

2012 APR 16 PM 4:24

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

MUR 6249

CELA

Karen Pletz
Kansas City University of
Medicine and Biosciences

SECOND GENERAL COUNSEL'S REPORT

I. ACTIONS RECOMMENDED

(1) Take no further action as to Karen L. Pletz; (2) take no further action as to Kansas City University of Medicine and Biosciences (the "University"); and (3) close the file.

II. INTRODUCTION

This matter presents the somewhat unusual circumstance that the primary respondent, Karen L. Pletz, is deceased. She died subsequent to the initiation of our investigation, a civil lawsuit by the university, and a correlating criminal matter, but before any of these legal proceedings were resolved.

The University initiated this matter by filing a *sua sponte* submission and a complaint against Ms. Pletz, who was its former president. The Commission found reason to believe that the University and Ms. Pletz violated 2 U.S.C. §§ 441b(a) and 441f when Ms. Pletz made \$15,700 in federal political contributions and reimbursed herself with the University's funds. See MUR 6249 Certification dated October 20, 2010.¹ The Commission authorized an investigation to determine whether Ms. Pletz's conduct was knowing and willful and whether there were conduits other than Ms. Pletz.

¹ Ms. Pletz made the \$15,700 in reimbursed federal political contributions between 1998 and 2009. Of that amount, \$6,200 in contributions remained within the applicable statute of limitations on the date of the Commission's reason to believe findings. Currently, \$4,950 remains within the statute of limitations.

12044313429

1 The U.S. Attorney's Office for the Western District of Missouri began investigating
2 Ms. Pletz's activities in 2010. The criminal investigation focused on her executive
3 compensation, including the process by which her political contributions were reimbursed, and
4 her related tax filings. A federal grand jury indicted Ms. Pletz in March 2011, on charges
5 including: attempts to interfere with administration of internal revenue laws; fraud and false
6 statements on tax returns; theft concerning programs receiving federal funds; and money
7 laundering. *See* Indictment, *U.S. v. Karen Pletz*, No. 11-00065-01, (W.D. Mo. Mar. 30, 2011),
8 available at Attachment 3. Ms. Pletz died on November 22, 2011, while awaiting trial.

9 We recommend that the Commission take no further action as to Ms. Pletz. We also
10 recommend that the Commission take no further action as to the University, and close the file.
11 The amount of violations remaining within the statute of limitations is quite small, there is further
12 information indicating that Ms. Pletz concealed her activities from the University, and the
13 University's *sua sponte* submission and corrective action were quite substantial. Thus, we
14 believe that no action against the University is warranted.

15 **III. DISCUSSION**

16 **A. Background**

17 Between 1999 and 2009, the University paid Ms. Pletz additional annual compensation in
18 the form of a so-called leadership stipend, purportedly to reimburse her for various un-itemized
19 expenses, including her federal and state political contributions.² *See* MUR 6249, First General
20 Counsel's Report ("FGCR") at 3. During this period, Ms. Pletz made \$15,700 in federal political
21 contributions that were funded with the leadership stipend. *Id.* at 4.

² This additional compensation began as \$42,000 in 1999 and had increased to \$195,000 by 2009. *See* FGCR at 4. It was referred to as a leadership stipend at least as early as 2004.

12044313430

1 In 2009, after receiving complaints regarding Ms. Pletz's compensation package and her
2 use of University funds, the University's Board of Trustees initiated an internal investigation that
3 revealed information about the additional compensation. See MUR 6249, FGCR at 6. The
4 internal investigation uncovered a September 1999 Memorandum from Ms. Pletz to Dr. Jack
5 Weaver, then chairman of the Board, proposing that the University fund Ms. Pletz's political
6 contributions by providing her additional compensation in addition to and separate from her
7 annual salary. The internal investigation also found evidence that Ms. Pletz may have forged the
8 minutes of meetings of the Board's Compensation and Benefits Committee ("Committee")
9 purporting to extend her annual additional compensation, which became known as a leadership
10 stipend. See *id.* at 3, 6. As a result, on December 18, the Board terminated Ms. Pletz's
11 employment and reported the apparent reimbursement of federal political contributions to the
12 Commission.³ See *id.* at 6. Subsequently, the University and Ms. Pletz filed dueling lawsuits
13 regarding her dismissal and alleged misuse of University funds. See *id.* at 8.

14 As noted above, the U.S. Attorney's office in Missouri began a criminal investigation
15 into Ms. Pletz's executive compensation and her related tax filings. The March 2011 criminal
16 indictment cited new evidence confirming the University's earlier suggestion that Ms. Pletz
17 routinely forged the Committee meeting minutes that served as authorization for her additional
18 leadership stipend compensation. Pletz Indictment at ¶¶ 6-11.

19 Ms. Pletz died while awaiting trial on the criminal charges. The civil lawsuit also was
20 pending at the time of her death.

