



Mr. Jeffrey Jordan  
September 9, 2013  
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**I. BACKGROUND**

In the summer of 2009, Mr. Telthorst approached Patrick Leopold, Congresswoman Jenkins's Chief of Staff, proposing to put approximately \$21,000 of campaign funds in a CD account for the Committee. Mr. Leopold agreed, believing the CD account would be with INTRUST Bank, which was already a campaign depository for the Committee. In early September 2011, Agent Scott Gentine of the FBI met with Mr. Leopold and informed him that Mr. Telthorst had not in fact created the CD account. Agent Gentine informed Mr. Leopold that Mr. Telthorst instead had opened an account with Bank of America under the name "Rob Telthorst d/b/a Lynne Jenkins for Congress" (the "Unauthorized Account"). In late August and early September 2009, Mr. Telthorst had deposited three checks from the INTRUST account to the Unauthorized Account totaling \$21,300 (\$12,000, \$4,800, and \$4,500). According to Agent Gentine, Mr. Telthorst repeatedly withdrew and returned funds from the account for his own purposes. Mr. Leopold was not aware of Mr. Telthorst's repeated withdrawals and deposits.

In February 2010, the Committee had terminated Mr. Telthorst as Treasurer for reasons unrelated to the Unauthorized Account. In April 2010, the Committee's new Treasurer, Kurt Bossert, learned that Mr. Telthorst had opened an account with Bank of America, which Mr. Bossert and the Committee believed was a CD account. After Mr. Leopold asked Mr. Telthorst about the Bank of America account, Mr. Telthorst said that he would close that account, and on April 8, 2010, he deposited a check to the Committee's INTRUST account for \$21,308.92.

On September 19, 2011, soon after the FBI informed the Committee that Mr. Telthorst had not, in fact, invested the Committee's funds in a CD account at INTRUST, and of his unauthorized use of the funds, the Committee made an oral *sua sponte* disclosure to Michael Columbo in the Commission's Office of General Counsel, and to the Committee's analyst in the Reports Analysis Division. The Committee also hired an independent auditor who conducted a review of the Committee's books and records. The independent auditor confirmed Mr. Telthorst's unauthorized payments and later reimbursement, but he did not identify any other evidence of fraudulent transactions by Mr. Telthorst.

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Mr. Telthorst's illegal activities and the FBI's investigation became public on October 15, 2012, when Mr. Telthorst was charged in federal court with engaging in a Ponzi scheme.<sup>2</sup> Mr. Telthorst pled guilty to one count of wire fraud and one count of money laundering, and was sentenced to 60 months in prison and ordered to pay over \$530,000 in restitution.<sup>3</sup> After reviewing the findings of its independent auditor, on January 31, 2013, the Committee filed a Form 99 reflecting Mr. Telthorst's unauthorized activity, as previously disclosed to OGC and RAD.

## II. ANALYSIS

The Commission's *Policy Regarding Self-Reporting of Campaign Finance Violations*, 72 Fed. Reg. 16,695, 16,695-698 (Apr. 7, 2007), lists a variety of factors the Commission considers in determining how to proceed regarding self-reported violations. These factors weigh in favor of taking no action against the Committee or Ms. Grote. *First*, the Committee investigated and voluntarily disclosed to the Commission Mr. Telthorst's actions soon after becoming aware of his activity. There was no need to notify other law enforcement authorities because the FBI was already aware of the matter. The Committee engaged an independent auditor to determine whether there was any indication of a broader embezzlement scheme. *Second*, Mr. Telthorst acted on his own and concealed both the Unauthorized Account and his unauthorized withdrawals from the Committee. *Third*, Mr. Telthorst's conduct benefited only himself, not the Committee. Finally, the amount of funds involved in this matter fortunately was relatively immaterial.

Penalizing the Committee in these circumstances would not serve the interests of justice and would discourage others from voluntarily investigating and disclosing unauthorized activity.

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<sup>2</sup> *United States v. Telthorst*, Case No. 5:12-cr-40108 (D. Kan.).

<sup>3</sup> *Id.* A copy of Mr. Telthorst's plea agreement is provided as Attachment A.

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The Committee and Ms. Grote therefore respectfully request that the Commission find that there is no reason to believe they violated the Act and close the file in this matter.

Please let us know if you have any questions.

Respectfully submitted,



Robert K. Kelner  
Matthew J. Connolly

**ATTACHMENT A**  
(Robert Telthorst Plea Agreement)

~~NO BOUNDARY~~

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF KANSAS

FILED IN OPEN COURT

11-14-12  
TIMOTHY M. O'BRIEN, CLERK

BY *Amelia Faber*  
DEPUTY CLERK

UNITED STATES OF AMERICA, )  
Plaintiff, )

v. )

Case No.: 12-CR-40108-JAR

ROBERT M. TELTHORST, )  
Defendant. )

PETITION TO ENTER PLEA

The defendant represents to the Court:

1. My full true name is: Robert M. Telthorst. I am 52 years of age. I have graduated from law school. I request that all proceedings against me be in my true name.

2. I am represented in this case by Robin D. Fowler and Kelly J. Kauffman.

3. I received a copy of the Indictment<sup>1</sup> (Information) before being called upon to plead. I have read the Information and have discussed it with my lawyer. I fully understand every charge made against me.

