



U. S. Department of Justice

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Northern District of Iowa

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May 15, 2015

Ms. Holly M. Logan, Esq.
Weinhardt & Logan
2600 Grand Avenue, Suite 210
Des Moines, IA 50312

Re: *United States v. Richard Jones*

Dear Ms. Logan:

This letter will serve as a memorandum of a **third and superseding** proposed plea agreement between the United States Attorney's Office for the Northern District of Iowa and Richard Jones, defendant. All references to the "United States" or "government" in this proposed plea agreement refer to the United States Attorney's Office for the Northern District of Iowa and to no other governmental entity. **To accept this offer you and your client must execute and return this agreement to the Sioux City Branch Office before close of business on May 19, 2015.** The United States made prior (pre-indictment and post-indictment) plea offers dated July 12, 2013 and December 3, 2014, in this case. These offers were rejected by Mr. Jones and are now without effect and superseded by this third and superseding proposed plea agreement.

CHARGES AND PENALTIES

1. RS Defendant will plead guilty to Count One of the Indictment filed on March 18, 2015. Count One charges Bank Fraud, in violation of 18 U.S.C. § 1344. Defendant also agrees to the entry of a judgment of forfeiture pursuant to the forfeiture allegation included in the Indictment.

2. RS Defendant understands that Count One of the Indictment is punishable by a mandatory minimum sentence of one day's imprisonment and the following maximum penalties: (1) not more than 30 years' imprisonment without the possibility of parole; (2) a fine of not more than either (A) twice the gross gain to

EXHIBIT 1

(Plea)

CR 14-3061-MWB

defendant resulting from the offense, (B) twice the gross loss to victims resulting from the offense, or (C) \$1,000,000; (3) a mandatory special assessment of \$100; and (4) a term of supervised release of up to 5 years.

3. AS Defendant understands restitution and a term of supervised release following incarceration may be imposed in addition to any other sentence. Defendant further acknowledges that, if defendant violates, at any time, any condition of supervised release, defendant could be returned to prison for the full term of supervised release and the Court is not required to grant credit for any amount of time defendant may have successfully completed on supervised release. Defendant also understands the U.S. Sentencing Guidelines will provide advisory guidance to the Court in determining a sentence in this case.

4. AS At the time the guilty plea is entered, defendant will admit that defendant is guilty of the charges specified in Paragraph 1 of this agreement. After sentencing, the government will move for dismissal of any remaining counts. The U.S. Attorney's Office for this District will file no additional Title 15 or 18 fraud or false statement-related criminal charges based solely upon information now in our possession. If this office becomes aware of evidence of additional crimes warranting criminal prosecution, all information in our possession could be used in such a prosecution.

5. AS Defendant understands and agrees defendant has the absolute right to plead guilty before a United States District Court Judge. However, if convenient to the Court, defendant agrees to waive and give up this right and to plead guilty before a United States Magistrate Judge. Defendant understands defendant will not be found guilty unless the United States District Court Judge accepts the plea of guilty or adopts a recommendation of the Magistrate Judge to accept such plea. Defendant agrees to execute the attached consent to proceed before the United States Magistrate Judge.

NON-COOPERATION

6. AS Defendant understands and concedes that, although defendant is not required by the terms of this plea agreement to testify before any Court or grand jury, the United States may take the prescribed actions under 18 U.S.C. § 6001, *et. seq.* or any other applicable provision of law to compel defendant's testimony. Defendant agrees that, if defendant refuses to testify after being granted immunity and ordered by the Court to testify, defendant may be found to be in contempt of court and may be punished in accordance with Federal Rule of Criminal Procedure 42 and 18 U.S.C. §§ 401 and 402. Further, the United States

Attorney's Office shall be permitted to pursue any other action available to require defendant's testimony or punish defendant's refusal to testify subsequent to any order requiring defendant to testify. Defendant understands and agrees that, because defendant is not cooperating with the government, the United States will not recommend any decrease under §5K1.1 or any other provision of the United States Sentencing Guidelines or under 18 U.S.C. § 3553(e) or any other provision of law.

STIPULATION OF FACTS

7. KS By initialing each of the following paragraphs, defendant stipulates to the following facts. Defendant agrees these facts are true and may be used to establish a factual basis for defendant's guilty plea and sentence. Defendant has been advised by defendant's attorney of defendant's rights under Federal Rule of Criminal Procedure 11(f) and Federal Rule of Evidence 410. Defendant waives these rights and agrees this stipulation may be used against defendant at any time in any proceeding should defendant violate or refuse to follow through on this plea agreement, regardless of whether the plea agreement has been accepted by the Court. Defendant agrees that the stipulation below is a summary of the facts against defendant and does not constitute all of the facts the government would be able to prove at trial and may be able to prove to the Court in accordance with this agreement. This paragraph will have no effect if the Court refuses to be bound by the terms of this plea agreement.

