Calculation**

16 The Government has filed a motion, pursuant to U.S.S.G. § 5K1.1,
17 requesting that this Court depart downward when imposing sentence on Defendant
18 RICHARD JOHN NOVAK to reflect the substantial assistance that he has
19 provided to law enforcement authorities in the investigation and the prosecution of
20 Dixie Ellen Randock, Steven Karl Randock, Sr., Heidi Kae Lorhan, Roberta Lynn
21 Markishtum, Amy Leann Hensley, and Kenneth Wade Pearson. The details of the
22 Defendant's cooperation are set forth in the attached reports. Attachment 1.

23 The United States Probation Office has determined that the Defendant has a
24 total offense level of 23 after adjustments for his timely acceptance of
25 responsibility. The Defendant's criminal history category is I. If the Court
26 accepts the Probation Office's calculations, the Defendant's guideline range would
27

1 be 46 to 57 months in prison. The United States filed objections to the
2 Presentence Investigation Report, contending that the Defendant's total offense
3 level is 27 after adjustments for his timely acceptance of responsibility.
4 Balancing the seriousness of the Defendant's conduct with his valuable assistance,
5 and if the Court accepts the Probation Office's calculations, the Government will
6 ask the Court to depart downward by 13 levels, from 23 to 10. If the Court accepts
7 the Government's calculations, the Government will ask the Court to depart
8 downward by 17 levels, from 27 to 10. If the Court concludes that 10 is the
9 appropriate offense level, the Defendant would have a guideline range for
10 incarceration of 6 to 12 months. The Government would recommend that the
11 Court impose a prison term within that guideline range, to be followed by a 3-year
12 term of supervised release.

13 In summary, the Defendant provided critical details about how he bribed
14 various foreign government officials on the diploma mill's behalf and obtained
15 "apostilles" for false and fraudulent academic products that were sold. He
16 provided crucial details about the dollar amounts of the bribes, manner of
17 payment, where the bribes were paid, when the bribes were paid, to whom the
18 bribes were paid, and why the bribes were paid. The Defendant provided crucial
19 details about conversations he had with Dixie Ellen Randock regarding the need to
20 bribe foreign government officials and what they had to do in order to obtain the
21 "accreditation" documents for Dixie Ellen Randock's "schools," "Saint Regis
22 University," "Robertstown University," and "James Monroe University." He
23 provided crucial details about what actions Dixie Ellen Randock instructed him to
24 take after the Liberian Embassy posted a negative message about "Saint Regis
25 University" and its false "accreditation" on the embassy's official website.

26 The Defendant was prepared to testify about how these bribe payments and
27 his domestic and overseas travel furthered the scheme to defraud. He also was

1 prepared to testify about how his trips to obtain “apostilles” furthered the scheme
2 to defraud. The Defendant was willing to testify truthfully against his co-
3 defendants, if necessary. His cooperation has contributed to the convictions of his
4 co-defendants.

5 The Defendant’s assistance was timely, and it began before the case was
6 indicted. The case was indicted on October 5, 2005. On August 11, 2005,
7 Operation Gold Seal investigators executed a Federal search warrant at the
8 Defendant’s residence. On that date, the Defendant agreed to make a recorded
9 telephone call to Dixie Ellen Randock. Within a few days of October 5, 2005, the
10 Defendant’s attorney communicated to the Government the Defendant’s
11 continued desire to provide assistance in the investigation and prosecution of his
12 co-defendants. On December 13, 2005, the Defendant signed a freetalk letter and
13 met with Operation Gold Seal investigators for several hours at the United States
14 Attorney’s Office in Spokane, Washington. The Defendant also met with, and
15 provided valuable information, to Operation Gold Seal investigators on January
16 11, 2006, February 8, 2006, March 1, 2006, and May 5, 2006.

17
18 Dated this 19th day of September, 2008.

19 James A. McDevitt
20 United States Attorney
21 s/George J.C. Jacobs, III
22 George J.C. Jacobs, III
23 Assistant U.S. Attorney
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Attachment 1

that he did understand that fact and agreed that he was playing that role.

As the interview of Richard Novak continued, SA's Ross and Robinson asked Richard Novak if he would be willing to make a recorded telephone call to Dixie Randock. Novak agreed to place the call, and at approximately 9:00am he called Dixie Randock's home telephone number of [REDACTED]. The phone call was answered by Steve Randock Sr., who informed Novak that Dixie was still in bed. Novak asked Steve Randock Sr. about how they are currently doing, and Steve Randock Sr. stated that they are having extreme problems with their web sites. Steve Randock Sr. said that their "web sites" and "payment sites" are all having issues and not working. Steve Randock Sr. informed Novak that because of all of their current problems, they are having financial issues and are currently "taking \$3,000 per month out of A+". When Novak questioned Steve Randock Sr. about his and Dixie's "Dominica account", Randock stated that he did not know the status but that he still hoped to receive about a quarter-million from the account. Randock said that at one time the account had \$453,000 in it before the Dominican bank went bankrupt. As the phone call ended, Steve Randock Sr. informed Novak that he would awaken Dixie Randock and have her call Novak within 30 minutes.

Continuing on this same date, at approximately 9:25am, Richard Novak received a telephone call on his home telephone from Dixie Randock, [REDACTED]. Novak informed Dixie that he wanted to speak to her because he "met with the group from Texas" on the previous night. Novak, cooperating with SA's Ross and Robinson, attempted to solicit information from Dixie Randock about her "online university" business. During the phone call, Dixie Randock informed Novak that she has recently engaged in a partnership with someone named "[REDACTED]" from Malaysia. According to Dixie Randock, she accepted an offer from [REDACTED] in which she would award [REDACTED] as well as two of Chin's friends in Malaysia, advanced "degrees". In return, Dixie Randock told Novak that [REDACTED] and his two friends would serve as "degree examiners" evaluating and processing "degrees" with a physical presence in Malaysia. Randock told Novak that she would receive 40% of the Malaysian's profit from the business in that country. She further stated that the Malaysians provided her with signature samples, and that she had produced signature stamps of their signatures to be used for documents. Novak additionally questioned Dixie Randock on topic such as tax evasion and "faculty" for her "schools". Ms. Randock did not make any incriminating statements in these areas. However, when questioned by Mr. Novak about her recent success in obtaining "accreditation" for her "schools" from the government of Seborga, Italy, Dixie Randock stated that she had obtained that

"accreditation" simply by making a couple of phone calls to Seborga and "sweet-talking" the right people. Further, she told Novak not to tell our purported undercover group from Texas about the ease in which she was able to acquire the Seborgan "accreditation". Finally, Dixie Randock also made statements to Novak regarding the "Texas group" in which she admits that she initially "sent" SA Ross' undercover "business group" to Novak. She discusses with Novak the fact that she received the original emails from SA Ross (Greg Roberts' initial email inquiry to "James Monroe University", which was subsequently answered by "Jallah Faciann") and forwarded "Greg Roberts and his team" (SA Ross) to communicate with Mr. Novak. This shows that Dixie Randock was communicating via email as the alias of "Jallah Faciann" representing "James Monroe University." Mr. Novak's telephone call from Dixie Randock ended after approximately 20-25 minutes, as Dixie Randock agreed to speak further with the "Texas group" (undercover SA Ross et al).

