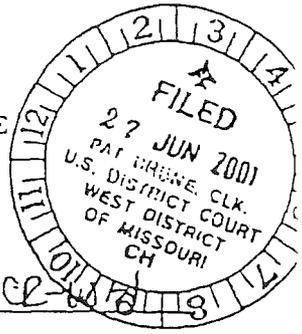


IN THE UNITED STATES DISTRICT COURT FOR THE
WESTERN DISTRICT OF MISSOURI
WESTERN DIVISION



UNITED STATES OF AMERICA,
Plaintiff,

v.

ROBERT RICHARD KING,
[DOB: 2/20/34]

and

PABLO BARQUERO HERNANDEZ,
[DOB: 1/13/48]

Defendants.

No. 01-00290-01/02-CE-678

COUNT ONE:
18 U.S.C. § 371
NMT 5 years and \$250,000
Class D Felony
NMT 3 years supervised release

COUNTS TWO THROUGH EIGHT:
15 U.S.C. § 78dd-2(a) and
18 U.S.C. § 2
NMT 5 years and \$250,000
Class D Felony
NMT 3 Years supervised release

COUNTS NINE THROUGH TEN:
18 U.S.C. §§ 1952 and 2
NMT 5 years and \$250,000
Class D Felony
NMT 3 years supervised release

\$100 special assessment on each
count.

Restitution may be ordered.

I N D I C T M E N T

COUNT ONE

CONSPIRACY (18 U.S.C. § 371)

GENERAL ALLEGATIONS

The Individuals

1. At all times material to this Indictment:

a. Defendant ROBERT RICHARD KING was a citizen of the United States and, as such, was a "domestic concern" as that term is defined in 15 U.S.C. § 78dd-2(h)(1)(A). In addition, KING owned shares in Owl Securities & Investments, Limited ("OSI"), and, as such, was a stockholder acting on behalf of OSI, a "domestic concern" within the meaning of 15 U.S.C. § 78dd-2(h)(1)(B).

b. Defendant PABLO BARQUERO HERNANDEZ ("BARQUERO") was a national of the Republic of Costa Rica and was an agent of OSI, a "domestic concern" within the meaning of 15 U.S.C. § 78dd-2(h)(1)(B).

c. Stephen Kingsley, now deceased, was a citizen of the United Kingdom residing in Kansas City, Missouri, and was President, Chief Executive Officer, and a stockholder of OSI. As such, Kingsley was an officer, director, and employee of OSI and a stockholder acting on behalf of OSI, a "domestic concern" within the meaning of 15 U.S.C. § 78dd-2(h)(1)(B).

d. Albert Reitz was a citizen of the United States and was an officer, employee, agent, and stockholder of OSI. As such, Reitz was a "domestic concern" as that term is defined in 15 U.S.C. § 78dd-2(h)(1)(A) and an officer and employee of OSI

and a stockholder acting on behalf of OSI, a "domestic concern" within the meaning of 15 U.S.C. § 78dd-2(h)(1)(B).

e. Richard Halford was a citizen of the United States and, as such, was a "domestic concern" as that term is defined in 15 U.S.C. § 78dd-2(h)(1)(A). Further, from in or about March 1997 through in or about September 1999, Halford was the Chief Financial Officer of OSI and since 1997 has owned stock in OSI and sought investors for OSI. As such, Halford was an officer, employee, and agent of OSI and a stockholder acting on behalf of OSI, a "domestic concern" within the meaning of 15 U.S.C. § 78dd-2(h)(1)(B).

The Corporate Entities

2. At all times material to this Indictment:

a. Owl Securities and Investments, Limited, was a business incorporated under the laws of the State of Nevada and having its principal place of business in Kansas City, Missouri. OSI is a "domestic concern" within the meaning of 15 U.S.C. § 78dd-2(h)(1)(B).

b. OSI Gibraltar was a business incorporated under the laws of Gibraltar and having its principal place of business in Kansas City, Missouri. OSI Gibraltar did no business in Gibraltar and merely maintained an agent whose job it was to refer all inquiries to OSI.

c. OSI Proyectos was a business incorporated under the laws of Costa Rica and having its principal place of business in San Jose, Costa Rica. OSI Proyectos is a wholly-owned subsidiary of OSI Gibraltar. All significant decisions and expenditures incurred by OSI Proyectos were authorized by OSI and OSI Gibraltar in Kansas City, Missouri.

The Costa Rican Project

3. At all times relevant to this Indictment, OSI and the defendants were raising funds to develop a mixed-use facility known as the "Costa Rican Project." The Costa Rican Project encompassed the construction, development, and operation of new port facilities on the Caribbean coast of Costa Rica, as well as an international airport, a beach-front resort, a marina, residential estates, a quarry, a salvage operation, and a dry canal linking the new port to a port on the Pacific coast of Costa Rica.

THE CONSPIRACY

4. From in or about Fall 1997 to in or about October 2000, in the Western District of Missouri and elsewhere, defendants

ROBERT RICHARD KING

and

PABLO BARQUERO HERNANDEZ

together with Stephen Kingsley, Albert Reitz, Richard Halford, and others known and unknown to the Grand Jury, did conspire,

confederate, and agree with each other to commit offenses against the United States, to wit:

a. being "domestic concerns" and agents and stockholders acting on behalf of a "domestic concern", to wit, Owl Securities and Investments, Limited, to use the mails and means and instrumentalities of interstate commerce corruptly in furtherance of an offer, payment, promise to pay, and the authorization of the payment of money, to

(i) foreign officials, foreign political parties, foreign political party officials, and candidates for foreign political office, and

(ii) other persons while knowing that all or a portion of such money would be offered, given and promised, directly and indirectly to foreign officials, foreign political parties, foreign political party officials, and candidates for foreign political office, for purposes of influencing acts and decisions of such foreign officials, foreign political parties, foreign political party officials, and candidates for foreign political office; inducing foreign officials, foreign political parties, foreign political party officials, and candidates for foreign political office to do and omit to do acts in violation of their lawful duty; and inducing foreign officials, foreign political parties, foreign political party officials, and candidates for foreign political office to use their influence

with a foreign government and instrumentality thereof to affect and influence acts and decisions of such government and instrumentality, in order to assist OSI and other "domestic concerns" in obtaining and retaining business for, and directing business to OSI and OSI Proyectos, in violation of the Foreign Corrupt Practices Act, Title 15, United States Code, Section 78dd-2(a); and

b. to travel and cause others to travel in interstate and foreign commerce and to use facilities in interstate and foreign commerce with intent to promote, manage, establish, carry on, and facilitate the promotion, management, establishment, and carrying on of an unlawful activity, namely, bribery in violation of the laws of the State of Missouri, specifically, Missouri Annotated Statutes § 570.150, and thereafter to perform and attempt to perform such promotion, management, establishment, carrying on and facilitation of the promotion, management, establishment and carrying on of such unlawful activity, in violation of the Travel Act, Title 18, United States Code, Section 1952(a)(3)(A).

PURPOSE OF THE CONSPIRACY

5. The purpose of the conspiracy was to secretly pay money to foreign officials, political parties, party officials, and candidates for public office in Costa Rica to obtain from the

Government of the Republic of Costa Rica a land concession to develop the Costa Rican Project.

MANNER AND MEANS OF THE CONSPIRACY

6. It was part of the conspiracy that defendants KING and BARQUERO and other co-conspirators would regularly meet and communicate through telephone calls, facsimiles, and electronic mail to discuss strategies for raising funds and for obtaining the concession for the Costa Rican Project through bribery and other illicit payments.

7. It was part of the conspiracy that defendants KING and BARQUERO and other co-conspirators would solicit investors in the United States for the Costa Rican Project, or would refer potential investors to other co-conspirators, and would represent to such investors that a portion of the invested funds would be used to cultivate "friends" in the Costa Rican government and political parties to ensure that a land concession would be awarded to OSI Proyectos.

8. It was further a part of the conspiracy that defendants KING and BARQUERO and other co-conspirators, acting on their own behalf and as agents of OSI, would agree to pay and authorized payments to Costa Rican officials, political parties, party officials, and candidates for public office to induce them to use their influence to assist in obtaining a land concession for OSI Proyectos.

9. It was further a part of the conspiracy that defendants KING and BARQUERO and other co-conspirators agreed to make a payment, divided between the ruling and opposition political parties in Costa Rica, contingent upon the land concession being granted to OSI Proyectos.

10. It was further a part of the conspiracy that the co-conspirators agreed to funnel the money for the payments to the Costa Rican officials, political parties, party officials, and candidates for public office through offshore corporations and bank accounts to conceal its origin in the United States.

11. It was further a part of the conspiracy that defendant KING and other co-conspirators agreed to transfer funds to defendant BARQUERO in Costa Rica and elsewhere, knowing that these funds would be used to make payments, directly and through others retained by OSI Proyectos, to Costa Rican officials, political parties, party officials, and candidates for public office in the guise of campaign contributions and consulting fees in exchange for their exercising their influence in support of the Costa Rican Project.

12. It was further a part of the conspiracy for defendants KING and BARQUERO and other co-conspirators to refer to the payments to the Costa Rican officials, political parties, party officials, and candidates for public office by using codewords

such as "political support money," "consulting fees," "tolls," "kiss money," and "closing costs."

OVERT ACTS

13. In furtherance of the conspiracy, defendants KING and BARQUERO, together with Kingsley, Reitz, and Halford, and others known and unknown to the Grand Jury, committed and caused to be committed the following overt acts in the Western District of Missouri and elsewhere:

a. In or about 1997, BARQUERO traveled from Costa Rica to Kansas City, Missouri, and met with Kingsley, Reitz, and others to discuss the Costa Rican Project.

b. On or about the January 12, 1998, OSI Proyectos obtained from the government of Costa Rica a letter stating its agreement to negotiate a definitive agreement upon the completion of certain studies.

c. On or about August 10, 1999, in Kansas City, Missouri, KING sent a facsimile transmission from Kansas City, Missouri to Carmel, Indiana, to a potential investor seeking a loan of \$20,000,000, of which \$1,000,000 was allocated for "Reserve for Kiss."

d. On or about August 13, 1999, BARQUERO sent a facsimile transmission from Costa Rica to Kingsley in Kansas City, Missouri, stating that two congressmen who were "friends" of OSI had requested that OSI fund a commission to study new

legislation to support the Costa Rican project. BARQUERO noted that, with respect to two members of the proposed commission, one of whom was a former government official, "I would say we have good control upon both."

e. On or about September 24, 1999, in Overland Park, Kansas, Kingsley told a person whom he believed was acting as an intermediary for a potential investor that OSI Proyectos is a "clean company" because "all of the sneaky stuff we did, like paying political stuff, came from up here." In addition, he stated that he consulted with BARQUERO as to who needed to be "paid off" and then provided BARQUERO with funds. Kingsley also stated that OSI would make a final payment of \$1,000,000 on a "no cure, no pay basis", i.e., that it would make the payment only if the land concession was granted.

f. On or about October 12, 1999, Kingsley told a person whom he believed was acting as an intermediary for a potential investor that OSI had agreed to pay \$750,000 to the ruling political party and \$250,000 to the opposition party (because one day it would be in power) but those payments would not take place until OSI got the concession.

g. On or about October 21, 1999, Kingsley told an investor that consulting contracts with the lawyers, politicians, and lobbyists were "off the balance sheet." In addition, he explained that up to 10% of OSI Proyectos would be given to "the

politicians, the two political parties, and the congressmen" as well as a "closing fee" of \$1,100,000 as a "payoff" after the land concession was granted.

h. On or about December 6, 1999, BARQUERO sent a facsimile transmission from Costa Rica to Kingsley in Kansas City, Missouri, enclosing a budget for "Costa Rica operations" and stating, "Besides all costs involved, it includes the political toll for the concessions and contributions for both p.p.'s [political parties]; next year the political arena will see the opening of the campaign for 2002 elections." The enclosed budget included a line item for "fees" of \$1,027,500 which were designated as "fees: includes toll & contributions (congress commissions, lobbying & contributions to both parties)."

i. On or about February 28, 2000, BARQUERO sent a facsimile transmission from Costa Rica to Kingsley in Kansas City, Missouri, enclosing a revised budget for "Costa Rica operations" and stating, "Besides all costs involved, it includes the political toll for the concessions and contributions for both p.p.'s [political parties]; it also includes the pretended aerial operations." The enclosed budget included a line item for "fees" of \$1,027,500 which were designated as "fees: includes toll & contributions (congress commissions, lobbying & contributions to both political parties)."

j. On or about May 2, 2000, BARQUERO sent a facsimile from Costa Rica to Kansas City, Missouri, discussing the need to regain credibility with the Costa Rican authorities. BARQUERO specifically cited the need to make payments:

Toll Allocation

Even if money is important, it is not the main issue. This is looked at as a compromise, a gentlemen's agreement, and everyone involved is sure that once all parties back the project, the compromise will be fulfilled accordingly.