At all times relevant to the Indictment:

- A. AS Iowa Trust and Savings Bank ("ITSB"), was a financial institution, located in the Northern District of Iowa, whose deposits were insured by the Federal Deposit Insurance Corporation ("FDIC"). As part of its business, ITSB made loans to its customers.
- B. KS Defendant Richard Jones was a Senior Vice-President of ITSB in Emmetsburg, Iowa. As a Senior Vice-President, his duties included loan origination, loan underwriting, loan servicing, and ensuring loans complied with ITSB's internal risk matrix and credit limits. **Despite holding a position of trust, defendant Jones engaged in two similar schemes with two separate groups of co-schemers to accomplish the Jones and Salton Scheme to Defraud ITSB and the Jones and Manning Scheme to Defraud ITSB.**

- C. RS Co-schemer Russ Salton was an ITSB borrower who was identified as struggling borrower due to late, insufficient, or absent loan payments. As a result, co-schemer Russ Salton's borrowing relationship with ITSB was classified as substandard by FDIC in a FDIC Bank Examination on or about December 1, 2003, (and in all subsequent examinations), which meant co-schemer Russ Salton could not borrow any more money from ITSB without ITSB board approval. In the absence of ITSB board approval any further loans to the Saltons would not comply with ITSB's internal loan policy of the FDIC's classification.
- D. RS Co-schemers, Mike Manning and Aric Manning were also ITSB borrowers who were identified as struggling borrowers due to late, insufficient, or absent loan payments. As a result, the co-schemer Mannings' borrowing relationships with ITSB were classified as substandard by FDIC in a FDIC Bank Examination on or about December 1, 2003 (and in all subsequent examinations), which meant the co-schemer Mannings could not borrow any more money from ITSB without ITSB board approval. In the absence of ITSB board approval any further loans to the co-schemer Mannings would not comply with ITSB's internal loan policy of the FDIC's classification.

Scheme One: The Jones and Salton Scheme to Defraud ITSB

- E. RS Beginning at least as early as March 31, 2004, and continuing through at least March 29, 2010, in the Northern District of Iowa, defendant Richard Jones and co-schemer Russ Salton and others (collectively "the co-schemers") devised, attempted to devise, and participated in, a scheme and artifice to defraud ITSB, and to obtain moneys, funds, credits, assets, securities, or other property owned by or under the custody or control of ITSB by means of materially false or fraudulent pretenses, representations, or promises. In particular, co-schemer Russ Salton with defendant Richard Jones' knowledge, assistance, and direction, fraudulently applied for and obtained loans from ITSB in the names of unknowing third parties and used the fraudulently obtained loan proceeds for their own benefit to, among other things, pay down loan number 5332701 ("the Salton - 7 (S-7) Loan,") pay Salton's operating business expenses, and purchase semi-tractor trailers (*i.e.*, semi-trucks) and other equipment in co-schemer Russ Salton's names and for co-schemer Russ Salton's use.

The Manner and Means of the Jones and Salton Scheme to Defraud ITSB

- F. RS The scheme and artifice to defraud involved the following manner and means, among others:
- F-1. RS Defendant Richard Jones and co-schemer Russ Salton filled out loan documents, loan extension documents, and related documents (*e.g.*, promisor note, commercial security agreement, commercial/ag loan document request, change of address form, loan matrix, debt modification agreement, and related documents) in the names of unknowing third parties, possessing, using, and forging the third parties' signatures and otherwise participated in the obtaining of fraudulent loans in the name of third parties.
- F-2. RS Defendant Richard Jones caused ITSB to make loans and grant loan extensions based on the fraudulent applications.
- F-3. RS Defendant Richard Jones and co-schemer Russ Salton, then caused the proceeds from the fraudulently obtained loans to be deposited into accounts co-schemer Russ Salton controlled.
- F-4. RS Defendant Richard Jones and co-schemer Russ Salton then used the fraudulently obtained loan proceeds for their own benefit to, among other things, pay down "the Salton - 7 (S-7) Loan," pay personal and operating business expenses of co-schemer Russ Salton, and purchase semi-tractor trailers (*i.e.*, semi-trucks) and other equipment in co-schemer Russ Salton's name and for co-schemer Russ Salton's use.
- F-5. RS In this manner, defendant Richard Jones and co-schemer Russ Salton fraudulently obtained loans from ITSB worth at least \$365,284.00.

Examples of the Execution of the Jones and Salton Scheme to Defraud ITSB (*i.e.*, Counts 1 and 2).

- G. RS On or about March 29, 2010, defendant Richard Jones and co-schemer Russ Salton applied for and obtained ITSB loan 51920003

using the name and forged signature of J.J., an unknowing third party. On or about March 29, 2010, in the Northern District of Iowa, defendant Richard Jones and co-schemer Russ Salton, in execution of the scheme and artifice to defraud ITSB, and to obtain moneys, funds, credits, assets, securities, or other property owned by or under the custody or control of ITSB by means of materially false or fraudulent pretenses, representations, or promises, received a \$18,500 advance on ITSB loan number 51920003.

- H. RS On or about December 4, 2009, in the Northern District of Iowa, defendant Richard Jones and co-schemer Russ Salton, in execution of the scheme and artifice to defraud ITSB, and to obtain moneys, funds, credits, assets, securities, or other property owned by or under the custody or control of ITSB by means of materially false or fraudulent pretenses, representations, or promises, applied for ITSB loan 51920002 using the name and forged signature of J.J., an unknowing third party, and thereby obtained a \$35,000 loan.

Scheme Two: The Jones and Manning Scheme to Defraud ITSB

- I. RS Beginning at least as early as November 24, 2003, and continuing through at least March 29, 2010, in the Northern District of Iowa, defendant Richard Jones, co-schemers Aric and Mike Manning and others (collectively “the co-schemers”) devised and attempted to devise, and participated in a scheme and artifice to defraud ITSB, and to obtain moneys, funds, credits, assets, securities, or other property owned by or under the custody or control of ITSB by means of materially false or fraudulent pretenses, representations, or promises. In particular, co-schemers Mike Manning and Aric Manning, with the knowledge, assistance, and direction of the defendant Richard Jones, fraudulently applied for and obtained loans from ITSB in the name of purported borrowers who were really unknowing third parties, and used the fraudulently obtained loan proceeds for their own benefit to, among other things, pay down existing debt owed by co-schemer Mannings to ITSB.