4. I told my lawyer all the facts and circumstances known to me about the charges made against me in the Information. I believe that my lawyers are fully informed on all such matters.

5. I know that the Court must be satisfied that there is a factual basis for a plea of "GUILTY" before my plea can be accepted. I represent to the Court that I

<sup>1</sup> "Indictment also includes "Information".

11-14-12

did the following acts in connection with the charges made against me: Between 2005 and 2011, in the District of Kansas and elsewhere; I devised a scheme to defraud clients by withdrawing, transferring and depositing client funds using interstate wires in violation of my legal and fiduciary duties; and also knowingly used the proceeds of this unlawful activity (wire fraud) to conduct financial transactions which were designed, in whole or in part, to conceal and disguise the nature, location, source, ownership and/or control of said proceeds, including the transactions listed on pages 11 and 12 of the Information. I also agree with and adopt the factual basis for the guilty plea set out in paragraph 2 of the attached plea agreement.

6. My lawyers have counseled and advised me on the nature of each charge, on all lesser included charges, and on all possible defenses that I might have in this case.

7. I know that I have the right to plead "NOT GUILTY" to any offense charged against me. If I plead "NOT GUILTY" I know the Constitution guarantees me (a) the right to a speedy and public trial by a jury; (b) at that trial, and at all stages of the proceedings, the right to the assistance of a lawyer; (c) the right to see and hear all the witnesses called to testify against me, and the right to cross-examine those witnesses; (d) the right to use the power and process of the Court to compel the production of any evidence, including the attendance of any witnesses in my favor; and (e) the right not to be compelled to incriminate myself by taking the witness stand; and if I do not take the witness stand, no inference of guilt may be drawn from such failure.

8. I know that if I plead "GUILTY", I am thereby waiving my right to a trial, and that there will be no further trial of any kind, either before a Court or jury on these charges; and further, I realize the Court may impose the same punishment as if I had pleaded "NOT GUILTY", stood trial, and been convicted by a jury.

9. I know that if I plead "GUILTY", the Court will ask me questions about the offenses(s) to which I have pleaded, and since I will be answering these questions under oath, on the record, and in the presence of my lawyer, that my answers may later be used against me in a prosecution for perjury or false statement.

10. My lawyer informed me that the plea of "GUILTY" could subject me to a maximum sentence as to count 1 of the Information to 20 years in prison, to be followed by a term of supervised release of NMT than 3 years (greater of 21 U.S.C. §3583(b) or Title 21 Drug Offense), and a fine of NMT \$250,000; and as to count 2 of the Information to NMT 20 years, to be followed by a term of supervised release of NMT 3 years, and a fine of NMT \$500,000. There is also a special assessment of \$100 for each count. I have also been informed that should the Court find me in violation of the supervised release term, the term of supervised release could be revoked and an additional term of imprisonment not to exceed 2 years may be imposed. I have also been informed that the Court may order me to make restitution in compliance with 18 U.S.C. §3663 and §3664 or as a condition of supervision, if such is ordered under 18 U.S.C. §3563, in addition to any other penalty provided by law. I further understand that if I am pleading "GUILTY" to an offense which is subject to the Sentencing Reform

Act, I cannot be released on parole and, if imprisonment is ordered in my case, the sentence imposed by the Court will be the sentence I serve less any good time credit if I earn it.

11. I know that in addition to any other penalty imposed the Court is required to impose a special monetary assessment in the amount of \$200. The special monetary assessment is \$100 for each felony count in which the offense occurred after April 24, 1996. (Not less than \$100.00 for a felony, \$25.00 for a class A misdemeanor; if the defendant is other than an individual the assessment is not less than \$400.00 for a felony and \$125.00 for a class A misdemeanor). I UNDERSTAND THIS SPECIAL ASSESSMENT MUST BE PAID AT THE TIME OF THE SENTENCING HEARING UNLESS THE COURT DIRECTS OTHERWISE.

12. I understand that if my case involves drug trafficking or drug possession, the Court may deny or suspend my eligibility to receive federal benefits pursuant to 21 U.S.C. §862, except for those specifically exempted. I understand that the Court may order me to complete drug treatment or community service as specified in the sentence as a condition for reinstatement of benefits.

13. I know that the Court may also order, in addition to the penalty imposed, that I give reasonable notice and explanation of the conviction, in such form as the Court may approve, to the victims of the offense.

14. I have been advised and understand that if I am not a U.S. citizen; a conviction of a criminal offense may result in deportation from the United States, exclusion from admission to the United States, and/or denial of naturalization.

15. If I am on probation or parole in this or any other Court, I know that by pleading guilty here, my probation or parole may be revoked and I may be required to serve time in that case, which will be consecutive, that is, in addition to any sentence imposed upon me in this case.

16. I declare that no officer or agent of any branch of government (federal, state or local) has promised, suggested, or predicted that I will receive a lighter sentence, or probation, or any other form of leniency if I plead "GUILTY," except as follows:

"My attorneys and I did discuss how the Sentencing Guidelines may apply in my case."