Continuing on this same date, at the completion of the consensually recorded phone call with Dixie Randock, SA Ross and SA Robinson (IRS) continued their interview with Richard Novak. Upon questioning about his ongoing role as the "international consultant" handling Liberia, Novak confirmed that he has made multiple trips to Liberia on behalf of the Randocks and "Saint Regis University" and "James Monroe University". Novak confirmed that he has made numerous payments to various government officials on behalf of the Randocks in attempts to acquire "accreditation" from the Minister of Education. He further stated that he also helped finance, with money provided by the Randocks, the appointment of [REDACTED] to return to the Liberian Embassy as Deputy Minister. Novak stated that the Randocks provided money to him so that he could help [REDACTED] pay for housing and other living expenses while Novak attempted to "lobby" various Liberian officials to return [REDACTED] to the Embassy. Novak stated that his "lobbying" efforts were eventually successful and [REDACTED] was returned to his current position in the Embassy. Overall, he estimated that the Randocks paid \$6,000 to \$8,000 to support [REDACTED] and return him to office.

During SA Ross and Robinson's interview of Richard Novak, they asked him to provide information and details about the other individuals whom he knows are involved in the "business" with Dixie and Steve Randock Sr.. Novak provided the following comments regarding additional individuals involved in this case:

- Amy Hensley: Novak stated that to his knowledge she was the primary accountant for "Saint Regis", and she was an "advisor" to applicants and a document processor and shipper.
- Heidi Lorhan: Novak stated that she is the daughter of Dixie Randock, and that Heidi is the only person he knows of other than

**Internal Revenue Service
Criminal Investigation**

Memorandum of Interview

In Re: Steven K Randock

Location: Spokane

Investigation #: [REDACTED]

Date: December 13, 2005

Time: 1:30pm

Participant(s): Richard Novak, Interviewee
Tom Hoidal, Attorney
George Jacobs, AUSA
David Benscoter, Special Agent
James Tilley, Investigator

1. Richard Novak, his attorney Tom Hoidal, and AUSA George Jacobs agreed that this interview would be conducted under terms of a free talk letter signed by Novak and Hoidal. Novak then provided the following information:
2. Novak stated that he was aware and had been aware that the schools operated by Dixie Randock were "diploma mills." He said he understood diploma mills to mean they sold degrees as a product for financial gain. He also stated that the degrees were not a real product as he knew people who bought a PHD through the schools did not spend six years earning a degree.
3. Novak said that when he first started working for SRU in March of 2002 he didn't know what a diploma mill was. However, after he began working for Dixie she sent him many emails (often from people posting statements on a website called degreeinfo.com) which "slammed" SRU and he quickly learned what a diploma mill was.
4. Novak acknowledged that he would not want an attorney with only an SRU degree because he knew where the diploma came from and the attorney would not be qualified. He said that he used to joke that if he saw an SRU diploma in a doctors office he would not want the doctor to treat him.
5. Novak said his prior work history included selling time shares in Mexico in the 1980's. He also worked for Ugly Duckling as a manager until 1997. He advised that Ugly Duckling financed cars for people who could not get conventional car loans. From 1997 to 2002 he owned a company called Novak Auto Wholesale. However, he got out of this business because he wasn't making any money. Novak said that about 3 months prior to March of 2002 the subject of Novak possibly working for Dixie came up. He said around this time he went with the Carlsons out to Dixie's office in Mead. He hadn't seen Dixie in about 10 years and had never met Steve Randock. Dixie later became aware that Novak was

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- not working (he had just got out of his car sales business) and she knew he was looking for a new job. Novak said he had experience traveling to foreign countries (he had worked and lived in Mexico).
6. Dixie told Novak that she had a degree business and needed someone to go to Washington, DC to get authentications and apostiles. She said she owned St. Regis and the school offered Bachelor to PHD degrees based on prior life experience or prior education. Each student would fill out an application on line and submit it to an advisor. Dixie said she needed authentication for these degrees. Novak said he agreed and started knocking on doors to figure out how to do it. He said Dixie agreed to pay him between \$150 and \$250 per document. Novak understood that Dixie would charge consumers up to \$1,800 for whole packages that included several of these documents. Novak said Dixie made a profit as she charged customers more than what it cost to obtain these documents.
 7. Novak said he went to Washington, DC about 10 times in the last 3 years and he estimated he obtained around 200 to 300 documents. He explained a typical trip as follows:
 8. After Novak reached Washington, DC he went to [REDACTED], a notary who owns a medical screening business there. The business is called [REDACTED] Renewal Center and is located at [REDACTED] WA DC. [REDACTED] notarized "Authentication Attestations" (see attached exhibit 602332). Her notarization essentially said that Novak's signature on this paper was true. She charged \$2 for each notarization she did.
 9. Novak then went to the United States Secretary of State office in DC. He then obtained one of two documents from the Secretary of State office. If the documents were to go to a Hague country (approximately 50 countries including Brazil, UAE, Switzerland, etc) he went and got an apostile. The apostile basically says that Hutton (the notary) was who she said she was (a valid notary). Exhibit 602331 is an example of this and Novak said this document cost \$10.
 10. If the documents were to go to a non-Hague country he obtained authentication (exhibit 602325). This said essentially the same thing as an apostile and also cost \$10. If the documents were to go to a non-Hague country he also needed another document with Colin Powell's name on it that essentially said the authentication was from Washington, DC. An example of this is exhibit 602321.
 11. Novak said after he had all these documents he dropped them in a Fed-ex or DHL envelope and sent them to Amy Hensley. The packages were billed to Dixie's corporate account with these overnight services.
 12. Novak said he never saw the completed packages that went out to the customers. He said it was his understanding that the paperwork went on the degrees Dixie was selling and that those degrees were not real. He said he was aware that his name was on some of the paperwork as Richard Novak, "Director of University Services, Inc." He said this was a title that Dixie came up for him.
 13. He said the apostiles and authentications essentially didn't say anything. He said "you could have attached a dog license to the paperwork" he obtained and it would have meant as much. He said that to his knowledge, none of the degrees ever sent out by SRU or the other Dixie controlled schools was valid or

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authentic. Novak said he confronted Dixie about the paperwork he was obtaining and how it didn't really say or mean anything. He said she never gave him a real answer.