The Manner and Means of the Jones and Manning Scheme to Defraud ITSB

- J. RS The scheme and artifice to defraud involved the following manner and means, among others:
- J-1. RS Defendant Richard Jones and co-schemers Mike Manning and Aric Manning filled out loan documents, loan extension documents, and related documents (*e.g.*, promissory note, commercial security agreement, debt modification agreement, and related documents) in the names of unknowing third parties, possessing, using, and forging the third parties' signatures, and otherwise participated in the obtaining of fraudulent loans in the name of unknowing third parties.
- J-2. RS Defendant Richard Jones caused ITSB to make loans and grant loan extension based on the fraudulent applications.
- J-3. RS Defendant Richard Jones and co-schemers Mike Manning and Aric Manning, then caused the proceeds from the fraudulently obtained loans to be used to make payments on loans held in the names of co-schemers Mike Manning, Aric Manning and others.
- J-4. RS In this manner, defendant Richard Jones and co-schemers Mike Manning and Aric Manning, fraudulently obtained loans and loan extensions from ITSB worth at least \$112,710.00.

An Example of the Execution of the Jones and Manning Scheme to Defraud ITSB (*i.e.*, Counts 3 and 4)

- K. RS On or about February 1, 2007, in the Northern District of Iowa, defendant Richard Jones and co-schemer Mike Manning, in execution of the scheme and artifice to defraud ITSB, and to obtain moneys, funds, credits, assets, securities, or other property owned by or under the custody or control of ITSB by means of materially false or fraudulent pretenses, representations, or promises, applied for ITSB loan 52256204 using the name and forged signature of C.K., a purported borrower and an actual unknowing third party, and thereby obtained a \$10,700 loan.

- L. AS On or about January 23, 2008, in the Northern District of Iowa, defendant Richard Jones and co-schemer Aric Manning, in execution of the scheme and artifice to defraud ITSB, and to obtain moneys, funds, credits, assets, securities, or other property owned by or under the custody or control of ITSB by means of materially false or fraudulent pretenses, representations, or promises, applied for ITSB loan 52256205 using the name and forged signature of C.K., a purported borrower and an actual unknowing third party, and thereby obtained a \$16,400 loan.
- L-1. AS Richard Jones knowingly executed these schemes or artifices to defraud ITSB and knowingly executed these schemes to obtain the money, funds or other property owned by or under the control of ITSB by means of material false or fraudulent pretenses, representations or promises as detailed in Count Two of the Indictment;
- L-2. AS Richard Jones did so with the intent to defraud ITSB; and
- L-3. AS ITSB was then insured by the Federal Deposit Insurance Corporation.

False Statement to a ITSB (i.e., Counts 5 - 11)

- M. AS On or about March 29, 2010, in the Northern District of Iowa, defendant Richard Jones knowingly made a material false statement or report for the purpose of influencing the action of ITSB, an institution the accounts of which were then insured by the Federal Deposit Insurance Corporation, in connection with an application, advance, or loan, in that the defendant falsely and fraudulently created, submitted, and maintained bank documentation (i.e., a promissory note, loan matrix, commercial/ag loan document request) indicating J.J. had borrowed money from ITSB and promised to repay it to ITSB pursuant to 51920003, when in truth and in fact, as the defendant well knew, J.J. had not borrowed the money from ITSB and promised to repay it to ITSB pursuant to the loan.

- N. KS On or about December 4, 2009, in the Northern District of Iowa, defendant Richard Jones, knowingly made a material false statement or report for the purpose of influencing the action of ITSB, an institution the accounts of which were then insured by the Federal Deposit Insurance Corporation, in connection with an application, advance, commitment or loan, in that the defendant falsely and fraudulently created, submitted, and maintained bank documentation (*i.e.*, a promissory note, lender's credit agreement, loan matrix, commercial/ag loan document request, and change of address form) indicating J.J. had borrowed money from and promised to repay it to ITSB pursuant to ITSB loan 51920002, when in truth and in fact, as the defendant well knew, J.J. had not borrowed the money from and promised to repay it to ITSB pursuant to the loan.
- O. KS On or about February 1, 2007, in the Northern District of Iowa, defendant Richard Jones knowingly made a material false statement or report for the purpose of influencing the action of ITSB, an institution the accounts of which were then insured by the Federal Deposit Insurance Corporation, in connection with an application, advance, commitment, or loan, in that the defendant falsely and fraudulently created, submitted, and maintained bank documentation (*i.e.*, a promissory note) indicating C.K. had borrowed money from and promised to repay it to ITSB pursuant to ITSB loan 52256204, when in truth and in fact, as the defendant well knew, C.K. had not borrowed the money from and promised to repay it to ITSB pursuant to the loan.
- P. KS On or about January 23, 2008, in the Northern District of Iowa, Richard Jones knowingly made a material false statement or report for the purpose of influencing the action of ITSB, an institution the accounts of which were then insured by the Federal Deposit Insurance Corporation, in connection with an application, advance, agreement, commitment, or loan, in that the defendant falsely and fraudulently created, submitted, and maintained bank documentation (*i.e.*, a promissory note) indicating C.K. had borrowed money from and promised to repay it to ITSB pursuant to ITSB loan 52256205, when in truth and in fact, as the defendant well knew, C.K. had

not borrowed the money from and promised to repay it to ITSB pursuant to the loan.