I know that the sentence I will receive is solely a matter within the control of the Judge. I do understand that there is no limitation on the information the Judge can consider at the time of the sentencing concerning my background, character, and conduct, provided the information is reliable, 18 U.S.C. §3661. I do understand that if I am subject to sentencing under the Sentencing Reform Act and the Sentencing Guidelines issued by the United States Sentencing Commission, a sentencing guideline range is established. The Judge will consider a sentence from within the guideline

range and, if my case presents features which persuade the Judge to vary from the guideline range the Judge could impose a sentence either above or below the recommended guideline range. In determining the guideline range, any variance, and the sentence to impose, the Court may take into account all relevant criminal conduct, which may include counts to which I have not pled guilty or been convicted, and take into account background characteristics, unless otherwise prohibited by law. I further understand that my background characteristics including, but not limited to, the recency and frequency of my prior criminal record, whether or not a substantial portion of my income resulted from criminal conduct, my role in the offense, victim-related circumstances, and my acceptance of responsibility for the offense, may have a specific effect on the sentence.

I hope to receive leniency, but I am prepared to accept any punishment permitted by law which the Court sees fit to impose, subject to the rules applicable to the nature of this binding plea agreement, the terms of which are more fully set out in the attached plea agreement. However, I respectfully request the Court to consider, in mitigation of punishment, that I have voluntarily entered a plea of guilty.

17. I understand that a U.S. Probation Officer will be assigned to conduct a thorough pre-sentence investigation to develop all relevant facts concerning my case unless the Court finds that there is in the record sufficient information to enable the meaningful exercise of sentencing authority pursuant to 18 U.S.C. §3553. The report of the pre-sentence investigation shall contain the factors set forth in Rule 32.

These include the classification of the offense and the defendant under the categories established by the Sentencing Commission, the kinds of sentence available to the Court, and the sentencing range the officer believes is applicable. The report shall include the history and characteristics of the defendant and such other information required by the Court recognizing the factors set forth in paragraphs (16) above.

18. My plea of guilty is the result of a plea agreement entered into between the Government attorney, my attorney, and me. This plea agreement contemplates a binding plea under Rule 11(c)(1)(C) of the Fed.R.Crim.Pro., with a proposed sentence set out in paragraph 3 of the plea agreement.

19. I believe that my lawyers have done all that anyone could do to counsel and assist me, AND I AM SATISFIED WITH THE ADVICE AND HELP THEY HAVE GIVEN ME.

20. I know that the Court will not permit anyone to plead "GUILTY" who maintains he is innocent and, with that in mind, and because I am "GUILTY," I respectfully request the Court to accept my plea of "GUILTY" and to have the Clerk enter my plea of "GUILTY" <sup>2</sup> as charged to counts 1 & 2 of the Information.

21. My mind is clear; I am not under the influence of alcohol or drugs.

22. I have never been confined in any institution for the treatment of mental illness, and I have never been adjudicated mentally incompetent. No

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<sup>2</sup> The defendant's plea of "GUILTY" or "NOT GUILTY" to each offense should be entered in the blank spaces provided in paragraph (20). If the Indictment charges a single offense, a defendant who wishes to plead "GUILTY" should write in paragraph (20) "GUILTY as charged in the Indictment." If more than

psychiatrist, physician, or psychologist has ever found me to be mentally ill. I know of no reason why my mental competence at the time of the commission of the alleged offense(s), or at the present time, should be questioned. (If there are any exceptions to the above statement, explain below).

23. I offer my plea of "GUILTY" freely and voluntarily, and further state that my plea of guilty is not the result of any force or threats against me, or of any promises made to me other than those noted in this petition. I further offer my plea of "GUILTY" with full understanding of all the matters set forth in the Information and in this petition, and in the certificate of my attorney that is attached to this petition.

24. I waive the reading of the Indictment in open court, and I request the Court to enter my plea of "GUILTY" as set forth in paragraph (20) of this petition.

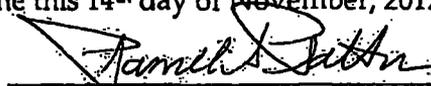
25. I swear that I have read, understood, and discussed with my attorney, each and every part of this Petition to Enter Plea, and that the answers that appear in every part of this petition are true and correct.

Signed and sworn to by me in open court, in the presence of my attorney  
this 14<sup>th</sup> day of November, 2012.



Defendant

Subscribed and sworn to before me this 14<sup>th</sup> day of November, 2012.



Deputy Clerk

one offense is charged, the defendant may write in paragraph (20) "GUILTY as charged in Count(s) \_\_\_\_\_." "NOT GUILTY as charged in Count(s) \_\_\_\_\_."

CERTIFICATE OF COUNSEL

The undersigned, as lawyers and counselors for the defendant Robert Telthorst, hereby certify:

1. We have read and fully explained to the defendant the allegations contained in the Information in this case.

2. To the best of our knowledge and belief, the statements, representations and declarations made by the defendant in the foregoing petition are in all respects accurate and true.

3. We explained the maximum penalty for each count to the defendant.

4. The plea of "GUILTY" offered by the defendant in paragraph (20) accords with our understanding of the facts he related to us and is consistent with our advice to the defendant.