Next year is a political year. Next elections will take place in Feb. 2002. Campaigns are money-consuming processes and politicians will be looking for contributions that will, somehow be repaid as favors. An advance of the toll will have to take place early next year. And we will also have to consider contributions to the current opposition Party, who accordingly with recent polls will very probably be the next term ruling political force.

* * *

The concession becomes not only a political support issue, but also a timely matter. If we are able to perform before the current political term is over, we will get the concession utilizing our current friends. Otherwise we will have to start the convincing process again with the newcomers.

Toll will then have to be allocated accordingly in direction and time for it to be effective.

k. On or about May 8, 2000, Halford sent an electronic mail message from Overland Park, Kansas, to BARQUERO.

in Costa Rica to discuss funding the Costa Rica Project and stating:

Also for the first time, you have used the words toll allocation. Is this a new term for the politicians? What are the dollar amounts in this area? Does this cover all of the people in both parties? If possible we would like some specifics as to whom we are talking about. We originally budgeted \$1,000,000 for this purpose. We would like a breakdown on these amounts. If this is the case, we would like an agreement that these monies would be escrowed subject to the granting of the concession agreement.

1. On or about May 9, 2000, BARQUERO sent an electronic mail message from Costa Rica to Halford in Overland Park, Kansas, replying to his May 8 message and stating:

Toll allocation. Just a matter of semantics. We must understand political leverage and support to full commitment from politicians. Budget is fine; we can keep the same number. A breakdown of this and an agreement are not a possibility at this point in time. All agreements in this respect are an issue of trust. One thing that is clear is that nobody will receive a nut before completion of the granting of the concession.

m. On or about May 10, 2000, Reitz and Kingsley, a former co-conspirator, caused an electronic mail message to be sent from Overland Park, Kansas, to BARQUERO in Costa Rica, to be forwarded to an influential Costa Rican politician, asking, among other things, the following questions:

1. Can the proposed toll be escrowed subject to the completion of the final "Concession Agreement"? If so, what banking arrangements

be [sic] required and where would the escrowed funds be held?

2. What is the toll amount needed and who would be the recipients of it?

n. On or about May 10, 2000, BARQUERO sent an electronic mail message from Costa Rica to Overland Park, Kansas, responding to Kingsley and Reitz's message. In this message, BARQUERO stated he had consulted with the Costa Rican politician and stated further:

1. Can the proposed toll be escrowed subject to the completion of the final "Concession Agreement"? R/ Yes indeed. No monies have to be allocated before a result is visible.

If so, what banking arrangements be [sic] required and where would the escrowed funds be held? R/ Regular transfer of funds to our account in Miami so we can show availability of funds.

2. What is the toll amount needed and who would be the recipients of it? R/ We can fix it in one million as previously discussed. I would not mention names in written. [sic] We can imply it is highest ranking politicians.

o. On or about May 18, 2000, BARQUERO sent an electronic mail message from Costa Rica to Halford in Overland Park, Kansas, containing the names of Costa Rican officials and others who had been paid by OSI Proyectos for the co-conspirators to use to persuade investors to provide the funds for additional payments to obtain the land concession for the Costa Rican Project.

p. On or about May 25, 2000, in Overland Park, Kansas, Halford drafted for distribution to potential investors in Michigan a "Proposal for a [sic] investment in Owl Securities & Investments" that stated that a requirement for obtaining the concession prior to the required studies being completed was "[t]he posting of the required closing costs estimated at \$1,000,000." The proposal stated that "[t]his amount would be escrowed and not released until the concession agreement was granted."

q. On or about May 26, 2000, in Kansas City, Missouri, KING sent a memorandum to a potential investor in Salt Lake City, Utah, reporting:

. . . After the surveys were complete we agreed to give a contribution, (read "closing Costs"), to the party in power of \$1M and at the same time receive our rights to the fifty square miles of land. . . .

The new agreement is as follows. (1) We will put \$1M, or a letter of credit, into an escrow account. (2) We will then be given control of the land and (3) THEN we complete the surveys. Only after the land is ours do we give up any money. I have fought for this for years and it now looks like I have what to me only makes sense. . . .

r. On or about June 1, 2000, in Kansas City, Missouri, KING sent a facsimile to Kingsley, a former co-conspirator, in Overland Park, Kansas, which contained a draft statement to be provided to investors and financial institutions as part of an application for a letter of credit to fund the

payment to Costa Rican officials. In the statement, KING disguised the payments to the Costa Rican officials as "closing costs," stating:

[OSI] will be allowed to gain control of the land before we do the surveys. . . . Now the main requirement is that certain closing costs must be in place in escrow prior to our receiving control of the land. This requirement is a very acceptable part of receiving 50 square miles of land on the Caribbean beach in Costa Rica.

s. On or about June 5, 2000, in Kansas City, Missouri, KING sent by facsimile transmission a letter to a potential investor in Salt Lake City, Utah, setting forth the necessary steps to obtain the concession, including "pay the 'closing cost'."

t. On or about June 23, 2000, in Kansas City, Missouri, Halford delivered to KING a copy of his "Proposal for a [sic] investment in Owl Securities & Investments" together with copies of his and Reitz's correspondence with BARQUERO concerning the "tolls."

u. On or about June 28, 2000, in Kansas City, Missouri, KING met with Halford and Kingsley, a former co-conspirator, to discuss various options for financing the "closing costs." During this meeting, KING stated that he had discussed with BARQUERO raising the "closing fee" to \$1,500,000 to cover "future problems," i.e., to pay the opposition party in case it took power in the future. He stated:

I'd like to think we could pay the top people enough that the rest of the people won't bother us any. That's what I'm hoping this million and a half dollars does. I'm hoping it pays enough top people.

v. In or about June 2000, in Kansas City, Missouri, KING drafted a letter to a potential investor whom he had solicited to fund the Costa Rican Project, stating:

As of yesterday, the only difference is we now will be allowed to do the surveys after we get the land, and the "closing costs" will be put into escrow up front, (by way of an LOC [letter of credit] if we wish). I am going to insist that we do not release the "closing costs" until the surveys are also done. This will guarantee that we do not encounter any surprises during the surveys. We will then have the land and have the surveys completed and our "closing costs" can then come from the funding of the loan leaving our LOC untouched.

w. On or about July 11, 2000, while in Costa Rica, BARQUERO discussed the funding of the Costa Rican Project with a potential investor in Denver, Colorado.

x. On or about July 12, 2000, Halford telephoned from Overland Park, Kansas to Denver, Colorado to discuss the "closing costs" with the potential investor referred to OSI by BARQUERO.

y. On or about July 19, 2000, in Kansas City, Missouri, KING negotiated an agreement with Kingsley, a former co-conspirator, that KING would receive a stock option to purchase additional shares in OSI. This agreement provided:

This option is exercised anytime RRK+ (KING) requests it after he has put required funds

of closing cost into escrow. If closing costs should exceed \$1M, RRK+ will be issued additional stock . . .

z. On or about August 4, 2000, Halford sent a letter from Overland Park, Kansas to the potential investor in Denver, Colorado, identified by BARQUERO stating that the investor's funds would be placed in an escrow account to cover "anticipated closing costs."

aa. On or about August 4, 2000, during a telephone conversation between Costa Rica and Overland Park, Kansas, BARQUERO proposed to Kingsley, a former co-conspirator, that OSI create a new company and open a new bank account either in Panama or in the United States through which the payments to the Costa Rican officials could be made without them being traced back to OSI or OSI Proyectos.

bb. On or about August 9, 2000, during a telephone call between Costa Rica and Overland Park, Kansas, BARQUERO provided further details concerning his plan to open a bank account in Panama through which the payments to the Costa Rican officials could be made.

cc. On or about August 15, 2000, during a telephone call between Costa Rica and Overland Park, Kansas, BARQUERO discussed how the "toll" would be disbursed to and divided among public officials in Costa Rica.

dd. On or about August 16, 2000, in response to a request for the names of the politicians who had received payments in the past from OSI and OSI Proyectos, BARQUERO sent an electronic mail message from Costa Rica to Halford in Overland Park, Kansas, containing the names of "politicians and friends of ours who would back the project with their support."

ee. On or about August 17, 2000, in Kansas City, Missouri, KING, Reitz, Halford, and Kingsley, a former co-conspirator, met to discuss the Costa Rican Project and to confirm that each agreed that OSI would pay a "closing fee" or "toll" to the Costa Rican politicians. BARQUERO joined this meeting by telephone from Costa Rica.

All in violation of Title 18, United States Code, Section 371.

COUNTS TWO - EIGHT

FOREIGN CORRUPT PRACTICES ACT (15 U.S.C. §78dd-2(a))

14. The Grand Jury incorporates by reference the allegations set forth in paragraphs 1-3 above and further charges that:

15. On or about the dates set forth below, in the Western District of Missouri and elsewhere, defendants herein,

ROBERT RICHARD KING

a "domestic concern" and a stockholder acting on behalf of a "domestic concern," to wit, Owl Securities and Investments, Limited, and

PABLO BARQUERO HERNANDEZ

an agent of a "domestic concern," did use and cause to be used instrumentalities of interstate commerce, as set forth below, corruptly in furtherance of an offer, payment, promise to pay and authorization of the payment of money to:

(i) foreign officials, foreign political parties, foreign political party officials, and candidates for foreign political office, and

(ii) other persons while knowing that all or a portion of such money would be offered, given and promised, directly and indirectly to foreign officials, foreign political parties, foreign political party officials, and candidates for foreign political office,

for purposes of influencing acts and decisions of such foreign officials, foreign political parties, foreign political party officials, and candidates for foreign political office; inducing foreign officials, foreign political parties, foreign political party officials, and candidates for foreign political office to do and omit to do acts in violation of their lawful duty; and inducing foreign officials, foreign political parties, foreign political party officials, and candidates for foreign political office to use their influence with a foreign government thereof to affect and influence acts and decisions of such government in order to assist OSI and other "domestic concerns" in obtaining and retaining business for, and directing business to OSI and OSI Proyectos.