14. After obtaining only a few of these documents on his first trips to Washington, DC, Dixie came up with the idea to get more of these apostiles and authentications each trip so Novak would not have to make so many trips. Thereafter he would get about 30 to 40 documents each trip. He said the most he ever got was around 50. Novak said there was a problem with this. All the documents had the same date on them. One of the ways they got around this problem was to send Novak to Washington, DC in January and June, as colleges usually graduated students around that time. Novak said another way they got around this problem was by backdating diplomas. Novak said he saw emails from Dixie or others talking about backdating diplomas to when the authentications were obtained.
15. Novak said he was only paid by Dixie for the documents that were actually used. He said he was paid between \$150 and \$250 per document according to an email from Dixie that listed everyone's pay.
16. Novak said that when Dixie began to give him a title that he knew was undeserved this "raised red flags" with him. He expressed his concerns to Dixie but she said he had to have a title.
17. Novak described Dixie as the leader of the operation. He said he had also heard her yell and scream at employees. He said Steve Randock's role was that he took care of the finances. Steve was the one who would send money by Western Union to Liberia. Steve also handled the advertising expense from the websites.
18. Roberta or "Berta" handled printing and mailing the degrees.
19. Amy Hensley handled the finances for the schools and also for A+ Institute. She also worked as an advisor for SRU.
20. Heidi was the daughter of Dixie and was an advisor. Ken Pearson took care of the companies computer needs. Novak only met Pearson twice.
21. Dixie told him they moved from their office in Mead because there were rumors they would get "heat" from the Washington State Attorney General's office.
22. Novak said when he first went to Washington, DC, in June of 2002, they did not have accreditation with Liberia. On his second trip to DC, Dixie said to him that she wanted accreditation from a country and she recommended that he go try to get Liberian accreditation. Novak asked her why she couldn't get accreditation in the US and she told him something to the effect that "for what we do, you can't get accredited in the US." Novak said at that time he did not know exactly how Dixie's school worked.
23. Novak said that on this second trip to Washington, DC, he took a cab to the Liberian embassy. He walked to the front door and knocked. A man named [REDACTED] (very old) answered the door. Novak told him why he was there and [REDACTED] went and brought back [REDACTED] took Novak to a conference room where they talked. Novak explained SRU was an on-line university. Novak asked [REDACTED] something to the effect "what do I have to do to get accreditation for SRU?" [REDACTED] asked him where the school was located and Novak told him Washington State. He also showed [REDACTED] the catalog of courses. (exhibit 602569) [REDACTED] told Novak he would find out what could be

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- provided and how much it would cost.
24. Novak said either the same day or later that day, ██████ told him he could get documents saying the school was accredited signed by the commissioner of higher education for Liberia, a Mr. ██████. Novak said ██████ said it would cost \$4,000. Novak said he negotiated with ██████ and they ultimately agreed on \$2,250. Novak said this occurred on 8-28-02, according to his notes.
 25. Novak said he believed, when he negotiated with ██████ that the money was not going to the Treasury of Liberia. It was his understanding that this was a bribe and the money was going to ██████. He said one of the reasons he knew this was a bribe was because his discussion with ██████ was about getting the documents and how much it cost. ██████ was not concerned with the whether the schools taught anything or questions like that. Novak said although he assumed most of the bribe money went to ██████, he found out later that ██████ received most of it.
 26. Novak was shown documentation regarding a wire of \$10,000 in January of 2003. He was not sure what this was for.
 27. Novak said he personally gave the \$2,250 to ██████ in cash at the Liberian embassy in Washington, DC. He said on another occasion he gave \$1,000 to ██████ in Novak's hotel room in Liberia. The \$1,000 was for additional accreditation documents.
 28. Novak said another time he gave ██████ \$4,000 in cash. He said Steve and Dixie were in DC with Novak. They met ██████ in Novak's hotel room and gave him the \$4,000. This was sometime before the Ghana peace talks.
 29. Novak said when he went to Liberia he stayed at a hotel near the embassy. He said the shortest stay he had in Liberia was three weeks.
 30. After he obtained the accreditation from Liberia Dixie put it on her website that Liberia had given them accreditation. The Liberian embassy then was swamped with phone calls and degree questions. Dunbar was upset so Dixie began paying him \$400 per month for his employees to answer questions about SRU at the embassy and to say SRU was real and accredited.
 31. Dixie had Ken set up the Liberian embassy web site. Novak said that ██████ from the embassy supplied the info and photos to Dixie. When Charles Minor found out about it he was the one who closed it down.
 32. Novak said that Thomas Carper was an alias or fictitious name used by Dixie Randock.
 33. ██████ was a man who scammed Dixie out of \$60,000 or \$80,000. Novak has spoken with ██████ on the phone. ██████ had a partner named ██████.
 34. ██████ lives in Ohio. He runs an on-line school in Idaho. Novak has spoken with him once on the phone in 2002 or 2003.
 35. Novak said he believed that although he began working for Dixie in 2002, he didn't realize she was selling fraudulent degrees until later. He estimated that by 2003 he definitely knew she was selling fraudulent degrees. He explained by saying that although Dixie said the schools were legitimate, she sent him numerous emails that came from degreeinfo.com that said a lot of bad things about SRU. Novak said after seeing so many emails he figured out this was not right. He said that he also knew that all the people Dixie associated with, including ██████ and ██████ were all thieves.
 36. Novak said that in around December of 2003 or January of 2004, he went with

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- Dixie and Steve and Blake to Detroit and met with [REDACTED]. He said [REDACTED] owned a company called [REDACTED] set up a deal between SRU and the UAW. [REDACTED] spoke to the UAW heads of departments. UAW went for the program which was to pay for SRU degrees. A lot of people signed up, but [REDACTED] got the money and put it in his own bank account.
37. Novak said that Dixie had the idea to hire professors in Liberia and have them answer questions. Novak said this did not work because there is no technology in Liberia. There are no phone or fax lines. Novak said he did go to 10 professors at the American Methodist Episcopal University in Liberia and collected their CV's (curriculum vitae(sp)). He told them they would get paid if they answered questions for SRU. However, due to the technology problems, they never worked for SRU and never got paid.
38. Novak said [REDACTED] was an honest man in his mid-20's who lived in Liberia. He was the manager of an internet café and was the brother-in-law of [REDACTED] rented 73 Carey St. in Monrovia, Liberia for SRU. This location was blown up in the war in 2003 or 2004.
39. Dixie made up a lot of title for Novak. She also made up titles for other people too. Novak noted one document from a file titled "copies" said "Dr. Jallah [REDACTED]" Novak said [REDACTED] was not a doctor. Dixie, however, wanted 100% anonymity for herself.
40. Novak recalled when he first met [REDACTED] Novak went to Liberia and met Mr. [REDACTED] took him to meet [REDACTED] Novak went to the education building which had no electricity and [REDACTED] took him to the third floor. [REDACTED] was in an office behind a big desk. [REDACTED] told him this was the commissioner of higher education, Mr. [REDACTED] Novak told [REDACTED] he was there to get accreditation for SRU. [REDACTED] said something to the effect of "fine" and said it would cost a certain amount. Novak then negotiated with [REDACTED] and they agreed on a reduced amount.
41. Novak said that once the negotiation started he knew that the money he would be paying [REDACTED] was going into [REDACTED]'s pocket. He later gave [REDACTED] cash in Novak's hotel room and waited in Liberia until he got the certificates saying SRU was accredited. He estimated he waited 7 to 10 days for these documents.
42. Novak was shown a document that said SRU was chartered in Liberia on 1-10-84 as a private school with a physical campus. Novak said this was a fraudulent document. He said he believes this document was even posted on the SRU website. Novak went to Dixie and said to her, "why say these thingsthis opens a can of worms." Novak said he knew it would cause problems to lie like this. Novak said Dixie was so affixed on proving the school was real that she lied by posting this letter and she "lied about everything."
43. Regarding a certificate dated 10-16-03, Novak said [REDACTED] created this to show accreditation for SRU. He said later, on another trip, he received similar ones for Roberstown and James Monroe. (these documents came from the copies folder also) He estimated the total cost for all these certificates was between \$6,000 and \$8,000. Novak said that any Western Union wires sent to Liberia was money that went to some Liberian official.
44. Novak said he paid [REDACTED] at least two times for accreditation documents.
45. Novak said [REDACTED] was the deputy commissioner of education. Novak