5. In our opinion, the defendant's waiver of reading of the Information in open court as provided by Rule 10 is voluntarily and understandingly made, and we recommend to the Court that the waiver be accepted.

6. In our opinion, the plea of "GUILTY" offered by the defendant in paragraph (20) of the petition is voluntarily and understandingly made. We recommend that the Court accept the plea of "GUILTY."

7. We have made no predictions or promises to the defendant concerning any sentence the Court may award, except as noted in the space below: We

have discussed with Mr. Telthorst how the Sentencing Guidelines may apply in his case.

8. We further represent to the Court that the defendant's plea of "GUILTY" is the result of a plea agreement.

Signed by in open court in the presence of the defendant above named and after full discussion of the contents of this certificate with the defendant, this 14th day of November, 2012.



Kelly J. Kauffman #23161  
Kauffman & Eye  
The Dibble Building  
123 S.E. 6<sup>th</sup> Avenue, Suite 200  
Topeka, KS 66603  
(785) 234-4040  
(785) 234-4260 (fax)  
E-mail: [kelly@kauffmaneye.com](mailto:kelly@kauffmaneye.com)



Robin D. Fowler #11752  
BATH & EDMONDS, P.A.  
7944 Santa Fe Drive  
Overland Park, KS 66204  
(913) 652-9800  
(913) 649-8494 (fax)  
E-mail: [robin@bathedmonds.com](mailto:robin@bathedmonds.com)  
Attorneys for Robert Telthorst





defendant understands that the maximum sentence which may be imposed as to Count 2 of the Information to which the defendant has agreed to plead guilty is not more than twenty (20) years of imprisonment, a fine of no more than \$500,000 or twice the value of the property involved in the transactions, not more than 3 years of supervised release, and a \$100 mandatory special assessment.

**2. Factual Basis for the Guilty Plea.** The parties agree the facts

constituting the offense to which the defendant is pleading guilty are as follows:

The defendant was an attorney, licensed to practice law in the State of Kansas. The defendant specialized in estate planning, including the creation and administration of trusts.

Beginning in or about November 2005, and continuing through in or about August 2011, the defendant devised and executed a scheme to defraud his trust clients and others. The scheme to defraud was, in essence, a Ponzi scheme, in which he took clients' money both to benefit himself and to cover-up the fact that he was taking money from various trust accounts. During the course of the scheme to defraud, the defendant took over \$757,000, creating an ultimate loss of over \$463,000 to several victims.

In executing his scheme to defraud, the defendant used interstate wires through the deposit, transfer, and withdrawal of funds from federally insured financial institutions. Financial institutions transact business over the internet, *i.e.*, over interstate wires, through the Federal Reserve.

The defendant often transferred funds between the trust accounts under his control to correct negative balances. These transfers were sometimes as little as \$10.00.

The defendant often transferred funds between the trust accounts under his control to replenish funds for scheduled annuity/insurance premium payments and scheduled payments to beneficiaries.

In executing his scheme to defraud, the defendant used corporate entities he created, including Consolidated Lease & Finance, LLC, Trust Management Solutions, LLC, and Imagineaction, LLC, to launder money.

Acting in his capacity as an attorney, the defendant received monies from clients for the purpose of funding trusts. During the course of the scheme, instead of investing the monies for the benefit of the clients and the intended beneficiaries of the trusts, the

defendant took the monies for his own use and to replenish other trusts he had depleted, as the following examples illustrate.

**Evan D Trust**

On or about November 23, 2005, the defendant took \$125,000, intended for the Evan D trust, and deposited the \$125,000 into a new bank account at Bank of America titled "Consolidated Lease & Finance, LLC," a corporate account the defendant used for laundering money. Between November 2005 and November 2007, the defendant used over \$108,000 of Evan D's money for his own personal benefit and to replenish trust accounts he had depleted.

**Don and Turid B Trusts**

On or about December 21, 2007, Don B had the defendant use \$52,000 to create a Charitable Life Trust account at Heritage Bank, which was to be used to fund an investment with Penn Mutual Insurance Company. Thereafter, Don B wrote checks to the account to make the annual premium payment to Penn Mutual. During the existence of this trust account, the defendant took over \$13,000 for his personal benefit, and to replenish other trust accounts he had depleted.

On or about December 28, 2007, the defendant deposited \$300,000 into his law firm's trust account at US Bank for the benefit of Don and Turid B. Of this \$300,000, the defendant diverted \$82,183 for his own benefit, beginning with a transfer of \$100,000 from his law firm's trust account to an account at US Bank, titled "Imagineaction," one of his companies.

The remainder of the monies were used for another Penn Mutual trust investment vehicle. During the course of the scheme, the Penn Mutual investment yielded periodic payments which should have gone to the benefit of Don and Turid B. Instead, the defendant took these periodic payments, aggregating approximately \$29,758.50, and used them for his own benefit and to replenish monies he had diverted from other trusts.

**Otto K Trust**

On or about September 10, 2008, following Otto K's death, the defendant was appointed to administer a \$463,344.72 trust for Otto K's two daughters. Per Otto K's wishes one daughter (Sheri T) received a lump sum, while the second daughter's (Marlene O's) money was to be invested, with monthly payments made to her based on a pre-determined calculation.