³ In the weeks following Ms. Pletz's dismissal, two other University officials who played a role in approving Ms. Pletz's expense reports also left the University – one was terminated, and the other resigned after he was placed on administrative leave. See *id.* at 13. See also May 25, 2010 Submission. Although both officials made federal political contributions around the same time as contributions made by Ms. Pletz, there is no information suggesting that they were reimbursed for their contributions. See p. 6, *infra*.

B. OGC's Investigation

In response to the Commission's reason to believe notification, Ms. Pletz's counsel advised us that she would not provide testimony in this matter, but would assert her Fifth Amendment privilege against self-incrimination due to the ongoing criminal investigation. Counsel agreed to toll the statute of limitations as to Ms. Pletz for the duration of the criminal proceedings. We were not able to depose Ms. Pletz before her death, but our investigation gathered evidence showing that Ms. Pletz reimbursed her political contributions with University funds, and that she concealed her actions from the University.

The University submitted additional information from its internal investigation, as well as providing us with transcripts of seven depositions from the ongoing civil litigation, including those of Ms. Pletz, her administrative assistant Connie Boyd, and Dr. Howard Weaver, the chairman of the Board from 2004 to 2010. See February 15, 2011 Supplemental Submission. Ms. Pletz's civil deposition did not reveal new information relevant to her stipend.⁴ Other depositions and the federal indictment, however, contained new details regarding Ms. Pletz's scheme to increase the University's funding of her leadership stipend.

According to Dr. Weaver's testimony, the Board delegated decisions regarding compensation, including the approval of Ms. Pletz's annual leadership stipend, to the Committee. Weaver Dep. 225:8-227:5 (Jan. 21, 2011). The minutes of either the Compensation and Benefits Committee or the Executive Committee⁵ would then be used to create a Personnel Action Form

⁴ The University's deposition of Ms. Pletz focuses primarily on her alleged theft of funds from the University, but does briefly cover the September 1999 Memorandum and the leadership stipend. Ms. Pletz testified that she had no recollection of the 1999 Memorandum and asserted that the stipends were not tied to any particular obligations or expenses. Pletz Dep. 353:7-21 and 428:5-19 (Jan. 26, 2011).

⁵ The Executive Committee meets subject to the call of the Chairman of the Board to discuss issues that need to be addressed prior to a meeting of the full Board. Dr. Weaver testified, however, that the Executive Committee never met during his time as Chairman. Weaver Dep. 104:15-105:3.

12044313432

1 ("PAF"). Pletz Indictment at ¶ 11. After the Chairman of the Board signed the PAF, it was
2 forwarded to the finance department. Pletz Indictment at ¶ 11. The full Board never considered
3 and did not approve the stipends. Weaver Dep. 225:8-227:5.

4 It appears that at least as early as 2002, and continuing through 2009, Ms. Pletz and her
5 administrative assistant, Ms. Boyd, created minutes for Executive Committee meetings that did
6 not occur and inserted false items into Compensation and Benefits Committee meeting minutes.
7 See Pletz Indictment at ¶¶ 6-10; Boyd Dep. 61:10-69:21 (Jan. 6, 2011). Ms. Boyd further
8 explained in her deposition that she maintained transparencies of Board members' signatures
9 and, on at least one occasion, under pressure from Ms. Pletz, "dropped" these signatures onto
10 meeting minutes to falsely indicate approvals.⁶ Boyd Dep. 52:12-22 and 60:7-61:19. The PAFs
11 were then created from these meeting minutes and presented to Dr. Weaver for his signature.
12 Weaver Dep. 227:12-228:15.

13 Dr. Weaver testified that he personally signed several PAFs approving the disbursement
14 of Ms. Pletz's stipend beginning in October 2004. *Id.* He testified that, at that time, Ms. Boyd
15 explained that a prior Board that included his father approved the stipend. Weaver Dep. 111:16-
16 112:4 and 227:16-228:1. Dr. Weaver also testified that Ms. Boyd told him that the stipend was
17 used for community endeavors, and he understood it to be a "reimbursement of [Ms. Pletz's]
18 utilization of moneys she might spend in the community for buying tables [and] donating
19 money." Weaver Dep. 226:1-228:1. Thus, although Dr. Weaver testified that he was aware of
20 the leadership stipends, based on the University's investigation, the civil litigation, and our
21 investigation, there is no evidence contradicting the University's representation in the *sua sponte*

⁶ As of the date of her deposition, January 6, 2011, Ms. Boyd was still employed by the University.

1 submission that he was unaware of their use for political contributions prior to October 2009.
2 *See* FGCR at 5.