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- met with him many times. [REDACTED] sent out a letter saying SRU was not accredited by Liberia. Then [REDACTED] told him to find [REDACTED] Novak said he knew what that meant. He knew he needed to meet [REDACTED] and pay him cash only to change his mind.
46. Novak did meet with [REDACTED] through [REDACTED] [REDACTED] told him they had to have an office and equipment in Liberia. [REDACTED] set up the office, including renting space in a building for about \$10,000 to \$15,000 per year. Steve Randock sent some computers via regular mail to Liberia, but they never arrived. He later sent more computers. Novak said it cost \$1,200 to put up an internet pole and \$300 per month to connect to the internet. Novak said they finally got one computer (out of 3) to work and [REDACTED] did work in the office for a few hours each day.
47. Novak said he did pay cash bribes to [REDACTED] [REDACTED] also received a \$400 per month from Dixie and Steve via Western Union. Novak also gave him \$100 to fix his car on one occasion.
48. Regarding taxes, Novak said that it was probably in early 2004 when he asked Dixie how they handled taxes. Dixie told him they (she and Steve) paid and to talk to Amy. Novak said that Dixie didn't like to talk about money. Novak spoke with Amy and she said if he didn't declare the money (to the IRS) she wouldn't issue him a 1099 as no one would know about it. Novak said it sounded like the same thing was being done for other employees.
49. Novak said when he was first paid for his work his checks were express mailed to him. After a while, Amy just went over to either Washington Mutual or Bank of America and deposited his checks there. He said his expense repayment checks went to Bank of America because he had his debit card there and could easily pay off the bill. His salary went into his Washington Mutual account.
50. Novak was shown a several documents paperclipped together. The last page was a letter from the ministry of education and had the signature of [REDACTED] [REDACTED] and [REDACTED]. Novak said he was aware that [REDACTED] paid [REDACTED]. These documents came from Novak's home. Novak said that he never filled out any type of form or application to get accreditation from [REDACTED]. He said his contacts with [REDACTED] were all spoken words.
51. Novak was aware of a letter Dixie composed that she wanted the Liberian embassy to send to Contreras. Dixie gave the letter to Novak and Novak faxed the letter to [REDACTED]. [REDACTED] then sent the letter to Contreras in Oregon. Letter (exhibit # [REDACTED]) is the response to that letter.
52. Novak was aware that [REDACTED] did call Contreras on at least one occasion to see why he was questioning SRU. It was Novak's understanding that Contreras did not talk long with [REDACTED] and basically hung up on him.
53. Novak commented on a memorandum of understanding dated March 31, 2004 by "Dr. Richard Novak." (this came from the copy's file) Novak said that during the Liberian war an Alumni of SRU collected money to send to Liberia. This man was one of the professors or staff of SRU. He collected possibly as much as \$10,000.00. Dixie called Novak and wanted to know how to get this money to Liberia. Novak called [REDACTED] to see if he could help disburse funds. [REDACTED] drafted the above referenced memo of understanding. However, after Novak committed the money, Dixie withdrew from this agreement. Novak did not know if Dixie kept the money.

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David Benavente ^E

Special Agent

I prepared this memorandum on 12-15-05, after refreshing my memory from notes made during and immediately after the interview with Novak.

David Benavente ^E

Special Agent

**U.S. Department of Justice
United States Attorney
Eastern District of Washington**



DATE: January 11, 2006

Interview Record

Interview of: Richard John Novak, DOB: [REDACTED], [REDACTED], Peoria, AZ [REDACTED]

Interviewers: AUSA George Jacobs, Investigator James Tilley, USAO and Investigator Grant Collins, Washington State Attorney General, and Attorney Tom Hoidal.

Interview Location: United States Attorney's Office, Eastern District of Washington.

Purpose of Interview: Richard Novak, his attorney Tom Hoidal, and AUSA George Jacobs agreed this interview would be conducted under terms of a free talk letter signed by Novak and Hoidal. Novak provided the following information:

1. Dixie Randock told Novak he should not use his real name and should develop a company/dba to access apostilles, notaries and the paperwork for the Saint Regis University (SRU) schools. Dixie and Steve Randock told Novak to incorporate in either Nevada or Delaware. Novak subsequently incorporated a business in Nevada called "U.S. Documents." Amy Hensley told Novak to set up a bank account which he opened at Washington Mutual. Novak always used "direct deposit." He was paid for obtaining apostilles, notaries, authentications and also commission payments for sold degrees.
2. Novak would obtain the apostilles, notaries and authentication documents from Washington, DC and various states and mail them through DHL (a freight mail service) to AEIT and A+ Institute, Attention Amy Hensley, at the Mead Washington address.
3. Novak had an arrangement with Dixie Randock to get 10% of whatever was sold to other affiliate schools (example Breyer State).
4. Novak asked Dixie Randock the meaning of AEIT. Novak understood it to mean "Advanced Education Institute." Dixie told Novak it stands for whatever you want it to.
5. Dixie came up with the name AEIT and she owned it. She also owned A+ Institute. At one time Dixie Randock had several real estate offices (Century 21) then she started writing real estate courses applicable to various states. Novak stated she was doing very well financially in the real estate business. She eventually closed the businesses.
6. Novak has known Dixie Randock since high school. She went to Rogers High School in Spokane and he attended Lewis and Clark and Central Valley High Schools. Dixie did not attend college and is self-taught.