Prior to providing the lump sum payment to Sheri T and starting to administer the trust payments to Marlene O, the defendant took approximately \$22,000 for his own benefit.

On or about September 29, 2008, the defendant made a lump sum payment of approximately \$231,746.47 to Sheri T, and had approximately \$208,578.48 in trust for Marlene O's benefit. By November 2009, the defendant had taken almost all of Marlene O's funds for his own benefit and to replenish trust accounts he had depleted. By November 2009, the balance in the Marlene O account was only \$149.35.

#### **Educational Trust Funds**

On or about December 31, 2009, the defendant deposited \$30,000 into three separate educational gift trusts (\$10,000 each) for the benefit of a client's granddaughters, Mia, Olivia, and Lillian. As of April 17, 2011, the balance in Mia's account was \$333.64, the balance in Olivia's account was \$200.73, and the balance in Lillian's account was \$233.53. The defendant depleted all three trusts by diverting money to himself, his law firm, to corporate accounts under his control, and to other trusts to hide the fact that he had depleted their funds, as well.

#### **Lenora A Trusts**

On or about February 8, 2010, the defendant received a \$20,000 check from Lenora A, a trust client, ostensibly to create a health savings account for the benefit of her disabled daughter. Instead of investing the money for that purpose, the defendant simply deposited it into the Consolidated Lease & Finance account under his control, then transferred the monies to yet another client's account to replace the money he had taken from it.

On or about July 30, 2010, the defendant received a \$25,000 check from Lenora A, ostensibly for the creation of a charitable remainder trust. Although the defendant created an account at Denison State Bank under the name "Lenora A Trust," the account balance as of September 3, 2010, was \$230, because the defendant had taken the remainder of the \$25,000 for the benefit of himself and his law practice.

On discovering that the \$45,000 was not used as intended, Lenora A's attorney requested that the defendant return the money, which he did by taking money from another client's trust, then laundering these proceeds through other accounts to make it appear that the newly diverted monies were actually coming from the accounts where Lenora A's \$45,000 should have been.

#### **Arnold and Bertha J Trust**

On or about May 12, 2010, \$80,000 of Arnold and Bertha J's money was deposited to Heritage Bank, ostensibly for a charitable trust for the KU School of Business. As of April 17, 2011, the balance in the account was \$1,722.22, the remainder having been used by the defendant for his own benefit and to replenish other trusts he had depleted.

**Nancy J Trust**

On or about December 8, 2010, over \$401,775 was deposited to Capital City Bank, ostensibly to create a trust account for Nancy J. The defendant took \$5,200 from this trust to make a mortgage payment on a commercial building he owned.

**Steve H Trust**

On or about March 6, 2008, an account was opened at Heritage Bank where funds could be deposited for premium payments to Penn Mutual for an investment. During the course of the scheme, additional deposits were made to the account, and the defendant took approximately \$16,690 for his own benefit and to replenish money he depleted in other trust accounts.

**James & Judith C Trust**

On or about December 28, 2010, the defendant requested \$100,000 from trust clients, James and Judith C, ostensibly to invest for their benefit. From February 1, 2011, to March 30, 2011, the defendant took approximately \$75,500 for his own personal benefit and to repay Lenora A.

**WIRE FRAUD**

From in or about 2005, and continuing through on or about August 2011, including on or about the dates below, in the district of Kansas, the defendant, having devised and intending to devise a scheme or artifice to defraud, caused to be transmitted by means of wire communication in interstate commerce, any writings, signs, signals, pictures, or sounds for the purpose of executing such scheme or artifice to defraud, in that the defendant took funds from his trust clients and others by depositing, transferring, and withdrawing monies from his trust clients' and others' accounts at federally insured financial institutions, which deposits, transfers, and withdrawals were accomplished through the use of interstate wires, including, but not limited to, the following transactions, all in violation of Title 18, United States Code, Section 1343.:

<b>On or About Date</b>	<b>Affected Trust</b>	<b>Transaction</b>	<b>Amount</b>
03/03/08	Don & Turid B	Wire from Imagineaction US Bank account to JPM Chase NYC for the benefit of Loeber Motors, Inc.	13,715.00
07/17/09	Don & Turid B	Internet Transfer from Trust account at Heritage Bank to Steve H Trust at Heritage Bank	2,850.00

On or About Date	Affected Trust	Transaction	Amount
10/16/08	Otto K	Check #1104 from Trust account at Heritage Bank deposited to Consolidated Lease account at Bank of America	20,000.00
04/14/09	Otto K	Internet Transfer from Trust account at Heritage Bank to Steve H Trust at Heritage Bank	2,900.00
11/13/09	Steve H	Internet Transfer from Trust account at Heritage Bank to Don & Turid B Trust account at Heritage Bank	3,500.00
01/25/10	Lillian M	Cashier's Check from Trust account at Heritage Bank deposited to Consolidated Lease account at Bank of America	3,800.00
04/01/10	Steve H	Internet Transfer from Trust account at Heritage Bank to Otto K Trust account at Heritage Bank	2,300.00
05/26/10	Arnold & Bertha J	Cashier's Check from Trust account at Heritage Bank deposited to Consolidated Lease account at Bank of America	9,000.00
07/01/10	Arnold & Bertha J	Internet Transfer from Trust account at Heritage Bank to Otto K account at Heritage Bank	2,300.00
07/30/10	Lenora A	Check #1264 from Trust account at CoreFirst Bank and Trust (formerly Commerce Bank and Trust) deposited to Lenora A Trust at Denison State Bank	25,000.00
12/24/10	Nancy J	Unnumbered check from Trust account at Capital City Bank deposited to Summit Professional Park account at US Bank	5,200.00
02/01/11	James & Judith C	Cashier's Check from Trust account at Heritage Bank deposited to Trust Management Solutions account at Capital City Bank	100,000.00