3 The University's internal investigation uncovered only a single copy of the September
4 1999 Memorandum containing Ms. Pletz's proposal for the University to fund her political
5 contributions. *See* Attachment 1. This lone copy was found in Ms. Pletz's office suite,
6 supporting the University's suggestion that Ms. Pletz may never have circulated the memo, and
7 that she may have created a single unsent copy to respond to any future inquiries about her
8 increased compensation. *See* Report of Investigation of Jeff Smith (University Counsel)
9 (March 10, 2011) (hereinafter, "University ROI"). *See also* Memo to File, *Sua Sponte*
10 Conversation with Frank Ross and Jeff Smith (University Counsel) (April 15, 2010). There is no
11 other documentation addressing Ms. Pletz's use of the leadership stipend for that purpose until
12 her 2009 Report of the President, in which she states that she uses the stipend each year for
13 "strategic support of legislative leadership." *See* Attachment 2 and FGCR at 5. And during our
14 investigation, the University informed us that in interviewing 26 of its 36 current and former
15 Board members, it found that only Ms. Pletz was aware of that proposal. *See* January 15, 2011
16 Submission at 2.

17 Our investigation uncovered no information to suggest that University funds were used to
18 pay for any political contributions other than those of Ms. Pletz. Although the two employees
19 who left the University at the same time as Ms. Pletz both made federal contributions in 2004,
20 *see* fn. 3, *supra*, the University's internal investigation did not uncover any documents or
21 information indicating that they, or anyone other than Ms. Pletz, had been compensated for their
22 contributions. *See* University ROI (March 10, 2011). *See also* May 25, 2010 Submission.

12044313434

C. Recommendation as to Karen Pletz

We recommend that the Commission take no further action as to Ms. Pletz because she is deceased. *See, e.g.*, MUR 4933 (W.H. Layden) (closing file of deceased respondent where the Commission found reason to believe for a violation of 2 U.S.C. § 441b(a), upon notification of his death). *See also* First General Counsel's Report, MUR 5922 (Morrison) (recommending no reason to believe as to deceased individual in internally generated matter).

D. Recommendation as to the University

We also recommend that the Commission to take no further action as to the University. Pursuant to the Commission's *sua sponte* policy, based on the particular circumstances of a matter, the Commission, among other things, may exercise its discretion to take no action. *See* Policy Regarding Self-Reporting of Campaign Finance Violations (*Sua Sponte* Submissions), 72 Fed. Reg. 16,695, 16,696 (April 5, 2007). In other matters, the Commission has pursued self-reporting respondents for violations of 2 U.S.C. §§ 441f and 441b when corporate funds were used to reimburse federal political contributions.⁷ Here, however, we believe that the circumstances warrant an exercise of the Commission's discretion to take no further action.

First, the evidence shows that Ms. Pletz went to some lengths to conceal her unlawful conduct from the University. Second, the amount of the violation remaining within the statute of limitations is low. Third, the internal investigation, conducted jointly by a special committee of the Board and its outside counsel, was extremely thorough. *See* p. 2, *supra*. When a preliminary

7

⁷ MUR 6504 (Wisconsin & Southern Railroad Co.) (Commission authorized opening settlement offer where *sua sponte* submission was filed after other state and federal authorities opened investigations), and MUR 5849 (Bank of America) (Respondent corporation paid \$1,800 civil penalty where supervisors used their expense reimbursement authority to reimburse employees' political contributions).

1 report of the internal investigation revealed potential violations of the Act, the Board promptly
2 alerted the Commission. *Id.* And the University, through counsel, has consistently provided
3 updates on its continued internal investigation and other developments related to the matter,
4 submitted interview summaries and witness testimony from the civil litigation, and promptly
5 responded to our requests for additional information. *See, e.g.*, April 26, 2010 and February 15,
6 2011 Submissions.

7 Fourth, the University has taken a number of corrective actions. After terminating
8 Ms. Pletz's employment, the Board updated its governance structure under the guidance of
9 outside counsel. *See* January 15, 2011 Submission at 3. The University amended and restated
10 both its Articles of Incorporation, to affirmatively state its prohibition on participation or
11 intervention in political campaigns, and its Bylaws, to provide for more oversight of the
12 president's expenses. *See id.* at 6 and Exhibits C and D. The Board has also established an
13 executive compensation policy, where it previously had none, and an Advisory Board to provide
14 additional operational expertise. *See id.* at 7-8. And the University has created educational
15 material to distribute to its employees to ensure that they are aware of the restrictions on
16 campaign activity. *See id.* at 7 and Exhibit E.

17 Thus, there are substantial mitigating factors that weigh in favor of taking no further
18 action against the University.]
19
20

12044313436

1

2

3

4

5

6

7

Based on all of these circumstances, we recommend that the Commission take no further

8

action as to the University and close the file.

9

12044313437-

IV. RECOMMENDATIONS

1. Take no further action as to Karen L. Pletz.
2. Take no further action as to Kansas City University of Medicine and Biosciences.
3. Approve the appropriate letters.
4. Close the file.