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7. Novak has only known Steve Randock for the last ten years.
8. During a conversation in 2004, Dixie and Steve Randock told Novak they had an off-shore bank account in the country of Dominica. They said the government of Dominica was holding the money in the bank because the bank was suspected of money laundering. Novak received e-mails from Dixie Randock about setting up off-shore bank accounts. Novak remembers e-mails regarding Panama and Cypress as good places to set up accounts.
9. Dixie Randock told Novak she started SRU. She had received e-mails about on-line schools and obtaining degrees and saw it as a good way to make an income.
10. In 2002, Novak was completely out of the car business and needed to start something else to make an income. Dixie Randock told Novak she needed someone to find out how to obtain certain documents such as notaries, apostilles and authentications and they need to come from Washington, DC. Prior to this, Novak didn't know what an apostille was. Dixie Randock sent Novak the plane ticket and money to travel from Arizona to Washington, DC where Novak went "door to door" finding the information for Dixie Randock.
11. Dixie Randock had always told Novak SRU was not accredited in the United States and she knew she could not get accreditation in the U.S. Dixie Randock told Novak to accredit in the U.S. you must first have a brick and mortar building, then have classroom and instructors. If accredited you would be subject to accrediting agency inspections and would have to fully disclose the students and funds paid. Dixie Randock said SRU was an on-line institution only with students in the U.S. and overseas.
12. In 2002, SRU was recognized to do business in Russia. Novak believes [REDACTED] had something to do with setting up in Russia.
13. Dixie Randock told Novak the more accreditation you have the better it is to do business. SRU did not have instructors.
14. Heidi Lorhan, Amy Hensley and Dixie's step-mother (possibly [REDACTED]) were advisors for SRU. All used alias names when dealing with the public. Novak stated none of them were college graduates. After applications were filled out by a prospective student, the "advisors" accessed the information provided and determined what college degree to award the student. Novak stated Heidi, Amy and pat were not qualified to do the evaluations.
15. Novak observed his name (and Blake Carlson's name) on the SRU web site as professors for the school. Novak told Dixie Randock to take his name off because what was said was false and he did not have the credentials.
16. Novak never saw Dixie or Steve Randock's name on the SRU web pages, but Dixie Randock's picture and name was on the A+ Institute site. When he questioned Dixie about this, she replied they wanted complete anonymity on the SRU site. Novak's assumption was that the A+ site was legal and the SRU site was illegal.

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17. Novak never actually acted as an "advisor" or "evaluator." Dixie Randock did ask him to advise and evaluate to assign degrees, but he elected not to.
18. Dixie Randock would average 15-20 hours per day on the computer conducting internet research. Dixie wrote the manuals for SRU.
19. [REDACTED], who was listed as a professor at SRU does not have a PhD and the information on his biography was false. Novak met [REDACTED] in Monrovia, Liberia and he is the manager of an internet café.
20. The Liberian professors that were listed on the SRU web site wrote their own biographies. Dixie Randock wrote the biography for [REDACTED] and [REDACTED] which Novak stated contained false information.
21. Novak stated one of the listed professors was a Liberian named [REDACTED] (also interviewed by SA John Neirinckx on 4/20/05). He met her at the Presidential inauguration in Monrovia, Liberia. She told Novak she had been living in Minnesota for the last 10-15 years and have come back to Liberia to lobby for a position with the new government. Novak told her he was in Liberia to get accreditation for SRU. She asked Novak to take her resume to his connections for employment possibilities. Novak took a photograph of [REDACTED] and placed it into his briefcase with other biographies that were to go on the SRU site. Novak mailed all the biographies back to Dixie Randock in Washington and forgot to take out [REDACTED]'s resume. All the biographies were put on the SRU web site to include [REDACTED]'s information. Soon thereafter, a reporter called [REDACTED] and asked her why her picture was on the SRU site. [REDACTED] called Novak and was very upset telling him she did not give him permission to have her information put on the SRU site.
22. Dixie Randock told Novak that [REDACTED] set up a fund through SRU for charitable contributions to Liberia.
23. In 2004, Novak went to Bangalore, India to find [REDACTED] (who had allegedly stolen money from SRU), but could not find him. Novak found an office with an SRU sign, but nothing inside and no one present. Soon after, Novak returned to the United States from India, Steve Randock went to India to find [REDACTED]. Steve Randock said he drove at 1:00 am in the morning with the Chief of Police 40 miles outside Bangalore where they found [REDACTED]. Randock said he witnessed [REDACTED] being hung naked upside down by the police and beat in an attempt to locate the missing money.
24. In 2002, Novak went on a trip with Steve and Dixie Randock to the British Virgin Islands (Beef Island, Tortola). Steve Randock gave Novak 3500 Euros to carry down. The purpose of the meeting was to meet an attorney to get apostilles for SRU.
25. James Monroe University (JMU) and Robertstown University (RU) were built by Dixie Randock to take the heat off of SRU (bad press and [REDACTED]). Dixie Randock needed to make more money and actually built the web pages for JMU and RU.

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26. SRU was not accredited by Liberia. Dixie Randock told Novak a letter had been written by Isaac Roland (a Liberian official) to the Washington, DC Liberian Embassy saying the accreditation was not real.

27. Amy Hensley generated all the invoices and was the bookkeeper.

28. Novak's wife, [REDACTED], would get templates from Dixie Randock. She would print out Interfaith Education Ministries (IEM) documents to add to the packages. IEM was set up by Dixie Randock as an accrediting body to make the degree look more legitimate.

29. Novak was the primary SRU contact for [REDACTED] (the former Charge d' Affaires for the Liberian Embassy in Washington, DC). [REDACTED] always expected to be taken out to dinner and was not alone 90% of the time. Novak usually took [REDACTED] to La Tomate in Washington, DC. It was Dixie Randock's idea to make an offer to [REDACTED] for assistance. Dixie Randock asked Novak to tell [REDACTED] she would pay him \$400 per month for making sure when people all over the world called the Liberian Embassy to say they were accredited by the Country of Liberia. Embassy employees were also told to say SRU was accredited in Liberia. [REDACTED] gave Novak his personal bank account number (Riggs Bank) where the money was to be deposited. Novak stated these payments went on from August 2002 to sometime in 2004. On January 16, 2003, \$10,000 was wired by SRU to [REDACTED]'s Riggs bank account. About 5 - 7 times, [REDACTED] asked for more money because he allegedly was not being paid by Liberia. During the period, [REDACTED] said his employees demanded payments. Novak stated everything paid to [REDACTED] was "bribe" money.

31. Novak had a conversation with Dixie Randock where they discussed the only way to get what they wanted (accreditation) from Liberia was to "bribe" officials. They discussed who they needed to "bribe" and what they would get from it.

32. Novak stated all monies paid to Liberian officials were "bribes," except for expenses. He said the bribe payments were made both in the form of U.S. currency and equipment.