- Q. AS On or about March 24, 2010, in the Northern District of Iowa, defendant Richard Jones, knowingly made a material false statement or report for the purpose of influencing the action of ITSB, an institution the accounts of which were then insured by the Federal Deposit Insurance Corporation, in connection with an application, advance, commitment, loan, or loan change or extension, in that the defendant falsely and fraudulently created, submitted and maintained bank documentation, (*i.e.*, a debt modification agreement) indicating C.K. had borrowed money from and promised to repay it to ITSB pursuant to ITSB loan 52256203, when in truth and in fact, as the defendant well knew, C.K. had not borrowed the money from and promised to repay it to ITSB pursuant to the loan.
- R. AS On or about March 24, 2010, in the Northern District of Iowa, defendant Richard Jones, knowingly made a material false statement or report for the purpose of influencing the action of ITSB, an institution the accounts of which were then insured by the Federal Deposit Insurance Corporation, in connection with an application, advance, commitment, loan, or loan change or extension, in that the defendant falsely and fraudulently created, submitted, and maintained bank documentation (*i.e.*, a debt modification agreement) indicating C.K. had borrowed money from and promised to repay it to ITSB pursuant to the ITSB loan 52256204, when in truth and in fact, as the defendant well knew, C.K. had not borrowed the money or promised to repay it to ITSB pursuant to the loan.
- S. AS On or about March 24, 2010, in the Northern District of Iowa, defendant Richard Jones, knowingly made a material false statement or report for the purpose of influencing the action of ITSB, an institution the accounts of which were then insured by the Federal Deposit Insurance Corporation, in connection with an application, advance, commitment, loan, or loan change or extension, in that the defendant falsely and fraudulently created, submitted, and maintained bank documentation, (*i.e.*, a debt modification agreement) indicating

C.K. had borrowed money from and promised to repay it to ITSB pursuant to ITSB loan 52256206, when in truth and in fact, as the defendant well knew, C.K. had not borrowed the money from and promised to repay it to ITSB pursuant to the loan.

- S-1. AS Richard Jones made a false statement or report to a federally insured bank
- S-2. AS Richard Jones made the false statement or report to the bank knowing it was false
- S-3. AS Richard Jones did so for the purpose of influencing in any way the action of the bank

Aggravated Identity Theft (i.e., Counts 12, 13, and 14)

T. AS On or about December 4, 2009, in the Northern District of Iowa, defendant Richard Jones did knowingly use, without lawful authority, a means of identification of another person, specifically a name, during and in relation to a violation of Title 18, United States Code, Section 1344 (Bank Fraud) as described in Count 2 of the Indictment. In particular, on or about that date, defendant Richard Jones, without lawful authority, forged the signature of J.J. ~~ITSB~~ ITSB loan number 51920002.

AS
in connection with NEW

U. AS On or about March 29, 2010, in the Northern District of Iowa, defendant Richard Jones did knowingly possess and use, without lawful authority, one or more means of identification of another person, during and in relation to one or more of the following: a violation of Title 18, United States Code, Section 1344 (Bank Fraud) as described in Count 1 of the Indictment; and a violation of Title 18, United States Code, Section 1014 (False Statement to a Bank) as described in Count 5 of the Indictment. In particular, on or about that date, defendant Richard Jones, without lawful authority, possessed and used the name and purported signature of J.J. in connection with ITSB loan number 51920003.

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V. AS On or about March 24, 2010, in the Northern District of Iowa, defendant Richard Jones did knowingly use, without

lawful authority, one or more means of identification of another person, during and in relation to one or more violations of Title 18, United States Code, Section 1014 (False Statement to a Bank) as described in Counts 9, 10, and 11 of the Indictment. In particular, on or about that date, defendant Richard Jones, without lawful authority, possessed and used the name and purported signature of C.K. on debt modification agreements associated with ITSB loan numbers 52256203, 52256204, and 52256206.

- V-1. AS Rich Jones knowingly transferred, possessed or used;
- V-2. AS Without lawful authority;
- V-3. AS the Means of identification of another person (*e.g.*, the name and signature of J.J. and C.K.);
- V-4. AS During and in relation to a felony enumerated in 18 U.S.C. § 1028A(c) that is false statement to a bank in violation of 18 U.S.C. § 1014 and bank fraud in violation of 18 U.S.C. § 1344.

Guideline Loss

- W. AS The Jones and Salton Scheme obtained loans worth about \$389,284.00 and resulted in an actual loss of about \$121,700.00 (after collateral was liquidated by ITSB).
- X. AS The Jones and Manning Scheme obtained loans worth about \$86,351.17 and resulted in an actual loss of about \$85,509.17 (after collateral was liquidated by ITSB).
- Y. AS Defendant Richard Jones's created a guideline loss, therefore, exceeding \$200,000.00 but not exceeding \$400,000.00

Other Relevant Conduct

- AA. RT Defendant Richard Jones forged the signatures of unknowing third parties in the following ways (among others): (1) Change of address form for loan to JJ (#51920002) dated 12-04-2009; (2) Payment Extension for loan to CK (#52256202) dated 07-25-2005; (3) Payment Extension for loan to CK (#52256203) dated 02-26-2009; (4) Payment Extension for loan to CK (#52256204) dated 02-26-2009.; (5) Payment Extension for loan to KV (#54056002) dated 07-10-2009; (6) Payment Extension for loan to LS (#53524901) dated 05-15-2009; (7) Payment Extension for loan to LS (#53524901) dated 07-30-2009; (8) Loan documents for loan to J. Jones (#51946401) dated 05-01-2009; (9) Loan Modifications for loans to JA (#50156501, 50156502 & 50156503); (10) Debt Modification for loan to CK (#52256204) dated 03-24-2010.
- BB. RT Defendant Richard Jones participated in the fraudulent acquisition of 20 fraudulent loans (*i.e.*, (1) J.A. loan 50156501; (2) J.A. loan 50156503; (3) JS Trucking loan 51947201; (4) K.T. loan 53922801; (5) JS Trucking loan 51947202; (6) Jeff Jones loan 51946401; (7) JS Trucking loan 51947203; (8) ALS Equipment loan 50037201; (9) ALS Equipment loan 50037202; (10) JS Trucking loan 51947204; (11) J.J. loan 51920002; (12) ALS Equipment loan 0037203; (13) J.J. loan 51920003; (14) Chad Kleve loan 52256203; (15) Chad Kleve loan 52256204; (16) Chad Kleve loan 52256205; (17) Chad Kleve loan 52256206; (18) Chad Kleve loan 52256207; (19) Chad Kleve loan 52256208; and (20) Linda Sheley loan 53524901) using the identities of at six third parties (*i.e.*, A.S., C.K., K.T., and J.A., J.J., and J.S.).