**MONEY LAUNDERING**

From in or about 2005, and continuing through on or about August 2011, including on or about the dates below, in the district of Kansas, the defendant, knowing that the property involved in financial transactions represented the proceeds of some form of unlawful activity, namely, wire fraud as described in Count 1, conducted and attempted to conduct financial transactions which in fact involved the proceeds of specified unlawful activity, namely, wire fraud as described in Count 1, knowing that the financial transactions were designed in whole or in part to conceal and disguise the nature, location, source, ownership, and control of the proceeds of the specified unlawful activity, including, but not limited to, the following transactions, all in violation of Title 18, United States Code, Section 1956(a)(1)(B)(I):

<b>On or About Date</b>	<b>Financial Transaction</b>	<b>Amount</b>
02/06/08	Check drawn on Imagineaction account at US Bank paid to Denison State Bank for Telthorst Loan	58,200.00
02/27/08	Check drawn on Imagineaction account at US Bank paid to Telthorst & Associates	5,000.00
03/17/08	Check drawn on Imagineaction account at US Bank paid to Comanche Air	1,018.00
05/27/08	Check drawn on Imagineaction account at US Bank paid to Don & Turid B Trust account	17,800.00
10/23/08	Check drawn on Consolidated Lease and Finance account at Bank of America paid to Telthorst & Associates	16,500.00
12/11/08	Check drawn on Consolidated Lease and Finance account at Bank of America paid to Telthorst & Associates	12,000.00
12/22/08	Check drawn on Consolidated Lease and Finance account at Bank of America paid to Telthorst & Associates	5,500.00
01/27/09	Check drawn on Consolidated Lease account at Bank of America deposited to Telthorst & Associates account at US Bank	45,900.00
06/01/10	Check drawn on Consolidated Lease and Finance account at Bank of America paid to Robert Telthorst	2,000.00
02/04/11	Check drawn on Trust Management Solutions account at Capital City Bank paid to Consolidated Lease	2,600.00

On or About Date	Financial Transaction	Amount
02/14/11	Check drawn on Trust Management Solutions account at Capital City Bank paid to Comanche Air	1,400.00
02/28/11	Check drawn on Trust Management Solutions account at Capital City Bank paid to Summit Professional Park	7,300.00
03/18/11	Check drawn on Trust Management Solutions account at Capital City Bank paid to Consolidated Lease	47,800.00
03/21/11	Check drawn on Consolidated Lease account at Bank of America payable to Lenora A Trust	25,000.00
03/23/11	Check drawn on Consolidated Lease account at Bank of America payable to Lenora A's attorney	20,000.00

3. **Proposed (c)(1)(C) Sentence.** The parties propose, as an appropriate disposition of the case:

- a. A sentence of five (5) years in prison on each of Counts 1 and 2, to be served concurrently, provided that the government discovers no other fraud not already uncovered or discussed on September 24, 2012, during the defendant's proffer. Should other fraud be discovered, the government reserves the right to void the agreement and renegotiate it or proceed to trial;
- b. A sentence of three (3) years of supervised release on each of Counts 1 and 2, to be served concurrently;
- c. Payment of mandatory restitution in the amount of \$460,542.86, to the following victims, in the following amounts:

Name	Amount
Mia S. Trust	9,585.00
Olivia S. Trust	9,725.00
Lillian M. Trust	9,685.00
James & Judith C. Trust	75,500.00
Don & Turid B. Trusts	115,441.50
Otto K. Trust	131,431.36
Arnold & Bertha J. Trust	78,285.00
Steve H. Trust	5,890.00
David P.	25,000.00

- d. Payment of the mandatory special assessment of \$200 at the time of the defendant's plea; and
- e. No fine.

The parties seek this binding plea agreement as an appropriate disposition of the case because it brings certainty to the sentencing process and assures that the defendant and the government will benefit from the bargain they have struck if the Court permits itself to be bound by the proposed sentence; the interests of justice are served by the sentence, thereby assuring that the sentence is consistent with the sentencing factors of 18 U.S.C. § 3553(a); and if the Court does not agree with the sentence, the parties may be restored to the positions they maintained prior to reaching this plea agreement. This agreement centers on the defendant's agreement to enter his guilty plea as soon as the Court's schedule permits, thereby preserving valuable Court, prosecution, public defender, probation office, U.S. Marshals Service and other law enforcement resources.

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4. **Application of the Sentencing Guidelines.** The parties are of the belief that the proposed sentence does not offend the now advisory sentencing guidelines, but because this proposed sentence is sought pursuant to Fed. R. Crim. P. 11(c)(1)(C), the parties are not requesting imposition of an advisory guideline sentence.