33. Novak made it clear to Dixie Randock that to do business in any third world country they would have to conduct business the same as they did in Liberia (meaning bribing officials). Dixie Randock agreed and stated if that is what it takes to do business; that is what will be done.

34. Novak stated he paid bribes to the following Liberian officials: [REDACTED] (an official at the Liberian Embassy in Washington, D.C.); Ambassador-at-Large [REDACTED]; [REDACTED] Commissioner of [REDACTED] for the Liberian Government; [REDACTED] Deputy Minister of [REDACTED] \$400 a month to employees at the Liberian Embassy in Washington, D.C.; [REDACTED] who was Liberian Ambassador to [REDACTED] and [REDACTED] Charge d'Affaire of the Liberian Embassy in [REDACTED]. Novak also said he paid [REDACTED] (sp?) \$1,000 in U.S. currency at the Novotel Hotel dining room during the 2004 peace talks in Ghana, who at the time was the [REDACTED] of [REDACTED] a political party in Liberia, but who subsequently became the Minister of [REDACTED] in Liberia.

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35. Novak made currency payments to ██████████ at the Liberian Embassy in Washington, D.C., as well as making at least one cash payment to him while in his hotel room in Washington, D.C. He also recounted making cash payments to government officials in Liberia or accompanying those individuals to a Western Union Office in Liberia for receipt of the bribe payment. Novak estimated that he paid ██████████ who he described as a "gangster and a thug," approximately \$10,000 in currency and non-currency (generator, TV, laptop computer). He said Ambassador-at-Large ██████████ was paid \$1,000 a month and estimated that he was paid a total of \$20,000-\$25,000. He said that after ██████████ left the Liberian Embassy in Washington, D.C., ██████████ told the cooperating defendant that he wanted \$1,000 a month to carry on what ██████████ was doing. He said he paid ██████████ \$5,000 in U.S. currency and approximately \$1,200 in equipment (fax/copy machine, desk top and laptop computer) for the Liberian Embassy in Ghana.

36. Novak said that Dixie Randock suggested that he visit the Liberian Embassy in Washington, D.C. in order to get her "school" (Saint Regis University) "accredited" in Liberia. Novak traveled to Washington, D.C. and "just showed up" at the Liberian Embassy on 16th Street. ██████████ (sp?) (who was about ██████████ years old) answered the door and he explained to the person that he wanted to obtain "accreditation" for an "online university." He then met ██████████ in a conference room and explained that he wanted Liberian government "accreditation" for Saint Regis University, which was situated in the State of Washington. ██████████ said he would make a telephone call to Liberia to find out what that would cost. ██████████ then said it would cost \$4,000 to get "accreditation." The cooperating defendant haggled, and offered \$2,000. They then agreed on \$2,250. Over the next several months, Novak proceeded to pay much more to ██████████. The Liberian Embassy began to receive numerous telephone inquiries about Saint Regis University and the Liberian Embassy's phone lines were quite busy. ██████████ then told Novak the employees at the embassy were complaining and he demanded they be paid by the Randocks. Dixie Randock told Novak to tell ██████████ she would pay the employees \$400 a month if the employees were instructed on what to represent to the public about Saint Regis University.

37. Dixie Randock assigned Novak the e-mail degrees@university-services.net.

38. The National Board of Education (NBOE) was an entity set up by Dixie Randock as the parent company that owned SRU. At the beginning in Liberia, everything went through NBOE. Once Dixie Randock was established in Liberia, she wanted to use NBOE to sell accreditations to other on-line schools.

39. Novak stated ██████████ (one of the SRU professors) started a fund with the SRU alumni to help the Liberian people. He came up with an idea to send 300 Liberian to the University of Liberia.

40. Dixie Randock told Novak everyone wanted to talk to Dr. Thomas Carper and at one point, she said they needed to "kill the name."

41. In either December 2003 or January 2004, Novak went to Detroit and met with Blake

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Carlson, Steve and Dixie Randock and ██████████ (sp?) to discuss the meeting with the United Auto Workers (UAW). Dixie Randock told Novak he needed to attend the meeting. They met at the hotel Novak was staying in. ██████████ told Novak that in six months, he could be making a million dollars on the UAW deal. The next morning Novak attended a meeting with ██████████ and Carlson and UAW managers regarding SRU. Steve and Dixie Randock did not attend. ██████████ put together a speech about what the UAW needs (regarding education) and how he could fulfill the needs by issuing SRU degrees. The meeting lasted 20 minutes and there were approximately six to seven UAW managers present. Carlson also spoke for a couple of minutes. When the meeting was over Novak and Carlson were told to wait outside. After about another 30 minutes, ██████████ told Novak and Carlson SRU had a deal with the UAW.

42. Soon after the search warrant was conducted at Novak's residence, Dixie Randock called him and asked if he had talked to authorities. Novak replied he was answering questions 100%. Dixie Randock told Novak they had done nothing wrong and said they should stick together.

James M. Tilley
Investigator

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**U.S. Department of Justice
United States Attorney
Eastern District of Washington**



DATE: February 8, 2006

Interview Record

Interview of: Richard John Novak, DOB: [REDACTED], [REDACTED], Peoria, AZ [REDACTED]

Interviewers: AUSA George Jacobs, Investigator James Tilley, USAO, Special Agent John Neirinckx, Deputy Chief Mark Mendelson, DOJ Fraud Section, Criminal Division, Deputy Assistant Chief Deborah Gramicciono, DOJ Fraud Section, Criminal Division DOJ Trial Attorney Adam Reeves, and Attorney Tom Hoidal.

Interview Location: Teleconference between the United States Attorney's Office, Eastern District of Washington, Department of Justice Fraud Section, Criminal Division and Richard Novak and Tom Hoidal in Arizona.

Purpose of Interview: Richard Novak, his attorney Tom Hoidal, and AUSA George Jacobs agreed this interview would be conducted under terms of a free talk letter signed by Novak and Hoidal. Novak provided the following information:

1. Novak would testify under oath that all payments made to [REDACTED] were "bribes."
2. In March 2002, Dixie Randock asked Novak to travel to Washington, DC on a fact finding mission to gain accreditation for Saint Regis University (SRU), James Monroe University (JMU) and Robertstown University (RU). Novak had just closed a car business and was looking for work. Novak was sent to the Liberian Embassy in Washington, DC to see what it would take to get Liberian accreditation. Novak was also asked to determine how to obtain apostilles and authentications from the U.S. State Department. Novak had never been to Washington DC and thought it would be an interesting trip. Dixie Randock came up with Liberia as a country to do business with since it was a poor country and she thought Liberia "would likely cooperate" with the accreditation.
3. Novak went unannounced to the Liberian Embassy and knocked on the door. The door was answered by [REDACTED] (sp?). Novak stated his intentions and was escorted to a conference room where he was introduced to [REDACTED]. Novak explained he wanted Liberian accreditation for SRU, JMU and RU and was initially told by [REDACTED] it would cost \$4,000 for the Liberian documents. Novak and [REDACTED] then negotiated the price down to \$2,400. [REDACTED] told Novak he would have to get with the right people in Liberia and the documents would come directly from the Liberian Department of Education. Novak stated after talking to [REDACTED] he understood the conversation to be about a bribe, there was no set schedule of fees, and [REDACTED] would have to go through various people in Liberia to get the documents. [REDACTED] requested the \$2,400 be paid to him in U.S. Currency.