Anthony Herman
General Counsel

Daniel A. Petalas
Associate General Counsel

4-16-12

Date

BY:

Kathleen M. Guith
Kathleen Guith
Deputy Associate General Counsel

Mark D. Shonkwiler
Mark D. Shonkwiler
Assistant General Counsel

Margaret Ritzert Howell
Margaret Ritzert Howell
Attorney

12044313438

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

UNITED STATES OF AMERICA,

Plaintiff,

v.

KAREN L. PLETZ,
[DOB: 09/28/1947]

Defendant.

No. 11- _____

COUNT ONE

26 U.S.C. § 7212(a)

**Attempts to interfere with administration of
internal revenue laws**

NMT 3 years' imprisonment and/or a fine of

NMT \$5,000

NMT 1 year supervised release

Class E Felony

COUNTS TWO THROUGH FOUR

26 U.S.C. § 7206(1)

Fraud and false statements on tax returns

NMT 3 years' imprisonment and/or a fine of

NMT \$100,000

NMT 1 year supervised release

Class E Felony

COUNTS FIVE THROUGH TWENTY

18 U.S.C. §§ 666 and 2

**Theft concerning programs receiving federal
funds**

NMT 10 years' imprisonment and/or a fine of

NMT \$250,000

NMT 3 years supervised release

Class C Felony

**COUNTS TWENTY-ONE THROUGH
TWENTY-FOUR**

18 U.S.C. § 1957

Money Laundering

NMT 10 years' imprisonment and/or a fine of

NMT \$250,000

NMT 3 years supervised release

Class C Felony

Allegation of Criminal Forfeiture

18 U.S.C. §§ 982(a)(1) and (a)(2)(A)

\$100 Mandatory Special Assessment for all

Counts

Attachment

Page 1 of 17

INDICTMENT

THE GRAND JURY CHARGES THAT:

Introduction and Background

1. Kansas City University of Medicine and Biosciences ("KCUMB") is a Missouri nonprofit corporation with its principal place of business at 1750 Independence Avenue, Kansas City, Missouri. Before 2004, KCUMB operated under the name University of Health Sciences.

2. KCUMB is a private, non-profit university committed to the education of students in osteopathic medicine and the life sciences. For each calendar year from 2004 through 2009, KCUMB participated in federal student aid programs administered by both the United States Department of Education ("USDOE") and the United States Department of Health and Human Services ("HHS"). For each of the same calendar years, KCUMB was an organization that received benefits in excess of \$10,000 annually from USDOE and HHS under federal programs involving grants, subsidies, loans, guarantees, and other forms of federal assistance.

3. At various times from 2004 through 2009, KCUMB also received federal grants from programs run by the Departments of Defense, Agriculture, HHS, Homeland Security, and the National Science Foundation. Many of these grants exceeded \$10,000 annually.

4. KAREN L. PLETZ was the President and CEO of KCUMB and was a member of the Board of Trustees of KCUMB ("Board") from 1995 until December 2009. By virtue of her positions, PLETZ owed KCUMB the fiduciary duties of good faith, due care, honesty, and loyalty. PLETZ was an agent of the institution, occupying a position of the highest trust and confidence. As such, she was required to act in the utmost good faith and in the best interests of KCUMB, and to subordinate her personal interests to the interests of KCUMB.

12044313441

5. In 2008, her last full year of employment at KCUMB, PLETZ made a salary of \$549,715, plus an incentive of \$412,286. From 2003 through 2006, PLETZ had a bank account at Bank of America, account number ending in 6909, and from 2006 through 2009, PLETZ had a bank account at Commerce Bank, account number ending in 2257.

The Scheme and Artifice

6. From in or about October 2002 through December 2009, PLETZ engaged in a fraudulent scheme and artifice to obtain money from KCUMB by false and fraudulent misrepresentations and omissions, and the concealment of material facts. Through this scheme PLETZ illegally obtained more than \$1.5 million.

7. It was part of the scheme and artifice that beginning on or about October 14, 2002, PLETZ, in her position as President, CEO, and Trustee for KCUMB, caused to be created KCUMB Executive Committee meeting minutes for meetings that did not actually occur. These minutes falsely reported that a Board member had moved, and the Committee had unanimously authorized that two lump sum payments of \$60,000 be paid to PLETZ. One \$60,000 payment was to be made on or before October 18, 2002, and one \$60,000 payment was to be made on or before July 15, 2003. On or about October 14, 2002, PLETZ caused to be created an 'addendum' to these minutes, which purportedly authorized a third payment, of \$54,000, so that PLETZ would not be penalized by tax liability resulting from the earlier payments.