5. **Government's Agreements.** In return for the defendant's plea of guilty as set forth herein, the United States Attorney for the District of Kansas agrees as follows:

- a. to not file any additional charges against the defendant arising out of the facts forming the basis for the present Information. The government's obligation concerning its agreement in this paragraph is contingent upon the defendant's continuing manifestation of acceptance of responsibility as determined by the United States. If the defendant denies or gives conflicting statements as to his involvement, falsely denies or frivolously contests relevant conduct that the court determines to be true, willfully obstructs or impedes the administration of justice as defined in U.S.S.G. § 3C1.1 (or willfully attempts to do so), or engages in additional criminal conduct, the United States reserves the right to request a hearing to determine if the defendant has breached this agreement. In the event the Court finds the defendant has breached this plea agreement or otherwise failed to adhere to its terms, the United States shall not be bound by this paragraph and 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 occurred.

The defendant understands and agrees that in the event the defendant violates this plea agreement, all statements made by the defendant subsequent to the execution of this plea agreement, any testimony given by defendant before a grand jury or any tribunal or any leads from such statements or testimony shall be admissible against the defendant in any and all criminal proceedings. The defendant waives any rights which might be asserted under the United States Constitution, any statute, Federal Rule of Criminal Procedure 11(f), Federal Rule of Evidence 410, or any other federal rule that pertains to the admissibility of any statements made by the defendant subsequent to this plea agreement.

- b. to submit a recommendation to the Asset Forfeiture and Money Laundering Section of the Department of Justice that the restoration or remission of the net proceeds of all forfeited assets be approved, provided that the requirements set forth in 28 C.F.R. Part 9 and other applicable authority have been met.
  - c. that (1) the net value of any property forfeited to the government will be credited to both the defendant's ordered restitution and to the defendant's personal forfeiture money judgment; and (2) any payments made by or on behalf of the defendant toward the defendant's ordered restitution will be credited to both restitution and to the defendant's personal forfeiture money judgment.
6. **Defendant's Agreements.** The defendant agrees as follows:
- a. to a forfeiture money judgment in the amount of \$460,542.86;

- b. to not contest the forfeiture of funds and property seized in Case No. 11-1246-JAR-DJW, and Case No. 12-1173-KHV-KGG, and to abandon his interest in the funds and property to the United States, and to waive any future notice regarding the forfeiture of the funds and property in any proceeding;
- c. the amount of loss (*i.e.*, the total amount diverted in the Ponzi scheme) was in excess of \$757,000;
- d. while on supervisory release, and thereafter, he will not engage in any business activities that allow or require him to handle other people's or businesses' money;
- e. specifically not to be employed in the banking industry or the securities industry; and
- f. to permanently surrender his license to practice law and to not reapply for a license to practice law.

**7. Whether to Accept the Proposed Plea Agreement and Sentence is Up to the Court.** The Court has no obligation to accept the proposed plea agreement and sentence. It is solely within the Court's discretion whether to accept the proposed binding plea agreement as an appropriate disposition of the case.

**8. Withdrawal of Plea Permitted Only if the Court Does Not Accept the Plea Agreement and Proposed Sentence.** On the other hand, if the Court agrees to be bound by proposed plea agreement and accepts the defendant's plea of guilty, the defendant will not be permitted to withdraw it. Only if the Court rejects the proposed plea agreement will the defendant be permitted to withdraw his guilty plea.

9. **Information Provided by Defendant.** The United States agrees not to use new information the defendant provides about the defendant's own criminal conduct except as specifically authorized by U.S.S.G. § 1B1.8. As such, this information may be revealed to the Court but may not be used against the defendant in determining the defendant's applicable guideline range or departing above his guideline range. Defendant understands and agrees, however, that under U.S.S.G. § 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 Title 18, U.S.C. § 3553(e) and U.S.S.G. § 5K1.1 is warranted.

10. **Identification of Assets & Agreement Concerning Monetary Penalties:**

The defendant agrees to cooperate fully with the United States Attorney's Office ("USAO") and specifically:

- A. Provide a financial statement on a form approved by the USAO that discloses all assets in which defendant has any interest or over which the defendant exercises control, directly or indirectly, including those held by a spouse, nominee or other third party, as well as any transfer of assets that has taken place within 3 years preceding the entry of this plea agreement.
- B. Submit to an examination, which may be taken under oath and may include a polygraph examination.

- C. Acknowledges that any waivers, consents, or releases signed by the defendant for purposes of the Presentence Investigation Report extends to the USAO.
- D. Will not encumber, transfer, or dispose of any monies, property or assets under his custody or control, without written approval from the USAO.
- E. The defendant understands and agrees that, pursuant to 18 U.S.C. § 3613, whatever monetary penalties are imposed by the court will be due and payable immediately and subject to immediate enforcement by the United States. If the Court imposes a schedule of payments, the defendant understands that the schedule of payments is merely a minimum schedule of payments and not the only method, nor a limitation on the methods, available to the United States to enforce the judgment. If the defendant is incarcerated, the defendant agrees to participate in the Bureau of Prisons' Inmate Financial Responsibility Program, regardless of whether the Court specifically directs participation or imposes a schedule of payments.
- F. The defendant authorizes the U.S. District Court to release the funds posted as security for his appearance bond in this case to be applied to satisfy the financial obligations of the defendant, pursuant to the judgment of the Court.
- G. The defendant waives any requirement for demand of payment on any fine, restitution, or assessment the District Court announces on the record the day of sentencing.