<u>COUNT</u>	<u>DATE</u>	<u>INSTRUMENTALITY OF INTERSTATE AND FOREIGN COMMERCE</u>
2	12/6/1999	facsimile transmission from Costa Rica to Kansas City, Missouri
3	2/6/2000	facsimile transmission from Costa Rica to Kansas City, Missouri
4	5/2/2000	facsimile transmission from Costa Rica to Kansas City, Missouri
5	5/26/2000	facsimile transmission from Kansas City, Missouri, to Salt Lake City, Utah
6	6/1/2000	facsimile transmission from Kansas City, Missouri, to Overland Park, Kansas
7	6/5/2000	facsimile transmission from Kansas City, Missouri to Salt Lake City, Utah

COUNTS NINE - TENUSE OF FACILITY IN INTERSTATE AND FOREIGN
COMMERCE IN AID OF RACKETEERING
(18 U.S.C. §1952)

16. The Grand Jury incorporates by reference the allegations set forth in paragraphs 1-3 above and further charges that:

17. On or about the following dates, in the Western District of Missouri and elsewhere, defendants herein,

ROBERT RICHARD KING

and

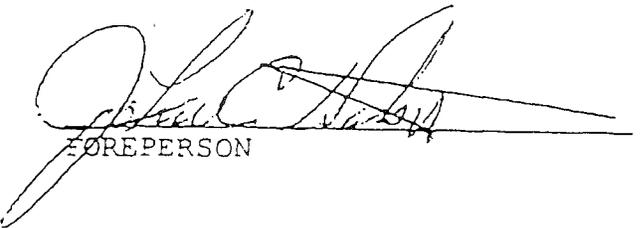
PABLO BAROUERO HERNANDEZ,

with others known and unknown to the Grand Jury, did use and cause to be used a facility in interstate and foreign commerce, as set forth below, with intent to promote, manage, establish, carry on, and facilitate the promotion, management, establishment and carrying on of an unlawful activity, namely, bribery in violation of the laws of the State of Missouri, specifically, Missouri Annotated Statutes § 570.150, and thereafter performed and attempted to perform such promotion, management, establishment, carrying on and facilitation of the promotion, management, establishment, and carrying on of the above unlawful activity:

<u>COUNT</u>	<u>DATE</u>	<u>FACILITY IN INTERSTATE OR FOREIGN COMMERCE</u>
9	6/5/2000	facsimile transmission from Kansas City, Missouri to Salt Lake City, Utah
10	8/17/2000	telephone call between Costa Rica and Kansas City, Missouri

All in violation of Title 18, United States Code, Sections
1952(a)(3)(A) and 2.

A TRUE BILL.

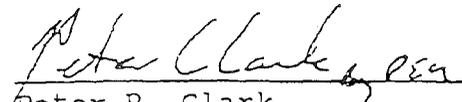


FOREPERSON

MARIETTA PARKER
UNITED STATES ATTORNEY



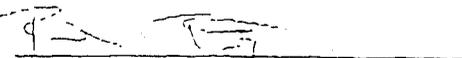
Linda Parker Marshall
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Peter B. Clark
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U.S. Department of Justice



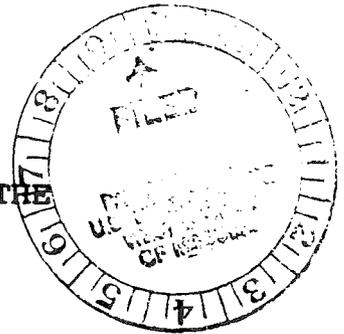
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U.S. Department of Justice

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June 26, 2001 (3:53pm)

IN THE UNITED STATES DISTRICT COURT FOR THE
WESTERN DISTRICT OF MISSOURI
WESTERN DIVISION



UNITED STATES OF AMERICA,)
)
 Plaintiff,)
)
 v.)
)
 RICHARD K. HALFORD,)
)
 Defendant.)

No. 01-00221-01-CR-W-1

PLEA AGREEMENT

The United States of America, the defendant Richard K. Halford, and his attorney Bruce C. Houdek, do hereby enter into the following plea agreement. There are no agreements or understandings other than those set forth herein.

1. Defendant agrees to enter a plea of guilty to a four-count Information charging violations of Title 18, United States Code, Section 371 (conspiracy) (Count One), and Title 26, United States Code, Section 7203 (failure to pay tax) (Counts Two, Three and Four). In order for the United States to file this Information, defendant must waive his right to prosecution by way of grand jury; by entering into this plea agreement, he does waive the right to have his case presented to a federal grand jury. Defendant further waives venue as to Counts Two, Three and Four and agrees to the filing of these counts in the Western District of Missouri.

2. Defendant understands and hereby agrees that by signing this plea agreement he is admitting the criminal allegations set forth in each count of the Information and admitting that he is, in fact, guilty of offenses alleged in those counts.

3. The charges to which defendant is pleading guilty carry the following maximum statutory penalties:

Count One: a term of imprisonment of not more than five (5) years, a fine of not more than \$250,000.00, a period of supervised release of not more than three years, and a \$100.00 mandatory special assessment. Restitution may also be ordered.

Counts Two, Three and Four: a term of imprisonment of not more than one (1) year, a fine of not more than \$100,000.00 plus the costs of prosecution, a period of supervised release of not more than one year, and a \$25.00 mandatory special assessment. Restitution may also be ordered.

4. As the factual basis for the pleas, defendant admits the following:

Count One: Conspiracy to Violate the Foreign Corrupt Practices Act

At all times relevant to this matter, defendant Richard Halford was a United States citizen and an officer, employee and shareholder acting on behalf of Owl Securities and Investments (OSI), a corporation having its principal place of business in Kansas City, Missouri. Further, between March 1997 and September 1999, Halford was the Chief Financial Officer and of OSI. As such he was a "domestic concern" as defined in the Foreign Corrupt Practices Act and an officer, employee, and shareholder acting on behalf of a domestic concern.

A few months after March 1997, defendant Halford joined with others to obtain a concession to develop a new port and resort in Costa Rica. Halford learned that another coconspirator,

acting through a Costa Rican agent, had sent funds to Costa Rica to bribe officials of the Costa Rican government to obtain their support for the granting of the concession to OSI. Halford and the other conspirators promoted the Costa Rican project and raised funds from investors, some of which were used to pay bribes to Costa Rican officials.

During the summer of 1999, some of the conspirators told cooperating witnesses and an undercover FBI agent who posed as potential investors or as intermediaries for potential investors that OSI had been heavily involved in the Costa Rican elections and that Costa Rican officials had been "taken care of." They explained to the cooperating witnesses that the payments to Costa Rican officials could not "come back to us" because OSI simply paid its attorney, an official in a Costa Rican political party, in Costa Rica, who then provided "incentive payments" to the Costa Rican officials. In January 1998, the Costa Rican government issued a letter of intent to OSI stating its support for the eventual issuance of a concession.

The conspirators also agreed to offer a large final bribe to Costa Rican officials that would be explicitly contingent upon the final granting of the concession. In conversations with each other and in proposals they circulated to potential investors, the conspirators characterized this bribe as a "closing cost" or "toll payment." The conspirators planned to open a letter of credit or an escrow account to demonstrate to the Costa Rican officials and politicians that they could pay the amount.

Throughout the latter part of 1999 and 2000, the conspirators sought investors to fund the payment of the "closing cost."

In furtherance of the conspiracy, Halford and other conspirators corresponded via electronic mail and facsimile transmissions and engaged in numerous telephone conversations concerning how to structure the "closing cost" in a manner to ensure that OSI would in fact obtain the concession from the Costa Rican government. For example, on May 8, 2000, Halford sent an electronic mail message to OSI's agent in Costa Rica asking whether the "toll payment" would "cover all of the people in both parties," what the amount of the toll would be, and whether it could be escrowed pending the granting of the concession to OSI. He stated in his message that OSI had budgeted \$1,000,000 for the toll payment.

The conspirators contacted various investors to raise the funds necessary to pay the "toll payment" or "closing cost." For example, on May 25, 2000, Halford drafted a "proposal" to be circulated to potential investors that described a \$1,000,000 "closing cost" that would be escrowed until the concession was granted. In addition, on July 12, 2000, Halford discussed with a potential investor the "closing cost", and on August 4 he sent this investor a letter describing the project and the need to fund a "closing cost."

On August 9, 2000, Halford agreed with OSI's Costa Rican agent's suggestion to create a bank account in Panama that would be controlled by a third party known and trusted by the Costa

Rican politicians but who had no ties to OSI. They agreed that this third party would disburse the funds to the Costa Rican politicians after the concession had been granted.

The amount of this final bribe escalated over time. At a meeting on August 17, 2000, in Kansas City, Missouri, the conspirators agreed to offer a final bribe payment of \$1,500,000. The conspirators agreed that this payment would be divided between the ruling political party and its supporters and the opposition party and its supporters to ensure that OSI's concession would be secure regardless of which party was in power.

Counts Two, Three and Four: Failure to Pay Income Tax

During each of the calendar years 1997, 1998, and 1999, defendant willfully failed to pay income tax which was due and owing to the Internal Revenue Service. In 1997, defendant's unpaid tax liability was \$11,178. In 1998, his unpaid tax liability was \$4,151. In 1999, his unpaid tax liability was \$1,600. In each of the years, 1997, 1998, and 1999, defendant had the funds available to pay his tax liabilities, but the defendant made the decision to use the available funds in each of those years for personal matters rather than for payment of his tax liabilities.

5. The United States agrees that no additional charges will be filed in the Western District of Missouri arising from the investigation leading to the charges in this case.

6. Defendant acknowledges that he discussed supervised

release with his attorney and that he understands the nature and the effects of supervised release. In particular, he understands that violation of a condition of supervised release may result in revocation of supervised release and imposition of an additional term of imprisonment of not more than three years, without credit for time previously served during post-release supervision.

7. The parties are aware of no additional fraudulent conduct by defendant to be considered as "relevant conduct" for purposes of calculating loss under the offense level, in accordance with U.S.S.G. § 1B1.3(a)(2).

8. The parties stipulate and agree that the United States Sentencing Guidelines will apply in this case, as follows:

a. Count One, the Foreign Corrupt Practices offense, is governed by the provisions of U.S.S.G. § 2B4.1.

1. The base offense level is 8.

2. Because the amount of the bribes is approximately \$1,500,000, there is an increase of 11 offense levels.

3. The total offense level is 19.

b. Counts Two, Three, and Four, the tax offenses, are governed by the provisions of U.S.S.G. §§ 2T1.1 and 2T4.1.

1. The base offense level is 11 based on a tax loss of \$16,929 (1997: \$11,178; 1998: \$4,151; and 1999: \$1,600).

c. Under the multiple counts rules, if Count One is one group, and Counts Two, Three, and Four are one group, there is no increase in the offense level.

d. The parties believe defendant has and will clearly accept responsibility for his offense, and has timely notified authorities of his intention to enter a plea of guilty, thereby permitting the government to avoid preparing for trial and permitting the court to allocate its resources efficiently, so that he will be entitled to a decrease of three offense levels pursuant to § 3E1.1.

e. The parties further believe that defendant is in Criminal History Category I.

f. At Criminal History Category I, the sentencing range for offense level 16 is 21-27 months. [The parties anticipate, however, that defendant will cooperate in the investigation and prosecution of others, and that a motion under § 5K1.1 will be filed.]

The parties make no agreement with respect to the applicability of any other section of the Sentencing Guidelines and are free to argue or otherwise advance any position not specifically addressed in this plea agreement.