SENTENCING PROVISIONS

8. RT Defendant understands and agrees to be sentenced based on facts to be found by the sentencing judge by a preponderance of the evidence and agrees facts essential to the punishment need not be (1) charged in the Indictment (2) proven to a jury; or (3) proven beyond a reasonable doubt. Defendant agrees the Court will determine the appropriate sentence after considering a variety of factors, including: (1) the nature and circumstances of the offense and the history and characteristics of defendant; (2) the need for the sentence imposed to reflect the seriousness of the offense, to promote respect for the law, and to provide just punishment for the offense; (3) the need for the sentence to afford adequate deterrence to criminal conduct; (4) the need for the sentence to protect the public from further crimes of defendant; (5) the need for the sentence to provide defendant with needed educational or vocational training, medical care, or other correctional treatment in the most effective manner; (6) the need to avoid unwarranted

sentencing disparities among defendants with similar criminal records who have been found guilty of similar conduct; and (7) the need to provide restitution to any victims of the offense. Defendant understands the Court will also consider the kinds of sentence and the sentencing range established by the United States Sentencing Guidelines for the applicable category of offense(s) committed by defendant and will consider any pertinent policy statements issued as part of the Guidelines. The Court will consider relevant adjustments under the United States Sentencing Guidelines, which will include a review of such things as defendant's role in the offense, criminal history, acceptance or lack of acceptance of responsibility, and other considerations. The Court may also consider other information including any information concerning the background, character, and conduct of defendant.

9. RS **The parties agree that a term of no less than 14 months' imprisonment and a five-year term of supervised release should be imposed. Pursuant to Rule 11(c)(1)(C) of the Federal Rules of Criminal Procedure, the Court shall be bound to impose these terms. If the Court does not agree to be bound, neither party shall be bound by, or held to perform, the obligations imposed by this agreement, and the agreement shall be rendered null and void.**

10. MS Defendant, defendant's attorney, and the United States may make whatever comment and evidentiary offer they deem appropriate at the time of the guilty plea, sentencing, or any other proceeding related to this case, so long as the offer or comment does not violate any other provision of this agreement. The parties are also free to provide all relevant information and controlling authority to the Probation Office and Court for use in preparing and litigating adjustments, enhancements, or departures scored in the presentence report, including offering statements made by defendant at any time.

11. RS The parties are free to contest or defend any ruling of the Court, unless otherwise limited by this agreement, on appeal or in any other post-conviction proceeding.

12. RS Defendant understands that, pursuant to the Victim and Witness Protection Act, Title I of the Justice for All Act, and the regulations promulgated under the Act by the Attorney General of the United States:

- A. The victim of a crime is given the opportunity to comment on the offense and make recommendations regarding the sentence to be

imposed. Defendant understands the victim's comments and recommendations may be different from those of the parties to this agreement.

- B. The government is required to consult with victims of serious crimes to obtain their views regarding the appropriate disposition of the case against defendant and to make any such information regarding sentencing known to the Court. Defendant understands any victim's opinions and recommendations may be different from those presented by the government.
- C. The government is required to "fully advocate the rights of victims on the issue of restitution unless such advocacy would unduly complicate the sentencing proceeding," and the Court is authorized to order restitution by defendant to victims of crime, including, but not limited to, restitution for property loss, personal injury, or death.

CONDITIONS OF SUPERVISION AND DAY OF SENTENCING

13. MS By no later than the conclusion of any originally imposed term of supervised release (in other words, the required completion date will not be extended by any modifications, extension, or revocation of any original term of supervised release), defendant will make the following presentations warning others of the consequences of engaging in the criminal conduct at issue in this case: (1) one live presentation to a meeting of the Iowa Banker's Association (or, at the United States Attorney's option, a similar organization approved by the United States Attorney); (2) a video-recorded presentation for the repeated use of the Iowa Banker's Association (or, at the United States Attorney's option, a similar organization approved by the United States Attorney) as an educational tool (in the form of, for example, a webinar); and (3) up to two live presentations to students in a university classroom setting (with such settings being subject to the approval of the United States Attorney). All of the above presentations shall include, but not be limited to, a visual presentation (such as a Power point presentation) and shall address the events leading to defendant being charged and convicted, the general terms of defendant's plea agreement, the terms of the sentence imposed, and the collateral consequences of defendant's criminal conduct. During the presentations, defendant will accept full responsibility for his criminal conduct to the satisfaction of the United States Attorney. The presentations shall be subject to the approval of the United States Attorney and defendant will provide final versions of the visual presentations and scripts of the presentations to the United States Attorney no

later than 30 following the entry of defendant's guilty plea. The parties agree to jointly recommend that the Court require defendant to make the above presentations as conditions of defendant's supervised release. In addition, no later than three business days prior to the date scheduled for defendant's sentencing, defendant shall submit to the Cherokee Chronicle Times, the Clear Lake Mirror Reporter; the Emmetsburg Democrat; the Estherville Daily News; the Marshalltown Times-Republican; the Missouri Valley Times-News; the Rockwell Pioneer Enterprise; the Sheldon N'West Iowa Review; the Sioux City Journal; the Spencer Daily Reporter; the Spirit Lake Dickinson County News; the Storm Lake Pilot Tribune; the Storm Lake Times; the Waterloo-Cedar Falls Courier; the Dubuque Telegraph Herald; and the Cedar Rapids Gazette, a "Letter to the Editor" or a "Guest Editorial" addressing the matters referenced above in this paragraph (with the exception of a discussion of the sentence imposed). Such letter or guest editorial shall be subject to the approval of the United States Attorney and defendant will provide a final version of the letter or guest editorial to the United States Attorney no later than 30 days following the entry of defendant's guilty plea.