11. **Payment of Special Assessment.** The defendant understands that a mandatory special assessment of \$100 per count of conviction will be entered against the defendant at the time of sentencing. **The defendant agrees to deliver payment to the clerk of the court in the appropriate amount no later than the day of plea.** If the defendant fails to make full payment of the special assessment the United States will no longer be bound by the provisions contained in Paragraph 5 of this agreement. The burden of establishing an inability to pay the required special assessment lies with the defendant.

12. **Waiver of Appeal and Collateral Attack.** The defendant knowingly and voluntarily waives any right to appeal or collaterally attack any matter in connection with this prosecution, the defendant's conviction, or the components of the sentence to be imposed herein including the length and conditions of supervised release. The defendant is aware that 18 U.S.C. § 3742 affords a defendant the right to appeal the conviction and sentence imposed. By entering into this agreement, the defendant knowingly waives any right to appeal a sentence imposed which is within the guideline range determined appropriate by the court. The defendant also waives any right to challenge a sentence or otherwise attempt to modify or change his sentence or manner in which it was determined in any collateral attack, including, but not limited to, a motion brought under 28 U.S.C. § 2255 [except as limited by *United States v. Cockerham*, 237 F.3d 1179, 1187 (10th Cir. 2001)], a motion brought under 18 U.S.C. § 3582(c)(2) and a motion brought under Federal Rule of Civil Procedure 60(b). In other words, the defendant waives the right to appeal the sentence imposed in this case except to the extent, if any, the court departs upwards from the applicable sentencing guideline range

determined by the court. However, if the United States exercises its right to appeal the sentence imposed as authorized by 18 U.S.C. § 3742(b), the defendant is released from this waiver and may appeal the sentence received as authorized by 18 U.S.C. § 3742(a). Notwithstanding the forgoing waivers, the parties understand that the defendant in no way waives any subsequent claims with regards to ineffective assistance of counsel or prosecutorial misconduct.

13. **FOIA and Privacy Act Waiver.** The 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, and the defendant waives any rights conferred under the Privacy Act of 1974, 5 U.S.C. § 552a, to prevent or object to the disclosure of records or materials pertaining to this case.

14. **Waiver of Claim for Attorney's Fees.** The defendant waives all claims under the Hyde Amendment, 18 U.S.C. § 3006A, for attorneys fees and other litigation expenses arising out of the investigation or prosecution of this matter.

15. **Full Disclosure by United States.** The defendant understands the United States will provide to the court and the United States Probation Office all information it deems relevant to determining the appropriate sentence in this case. This may include information concerning the background, character, and conduct of the defendant including the entirety of the defendant's criminal activities. The defendant understands these disclosures are not limited to the count to which the defendant has pled guilty. The United States may respond to comments made or positions taken by

the defendant or defendant's counsel and to correct any misstatements or inaccuracies. The United States further reserves its right to make any recommendations it deems appropriate regarding the disposition of this case, subject only to any limitations set forth in this plea agreement. The defendant also has the right to provide information concerning the offense and to make recommendations to the court and the United States Probation Office.

16. **Parties to the Agreement.** The defendant understands this plea agreement binds only the defendant and the United States Attorney for the District of Kansas, and that it does not bind any other federal, state, or local prosecution authority.

17. **No Other Agreements.** The defendant has had sufficient time to discuss this case, the evidence, and this agreement with the defendant's attorney and defendant is fully satisfied with the advice and representation provided by defendant's counsel. Further, the defendant acknowledges that he has read the plea agreement, understands it and agrees it is true and accurate and not the result of any threats, duress or coercion. The defendant further understands that this plea agreement supersedes any and all other agreements or negotiations between the parties, and that this agreement embodies each and every term of the agreement between the parties. The defendant acknowledges that the defendant is entering into this agreement and is pleading guilty because the defendant is guilty and is doing so freely and voluntarily.

  
Tanya J. Treadway #13255  
Assistant United States Attorney  
444 S.E. Quincy, Suite 290  
Topeka, KS 66683  
785-295-2860

Date: November 14, 2012

  
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Greg Hough  
Criminal Supervisor

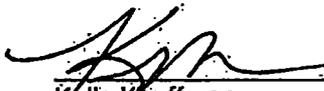
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Barry R. Grissom  
United States Attorney

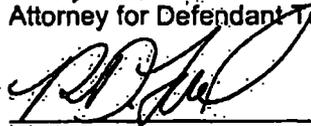
Date: 10/15/12

  
\_\_\_\_\_  
Robert M. Telthorst  
Defendant

Date: 11/14/12

  
\_\_\_\_\_  
Kelly Kauffman  
Attorney for Defendant Telthorst

Date: 11/14/12

  
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Robin Fowler  
Attorney for Defendant Telthorst

Date: 11/14/12