9. The defendant agrees to cooperate fully and truthfully with the United States as follows:

a. Defendant agrees to provide truthful, complete, and accurate information and testimony in the trial of this matter or in any related hearing;

b. Defendant agrees to provide all information concerning his knowledge of, and participation in, the offenses charged in the Information, and any other crimes about which he has knowledge;

c. Defendant agrees that he will not falsely implicate any person or entity and will not protect any person or entity through false or misleading information

or omission;

d. Defendant agrees to testify as a witness before any grand jury, hearing, or trial when requested to do so by the United States;

e. Defendant agrees to hold himself reasonably available for any interviews the United States may require. Defendant waives any right to the presence of counsel at such meetings, debriefings, or pretrial preparation sessions, unless his attorney specifically requests to be present at each meeting;

f. Defendant agrees to provide to the United States all documents or other items under his control which may pertain to any criminal violation;

g. Defendant understands that his cooperation shall be provided to any local, state, and federal law enforcement agency as requested by counsel for the United States;

h. Defendant agrees and understands that this Plea Agreement requires that his cooperation may continue even after the time he is sentenced. Failure to continue to cooperate after sentence is imposed constitutes a basis to void this agreement by the United States;

i. Defendant agrees that if the United States determines that he has not provided full and truthful cooperation, or has committed any local, state, or federal crime between the date of this Plea Agreement and his sentencing, or has otherwise violated any other provision of this Plea Agreement, or has violated the terms and conditions of his release while on bond as required by the Court, the Plea Agreement may be voided by the United States and defendant shall be subject to prosecution for any federal crime of which the United States has knowledge including, but not limited to, perjury, obstruction of justice, and any substantive offenses arising from this investigation. Such prosecution may be based upon any information provided by defendant during the course of his cooperation, or upon leads derived therefrom, and this information may be used as evidence against him. In addition, defendant's previously entered plea of guilty will remain in effect and cannot be withdrawn. Further, any prosecution which is not barred by the applicable statute of limitations on the date of the signing of this Plea Agreement may be commenced against defendant in accordance with this Plea Agreement, notwithstanding the expiration of the statute

of limitations between the time of signing this agreement and the commencement of the prosecution. It is the specific intent of this Plea Agreement to waive any and all defenses based upon the statute of limitations with respect to any prosecution which is not barred by the statute of limitations on the date this Plea Agreement is signed by defendant;

10. "Substantial assistance" within the meaning of 18 U.S.C. § 3553(e) has not yet been provided by defendant. Upon the determination by the United States Attorney for the Western District of Missouri that defendant has provided "substantial assistance," the United States shall request the Court to reduce the sentence defendant would otherwise receive under the applicable statutes and/or sentencing guidelines pursuant to the Sentencing Guidelines, Section 5K1.1. The United States reserves the right to make the sole determination as to whether and when defendant has provided such substantial assistance and further whether to request a reduction generally or a specific sentence or sentence reduction.

11. In exchange for defendant's agreement to cooperate with the United States, the United States agrees not to use new information that defendant provides about his own criminal conduct except as specifically authorized by Section 1B1.8 of the United States Sentencing Guidelines. As such, this information may be revealed to the Court but may not be used against the defendant in determining defendant's applicable guideline range or departing above his guideline range. Defendant understands and agrees, however, that under Section 1B1.8, there shall be no such restrictions on the use of the information: (1) previously known

to the United States; (2) revealed to the United States by, or discoverable through, an independent source; (3) in a prosecution for perjury or giving a false statement; (4) in the event there is a breach of this agreement; or (5) in determining whether and to what extent a downward departure as a result of a government motion pursuant to U.S.S.G. § 5K1.1 is warranted.

12. The United States will not oppose a request for self-surrender and/or designation to a particular institution.

13. Defendant agrees to pay restitution as ordered by the court.

14. Defendant agrees to pay the special assessment of \$175.00 within 10 days of his plea.

15. The plea of guilty shall be entered as soon as practicable.

16. The parties understand and agree that this agreement is binding only on the parties and not on the Court or the United States Probation Office.

17. Defendant understands that if the Court accepts this plea agreement but imposes a sentence which he does not like, he will not be permitted to withdraw his plea of guilty.

18. There are no agreements between the Government and defendant regarding (a) imposition of a fine or the amount of that fine, (b) imposition of costs of a sentence of imprisonment or the amount of those costs, or (c) imposition of the costs of a term of supervised release or the amount of those costs.

19. Defendant waives all rights, whether asserted directly

or by a representative, to request or receive from any department or agency of the United States any records pertaining to the investigation or prosecution of this case, including without limitation, any records that may be sought under the Freedom of Information Act, 5 U.S.C. § 552, or the Privacy Act of 1974, 5 U.S.C. § 552a.

20. Defendant further understands that a breach by him of any condition of this plea agreement may render this agreement null and void at the option of the United States. He further understands that should that occur, the United States may pursue any additional charges arising from the criminal activity under investigation as well as any perjury, false statement, or obstruction of justice charges which may have resulted.

21. Other than the promises by the United States set forth in this plea agreement, defendant understands that the United States otherwise reserves the right to:

a. Oppose or take issue with any factual or legal position advanced by defendant at the sentencing hearing, including any issues related to the application of the U.S. Sentencing Guidelines in this case;

b. Comment on the evidence supporting the charges in the Information;

c. Oppose any arguments and requests for relief the defendant may advance on an appeal from the sentence imposed; and

d. Oppose any post-conviction relief, motion for reduction of sentence, or other relief.

22. Defendant has read this agreement, has discussed it with his counsel, and understands it. By his signature, he states that this agreement is true and accurate and not the result of any threats, coercion, or promises made by the Government or anyone acting for the Government other than those promises contained in this written plea agreement, nor has the United States promised defendant any additional consideration to induce him to sign this Plea Agreement. Defendant acknowledges that he is entering into this Plea Agreement and is pleading guilty freely and voluntarily. Defendant further acknowledges his understanding of the nature of the offense to which he is pleading guilty and the elements of the offense, including the penalties provided by law, and his complete satisfaction with the representation and advice received from his undersigned counsel. Defendant also understands that he has the right to plead not guilty or to persist in that plea if it has already been made, the right to be tried by a jury with the assistance of counsel, the right to confront and cross-examine the witnesses against him, the right against compulsory self-incrimination, and the right to compulsory process for the attendance of witnesses to testify in his defense. Defendant understands that by pleading guilty, he waives or gives up those rights and there will be no trial. Defendant further understands that if he pleads guilty, the Court may ask him questions about the offense or offenses to which he pled guilty, and if he answers those questions under oath and in the presence of counsel, his

answers may later be used against him in a prosecution for perjury or false statement. Defendant also understands he has pled guilty to a felony offense and, as a result, may be deprived of certain rights, such as the right to vote, hold public office, serve on a jury, and possess a firearm.

Marietta Parker
United States Attorney

Date: 6/26/01

Linda Parker Marshall
Linda Parker Marshall #24954
Assistant United States Attorney

Date: 26 June 01

Philip Unofsky
Philip Unofsky, Trial Attorney
Fraud Section
Criminal Division
United States Department of Justice

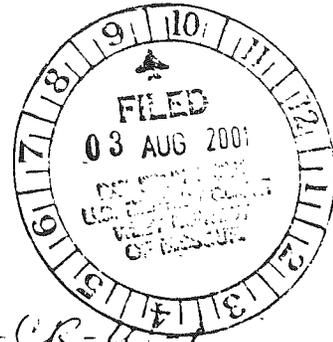
Date: 6/26/01

Richard K. Halford
Richard K. Halford
Defendant

Date: 6-26-01

Bruce C. Houdek
Bruce C. Houdek
Attorney for Defendant

IN THE UNITED STATES DISTRICT COURT FOR THE
WESTERN DISTRICT OF MISSOURI
WESTERN DIVISION



UNITED STATES OF AMERICA,)
)
Plaintiff,)

No. 01-00221-01-CR-001

v.)

RICHARD K. HALFORD,)
[DOB: 09/08/34])
Defendant.)

COUNT ONE:
18 U.S.C. § 371
NMT 5 years and \$250,000
Class D Felony
NMT 3 years supervised release
\$100 Special Assessment

COUNTS TWO, THREE and FOUR:
26 U.S.C. § 7203
NMT 1 year imprisonment
NMT \$100,000 and costs of
prosecution
Class A Misdemeanor
NMT 1 year supervised release
\$25 Special Assessment
Restitution may be ordered.

I N F O R M A T I O N

THE UNITED STATES ATTORNEY CHARGES THAT:

COUNT ONE

CONSPIRACY TO VIOLATE
THE FOREIGN CORRUPT PRACTICES ACT
(18 U.S.C. §371)

1. From in or about December 1997 to in or about October 2000, in the Western District of Missouri and elsewhere, the defendant RICHARD K. HALFORD, together with others known and unknown to the United States Attorney, did conspire, confederate, and agree with each other to commit offenses against the United States, to wit: being "domestic concerns," officers, directors, employees, and agents of "domestic concerns", and stockholders acting on behalf of "domestic concerns," as those terms are defined in the Foreign Corrupt Practices Act, 15 U.S.C. § 78dd-

2(h)(1), to use the mails and means and instrumentalities of interstate commerce and to do other acts within the territory of the United States corruptly in furtherance of an offer, payment, promise to pay, and the authorization of the payment of money, to

- foreign government officials, foreign political parties, foreign political party officials, and candidates for foreign public office, and
- other persons while knowing that all or a portion of such money would be offered, given and promised, directly and indirectly to such persons and political parties,

for purposes of influencing acts and decisions of such persons and political parties, inducing such persons and political parties to do and omit to do acts in violation of their lawful duty, and inducing such persons and political parties to use their influence with a foreign government and instrumentality thereof to affect and influence acts and decisions of such government and instrumentality, in order to assist Owl Securities and Investments Ltd. in obtaining and retaining business for, and directing business to Owl Securities and Investments Ltd. and OSI Proyectos, in violation of the Foreign Corrupt Practices Act, Title 15, United States Code, Section 78dd-2(a).

GENERAL ALLEGATIONS

2. At all times material herein, the Foreign Corrupt Practices Act of 1977 (FCPA), as amended, 15 U.S.C. §§78dd-1, et seq., was enacted by Congress for the purpose of, among other

things, making it unlawful for United States persons, businesses and residents to use the United States mails, or any means or instrumentality of interstate commerce in furtherance of an offer, promise, authorization, or payment of money or anything of value to a foreign government official for the purpose of obtaining or retaining business for, or directing business to, any person.

3. At all times material herein, Owl Securities and Investments, Limited ("OSI") was a business having its principal place of business in Kansas City, Missouri. OSI is a "domestic concern" as that term is defined in 15 U.S.C. §78dd-2(h)(1)(B). OSI controlled, and operated OSI Proyectos, a business incorporated under the laws of Costa Rica and having its principal place of business in San Jose, Costa Rica. All significant decisions and expenditures incurred by OSI Proyectos were authorized by OSI in Kansas City, Missouri.

4. At all times material herein, RICHARD K. HALFORD was a citizen of the United States and was a stockholder of OSI. In addition, from 1997 through in or about September 1999, HALFORD was the Chief Financial Officer of OSI. As such, HALFORD was a "domestic concern" as that term is defined in 15 U.S.C. § 78dd-2(h)(1)(A) and an officer and employee of a "domestic concern" and a stockholder acting on behalf of a "domestic concern" as that term is defined in 15 U.S.C. § 78dd-2(h)(1)(B).

PURPOSE OF THE CONSPIRACY

5. The purpose of the conspiracy was to secretly pay money to public officials and political parties in Costa Rica to obtain from the Government of the Republic of Costa Rica a land concession to build and operate a mixed-use facility, known as the "Costa Rican Project." The Costa Rican Project encompassed the construction, development, and operation of new port facilities on the Carribbean coast of Costa Rica, as well as an international airport, a beach-front resort, a marina, residential estates, a quarry, a salvage operation, and a dry canal linking the new port to a port on the Pacific coast of Costa Rica.

MANNER AND MEANS OF THE CONSPIRACY

6. It was part of the conspiracy that HALFORD and others would solicit investors in the United States for the "Costa Rican Project," and some of the coconspirators would represent to certain potential investors that a portion of the invested funds would be used to cultivate friends in the Costa Rican government and political parties to ensure that a land concession would be awarded to OSI Proyectos.

7. It was further a part of the conspiracy that HALFORD and others would solicit from investors in the United States funds with which to make payments to foreign officials and political parties to obtain a land concession for OSI Proyectos.