8. In like manner, PLETZ caused to be created KCUMB Executive Committee meeting minutes for additional meetings that did not occur, using the first set of minutes as a template, on or about: August 6, 2003; April 20, 2004; October 19, 2004; April 19, 2005; May 2, 2006; April 17, 2007; April 22, 2008; and April 21, 2009. The only business ever reported in these Executive

Committee meeting minutes was the authorization of lump sum payments, also sometimes referred to as 'leadership stipends' or 'leadership compensation,' for PLETZ.

9. It was further part of the scheme and artifice that PLETZ caused a false insertion to be placed into otherwise legitimate Compensation and Benefits Committee minutes on October 17, 2005, stating that leadership stipends awarded 2002 through 2005 be continued for 2005 through 2008. In like manner, PLETZ caused a false insertion to be placed into the October 20, 2008, Compensation and Benefits Committee meeting minutes which stated that PLETZ's stipends be continued from 2008 through 2013.

10. It was further part of the scheme and artifice that PLETZ caused false insertions to be placed into otherwise legitimate Board meeting minutes on October 31, 2006, and October 16, 2007, purportedly authorizing leadership compensation for PLETZ.

11. For each lump sum payment, false Executive Committee meeting minutes and/or false Compensation and Benefits Committee meeting minutes were used to create a personnel action form, which was unwittingly signed by the Chairman of the Board and submitted to the finance department, in reliance on which PLETZ's lump sum was paid.

12. As a result of her scheme and artifice to obtain additional pay for herself in the form of lump sum payments, PLETZ wrongfully obtained a total of \$1,409,500 from KCUMB.

13. It was further part of the scheme and artifice that PLETZ submitted numerous fraudulent vouchers claiming business purposes for her personal travel and entertainment expenses and for personal purchases in order to obtain payments from KCUMB.

14. It was further part of the scheme and artifice that PLETZ did not declare the fraudulent travel and entertainment reimbursement as income on her Form 1040, United States

12044313443

Individual Income Tax Returns. An audit conducted by the Tax Exempt Government Entities Division (TEGE) determined that for the years 2006 through 2008, PLETZ received unreported income from disallowed travel and entertainment claims totaling \$1,074,917, leading to a tax loss to the United States of at least \$280,000.

15. It was further part of the scheme and artifice that PLETZ signed and filed materially false Forms 1040 for tax years 2003 through 2006. These personal returns falsely claimed itemized deductions for charitable contributions on line 15 of Schedule A. PLETZ had provided her tax preparer with a handwritten list of charitable deductions she intended to claim as personal deductions. As PLETZ well knew, KCUMB, not she, made the contributions either by KCUMB check or KCUMB credit card to organizations including United Way, Lyric Opera, Deron Cherry Foundation, Truman Medical Center, Boys & Girls Clubs, and Benedictine College. The false portions of PLETZ's charitable deductions were as follows:

2003: \$81,250
2004: \$116,680
2005: \$160,445
2006: \$207,253

After the Internal Revenue Service ("IRS") audited PLETZ's personal returns for tax years 2005 and 2006, she filed amended returns for those years, drastically reducing her charitable contributions. For 2005, she reduced them from \$183,546 to \$46,097; and for 2006, from \$243,503 to \$44,073. Through her authorized representative, PLETZ told the IRS that her executive assistant had mistakenly commingled KCUMB donation receipts with PLETZ's personal donation receipts.

16. It was further part of the scheme and artifice that for tax years 2004 through 2006, PLETZ failed to report as income reimbursements she had fraudulently obtained from KCUMB for

12044313444

charitable donations she falsely claimed that she personally made. In February 2004, PLETZ pledged \$20,000 to Benedictine College in Atchison, Kansas, and requested that Benedictine use her home address for all correspondence regarding the gift. In March 2004, PLETZ submitted to KCUMB a claim for reimbursement for \$20,000, attaching to the claim a copy of her personal check in the amount of \$20,000 made payable to Benedictine College. Benedictine never received PLETZ's personal check, and the check never cleared her account. KCUMB paid PLETZ \$20,000. On June 10, 2004, and June 30, 2004, at PLETZ's direction, Benedictine charged PLETZ's KCUMB Visa account \$10,000 in two installments to fulfill PLETZ's pledge. PLETZ claimed this \$20,000 donation which KCUMB, not she, made, as a charitable contribution deduction on her 2004 Form 1040, and did not declare the \$20,000 income she received from the fraudulent reimbursement.

17. As a further part of her scheme, in February 2005, PLETZ pledged \$20,000 to Benedictine College and instructed Benedictine to bill her home address for the gift, as PLETZ said it was a personal donation. On February 25, 2005, PLETZ submitted to KCUMB a claim for reimbursement for \$20,000, attaching to the claim a copy of her personal check in the amount of \$20,000 made payable to Benedictine College. As in 2004, Benedictine never received PLETZ's personal check, and the check never cleared her account. KCUMB paid PLETZ \$20,000. On May 25, 2005, and June 30, 2005, at PLETZ's direction, Benedictine charged PLETZ's KCUMB Visa account \$10,000 in two installments to fulfill PLETZ's pledge. PLETZ claimed this \$20,000 donation which KCUMB, not she, made, as a charitable contribution deduction on her 2005 Form 1040, and did not declare the \$20,000 income she received from the fraudulent reimbursement.

