

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA
Criminal No.: 08-299 (PAM)

UNITED STATES OF AMERICA,)
)
 Plaintiff,)
)
 v.) PLEA AGREEMENT AND
) SENTENCING STIPULATIONS
 ROBERT DEAN WHITE,)
)
 Defendant.)

The United States of America and Robert Dean White (hereinafter referred to as the "defendant") agree to resolve this case on the terms and conditions that follow. This plea agreement binds only the defendant and the United States Attorney's Office for the District of Minnesota. This agreement does not bind any other United States Attorney's Office or any other federal or state agency.

1. **Charges.** The defendant agrees to plead guilty to Counts 1 and 2 of the Information, which charges the defendant with mail fraud, in violation of Title 18, United States Code, Section 1341, and money laundering, in violation of Title 18, United States Code, Section 1957.

2. **Factual Basis.**

Mail Fraud

The defendant worked for a company, PETERS COMPANY, INC. ("PCI"). On behalf of PCI, and at the direction of THOMAS JOSEPH PETERS, the owner and president of PCI, the defendant worked with

another employee of PCI (DEANNA LYNN COLEMAN) to fabricate documents used by PETERS and others to induce third parties to provide PCI with billions of dollars in loans.

The fabricated documentation purported to memorialize the purchase of merchandise by PCI from two supplier companies: NATIONWIDE INTERNATIONAL RESOURCES, INC. ("NIR"), run by LARRY REYNOLDS, and ENCHANTED FAMILY BUYING COMPANY ("EFBC"), run by MICHAEL CATAIN. PCI represented to the third-party lenders that PCI would then resell the merchandise it purchased from NIR and EFBC to big box retailers based on purchase orders purportedly received from these retailers. The transactions were fictitious and the documents were fabricated.

A substantial portion of the funds that were lent to PCI were secured by promissory notes, and in some instances by security agreements, that pledged as collateral either: (a) the merchandise that PCI purportedly had purchased from NIR and EFBC; and/or (b) accounts receivable for the fictitious purchase orders between PCI and the big box retailers. In many instances, lenders would wire the funds lent to PCI directly to NIR or EFBC based on representations made to the lenders by PETERS and PCI that the funds would be used to finance the merchandise purportedly purchased by PCI. In such cases, rather than provide PCI with merchandise, NIR and EFBC, at the direction of PETERS, would

simply re-direct the funds to PCI less a commission. During the course of the conspiracy, NIR and EFBC funneled tens of billions of dollars through their respective accounts in furtherance of the scheme. REYNOLDS and CATAIN were paid millions of dollars for the use of their respective company bank accounts to conceal the fraudulent nature of the transactions.

The current debt of PCI is more than \$3 billion, much of which was obtained through the fraudulent scheme over the course of more than 13 years.

For his efforts, the defendant received millions of dollars. The vast majority of the fraud proceeds went to PCI and PETERS, and were then used to fund the operations of other companies owned by PETERS, to pay others who assisted in the fraud scheme, and for PETERS' extravagant lifestyle.

In furtherance of the scheme, the defendant and other participants in the fraud scheme knowingly caused to be sent, delivered, and moved by the United States Postal Service and interstate commercial carrier various mailings for the purpose of executing the scheme. In particular, on or about June 23, 2008, defendant, or another acting at his direction or the direction of PETERS or COLEMAN, sent to the third-party lender [REDACTED] by interstate commercial carrier a "Receivable Participation Note" in the amount of \$18,250,000 and a fraudulent security agreement,

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which were delivered by such carrier according to the directions, in violation of Title 18, United States Code, Sections 2 and 1341.

Lenders oftentimes "rolled" their loan to PCI from one fraudulently obtained loan into another without repayment. To the extent payments were made by PCI to lenders, it was with funds derived from other victim lenders who were also fraudulently induced to fund the ponzi scheme.

Money Laundering

On or about December 18, 2007, in the State and District of Minnesota, the defendant also did knowingly engage in a monetary transaction by, through, and to a financial institution, affecting interstate commerce, in criminally derived property of a value greater than \$10,000.00, that is, by depositing into his own account at First Minnesota Bank a check for \$500,000 written on PCI's account at Crown Bank, Minnesota (account number XXX2227) from the proceeds of the mail fraud described above. The financial institution through which the check cleared engaged in interstate commerce.