8. It was further a part of the conspiracy that the conspirators, acting on their own behalf and as agents of OSI,

knew of and agreed to payments to officials of the Republic of Costa Rica, political parties, party officials, and candidates for public office to induce them to use their influence to assist in obtaining a land concession for OSI Proyectos.

9. It was further a part of the conspiracy that, through OSI and OSI Proyectos, payments were made to Costa Rican officials and candidates for political office in exchange for their support and influence in support of the Costa Rican Project and to obtain favorable changes to Costa Rican law and regulations.

10. It was further a part of the conspiracy that HALFORD and others would agree to make a final payment of \$1,500,000, divided between the ruling and opposition parties, contingent upon the land concession being granted to OSI Proyectos.

11. It was further part of the conspiracy that some of the conspirators would represent to potential investors that they were insulated from any liability for the payments to the Costa Rican officials, political parties, party officials, and candidates for public office because they were buying an interest in OSI Proyectos, which they claimed was "squeaky clean," while all of the "dirty work" was conducted by a different offshore company.

12. It was further a part of the conspiracy the conspirators would transfer funds or otherwise deliver cash and cashiers checks, or cause such cash and cashiers checks to be delivered, to agents in Costa Rica, knowing that these funds

would be used to make payments, directly or through attorneys retained by OSI Proyectos, to Costa Rican officials, political parties, party officials, and candidates for public office in the guise of campaign contributions and consulting fees in exchange for the influence of these officials, political parties, party officials, and candidates in support of the Costa Rican Project.

13. It was further a part of the conspiracy that HALFORD and others would refer to the payments to the Costa Rican officials, political parties, party officials, and candidates for public office by using codewords such as "consulting fees," "tolls," "kiss money," and "closing costs."

OVERT ACTS

14. In order to further the objects and purposes of this conspiracy, defendant HALFORD and his co-conspirators, known and unknown to the United States Attorney, did commit and cause to be committed the following and other overt acts within the Western District of Missouri and elsewhere:

a. In or about 1997, in Kansas City, Missouri, a co-conspirator directed the Costa Rican agent to make payments in Costa Rica to two candidates for the Costa Rican Congress to obtain their support for and influence on behalf of obtaining the land concession for the Costa Rican Project. Subsequently, these congressmen were appointed to chair a commission to establish a National Port Authority.

b. In or about January 1998, in Costa Rica, a high ranking official of the government of Costa Rica, pursuant to a

request of the conspirators, issued a letter of intent to OSI outlining the terms of a land concession for the Costa Rican Project.

c. On or about May 3, 2000, a co-conspirator received a facsimile sent by the Costa Rican agent of OSI from Costa Rica. In this facsimile, the Costa Rican agent discussed OSI's need to regain credibility with the Costa Rican authorities and specifically cited the need to make payments to Costa Rican officials, political parties, and candidates:

Toll Allocation

Even if money is important, it is not the main issue. This is looked at as a compromise, a gentlemen's agreement, and everyone involved is sure that once all parties back the project, the compromise will be fulfilled accordingly.

Next year is a political year. Next elections will take place in Feb. 2002. Campaigns are money-consuming processes and politicians will be looking for contributions that will, somehow be repaid as favors. An advance of the toll will have to take place early next year. And we will also have to consider contributions to the current opposition Party, who accordingly with recent polls will very probably be the next term ruling political force.

The concession becomes not only a political support issue, but also a timely matter. If we are able to perform before the current political term is over, we will get the concession utilizing our current friends. Otherwise we will have to start the convincing process again with the new comers.

Toll will then have to be allocated accordingly in direction and time for it to be effective.

d. On or about May 8, 2000, HALFORD sent an electronic mail message to the Costa Rican agent in Costa Rica to discuss funding the Costa Rica Project which stated:

Also for the first time, you have used the words toll allocation. Is this a new term for the politicians? What are the dollar amounts in this area? Does this cover all of the people in both parties? If possible we would like some specifics as to whom we are talking about. We originally budgeted \$1,000,000 for this purpose. We would like a breakdown on these amounts. If this is the case, we would like an agreement that these monies would be escrowed subject to the granting of the concession agreement.

e. On or about May 18, 2000, HALFORD received an electronic mail message, sent from Costa Rica by the Costa Rican agent, containing the names of Costa Rican officials and others who had been paid by OSI Proyectos. This information was provided to the conspirators to help persuade investors to fund additional payments to obtain the land concession for the Costa Rican Project.

f. On or about May 25, 2000, HALFORD drafted for distribution to potential investors a "Proposal for a [sic] investment in Owl Securities & Investments" that stated that a requirement for obtaining the concession prior to the required studies being completed was "[t]he posting of the required closing costs estimated at \$1,000,000." The proposal stated that "[t]his amount would be escrowed and not released until the concession agreement was granted."

g. On or about July 12, 2000, HALFORD placed a telephone call to a potential investor in Denver, Colorado, during which he discussed the "closing costs" with the potential investor.

h. On or about August 4, 2000, HALFORD sent a letter to the potential investor in Denver, Colorado, stating that the investor's funds would be placed in an escrow account to cover "anticipated closing costs."

i. On or about August 4, 2000, in San Jose, Costa Rica, the Costa Rican agent of OSI, during a telephone call with a cooperating subject in Kansas City, Missouri, proposed creating a new company and opening a new bank account either in Panama or in the United States through which the payments to the Costa Rican officials could be made without them being traced back to OSI or OSI Proyectos.

j. On or about August 9, 2000, HALFORD agreed that OSI would set up a new company and a bank account in Panama through which the payments to the Costa Rican officials would be made.

k. On or about August 16, 2000, in San Jose, Costa Rica, in response to a request for the names of the politicians who had received payments in the past from OSI and OSI Proyectos, the Costa Rican agent sent an email to HALFORD containing the names of "politicians and friend of ours who would back the project with their support."

l. On or about August 17, 2000, in Kansas City, Missouri, HALFORD met with other conspirators to discuss the

Costa Rican Project and to confirm that each agreed to pay a "closing fee" or "toll" to the Costa Rican politicians. During this meeting, HALFORD and other coconspirators placed a telephone call to OSI's Costa Rican agent in San Jose, Costa Rica, during which they discussed the Costa Rican Project.

All in violation of Title 18, United States Code, Section 371.

COUNT TWO

During the calendar year 1997, defendant RICHARD K. HALFORD, who was then a resident of Johnson County, Kansas, had and received total income of \$95,938; that on such income there was owing to the United States an income tax of \$17,628; that he was required by law on or before April 15, 1998, to pay said income tax to the Director, Internal Revenue Service Center, at Austin, Texas, in the Western Judicial District of Texas, or to the District Director of the Internal Revenue Service for the Internal Revenue District Kansas-Missouri, at St. Louis, Missouri, or to any other proper officer of the United States; and that well-knowing and believing all of the foregoing, he did willfully fail to pay \$11,178 to said Director, District Director, or to any other proper officer of the United States.

All in violation of Title 26, United States Code, Section 7203.

COUNT THREE

During the calendar year 1998, defendant RICHARD K. HALFORD, who was then a resident of Johnson County, Kansas, had and

received total income of \$4,004; that on such income there was owing to the United States an income tax of \$4,151 (including self-employment tax); that he was required by law on or before October 15, 1999, to pay said income tax to the Director, Internal Revenue Service Center, at Austin, Texas, in the Western Judicial District of Texas, or to the District Director of the Internal Revenue Service for the Internal Revenue District of Kansas-Missouri, at St. Louis, Missouri, or to any other proper officer of the United States; and that well-knowing and believing all of the foregoing, he did willfully fail to pay \$4,151 to said Director, District Director, or to any other proper officer of the United States.

All in violation of Title 26, United States Code, Section 7203.

COUNT FOUR

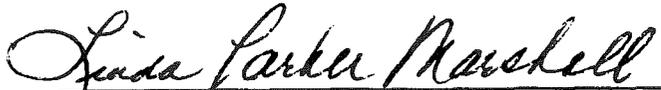
During the calendar year 1999, defendant RICHARD K. HALFORD, who was then a resident of Johnson County, Kansas, had and received total income of \$13,971; that on such income there was owing to the United States an income tax of \$1,600 (including self-employment tax); that he was required by law on or before October 15, 2000, to pay said income tax to the Director, Internal Revenue Service Center, at Austin, Texas, in the Western Judicial District of Texas, or to the District Director of the Internal Revenue Service for the Internal Revenue District of Kansas-Missouri, at St. Louis, Missouri, or to any other proper officer of the United States; and that well-knowing and believing

all of the foregoing, he did willfully fail to pay \$1,600 to said Director, District Director, or to any other proper officer of the United States.

All in violation of Title 26, United States Code, Section 7203.

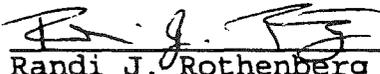
Marietta Parker
United States Attorney

By


Linda Parker Marshall #24954
Assistant United States Attorney


Peter B. Clark
Deputy Chief, Fraud Section
Criminal Division
United States Department of Justice


Philip Urofsky
Trial Attorney
Fraud Section
Criminal Division
United States Department of Justice


Randi J. Rothenberg
Trial Attorney
Fraud Section
Criminal Division
United States Department of Justice

IN THE UNITED STATES DISTRICT COURT FOR THE
WESTERN DISTRICT OF MISSOURI
WESTERN DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

v.

ALBERT FRANKLIN REITZ,
[DOB: 07/25/51]

Defendant.

No. 01-00322 - 01-CR-W-1

COUNT ONE:
18 U.S.C. § 371
NMT 5 years and \$250,000
Class D Felony
NMT 3 years supervised release

COUNT TWO:
18 U.S.C. § 1341
NMT 5 years and \$250,000
Class D Felony
NMT 3 years supervised release

COUNT THREE:
18 U.S.C. § 1001
NMT 5 years and \$250,000
Class D Felony
NMT 3 years supervised release

COUNT FOUR:
26 U.S.C. § 7206(1)
NMT 3 years and \$250,000 plus
costs of prosecution
Class E Felony
NMT 1 year supervised release

\$100 Special Assessment on
each count.

Restitution may be ordered.

I N F O R M A T I O N

THE UNITED STATES ATTORNEY CHARGES THAT:

COUNT ONE

CONSPIRACY TO VIOLATE
THE FOREIGN CORRUPT PRACTICES ACT
(18 U.S.C. §371)

1. From in or about December 1995 to in or about October 2000, in the Western District of Missouri and elsewhere, the defendant ALBERT FRANKLIN REITZ, together with others known and unknown to the United States Attorney, did conspire, confederate, and agree with each other to commit offenses against the United States, to wit: being "domestic concerns," officers, directors, employees, and agents of "domestic concerns", and stockholders acting on behalf of "domestic concerns," as those terms are defined in the Foreign Corrupt Practices Act, 15 U.S.C. § 78dd-2(h)(1), to use the mails and means and instrumentalities of interstate commerce and to do other acts within the territory of the United States corruptly in furtherance of an offer, payment, promise to pay, and the authorization of the payment of money, to

- foreign government officials, foreign political parties, foreign political party officials, and candidates for foreign public office, and
- other persons while knowing that all or a portion of such money would be offered, given and promised, directly and indirectly to such persons and political parties,

for purposes of influencing acts and decisions of such persons and political parties, inducing such persons and political parties to do and omit to do acts in violation of their lawful duty, and inducing such persons and political parties to use their influence with a foreign government and instrumentality

thereof to affect and influence acts and decisions of such government and instrumentality, in order to assist Owl Securities and Investments Ltd. ("OSI") in obtaining and retaining business for, and directing business to OSI and OSI Proyectos, in violation of the Foreign Corrupt Practices Act, Title 15, United States Code, Section 78dd-2(a).