18. As a further part of her scheme, in February 2006, PLETZ pledged \$25,000 to Benedictine College. On February 17, 2006, PLETZ submitted to KCUMB a claim for

12044313445

reimbursement for \$25,000, attaching to the claim a copy of her personal check in the amount of \$25,000 made payable to Benedictine College. As in 2004 and 2005, Benedictine never received PLETZ's personal check and the check never cleared her account. KCUMB paid PLETZ \$25,000. From May 1, 2006, to June 30, 2006, at PLETZ's direction, Benedictine charged PLETZ's KCUMB Visa account a total of \$25,000 in three installments to fulfill PLETZ's pledge. PLETZ claimed this \$25,000 donation which KCUMB, not she, made, as a charitable contribution deduction on her 2006 Form 1040, and did not declare the \$25,000 income she received from the fraudulent reimbursement.

COUNT ONE

19. Paragraphs One through Eighteen of this indictment are incorporated herein.

20. Beginning in or about April 2004 and continuing thereafter up to and including December 2009, in the Western District of Missouri and elsewhere, defendant KAREN L. PLETZ did corruptly endeavor to obstruct and impede the due administration of the internal revenue laws by the following conduct:

21. From March 2004 through February 2006, PLETZ submitted false and fraudulent claims to KCUMB for the reimbursement of charitable donations she falsely claimed she had personally made to Benedictine College on KCUMB's behalf; PLETZ then falsely failed to declare this income on her Forms 1040 United States Individual Income Tax Return.

22. PLETZ signed and filed materially false Forms 1040 for tax years 2003 through 2006, which falsely claimed itemized deductions for charitable contributions on line 15 of Schedule A. As PLETZ well knew, KCUMB, not she, made the contributions, either by KCUMB check or KCUMB credit card. The false portions of the charitable deductions were as follows:

2003: \$81,250
2004: \$116,680
2005: \$160,445
2006: \$207,253

23. For tax years 2004 through 2008, PLETZ filed Forms 1040 United States Individual Income Tax Return that falsely omitted the proceeds of the fraudulent travel and entertainment expense reimbursement she had obtained from KCUMB.

24. On or about April 16, 2007, PLETZ instructed her assistant at KCUMB to alter a Federal application for extension of time to file return for tax year 2006, which PLETZ's tax preparer had completed and sent to her. PLETZ instructed the assistant to reduce the estimated total federal tax due from \$333,912 to \$200,912, which reduced the amount of federal tax due immediately from \$160,000 to \$27,000.

25. On or about April 15, 2008, PLETZ instructed her assistant at KCUMB to alter a Federal application for extension of time to file return for tax year 2007, which PLETZ's tax preparer had completed and sent to her. PLETZ instructed the assistant to reduce the estimated total federal tax due from \$374,107 to \$202,107, which reduced the amount of federal tax due immediately from \$190,000 to \$18,000.

26. In or about October 2008, PLETZ, by and through her authorized representative, falsely claimed to a representative of the IRS that she inadvertently claimed KCUMB charitable donations as her own personal donations for tax years 2005 and 2006, because her executive assistant mistakenly commingled KCUMB charitable donation receipts with PLETZ's personal donation receipts.

12044313447

27. In March and April, 2009, PLETZ wrote two memoranda to her executive assistants in which she repeated her false story, that is, that she had accidentally claimed KCUMB charitable donations as her own because KCUMB and PLETZ's personal charitable donation paperwork were commingled and sent to her tax preparer. These memoranda were attempts to bolster PLETZ's claim of negligence with the IRS, when in truth, as PLETZ well knew, she had provided handwritten lists of charitable donations, most of which were made by KCUMB, to her tax preparer.

28. On March 19, 2009, PLETZ wrote a letter to Benedictine College, claiming she had just discovered that her personal check for a \$25,000 contribution in 2006 had not cleared. This letter was an attempt to bolster PLETZ's claim of negligence with the IRS, when in truth, as PLETZ well knew, she had made the \$25,000 contribution to Benedictine with a KCUMB credit card.

All in violation of Title 26, United States Code, Section 7212(a).