3. **Waiver of Indictment.** The defendant agrees to waive indictment by a grand jury on these charges and to consent to the filing of a criminal information. The defendant further agrees to execute a written waiver of his right to be indicted by a grand jury on this offense.

4. **Waiver of Pretrial Motions.** The defendant understands and agrees that he has certain rights to file pre-trial motions in this case. As part of this plea agreement, and based upon the concessions of the United States within this plea agreement, the defendant knowingly, willingly, and voluntarily gives up the right to file pre-trial motions in this case.

5. **Statutory Penalties.**

The parties agree that Count 1 of the Information carries statutory penalties of:

- a. a term of imprisonment of up to 20 years;
- b. a criminal fine of up to the greater of \$250,000.00 or twice the amount of gain or loss;
- c. a term of supervised release of up to three years;
- d. a special assessment of \$100.00, which is payable to the Clerk of Court prior to sentencing; and
- e. the costs of prosecution (as defined in 28 U.S.C. §§ 1918(b) and 1920).

The parties agree that Count 2 of the Information carries statutory penalties of:

- a. a term of imprisonment of up to 10 years;
- b. a criminal fine of up to \$250,000.00;
- c. a term of supervised release of up to three years;

- d. a special assessment of \$100.00, which is payable to the Clerk of Court prior to sentencing; and
- e. the costs of prosecution (as defined in 28 U.S.C. §§ 1918(b) and 1920).

6. **Revocation of Supervised Release.** The defendant understands that, if he were to violate any condition of supervised release, he could be sentenced to an additional term of imprisonment up to the length of the original supervised release term, subject to the statutory maximums set forth in 18 U.S.C. § 3583.

7. **Guideline Calculations.** The parties acknowledge that the defendant will be sentenced in accordance with 18 U.S.C. § 3551, et seq. The parties also acknowledge that the defendant will be sentenced in accordance with federal sentencing law which includes consideration of the Sentencing Guidelines promulgated pursuant to the Sentencing Reform Act of 1984. The parties recognize that although the Court must give considerable weight to the guidelines, the guidelines are no longer binding but simply advisory. The parties stipulate to the following guideline calculations:

- a. **Base Offense Level.** The parties agree that the base offense level for these offenses is 7. (U.S.S.G. § 2B1.1).
- b. **Specific Offense Characteristics.** The government contends that the offense level should be increased by 30 levels, because the loss is in excess of \$400 million. (U.S.S.G. § 2B1.1(b)(1)). The defendant

reserves the right to argue the loss amount is less based on the value of assets available to repay the obligations. The parties stipulate that the offense level should be increased by 2 levels, because of the number of victims involved. (U.S.S.G. § 2B1.1(b)(2)).

- c. Money Laundering. The parties agree that the offense level should be increased by 1 level, because the defendant utilized at least \$10,000 of the proceeds of the scheme in a monetary transaction. (U.S.S.G. § 2S1.1(a) and (b)(2)(A)).
- d. Acceptance of Responsibility. The government agrees to recommend that the defendant receive a 3-level reduction for acceptance of responsibility and to make any appropriate motions with the Court. However, the defendant understands and agrees that this recommendation is conditioned upon the following: (i) the defendant testifies truthfully during the change of plea hearing, (ii) the defendant cooperates with the Probation Office in the pre-sentence investigation, (iii) the defendant commits no further acts inconsistent with acceptance of responsibility, and (iv) the defendant complies with this agreement, fully identifies all assets and makes good faith efforts to make restitution to his victims. (U.S.S.G. §3E1.1). The parties agree that other than as provided for herein no other Chapter 3 adjustments apply.
- e. Criminal History Category. Based on information available at this time, the parties believe that the defendant's criminal history category is I. This does not constitute a stipulation, but a belief based on an assessment of the information currently known. Defendant's actual criminal history and related status will be determined by the Court based on the information presented in the Presentence Report and by the parties at the time of sentencing.
- f. Guideline Range. If the offense level is 37, and the criminal history category is I, the Sentencing

Guidelines range is 210-262 months imprisonment. To the extent the adjusted offense level is less than 37, the corresponding Guidelines range will be reduced.