FINANCIAL MATTERS

14. AS Defendant agrees to pay a special assessment of \$100 per count, for a total of \$100, as required by 18 U.S.C. § 3013. Defendant may pay the special assessment to the Clerk of Court by credit card or use the enclosed payment coupon. Defendant or defendant's representative will send or deliver the special assessment payment to the U.S. District Clerk of Court, 111 Seventh Avenue, SE, Box 12, Cedar Rapids, IA 52401. If defendant does not pay the Clerk of Court by credit card, payment must be in the form of a money order made out to the "U.S. District Clerk of Court." The special assessment must be paid before this signed agreement is returned to the U.S. Attorney's Office. If defendant fails to pay the special assessment prior to the sentencing, defendant stipulates that a downward adjustment for acceptance of responsibility under USSG §3E1.1 is not appropriate unless the Court finds defendant has no ability to pay prior to the sentencing.

15. AS Defendant agrees to pay restitution to all victims including relevant conduct victims. Restitution includes at least \$207,209.17 to ITSB for economic losses. This amount includes restitution for any offenses dismissed as a result of this plea agreement and any offense(s) included as relevant conduct. Defendant understands that, because restitution is mandatory, the amount of

restitution shall be imposed regardless of defendant's financial resources. Any restitution obligation should be paid to the Clerk of Court for eventual disbursement to victims. Complete restitution shall be due and payable at or before the time of sentencing. Defendant agrees to cooperate in efforts to collect the restitution obligation, by *e.g.*, set-off of program payments, execution on exempt and non-exempt property or any other means the United States deems appropriate. Defendant understands imposition or payment of restitution will not restrict or preclude the filing of any civil suit or administrative action. Defendant agrees any restitution imposed will be non-dischargeable in any bankruptcy proceeding and defendant will not seek a discharge or a finding of dischargeability as to the restitution obligation. *Defendant's restitution obligation is joint and several with those individuals convicted in connection with the Salton Scheme and the Manning Scheme.*

16. RT Defendant agrees to fully complete the enclosed Authorization to Release Credit Information pursuant to 15 U.S.C. § 1681b(a)(2). Further, upon request, defendant agrees to provide the U.S. Attorney's Office with any supporting information or documentation in defendant's possession or control regarding the information contained in the consumer credit report. In addition, defendant agrees to take any additional action requested by the United States to obtain financial information about defendant in the hands of third parties. This request includes, but is not limited to, mortgages, financial statements, loan applications or requests for extension of credit, financing statements, security agreements, subordinations, promissory notes, account information, tax returns, W2s, child support obligations, and any other document that may be held by a third party containing financial information about defendant. Defendant agrees to provide this information whenever requested until such time any judgment or claim against defendant, including principal, interest, and penalties, is satisfied in full. This information will be used to evaluate defendant's capacity to pay any claim or judgment against defendant as well as satisfy any forfeiture obligations. Defendant further understands and agrees the United States can and will release such information to the United States Probation Office for the Northern District of Iowa.

17. RT Defendant agrees to fully and truthfully complete the enclosed financial statement form. Further, upon request, defendant agrees to provide the U.S. Attorney's Office with any information or documentation in defendant's possession or control regarding defendant's financial affairs and agrees to submit to a debtor's examination when requested. Defendant agrees to provide this information whenever requested until such time any judgment or claim against defendant, including principal and interest, is satisfied in full. This information will be used to evaluate defendant's capacity to pay any claim or judgment against defendant.

RT
Manning Scheme.
NEW
-FF
5/27/15

FORFEITURE

18. AS Defendant agrees to forfeit and abandon any and all claim to items seized by law enforcement from defendant at the time of any arrest or search. Defendant also waives any right to additional notice of the forfeiture and abandonment of such property. Defendant stipulates this plea agreement constitutes notice under Local Criminal Rule 57.3(c) regarding the disposal of any exhibits or evidence related to this matter. Defendant understands that, from this date forward, any local, state, or federal law enforcement agency may take custody of and use, dispose of, and transfer these items in any way the agency deems appropriate.

19. AS Defendant agrees to voluntarily disclose, forfeit, abandon, give up, and give away to the United States, or any law enforcement agency designated by the United States, prior to the date of sentencing herein, any right, title and interest defendant may have in property subject to forfeiture under the United States Code pursuant to 18 U.S.C. § 982, including 18 U.S.C. § 1001, 1014, 1028A, 1344 and 1957, and any right, title and interest defendant may have in the following items:

- A. any property, real or personal, that constitutes or is derived from proceeds traceable to a violation of 18 U.S.C. § 1001, 1014, 1028A, 1344 and 1957;
- B. any property, real or personal, used or attempted to be used to facilitate the commission of 18 U.S.C. § 1001, 1014, 1028A, 1344 and 1957;
- C. any property, real or personal, involved in a transaction or attempted transaction in violation of 18 U.S.C. § 1001, 1014, 1028A, 1344 and 1957 or any property traceable to such property; and
- D. any property, real or personal, constituting, derived from, or traceable to any proceeds obtained directly or indirectly from an offense against a foreign nation for violations of 18 U.S.C. § 1001, 1014, 1028A, 1344 and 1957.