COUNT TWO

29. Paragraphs One through Sixteen of this indictment are incorporated herein.

30. On or about April 15, 2005, in the Western District of Missouri, defendant KAREN L. PLETZ, a resident of Kansas City, Missouri, did willfully make and subscribe a Form 1040, United States Individual Income Tax Return for the year 2004 (hereafter "return"), which was verified by a written declaration that it was made under the penalties of perjury, and which she did not believe to be true and correct as to every material matter. That return, which was prepared in the Western District of Missouri and was filed with the Internal Revenue Service, stated that she had personally made \$116,680 in charitable contributions, and it failed to declare income she had obtained by fraud, whereas, as the defendant then well knew and believed, the return materially

overstated her charitable contributions by claiming as her personal contributions those that KCUMB had made, and it materially failed to declare fraudulently obtained income.

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

COUNT THREE

31. Paragraphs One through Seventeen of this indictment are incorporated herein.

32. On or about October 18, 2006, in the Western District of Missouri, defendant KAREN L. PLETZ, a resident of Kansas City, Missouri, did willfully make and subscribe a Form 1040, United States Individual Income Tax Return for the year 2005 (hereafter "return"), which was verified by a written declaration that it was made under the penalties of perjury, and which she did not believe to be true and correct as to every material matter. That return, which was prepared in the Western District of Missouri and was filed with the Internal Revenue Service, stated that she had personally made \$160,445 in charitable contributions, and it failed to declare income she had obtained by fraud, whereas, as the defendant well knew and believed, the return materially overstated her charitable contributions by claiming as her personal contributions those that KCUMB had made, and it materially failed to declare fraudulently obtained income.

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

COUNT FOUR

33. Paragraphs One through Eighteen of this indictment are incorporated herein.

34. On or about October 18, 2007, in the Western District of Missouri, defendant KAREN L. PLETZ, a resident of Kansas City, Missouri, did willfully make and subscribe a Form 1040, United States Individual Income Tax Return for the year 2006 (hereafter "return"), which was verified by a written declaration that it was made under the penalties of perjury, and which she did

not believe to be true and correct as to every material matter. That return, which was prepared in the Western District of Missouri and was filed with the Internal Revenue Service, stated that she had personally made \$207,253 in charitable contributions, and it failed to declare income she had obtained by fraud, whereas, as the defendant well knew and believed, the return materially overstated her charitable contributions by claiming as her personal contributions those that KCUMB had made, and it materially failed to declare fraudulently obtained income.

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

COUNTS FIVE through SIXTEEN

35. Paragraphs One through Twelve of this indictment are incorporated herein.

36. On or about the below-listed dates, within the Western District of Missouri, defendant KAREN L. PLETZ, an agent of KCUMB, aided and abetted by another, intentionally misapplied and knowingly embezzled, stole, obtained by fraud and otherwise without authority knowingly converted to her own use, property valued at \$5,000 or more that was owned by and under the care, custody, and control of KCUMB, an organization that annually and during the one-year period from March 30, 2006, through March 29, 2007, and during each of the three succeeding one-year periods thereafter ending on March 29, 2010, received benefits in excess of \$10,000 from federal programs involving a grant, contract, subsidy, loan, guarantee, insurance, and other form of federal assistance, that is, on twelve separate occasions defendant PLETZ caused money that was under the care, custody, and control of KCUMB to be deposited into bank accounts she controlled, and thereby obtained by fraud and other improper means, approximately \$780,000 of KCUMB's money that she was not authorized and entitled to receive.

Count	Date of Deposit	Lump Sum Payment	Deposit Amount	Committee Minutes	Account
5	03/30/2006	\$65,000.00	\$63,407.50	04/19/2005	BOA acct #6909
6	09/22/2006	\$65,000.00	\$63,407.50	05/02/2006	Commerce acct #2257
7	01/02/2007	\$65,000.00	\$59,382.50	05/02/2005	Commerce acct #2257
8	04/06/2007	\$65,000.00	\$63,407.50	05/02/2006	Commerce acct #2257
9	09/14/2007	\$65,000.00	\$63,407.50	04/17/2007	Commerce acct #2257
10	12/14/2007	\$65,000.00	\$63,407.50	04/17/2007	Commerce acct #2257
11	02/25/2008	\$65,000.00	\$62,318.22	04/17/2007	Commerce acct #2257
12	09/12/2008	\$65,000.00	\$63,407.50	04/22/2008	Commerce acct #2257
13	01/05/2009	\$65,000.00	\$59,377.50	04/22/2008	Commerce acct #2257
14	03/26/2009	\$65,000.00	\$63,407.50	04/22/2008	Commerce acct #2257
15	09/04/2009	\$65,000.00	\$63,407.50	10/20/2008 04/21/2009	Commerce acct #2257
16	11/05/2009	\$65,000.00	\$63,407.50	10/20/2008 04/21/2009	Commerce acct #2257

All in violation of Title 18, United States Code, Sections 666 anti 2.