GENERAL ALLEGATIONS

2. At all times material to this Information, the Foreign Corrupt Practices Act of 1977 (FCPA), as amended, 15 U.S.C. §§78dd-1, et seq., was enacted by Congress for the purpose of, among other things, making it unlawful for United States persons, businesses and residents to use the United States mails, or any means or instrumentality of interstate commerce in furtherance of an offer, promise, authorization, or payment of money or anything of value to a foreign government official for the purpose of obtaining or retaining business for, or directing business to, any person.

3. At all times material to this Information, Owl Securities and Investments, Limited, was a business having its principal place of business in Kansas City, Missouri. OSI is a "domestic concern" as that term is defined in 15 U.S.C. §78dd-2(h)(1)(B). OSI controlled, and operated OSI Proyectos, a business incorporated under the laws of Costa Rica and having its principal place of business in San Jose, Costa Rica. All

significant decisions and expenditures incurred by OSI Proyectos were authorized by OSI in Kansas City, Missouri.

4. At all times material to this Information, ALBERT FRANKLIN REITZ was a citizen of the United States and was an officer, employee, and stockholder of OSI. As such, REITZ was a "domestic concern" as that term is defined in 15 U.S.C. § 78dd-2(h)(1)(A) and an officer and employee of a "domestic concern" and a stockholder acting on behalf of a "domestic concern" as that term is defined in 15 U.S.C. § 78dd-2(h)(1)(B).

PURPOSE OF THE CONSPIRACY

5. The purpose of the conspiracy was to secretly pay money to public officials and political parties in Costa Rica to obtain from the Government of the Republic of Costa Rica a land concession to build and operate a mixed-use facility, known as the "Costa Rican Project." The Costa Rican Project encompassed the construction, development, and operation of new port facilities on the Carribbean coast of Costa Rica, as well as an international airport, a beach-front resort, a marina, residential estates, a quarry, a salvage operation, and a dry canal linking the new port to a port on the Pacific coast of Costa Rica.

MANNER AND MEANS OF THE CONSPIRACY

6. It was part of the conspiracy that REITZ and others would solicit investors in the United States for the "Costa Rican Project," and would represent to certain potential investors that

a portion of the invested funds would be used to cultivate friends in the Costa Rican government and political parties to ensure that a land concession would be awarded to OSI Proyectos.

7. It was further a part of the conspiracy that REITZ and others would solicit from investors in the United States funds that were used in part to make payments to foreign officials and political parties to obtain a land concession for OSI Proyectos.

8. It was further a part of the conspiracy that REITZ and others, acting on their own behalf and as agents of OSI, knew of and agreed to payments to officials of the Republic of Costa Rica, political parties, party officials, and candidates for public office to induce them to use their influence to assist in obtaining a land concession for OSI Proyectos.

9. It was further a part of the conspiracy that, through OSI and OSI Proyectos, payments were made to Costa Rican officials and candidates for political office in exchange for their support and influence in support of the Costa Rican Project and to obtain favorable changes to Costa Rican law and regulations.

10. It was further a part of the conspiracy that REITZ and others would agree to make a final payment of \$1,500,000, divided between the ruling and opposition parties, contingent upon the land concession being granted to OSI Proyectos.

11. It was further part of the conspiracy that REITZ and others would represent to potential investors that they were

insulated from any liability for the payments to the Costa Rican officials, political parties, party officials, and candidates for public office because they were buying an interest in OSI Proyectos, which they claimed was "squeaky clean," while all of the "dirty work" was conducted by a different offshore company.

12. It was further a part of the conspiracy that REITZ and other individuals associated with OSI agreed to transfer funds or otherwise deliver cash and cashiers checks, or agreed to cause such cash and cashiers checks to be delivered, to agents in Costa Rica, knowing that these funds would be used to make payments, directly or through attorneys retained by OSI Proyectos, to Costa Rican officials, political parties, party officials, and candidates for public office in the guise of campaign contributions and consulting fees in exchange for the influence of these officials, political parties, party officials, and candidates in support of the Costa Rican Project.

13. It was further a part of the conspiracy that REITZ and others would refer to the payments to the Costa Rican officials, political parties, party officials, and candidates for public office by using codewords such as "consulting fees," "tolls," "kiss money," and "closing costs."

OVERT ACTS

14. In order to further the objects and purposes of this conspiracy, the defendant REITZ and his co-conspirators, known and unknown to the United States Attorney, did commit and cause

to be committed the following and other overt acts within the Western District of Missouri and elsewhere:

a. In or about 1997, in Kansas City, Missouri, a co-conspirator directed the Costa Rican agent to make payments in Costa Rica to two candidates for the Costa Rican Congress to obtain their support for and influence on behalf of obtaining the land concession for the Costa Rican Project. Subsequently, these congressmen were appointed to chair a commission to establish a National Port Authority.

b. In or about January 1998, in Costa Rica, a high ranking official of the government of Costa Rica, pursuant to a request of the conspirators, issued a letter of intent to OSI outlining the terms of a land concession for the Costa Rican Project.

c. On or about May 3, 2000, a co-conspirator received a facsimile sent by the Costa Rican agent of OSI from Costa Rica. In this facsimile, the Costa Rican agent discussed OSI's need to regain credibility with the Costa Rican authorities and specifically cited the need to make payments to Costa Rican officials, political parties, and candidates:

Toll Allocation

Even if money is important, it is not the main issue. This is looked at as a compromise, a gentlemen's agreement, and everyone involved is sure that once all parties back the project, the compromise will be fulfilled accordingly.

Next year is a political year. Next elections will take place in Feb. 2002. Campaigns are money-consuming processes and politicians will be looking for contributions that will, somehow be repaid as favors. An advance of the toll will have to take place early next year. And we will also have to consider contributions to the current opposition Party, who accordingly with recent polls will very probably be the next term ruling political force.

The concession becomes not only a political support issue, but also a timely matter. If we are able to perform before the current political term is over, we will get the concession utilizing our current friends. Otherwise we will have to start the convincing process again with the new comers.

Toll will then have to be allocated accordingly in direction and time for it to be effective.

d. On or about May 8, 2000, REITZ caused a message to be sent the Costa Rican agent in Costa Rica, to be forwarded to an influential Costa Rican politician, asking, among other things, the following questions:

1. Can the proposed toll be escrowed subject to the completion of the final "Concession Agreement"? If so, what banking arrangements be [sic] required and where would the escrowed funds be held?
2. What is the toll amount needed and who would be the recipients of it?

e. On or about May 18, 2000, a co-conspirator received an electronic mail message, sent from Costa Rica by the Costa Rican agent, containing the names of Costa Rican officials and others who had been paid by OSI Proyectos. This information was provided to the co-conspirators to help persuade investors to

fund additional payments to obtain the land concession for the Costa Rican Project.

f. On or about May 25, 2000, a co-conspirator drafted for distribution to potential investors a "Proposal for a [sic] investment in Owl Securities & Investments" that stated that a requirement for obtaining the concession prior to the required studies being completed was "[t]he posting of the required closing costs estimated at \$1,000,000." The proposal stated that "[t]his amount would be escrowed and not released until the concession agreement was granted."

g. On or about May 29, 2000, REITZ sent by facsimile transmission a copy of the "Proposal for a [sic] investment in Owl Securities & Investments" to potential investors in Michigan.

h. On or about May 30, 2000, REITZ requested that a co-conspirator re-type the list of officials who had received payoffs so that he could send it to potential investors in Michigan.

i. On or about June 14, 2000, REITZ told a cooperating witness that he had located a potential investor to fund the \$1,000,000 payment to Costa Rican officials.

j. On or about August 4, 2000, in San Jose, Costa Rica, the Costa Rican agent of OSI, during a telephone call with a cooperating subject in Kansas City, Missouri, proposed creating a new company and opening a new bank account either in Panama or in the United States through which the payments to the Costa

Rican officials could be made without them being traced back to OSI or OSI Proyectos.

k. On or about August 11, 2000, during a telephone call with a cooperating subject, REITZ agreed that OSI would set up a new company and a bank account in Panama through which the payments to the Costa Rican officials would be made.

l. On or about August 16, 2000, in San Jose, Costa Rica, in response to a request for the names of the politicians who had received payments in the past from OSI and OSI Proyectos, the Costa Rican agent sent an email to a co-conspirator containing the names of "politicians and friend of ours who would back the project with their support."

m. On or about August 17, 2000, in Kansas City, Missouri, REITZ met with other conspirators to discuss the Costa Rican Project and to confirm that each agreed to pay a "closing cost" or "toll" to the Costa Rican politicians. During this meeting, REITZ and other coconspirators placed a telephone call to OSI's Costa Rican agent in San Jose, Costa Rica, during which they discussed the Costa Rican Project.

All in violation of Title 18, United States Code, Section 371.

COUNT TWO

1. The United States incorporates by reference the allegations contained in paragraphs two through fourteen of Count One.

2. During the times material herein:

a. Defendant ALBERT FRANKLIN REITZ was the vice president and secretary, and an employee and stockholder, of Owl Securities and Investments, Ltd. (OSI). His responsibilities included the solicitation of investors. He performed his duties in substantial part from the OSI offices in Missouri.

b. Owl Securities and Investments, Ltd. (OSI), which had its principal place of business in Kansas City, Missouri, sought investors to invest in the development of a deep-water port and resort area on the Caribbean coast of Costa Rica, which it referred to as the Costa Rican Project. OSI planned to obtain from the Government of the Republic of Costa Rica a land concession to build and operate the port and resort area, which was to include a new commercial port, a new international airport, residences, a luxury resort, a quarry, and a "dry canal" or freight railway that would connect ports on the Atlantic and Pacific coasts.

c. The State of Missouri, Office of Secretary of State, in 1994 had a matter pending entitled In the Matter of Owl Securities & Investments, Ltd., Stephen David Kingsley, President, Albert Franklin Reitz, Vice President/Secretary, and Gerald Brian Wojcicki, Treasurer, File No. CD-94-34. In that matter, the State of Missouri, Office of Secretary of State, issued an order to cease and desist to OSI on September 7, 1994,

requiring OSI to cease and desist from the offer and sale of unregistered securities in the State of Missouri.

3. Beginning in or about September 1994 and continuing until in or about February 2000, in the Western District of Missouri and elsewhere, defendant ALBERT FRANKLIN REITZ knowingly and willfully devised and intended to devise a scheme to defraud and to obtain money and property' from others by means of false and fraudulent representations and omissions of material fact, well knowing at the time that the representations and omissions were false and fraudulent when made.

4. It was part of the scheme that beginning in or about September 1994 and continuing through in or about February 2000, defendant, in Missouri and elsewhere, by means of false and fraudulent representations and omissions, and the omission of material facts, solicited potential investors in person, by telephone, and through the mail.

5. It was further part of the scheme that defendant knew or was willfully blind to the knowledge that large amounts of investor funds were being misapplied for inappropriate personal expenditures, such as large amounts of funds were being spent by Stephen David Kingsley for the support of strippers and at strip clubs; defendant did not object to the misapplication of funds and did not try to control Kingsley's misuse of the funds.

6. It was further part of the scheme that defendant was aware of and participated in the solicitation of funds which were

used in part for bribe payments to Costa Rican officials in order to obtain their support for and influence on behalf of obtaining the land concession for the Costa Rican project; defendant was also aware and participated in the planning of additional bribe payments to Costa Rican officials.

7. It was further part of the scheme that defendant, though knowing that the cease and desist order prohibited the offer and sale of OSI securities in the State of Missouri, of the misapplication of investor funds, and of the bribe payments and anticipated additional bribe payments, continued to solicit investors in OSI and did not disclose same to potential investors.

8. It was further part of the scheme that, from on and about September 7, 1994 through in or about February 2000, in reliance on the false and fraudulent representations and omissions of material fact, investors invested a total of approximately \$3,532,852 in OSI.