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4. Once Novak gathered the information in Washington, DC he shared the information with Dixie Randock. \$2,400 was wire transferred to Western Union which was picked up by Novak. Novak met with [REDACTED] either later that day (the day he went to the embassy) or the day after at the La Tomate restaurant. Novak gave [REDACTED] \$2,400 in U.S. Currency. [REDACTED] had specified the method of payment and it was to be in U.S. Currency. Novak asked [REDACTED] how long it would take to get the documents and [REDACTED] replied about two weeks. It actually took four weeks to get the documents.
5. The Liberian documents were initially sent to [REDACTED] in Washington, DC who then sent them to Novak in Arizona via DHL. Novak looked at the documents and then sent them to Dixie Randock in Washington State. Dixie Randock was excited when she got the documents, but had questions about the seals and paper (paper was different sizes). The documents did not look professional and were signed by [REDACTED] and [REDACTED] (sp?). Novak stated he received these documents by only verbally telling [REDACTED] about SRU and by showing [REDACTED] a sample pamphlet about SRU. Novak never filled out any application paperwork or show [REDACTED] any real details about the school.
6. Dixie Randock requested Novak contact [REDACTED] and obtain better (more professional) documents. Novak called [REDACTED] and told him the "board" he represented was not happy with the documents. [REDACTED] stated because of the war in Liberia, that was the best he could do. Novak then related this information to Dixie Randock.
7. At some point, Dixie Randock suggested Novak go to Liberia himself to get better documents. Novak contacted [REDACTED] who issued him a visa for \$200.
8. During the end of 2002, Novak made his first trip to Liberia (about one month long). He met an individual who identified himself as "[REDACTED]" and who said he was in charge of higher education in Liberia. Novak met [REDACTED] in a run down office (no lights, walls falling in and a table with three legs) and asked him for better documents. [REDACTED] told Novak he wanted \$3,500 to \$4,000 for the documents which was negotiated down to \$2,800. Novak was not required to fill out any application for this accreditation either and [REDACTED] did not want to see any documents reference SRU, JMU or RU. [REDACTED] wanted to be paid in U.S. Currency and agreed to meet Novak at his hotel room four to five days later. Novak understood the payment to be a "bribe" because the payment was to take place in his hotel room and there was no receipt for payment. Novak contacted Dixie Randock who in-turn wired the money via Western Union to Novak. Novak stated Dixie Randock knew it was a "bribe." Novak received the new documents from [REDACTED]. Novak then sent the documents via DHL to Dixie Randock. Novak considered [REDACTED] to be very uneducated and thought he was a "thug" and "thief."
9. Novak paid other payments to [REDACTED] not only for documents, but for other tragedies in [REDACTED]'s life. Novak stated every time he did business with a Liberian, they wanted more money. Novak paid [REDACTED] a total of \$10,000 to \$12,000 from 2002 - 2004. [REDACTED]'s payments always occurred in Liberia and were by wire transfer to Western Union. The documents were still not at the level Novak and Dixie Randock requested. [REDACTED] always had excuses about the quality of the documents blaming it on the war in Liberia.

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10. During 2003, [REDACTED], Liberian Deputy Minister of [REDACTED] wrote a letter to the Liberian Embassy in Washington, DC saying SRU was not accredited. This letter made its way onto the internet and made Dixie Randock very mad. Dixie Randock sent Novak back to Liberia to start the accreditation process over again. Novak went again for about one month and this time met with [REDACTED]. Roland requested he be paid \$400 per month and it would cost \$5,000 to \$6,000 for the accreditation paperwork. [REDACTED] was paid by a Western Union wire in U.S. Currency for the documents containing his signature. Novak believed the payments were "bribes." Novak did not fill out any application paperwork nor did [REDACTED] request any information on SRU. Novak explained the payments were "bribes" to get accreditation. Novak stated during the process, he was buying an "accreditation" vs. "getting accredited."

11. After the 1st accreditation was received, Liberian Embassy personnel were spending most of their day answering the phone reference SRU. [REDACTED] told Novak he and the employees would have to be paid to answer phones. [REDACTED] was given \$400 per month and the employees \$200 - \$300. The payments were for the Liberians to answer the phones and "provide positive answers reference SRU." Dixie Randock told Novak the comments via SRU must be positive (i.e. they are accredited and that the "accreditation" is valid) if the Liberians were to receive any more money.

12. Novak stated one time Steve and Dixie Randock went with him to Washington, DC. They all had dinner with [REDACTED] and [REDACTED] (sp?), Liberian Minister of [REDACTED]

13. Novak stated he made a payment to [REDACTED] while he was at the peace talks in Ghana. Novak paid him \$1,000 in U.S. Currency for [REDACTED]'s election campaign and for [REDACTED] to assist with SRU.

14. At Dixie Randock's request, Novak arranged for [REDACTED] (sp?), Charge D' Affairs at the Liberian Ambassador in Ghana to receive a \$400 monthly salary from SRU and also provided him with equipment (computers, fax and copy machines). [REDACTED] had an account in New York. The payments were wired to that account and then transferred to a bank in Ghana. The payments were made so that [REDACTED] would also answer questions regarding SRU and say they were "accredited."

15. Novak stated he made a \$5,000 cash payment to [REDACTED] at Novak's hotel in Washington, DC. The payment was for documents and to help [REDACTED] financially with items such as car insurance.

16. Novak stated [REDACTED] (sp?) was the Liberian Ambassador in [REDACTED] at the time he was dealing with [REDACTED] and [REDACTED] did not get along with [REDACTED] ultimately got [REDACTED] removed from the embassy for a period of time. [REDACTED] set up a meeting with Novak at the embassy to "be on the same program" as [REDACTED] Novak made a \$1,000 payment to [REDACTED] as a "bribe." [REDACTED] wanted monthly payments, but was not in office long enough to receive any money.