- g. Fine Range. If the adjusted offense level is 37, the fine range is \$20,000.00 to \$200,000.00. (U.S.S.G. § 5E1.2(c)(3)).
- h. Supervised Release. The Sentencing Guidelines require a term of supervised release of between two and three years. (U.S.S.G. § 5D1.2).
- i. Departures and Sentencing Recommendations. The parties reserve the right to make motions for departures or variances from the applicable guideline.

8. **Discretion of the Court**. The foregoing stipulations are binding on the parties, but do not bind the Court. The parties understand that the Sentencing Guidelines are advisory and their application is a matter that falls solely within the Court's discretion. The Court may make its own determination regarding the applicable guideline factors and the applicable criminal history category. The Court may also depart from the applicable guidelines. If the Court determines that the applicable guideline calculations or the defendant's criminal history category is different from that stated above, the parties may not withdraw from this agreement, and the defendant will be sentenced pursuant to the Court's determinations.

9. **Special Assessments**. The Guidelines require payment of a special assessment in the amount of \$100.00 for each felony count

of which the defendant is convicted. U.S.S.G. § 5E1.3. The defendant agrees to pay the special assessment prior to sentencing.

10. **Restitution**. The defendant understands and agrees that the Mandatory Victim Restitution Act, 18 U.S.C. §3663A, applies and that the Court is required to order the defendant to make restitution to the victim of his crime.

The defendant represents that he will fully and completely disclose to the United States Attorney's Office the existence and location of any assets in which he has any right, title, or interest. The defendant agrees to assist the United States in identifying, locating, returning, and transferring assets for use in payment of restitution and fines ordered by the Court. The defendant represents that the financial statement to be provided to the United States Attorney's Office will be accurate, truthful and complete.

If requested by the United States, the defendant agrees to submit financial deposition and to a polygraph examination to determine whether he has truthfully disclosed the existence of all of his assets.

11. **Forfeiture**. The government reserves its right to proceed against any of the defendant's assets if said assets represent real or personal property involved in violations of the laws of the United States or are proceeds traceable to such property. The

defendant agrees that all funds he received from PCI are proceeds of the fraud, and are, therefore, subject to forfeiture. The defendant asks that the government allow such proceeds to be used for restitution.

12. **Cooperation**. The defendant has agreed to cooperate with law enforcement authorities in the investigation and prosecution of other suspects. The defendant has provided information to law enforcement regarding the fraud and other participants, including the owner and president of PCI. This cooperation includes, but is not limited to, being interviewed by law enforcement agents, submitting to a polygraph examination if the government deems it appropriate, and testifying truthfully at any trial or other proceeding involving other suspects. If the defendant cooperates fully and truthfully as required by this agreement and thereby renders substantial assistance to the government, the government will, at the time of sentencing, move for a downward departure under Guideline Section 5K1.1. The government also agrees to make the full extent of the defendant's cooperation known to the Court. The defendant understands that the government, not the Court, will decide whether the defendant has rendered substantial assistance. The government will exercise its discretion in good faith. The defendant also understands that there is no guarantee the Court will grant any such motion for a downward departure, and the

defendant understands that the amount of any downward departure is within the Court's discretion. In the event the government does not make or the Court does not grant such a motion, the defendant may not withdraw this plea based upon that ground. Finally, the defendant understands that the government is not required to accept any tendered cooperation on the defendant's part. If the government, in its sole discretion, chooses not to accept tendered cooperation, the defendant will not receive a sentence reduction for such tendered cooperation and will not be allowed to withdraw from the plea agreement based upon that ground.

13. **Complete Agreement**. This is the entire agreement and understanding between the United States and the defendant. There are no other agreements, promises, representations, or understandings.

Date: FRANK J. MAGILL, JR.
United States Attorney

BY: _____
JOSEPH T. DIXON, III
JOHN R. MARTI
TIMOTHY C. RANK
Assistant U.S. Attorneys

Date: _____
ROBERT DEAN WHITE,
Defendant

Date: _____
JOSEPH FRIEDBERG,
Counsel for Defendant