9. On or about March 11, 1998, at Kansas City, in the Western District of Missouri, and elsewhere, defendant ALBERT FRANKLIN REITZ, in furtherance of and for the purpose of executing the aforesaid scheme, knowingly and willfully caused to be delivered by the United States Postal Service according to the directions thereon mail matter, that is, a letter from Jay Morren, 4180 Forty-fourth Street, S.E., Grand Rapids, Michigan 49512, enclosing a check for \$50,000 to complete the purchase of

125,000 shares of stock, which letter was addressed to defendant at Owl Securities & Investments, Ltd., 8 NW Richards Road, Kansas City, Missouri 64116-4253.

All in violation of Title 18, United States Code, Sections 1341 and 2.

COUNT THREE

On or about November 30, 1999, at Kansas City, in the Western District of Missouri, defendant ALBERT FRANKLIN REITZ, in a matter within the jurisdiction of the Federal Bureau of Investigation (FBI), did knowingly and willfully make and cause to be made a false, fictitious, and fraudulent statement of material fact in that, in connection with an ongoing investigation, he advised that a cassette tape which he caused his attorney to deliver to FBI Special Agent Robert K. Herndon had no material conversations on it, that he had not recorded any material conversations with Stephen David Kingsley, and that his boys were playing with the tape and spilled something on it, when in truth and in fact defendant knew the statement was false in that, at the request of the FBI, he had recorded a conversation between himself and Stephen David Kingsley, a target of the investigation, then had disclosed to Kingsley his meeting with the FBI and his recording of the conversation with Kingsley; Kingsley ordered defendant to retrieve the tape recorder, which defendant did; defendant erased the consensual recording, checked to insure the conversation was erased, and took the erased

cassette to Kingsley; in defendant's presence Kingsley then put the cassette recorder and cassette tape in the microwave oven and turned on the oven; after taking the recorder and tape out of the microwave Kingsley put the recorder and cassette tape in the sink in water; Kingsley returned the recorder and cassette tape to defendant, stating that should take care of it; and defendant thereafter caused his attorney to give the recorder and tape to FBI Special Agent Robert K. Herndon, making the false representations above stated.

All in violation of Title 18, United States Code, Sections 1001 and 2.

COUNT FOUR

On or about April 15, 1998, at Kansas City, in the Western District of Missouri, defendant ALBERT FRANKLIN REITZ willfully made and subscribed a Federal Individual Income Tax Return, Form 1040, for the year 1997, which was verified by a written declaration that it was made under the penalties of perjury and was filed with the Internal Revenue Service at Kansas City, Missouri, which Federal Individual Income Tax Return defendant did not believe to be true and correct as to every material matter in that the defendant stated on such return that his total income was \$56,833, whereas, as he then and there well knew and believed, his total income was substantially in excess of the amount stated on such return, that is, it was \$80,129 in excess of the amount stated.

All in violation of Title 26, United States Code, Section
7206(1).

Marietta Parker
United States Attorney

By

Linda Parker Marshall
Linda Parker Marshall #24954
Assistant United States Attorney

Peter B. Clark
Peter B. Clark
Deputy Chief, Fraud Section
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Justice

IN THE UNITED STATES DISTRICT COURT FOR THE
WESTERN DISTRICT OF MISSOURI
WESTERN DIVISION

03 AUG 2001

UNITED STATES OF AMERICA,)

Plaintiff,)

v.)

ALBERT FRANKLIN REITZ,)

Defendant.)

No. 01-00222-01-CK-W-1

PLEA AGREEMENT

The United States of America, the defendant Albert Franklin Reitz, and his attorney David A. Kelly, do hereby enter into the following plea agreement. There are no agreements or understandings other than those set forth herein.

1. Defendant agrees to enter a plea of guilty to a four-count Information charging violations of Title 18, United States Code, Section 371 (conspiracy), Section 1341 (mail fraud), and Section 1001 (false statement), and Title 26, United States Code, Section 7206(1) (filing false income tax return). In order for the United States to file this Information, defendant must waive his right to prosecution by way of grand jury; by entering into this plea agreement, he does waive the right to have his case presented to a federal grand jury.

2. Defendant understands and hereby agrees that by signing this plea agreement he is admitting the criminal allegations set forth in each of the counts of the Information and admitting that he is, in fact, guilty of offenses alleged in those counts.

3. The charges to which defendant is pleading guilty each carry the following maximum statutory penalties:

a. Counts One, Two and Three: a term of imprisonment of not more than five (5) years, a fine of not more than \$250,000.00, a period of supervised release of not more than three years, and a \$100.00 mandatory special assessment. Restitution may also be ordered.

b. Count Four: a term of imprisonment of not more than three (3) years, a fine of not more than \$250,000.00 plus the costs of prosecution, a period of supervised release of not more than one year, and a \$100.00 mandatory special assessment. Restitution may also be ordered.

4. As the factual basis for the pleas, defendant admits the following:

Count One: Conspiracy to Violate the Foreign Corrupt Practices Act

At all times relevant to this matter, defendant Albert Reitz was a United States citizen and an officer, employee, and shareholder of Owl Securities and Investments (OSI), a company incorporated in the State of Nevada and having its offices in Kansas City, Missouri. As such he was a "domestic concern" as defined in the Foreign Corrupt Practices Act and an officer, employee, and shareholder acting on behalf of a domestic concern.

Beginning in approximately 1995, defendant joined with others to obtain a concession to develop a new port and resort in Costa Rica. Acting through a Costa Rican agent, the conspirators sent funds to Costa Rica to bribe officials of the Costa Rican government to obtain their support for the granting of the concession to OSI. From 1995 on, Reitz and the other

conspirators promoted the Costa Rican project and raised funds from investors, some of which were used to pay bribes to Costa Rican officials.

During the summer of 1999, defendant told cooperating witnesses and an undercover FBI agent who posed as potential investors or as intermediaries for potential investors that OSI had been heavily involved in the Costa Rican elections and that Costa Rican officials had been "taken care of." He explained to the cooperating witnesses that the payments to Costa Rican officials could not "come back to us" because OSI simply paid its attorney, an official in a Costa Rican political party, in Costa Rica, who then provided "incentive payments" to the Costa Rican officials. In January 1998, the Costa Rican government issued a letter of intent to OSI stating its support for the eventual issuance of a concession.

The conspirators also agreed to offer a large final bribe to Costa Rican officials that would be explicitly contingent upon the final granting of the concession. In conversations with each other and in proposals they circulated to potential investors, the conspirators characterized this bribe as a "closing cost" or "toll payment." The conspirators planned to open a letter of credit or an escrow account to demonstrate to the Costa Rican officials and politicians that they could pay the amount. Throughout the latter part of 1999 and 2000, the conspirators sought investors to fund the payment of the "closing cost."

In furtherance of the conspiracy, Reitz and other conspirators corresponded via electronic mail and facsimile transmissions and engaged in numerous telephone conversations concerning how to structure the "closing cost" in a manner to ensure that OSI would in fact obtain the concession from the Costa Rican government. For example, on or about May 8, 2000, Reitz agreed to send a message to the agent in Costa Rica to be given to an influential politician asking how much money would be needed for the toll payment, to whom the payment needed to be made, and whether it could be placed in escrow prior to the granting of the concession.

On August 11, 2000, defendant agreed with OSI's Costa Rican agent's suggestion to create a bank account in Panama that would be controlled by a third party known and trusted by the Costa Rican politicians but who had no ties to OSI. They agreed that this third party would disburse the funds to the Costa Rican politicians after the concession had been granted.

The amount of this final bribe escalated over time. At a meeting on August 17, 2000, in Kansas City, Missouri, the conspirators agreed to offer a final bribe payment of \$1,500,000. The conspirators agreed that this payment would be divided between the ruling political party and its supporters and the opposition party and its supporters to ensure that OSI's concession would be secure regardless of which party was in power.

Count Two: Mail Fraud

Defendant was the vice president and secretary, and an employee and stockholder, of Owl Securities and Investments, Ltd. (OSI). His responsibilities included the solicitation of investors. He performed his duties in substantial part from the OSI offices in Missouri.

OSI, which had its principal place of business in Kansas City, Missouri, sought investors to invest in the development of a deep-water port and resort area on the Caribbean coast of Costa Rica, which it referred to as the Costa Rican Project.

The State of Missouri, Office of Secretary of State, in 1994 had a matter pending entitled In the Matter of Owl Securities & Investments, Ltd., Stephen David Kingsley, President, Albert Franklin Reitz, Vice President/Secretary, and Gerald Brian Wojcicki, Treasurer, File No. CD-94-34. In that matter, the State of Missouri, Office of Secretary of State, issued an order to cease and desist to OSI on September 7, 1994, requiring OSI to cease and desist from the offer and sale of unregistered securities in the State of Missouri.

Beginning in or about September 1994 and continuing until in or about February 2000, in the Western District of Missouri and elsewhere, defendant knowingly and willfully devised and intended to devise a scheme to defraud and to obtain money and property from others by means of false and fraudulent representations and omissions of material fact, well knowing at

the time that the representations and omissions were false and fraudulent when made. The scheme involved the following:

Beginning in or about September 1994 and continuing through in or about February 2000, defendant, in Missouri and elsewhere, by means of false and fraudulent representations and omissions, and the omission of material facts, solicited potential investors in person, by telephone, and through the mail.

Defendant knew or was willfully blind to the knowledge that large amounts of investor funds were being misapplied for inappropriate personal expenditures, such as large amounts of funds were being spent by Stephen David Kingsley for the support of strippers and at strip clubs; defendant did not object to the misapplication of funds and did not try to control Kingsley's misuse of the funds.

Defendant was aware of and participated in the solicitation of funds which were used in part for bribe payments to Costa Rican officials in order to obtain their support for and influence on behalf of obtaining the land concession for the Costa Rican project; defendant was also aware and participated in the planning of additional bribe payments to Costa Rican officials.

Defendant, though knowing that the cease and desist order prohibited the offer and sale of OSI securities in the State of Missouri, of the misapplication of investor funds, and of the bribe payments and anticipated additional bribe payments, continued to solicit investors in OSI and did not

disclose same to potential investors.

From on and about September 7, 1994 through in or about February 2000, in reliance on the false and fraudulent representations and omissions of material fact, investors invested a total of approximately \$3,532,852 in OSI.

In furtherance and in execution of the scheme, on or about March 11, 1998, defendant knowingly and willfully caused to be delivered by the United States Postal Service according to the directions thereon mail matter, that is, a letter from Jay Morren, 4180 Forty-fourth Street, S.E., Grand Rapids, Michigan 49512, enclosing a check for \$50,000 to complete the purchase of 125,000 shares of stock, which letter was addressed to defendant at Owl Securities & Investments, Ltd., 8 NW Richards Road, Kansas City, Missouri 64116-4253.

Count Three: False Statement

On or about November 30, 1999, defendant caused his attorney to return to FBI Special Agent Robert K. Herndon at the offices of the FBI in Kansas City, Missouri, a cassette recorder and cassette tape which had been provided to defendant in regard to an ongoing investigation in which one of the subjects was Stephen David Kingsley. This was a matter within the jurisdiction of the FBI. At that time and in regard to that investigation, defendant knowingly and willfully made and caused to be made a false, fictitious, and fraudulent statement of material fact in that he advised that the cassette tape, which he caused his attorney to deliver to Special Agent Herndon, had no material conversations on it, that he had not recorded any

material conversations with Stephen David Kingsley, and that his boys were playing with the tape and spilled something on it. In truth and in fact defendant knew the statement was false in that, at the request of the FBI, he had recorded a conversation between himself and Kingsley, who he knew to be a target of the investigation, then had disclosed to Kingsley his meeting with the FBI and his recording of the conversation with Kingsley; Kingsley ordered defendant to retrieve the tape recorder, which defendant did; defendant erased the consensual recording, checked to insure the conversation was erased, and took the erased cassette to Kingsley; in defendant's presence Kingsley then put the tape recorder and cassette tape in the microwave oven and turned on the oven; after taking the recorder and tape out of the microwave Kingsley put the recorder and cassette tape in the sink in water; Kingsley returned the recorder and cassette tape to defendant, stating that should take care of it; defendant thereafter caused his attorney to give the recorder and cassette tape to Special Agent Herndon, making the false representations above stated.