20. AS If any of the property described in the above paragraphs, as a result of any act or omission of defendant:

- A. cannot be located upon the exercise of due diligence;

- B. has been transferred or sold to, or deposited with, a third party;
- C. has been placed beyond the jurisdiction of the Court;
- D. has been substantially diminished in value; or
- E. has been commingled with other property that cannot be divided without difficulty;

defendant shall, prior to sentencing, provide payment to the government by cashier's or certified check up to the value of such property. Alternatively, defendant shall consent to an order of forfeiture of any other property up to the value of any such property.

21. RS Within two weeks of signing this agreement, defendant agrees to provide the United States Attorney's Office for the Northern District of Iowa with written documentation of defendant's ownership or right, title, or interest in the aforementioned property. In the event defendant is unable to provide documentation of defendant's right, title, or interest in such property within two weeks of signing this agreement, defendant shall relinquish custody of that property to the United States at that time, or at any subsequent time agreed to by the United States, upon demand of the government.

22. RS By this agreement defendant not only agrees to forfeit all interests in the property referred to in the above paragraphs, but agrees to take whatever steps are necessary to convey any and all of defendant's right, title, and interest in such property to the United States. These steps include, but are not limited to, the surrender of title, the signing of a quit claim deed, the signing of a consent decree, the signing of abandonment papers, the signing of a stipulation of facts regarding the transfer and basis for the forfeiture, and the signing any other documents necessary to effectuate such transfers.

23. RS Defendant agrees not to waste, sell, dispose of, or otherwise diminish the value of any items or property referred to in the above paragraphs or allow others to do so. Defendant further agrees not to contest any forfeiture action or proceeding brought on behalf of any government agency involved in this investigation that seeks to forfeit property described in the above paragraphs.

24. RS Defendant agrees and understands that, should defendant fail to truthfully account for all of defendant's holdings, proceeds, assets, or income,

whether derived from a legal source or not, for the period charged, defendant shall be deemed to have materially breached this agreement. The decision as to whether defendant has been complete, forthright, and truthful in this regard shall be in the sole discretion of the United States Attorney's Office, taking into consideration the totality of the circumstances and the totality of the evidence developed in the course of the investigation.

GENERAL MATTERS

25. AS Defendant shall not violate any local, state, or federal law during the pendency of this agreement. Any law violation, with the exception of speeding or parking violations, committed by defendant will constitute a breach of this agreement and may result in the revocation of the entire agreement or any of its terms. Defendant or defendant's attorney shall notify this office within 48 hours if defendant is questioned, charged, or arrested for any law violation.

26. AS If defendant violates **any** term or condition of this plea agreement, in **any** respect, the entire agreement will be deemed to have been breached and may be rendered null and void by the United States. Defendant understands, however, the government may elect to proceed with the guilty plea and sentencing. These decisions shall be in the sole discretion of the United States. If defendant does breach this agreement, defendant faces the following consequences: (1) all testimony and other information defendant has provided at any time (including any stipulations in this agreement) to attorneys, employees, or law enforcement officers of the government, to the Court, or to the federal grand jury may and will be used against defendant in any prosecution or proceeding; (2) the United States will be entitled to reinstate previously dismissed charges and/or pursue additional charges against defendant and to use any information obtained directly or indirectly from defendant in those additional prosecutions; and (3) the United States will be released from any obligations, agreements, or restrictions imposed upon it under this plea agreement.

27. AS Defendant waives all claims defendant may have based upon the statute of limitations, the Speedy Trial Act, and the speedy trial provisions of the Sixth Amendment to the Constitution. Defendant also agrees any delay between the signing of this agreement and the final disposition of this case constitutes excludable time under 18 U.S.C. § 3161 *et seq.* (the Speedy Trial Act) and related provisions.

28. AS Any dismissal of counts or agreement to forego filing charges is conditional upon final resolution of this matter. If this agreement is revoked or

defendant's conviction is ultimately overturned, the United States retains the right to reinstate previously dismissed counts and to file charges that were not filed because of this agreement. Dismissed counts may be reinstated and uncharged offenses may be filed if: (1) the plea agreement is revoked, or (2) defendant successfully challenges defendant's conviction through a final order in any appeal, cross-appeal, habeas corpus action, or other post-conviction relief matter. A final order is an order not subject to further review or an order that no party challenges. The United States may reinstate any dismissed counts or file any uncharged offenses within 90 days of the filing date of the final order. Defendant waives all constitutional and statutory speedy trial rights defendant may have. Defendant also waives all statute of limitations or other objections or defenses defendant may have related to the timing or timeliness of the filing or prosecution of charges referred to in this paragraph.

WAIVER OF APPEAL

29. RS After conferring with defendant's attorney and after being advised of defendant's appeal rights, defendant knowingly and voluntarily waives defendant's right to appeal the conviction and the sentence imposed, or to request or receive any reduction in sentence by operation of 18 U.S.C. § 3582(c)(2). Defendant also waives the right to file post-conviction relief actions, including actions pursuant to 18 U.S.C. § 3582(c)(2), 28 U.S.C. § 2255, 28 U.S.C. § 2241, *coram nobis*, and motions to reconsider or reduce defendant's sentence. Defendant retains the right to appeal or contest defendant's sentence in the following limited circumstances: (1) if the sentence is not in accordance with this plea agreement; (2) if the sentence imposed exceeds the maximum statutory penalty; and (3) if the sentence is constitutionally defective. This waiver does not, however, prevent defendant from challenging the effectiveness of defendant's attorney after conviction and sentencing. Defendant does not have any complaints at this time about the effectiveness of defendant's attorney. The waivers set out above relate to any issues that now exist or that may arise in the future. Defendant agrees to these waivers in order to induce the government to accept the provisions and stipulations of this plea agreement, to avoid trial, and to have defendant's case finally concluded. Defendant understands that, at the conclusion of the sentencing hearing, the Court will note defendant's appeal rights are limited by this waiver. No assurances or promises have been made by any party as to what defendant's ultimate sentence will be.