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17. Novak arranged for Ambassador-at-Large [REDACTED] through Dixie Randock to receive \$1,000 a month for administering an office for SRU in Monrovia, Liberia and to be the middle man between SRU and the Liberian Ministry of Education. The money was wired via Western Union to [REDACTED].
18. There was a letter sent (per Dixie Randock) to Alan Contreras, higher education in Oregon, reference SRU signed by [REDACTED]. It was sent because Oregon was making problems for SRU. Novak paid [REDACTED] to send the letter.
19. Novak stated Amy Hensley was aware the money was being paid to Liberian officials. Hensley handled all the payments and wire transactions. Novak remembers at least one occasion where he mentioned the word "bribe" to her.
20. Steve and Dixie Randock sent [REDACTED] in India roughly \$50,000 to \$80,000 to set up SRU operations and obtain Indian accreditation. When the Randock's did not receive anything for their money, they sent Novak to India to see if [REDACTED] was real. Novak was unable to meet with [REDACTED].
21. Dixie Randock set up imposter Liberian Embassy web sites with [REDACTED]'s approval. At that time the government of Liberia did not have an official web site. If a SRU consumer either went to the web site, e-mailed, or called the embassy, a lady named [REDACTED] who worked at the embassy would answer their questions. [REDACTED] had a direct dialog with Dixie Randock whenever there was a problem with either of the fake Liberian Embassy web sites.
22. Dixie Randock asked [REDACTED] to issue letters from the Liberian government to fix the problems with the Georgia teachers (teachers that had used SRU degrees to get extra pay and who were dismissed from service). Novak stated he didn't think [REDACTED] wanted to get involved.
23. In Jan 2005, Novak attended a meeting with [REDACTED] and U.S. Embassy staff in Monrovia, Liberia at the U.S. Embassy. The U.S. Embassy was holding up U.S. education money for Liberia until the SRU issue was resolved. The Liberians told the U.S. Embassy officials SRU gained their accreditation from Liberia.
24. Novak stated the document that shows SRU was chartered by the Liberian legislature in 1984 was false.
25. Novak stated payments for [REDACTED] were wired to [REDACTED]'s personal bank account at Riggs Bank. Novak knew the money was not going to the government of Liberia.
26. Novak stated he paid a \$1,000 to \$2,000 "bribe" to [REDACTED] (sp?) who worked at the Liberian education building.
27. Novak stated he was compensated roughly \$40,000 - \$50,000 from 2002 to 2005 for his work with SRU. He was also paid travel expenses and a flat amount per document (apostilles and authentications) obtained in Washington, DC.

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28. Dixie Randock told Novak that prior to his involvement with SRU, Dixie Randock was involved in obtaining "accreditations" from Italy, Dominica and Russia.

29. Novak stated all trips to Liberia, and other expenses associated with obtaining "accreditations," apostilles, authentications, etc. were paid for by Dixie and Steve Randock.

James M. Tilley
Investigator

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J.S. v. Dixie Randock Et Al Richard Novak 110001

U.S. Department of Justice
United States Attorney
Eastern District of Washington



DATE: March 1, 2006

Interview Record

Interview of: Richard John Novak, DOB: [REDACTED], Peoria, AZ [REDACTED]

Interviewers: AUSA George Jacobs, Investigator James Tilley, USAO, and Attorney Tom Hoidal.

Interview Location: Teleconference between the United States Attorney's Office, Eastern District of Washington, Richard Novak and Tom Hoidal in Arizona.

Purpose of Interview: Richard Novak, his attorney Tom Hoidal, and AUSA George Jacobs agreed this interview would be conducted under terms of a free talk letter signed by Novak and Hoidal. Novak provided the following information:

1. Novak traveled to Washington, DC with Steve and Dixie Randock staying in the same hotel. Steve and Dixie Randock had a room about three doors down from Novak's room on the same hotel floor. Novak gave [REDACTED] directions to the hotel. While [REDACTED] was en-route, Novak walked down to the Randock's room where Steve Randock provided him with \$4,000 (in large bills, no lower than \$50's) in U.S. currency. Novak brought the money back to his room and met with [REDACTED] [REDACTED] paid Dunbar the \$4,000 and walked with him into the hallway which was within "earshot" of the Randock's room (whose door was ajar). Novak had a discussion with [REDACTED] about [REDACTED] getting into another political office and that he could be financial backed by Saint Regis University
2. During August 6 - 27, 2003, Novak and [REDACTED] flew from Dulles International Airport to Ghana for the Liberian peace talks. The purpose of the trip was to get [REDACTED] his old job back at the Liberian Embassy in Washington, DC and lobby the new government to recognize Saint Regis University. The trip and expenses were 100% paid for by Saint Regis University.

James M. Tilley
Investigator

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U.S. v. Dixie Randock Et Al Richard Novak 110057

U.S. Department of Justice
United States Attorney
Eastern District of Washington



DATE: May 5, 2006

Interview Record

Interview of: Richard John Novak, DOB: [REDACTED], Peoria, AZ [REDACTED]

Interviewers: Special Agent Darrin Gilbert, Federal Protective Service and Investigator James Tilley, USAO.

Interview Location: Teleconference between Investigator James Tilley, United States Attorney's Office, Eastern District of Washington, Special Agent Darrin Gilbert, Federal Protective Service, Richard Novak and Tom Hoidal (Counsel for Richard Novak), in Arizona.

1. Novak stated [REDACTED] owns [REDACTED] College and University. [REDACTED] lives and works out of Brussels Belgium. Novak considers [REDACTED] the largest "diploma mill" operator in the world.
2. Dixie Randock introduced Novak to [REDACTED] in 2003 via e-mail. [REDACTED] became involved with Randock because of the National Board of Education (NBOE) and Liberia. NBOE was "the mother ship" for Saint Regis University (SRU), James Monroe University (JMU) and Robertstown University (RU). Randock was having problems with [REDACTED] and wanted Novak to work with him. Novak never met [REDACTED], only spoke to him on the phone once, but did have numerous e-mail conversations with him. Around March 2004, [REDACTED] tried to get Novak to work for him.
3. Dixie Randock first dealt with [REDACTED] using an alias (male) name. After a period of time, Dixie Randock started using her real name and [REDACTED] became upset that he was working with a female.
4. Once Dixie Randock established NBOE, Dixie thought she could sell the accreditation to other schools and call them "affiliates." [REDACTED] and [REDACTED] State University bought NBOE accreditation from Dixie Randock.
5. [REDACTED] contacted Liberia and had [REDACTED] sign documents for his [REDACTED] College. [REDACTED] also hired a person in South and Central America to get various country accreditations for his school. At one time [REDACTED] had an accreditation in Malaysia.
6. Novak stated [REDACTED] is also big into making fraudulent diplomatic passports, driver's licenses and ID's. They are all made in Belgium.

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7. Novak stated Dixie Randock operated Interfaith Education Ministries (IEM).
8. Novak stated the business relationship between [REDACTED] and Dixie Randock started way before he became involved with Dixie and [REDACTED] was not involved with SRU when he started in 2002.
9. Novak stated [REDACTED] knows a lot about diploma mills and the involvement of various people in the business. Novak said that all the diploma mills network and talk to each other.

James M. Tilley
Investigator

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