Count Four: Filing False Income Tax Returns

During the years 1995 through 1998, when defendant filed his 1995, 1996, 1997, and 1998 U.S. Individual Income Tax Returns, he knew they were not true and correct as to every material matter, as he had omitted from the returns a substantial amount of gross income (a total of \$162,800) that he had received from OSI, among others, from his involvement in soliciting investor funds.

The returns for each of the four years were signed and filed in Missouri, at the Kansas City Service Center.

<u>Year</u>	<u>Date Filed</u>	<u>Reported Total Income</u>	<u>Unreported Total Income</u>
1995	May 14, 1996	\$45,599	\$15,000
1996	April 13, 1997	\$62,010	\$44,171
1997	April 15, 1998	\$56,833	\$80,129
1998	October 14, 1999	\$59,187	\$23,500
		Total unreported income	\$162,800

When defendant signed the returns he did so knowing that he had failed to report all of his income. He signed under the penalties of perjury, declaring that he had examined the returns, including the accompanying schedules and statements, and to the best of his knowledge and belief, they were true, correct and complete.

5. The United States agrees that no additional charges will be filed in the Western District of Missouri arising from the investigation leading to the charges in this case.

6. Defendant acknowledges that he discussed supervised release with his attorney and that he understands the nature and the effects of supervised release. In particular, he understands that violation of a condition of supervised release may result in revocation of supervised release and imposition of an additional term of imprisonment of not more than three years, without credit for time previously served during post-release supervision.

7. The parties are aware of no additional fraudulent conduct, other than as described regarding the additional tax years, by defendant to be considered as "relevant conduct" for purposes of calculating loss under the offense level, in accordance with U.S.S.G. § 1B1.3(a)(2).

8. The parties stipulate and agree that the United States Sentencing Guidelines will apply in this case, as follows:

a. Count One, the Foreign Corrupt Practices offense, is governed by the provisions of U.S.S.G. § 2B4.1.

1. The base offense level is 8.

2. Because the amount of the bribes is approximately \$1,500,000, there is an increase of 11 offense levels.

3. The total offense level is 19.

b. Count Two, the fraud offense, is governed by the provisions of U.S.S.G. § 2F1.1.

1. The base offense level is 6.

2. Because the amount of the loss is approximately \$3,532,852, there is an increase of 13 offense levels.

3. The offense involved more than minimal planning and was a scheme to defraud more than one victim, resulting in an increase of two offense levels.

4. The offense involved violation of a prior administrative order (the cease and desist order), resulting in an increase of two offense levels.

5. The total offense level is 23.

c. Count Three, the false statement offense, is governed by the provisions of U.S.S.G. § 2F1.1.

1. The base offense level is 6a

2. The offense involved more than minimal planning and was a scheme to defraud more than one victim,

resulting in an increase of two offense levels.

3. The total offense level is 8.

d. Count Four, the tax offenses, are governed by the provisions of U.S.S.G. § 2T1.1.

1. The base offense level is 13.

2. Because defendant failed to report income exceeding \$10,000 which he received from a criminal activity, there is an increase of two offense levels.

3. The offense involved sophisticated means, resulting in an increase of two offense levels.

4. The total offense level is 17.

e. Under the multiple counts rules, if Counts One and Two are grouped, there will be one unit for that group and $\frac{1}{2}$ unit for the tax count; the false statement count is not counted. This results in an additional level added to the group with the highest base offense level (the fraud count), resulting in an offense level of 24.

f. The parties believe defendant has and will clearly accept responsibility for his offense, and has timely notified authorities of his intention to enter a plea of guilty, thereby permitting the government to avoid preparing for trial and permitting the court to allocate its resources efficiently, so that he will be entitled to a decrease of three offense levels pursuant to § 3E1.1.

g. The parties further believe that defendant is in Criminal History Category I.

h. At Criminal History Category I, the sentencing

range for offense level 21 is 37-46 months. [The parties anticipate, however, that defendant will cooperate in the investigation and prosecution of others, and that a motion under § 5K1.1 will be filed.]

The parties make no agreement with respect to the applicability of any other section of the Sentencing Guidelines and are free to argue or otherwise advance any position not specifically addressed in this plea agreement.

9. The defendant agrees to cooperate fully and truthfully with the United States as follows:

a. Defendant agrees to provide truthful, complete, and accurate information and testimony in the trial of this matter or in any related hearing;

b. Defendant agrees to provide all information concerning his knowledge of, and participation in, the offenses charged in the Information, and any other crimes about which he has knowledge;

c. Defendant agrees that he will not falsely implicate any person or entity and will not protect any person or entity through false or misleading information or omission;

d. Defendant agrees to testify as a witness before any grand jury, hearing, or trial when requested to do so by the United States;

e. Defendant agrees to hold himself reasonably available for any interviews the United States may require. Defendant waives any right to the presence of counsel at such meetings, debriefings, or pretrial preparation sessions, unless his attorney specifically requests to be present at each meeting;

f. Defendant agrees to provide to the United States all documents or other items under his control which may pertain to any criminal violation;

g. Defendant understands that his cooperation shall be provided to any local, state, and federal law enforcement agency as requested by counsel for the

United States;

h. Defendant agrees and understands that this Plea Agreement requires that his cooperation may continue even after the time he is sentenced. Failure to continue to cooperate after sentence is imposed constitutes a basis to void this agreement by the United States;

i. Defendant agrees that if the United States determines that he has not provided full and truthful cooperation, or has committed any local, state, or federal crime between the date of this Plea Agreement and his sentencing, or has otherwise violated any other provision of this Plea Agreement, or has violated the terms and conditions of his release while on bond as required by the Court, the Plea Agreement may be voided by the United States and defendant shall be subject to prosecution for any federal crime of which the United States has knowledge including, but not limited to, perjury, obstruction of justice, and any substantive offenses arising from this investigation. Such prosecution may be based upon any information provided by defendant during the course of his cooperation, or upon leads derived therefrom, and this information may be used as evidence against him. In addition, defendant's previously entered plea of guilty will remain in effect and cannot be withdrawn. Further, any prosecution which is not barred by the applicable statute of limitations on the date of the signing of this Plea Agreement may be commenced against defendant in accordance with this Plea Agreement, notwithstanding the expiration of the statute of limitations between the time of signing this agreement and the commencement of the prosecution. It is the specific intent of this Plea Agreement to waive any and all defenses based upon the statute of limitations with respect to any prosecution which is not barred by the statute of limitations on the date this Plea Agreement is signed by defendant;

10. "Substantial assistance" within the meaning of 18 U.S.C. § 3553(e) has not yet been provided by defendant. Upon the determination by the United States Attorney for the Western District of Missouri that defendant has provided "substantial assistance," the United States shall request the Court to reduce the sentence defendant would otherwise receive under the

applicable statutes and/or sentencing guidelines pursuant to the Sentencing Guidelines, Section 5K1.1. The United States reserves the right to make the sole determination as to whether and when defendant has provided such substantial assistance and further whether to request a reduction generally or a specific sentence or sentence reduction.

11. In exchange for defendant's agreement to cooperate with the United States, the United States agrees not to use new information that defendant provides about his own criminal conduct except as specifically authorized by Section 1B1.8 of the United States Sentencing Guidelines. As such, this information may be revealed to the Court but may not be used against the defendant in determining defendant's applicable guideline range or departing above his guideline range. Defendant understands and agrees, however, that under Section 1B1.8, there shall be no such restrictions on the use of the information: (1) previously known to the United States; (2) revealed to the United States by, or discoverable through, an independent source; (3) in a prosecution for perjury or giving a false statement; (4) in the event there is a breach of this agreement; or (5) in determining whether and to what extent a downward departure as a result of a government motion pursuant to U.S.S.G. § 5K1.1 is warranted.

12. The United States will not oppose a request for self-surrender and/or designation to a particular institution.

13. Defendant agrees to pay restitution as ordered by the court.

14. Defendant agrees to pay the special assessment of \$400.00 within 10 days of his plea.

15. The plea of guilty shall be entered as soon as practicable.

16. The parties understand and agree that this agreement is binding only on the parties and not on the Court or the United States Probation Office.

17. Defendant understands that if the Court accepts this plea agreement but imposes a sentence which he does not like, he will not be permitted to withdraw his plea of guilty.

18. There are no agreements between the Government and defendant regarding (a) imposition of a fine or the amount of that fine, (b) imposition of costs of a sentence of imprisonment or the amount of those costs, or (c) imposition of the costs of a term of supervised release or the amount of those costs.

19. Defendant waives all rights, whether asserted directly or by a representative, to request or receive from any department or agency of the United States any records pertaining to the investigation or prosecution of this case, including without limitation, any records that may be sought under the Freedom of Information Act, 5 U.S.C. § 552, or the Privacy Act of 1974, 5 U.S.C. § 552a.

20. Defendant further understands that a breach by him of any condition of this plea agreement may render this agreement null and void at the option of the United States. He further understands that should that occur, the United States may pursue

any additional charges arising from the criminal activity under investigation as well as any perjury, false statement, or obstruction of justice charges which may have resulted.

21. Other than the promises by the United States set forth in this plea agreement, defendant understands that the United States otherwise reserves the right to:

- a. Oppose or take issue with any factual or legal position advanced by defendant at the sentencing hearing, including any issues related to the application of the U.S. Sentencing Guidelines in this case;
- b. Comment on the evidence supporting the charges in the Information;
- c. Oppose any arguments and requests for relief the defendant may advance on an appeal from the sentence imposed; and
- d. Oppose any post-conviction relief, motion for reduction of sentence, or other relief.

22. Defendant has read this agreement, has discussed it with his counsel, and understands it. By his signature, he states that this agreement is true and accurate and not the result of any threats, coercion, or promises made by the Government or anyone acting for the Government other than those promises contained in this written plea agreement, nor has the United States promised defendant any additional consideration to induce him to sign this Plea Agreement. Defendant acknowledges that he is entering into this Plea Agreement and is pleading guilty freely and voluntarily. Defendant further acknowledges

his understanding of the nature of the offense to which he is pleading guilty and the elements of the offense, including the penalties provided by law, and his complete satisfaction with the representation and advice received from his undersigned counsel. Defendant also understands that he has the right to plead not guilty or to persist in that plea if it has already been made, the right to be tried by a jury with the assistance of counsel, the right to confront and cross-examine the witnesses against him, the right against compulsory self-incrimination, and the right to compulsory process for the attendance of witnesses to testify in his defense. Defendant understands that by pleading guilty, he waives or gives up those rights and there will be no trial. Defendant further understands that if he pleads guilty, the Court may ask him questions about the offense or offenses to which he pled guilty, and if he answers those questions under oath and in the presence of counsel, his answers may later be used against him in a prosecution for perjury or false statement. Defendant also understands he has pled guilty to a felony offense and, as a result, may be deprived of certain rights, such as the

right to vote, hold public office, serve on a jury, and possess a
firearm.

Marietta Parker
United States Attorney

Date: 6/12/01

Linda Parker Marshall
Linda Parker Marshall #24954
Assistant United States Attorney

Date: 26 June 01

Philip Urofsky
Philip Urofsky, Trial Attorney
Fraud Section
Criminal Division
United States Department of Justice

Date: 6/11/01

Albert Franklin Reitz
Albert Franklin Reitz
Defendant

Date: 6/11/01

David A. Kelly
David A. Kelly
Attorney for Defendant