ACKNOWLEDGMENT OF DEFENDANT'S UNDERSTANDING

30. RS Defendant acknowledges defendant has read each of the provisions of this entire plea agreement with the assistance of counsel and understands its provisions. Defendant has discussed the case and defendant's constitutional and other rights with defendant's attorney. Defendant understands that, by entering a plea of guilty, defendant will be giving up the right to plead not guilty; to trial by jury; to confront, cross-examine, and compel the attendance of witnesses; to present evidence in defendant's defense; to remain silent and refuse to be a witness by asserting defendant's privilege against self-incrimination; and to be presumed innocent until proven guilty beyond a reasonable doubt. Defendant agrees defendant's attorney has represented defendant in a competent manner and has no complaints about that lawyer's representation. Defendant states defendant is not now on or under the influence of, any drug, medication, liquor, or other substance, whether prescribed by a physician or not, that would impair defendant's ability to fully understand the terms and conditions of this plea agreement.

31. RS Defendant acknowledges that prior plea offers dated July 12, 2013 and December, 3, 2014, have expired or been rejected. Defendant agrees he was notified of these plea offers and defendant had a full and complete opportunity to discuss these offer with defense counsel prior to the expiration or rejection date.

32. RS Defendant acknowledges defendant is entering into this plea agreement and is pleading guilty freely and voluntarily because defendant is guilty and for no other reason. Defendant further acknowledges defendant is entering into this agreement without reliance upon any discussions between the government and defendant (other than those specifically described in this plea agreement), without promise of benefit of any kind (other than any matters contained in this plea agreement), and without threats, force, intimidation, or coercion of any kind. Defendant further acknowledges defendant's understanding of the nature of each offense to which defendant is pleading guilty, including the penalties provided by law.

33. RS Defendant further understands defendant will be adjudicated guilty of each offense to which defendant will plead guilty and will thereby be deprived of certain rights, including, but not limited to, the right to vote, to hold public office, to serve on a jury, and to possess firearms and ammunition. Defendant understands the government reserves the right to notify any state or federal agency by whom defendant is licensed, or with whom defendant does business, of the fact of defendant's conviction.

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VERIFICATION

34. RS This letter constitutes the entire agreement between the parties. No other promises of any kind, express or implied, have been made to defendant by the United States or its agents. No additional agreement may be entered into unless in writing and signed by all parties. The agreement will not be deemed to be valid unless and until all signatures appear where indicated below.

If this agreement is acceptable, please have your client indicate acceptance by placing initials on the line preceding each of the above paragraphs and by signing below where indicated. By initialing each paragraph and signing below, defendant acknowledges defendant has read, fully understands, and agrees to each paragraph of this agreement. Please return all enclosures, completed and signed, with this signed letter to the U.S. Attorney's Office.

Please complete the enclosed Consent to Proceed Before the Magistrate Judge. This document is needed to allow the Magistrate Judge to receive defendant's guilty plea. After the signed Consent form and plea agreement are received, the government will ask the Court to schedule the guilty plea hearing.

Finally, please remember to pay the special assessment as agreed above.

Thank you for your cooperation.

Sincerely,

KEVIN W. TECHAU
United States Attorney

By, s/ Forde Fairchild

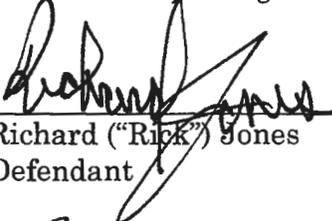
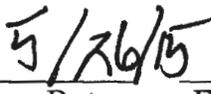
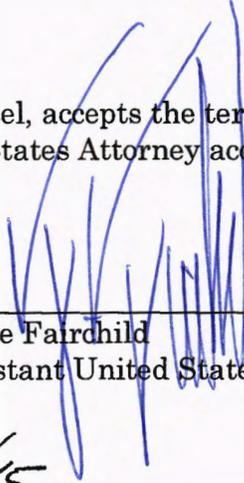
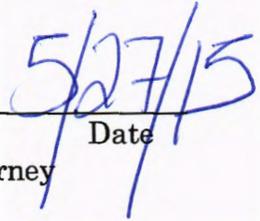
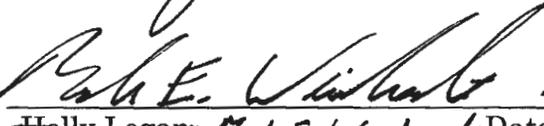
FORDE FAIRCHILD
Assistant United States Attorney

ENCLOSURES:

Financial Statement Form
Special Assessment Payment Coupon
Authorization to Release Credit Information
Consent to Proceed Before Magistrate Judge

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The undersigned defendant, with advice of counsel, accepts the terms of this plea agreement. The undersigned Assistant United States Attorney accepts the terms of the executed plea agreement.

			
Richard ("Rick") Jones	Date	Forde Fairchild	Date
Defendant		Assistant United States Attorney	
			
Holly Logan Mark E. Winhardt	Date		
Attorney for Defendant			