COUNTS SEVENTEEN through TWENTY

37. Paragraphs One through Five of this indictment are incorporated herein.

38. On or about the below-listed dates, within the Western District of Missouri, defendant **KAREN L. PLETZ**, an agent of KCUMB, intentionally misapplied and knowingly embezzled, stole, obtained by fraud and otherwise without authority knowingly converted to her own use, property valued at \$5,000 or more that was owned by or under the care, custody, and control of KCUMB, an organization that annually and during the one-year period from January 1, 2007, through December 31, 2007, received benefits in excess of \$10,000 from federal programs involving a grant, contract,

subsidy, loan, guarantee, insurance, and other form of federal assistance, that is, defendant PLETZ caused KCUMB to pay for her personal travel and expenses by falsely claiming the travel and expenses were business related when in fact, as she well knew, there was no business purpose for the travel and expenses, and she was not authorized and entitled to receive reimbursement and payments from KCUMB.

Count	Dates of Payments	Amount Taken by Fraud	Non-business purpose
17	05/04/2007-06/29/2007	\$6,078.74	Trip to Harbor Beach Marriott Resort, Fort Lauderdale, Florida to visit Pletz's parents
18	06/05/2007-12/17/2007	\$24,815.17	Trip to Four Seasons Hotel, Jackson Hole, Wyoming to vacation with Pletz's friend
19	06/05/2007-12/05/2007	\$8,556.61	Trip to Wild Dunes Resort, Isle of Palms, Charleston, South Carolina to visit with Pletz's high school friends
20	10/27/2007-12/18/2007	\$11,846.07	Purchase of items at the Vera Wang boutique in Halekulani Hotel, Honolulu, Hawaii

All in violation of Title 18, United States Code, Section 666.

COUNT TWENTY-ONE

39. Paragraphs One through Five of this indictment are incorporated herein.

40. On or about April 11, 2006, in the Western District of Missouri and elsewhere, KAREN L. PLETZ, defendant herein, did knowingly engage and cause to be engaged in a monetary transaction, in or affecting interstate commerce, in criminally derived property of a value greater than \$10,000, with the funds represented by the transaction having been derived from a specified unlawful activity, that is, theft from a program receiving federal funds as described in Count Five, and PLETZ

12044313452

knew said monetary transaction involved proceeds of a criminal offense, in that PLETZ caused \$63,407.50 to be wired from her Bank of America account to American Express.

All in violation of Title 18, United States Code, Section 1957.

COUNT TWENTY-TWO

41. Paragraphs One through Five of this indictment are incorporated herein.

42. On or about January 12, 2009, in the Western District of Missouri and elsewhere, KAREN L. PLETZ, defendant herein, did knowingly engage and cause to be engaged in a monetary transaction, in or affecting interstate commerce, in criminally derived property of a value greater than \$10,000, with the funds represented by the transaction having been derived from a specified unlawful activity, that is, theft from a program receiving federal funds as described in Count Thirteen, and PLETZ knew said monetary transaction involved proceeds of a criminal offense, in that PLETZ caused \$25,000 to be wired from her Commerce Bank account to American Express.

All in violation of Title 18, United States Code, Section 1957.

COUNT TWENTY-THREE

43. Paragraphs One through Five of this indictment are incorporated herein.

44. On or about September 8, 2009, in the Western District of Missouri and elsewhere, KAREN L. PLETZ, defendant herein, did knowingly engage and cause to be engaged in a monetary transaction, in or affecting interstate commerce, in criminally derived property of a value greater than \$10,000, with the funds represented by the transaction having been derived from a specified unlawful activity, that is, theft from a program receiving federal funds as described in Count Fifteen, and

PLETZ knew said monetary transaction involved proceeds of a criminal offense, in that PLETZ caused \$15,000 to be wired from her Commerce Bank account to an antique dealer.

All in violation of Title 18, United States Code, Section 1957.

COUNT TWENTY-FOUR

45. Paragraphs One through Five of this indictment are incorporated herein.

46. On or about November 9, 2009, in the Western District of Missouri and elsewhere, KAREN L. PLETZ, ~~defendant herein~~, ~~did~~ knowingly engage and ~~cause to be engaged~~ in a monetary transaction, in or affecting interstate commerce, in criminally derived property of a value greater than \$10,000, with the funds represented by the transaction having been derived from a specified unlawful activity, that is, theft from a program receiving federal funds as described in Count Sixteen, and PLETZ knew said monetary transaction involved proceeds of a criminal offense, in that PLETZ caused \$30,000 to be wired from her Commerce Bank account to American Express.

All in violation of Title 18, United States Code, Section 1957.

ALLEGATION OF CRIMINAL FORFEITURE

The allegations contained in Counts Five through Twenty-Four of this Indictment are alleged and incorporated by reference for the purpose of alleging a forfeiture pursuant to the provisions of Title 18, United States Code, Sections 982(a)(1) and (a)(2)(A).

The defendant named herein shall forfeit to the United States all property, real and personal, constituting and derived from any proceeds said defendant obtained directly and indirectly as a result of the violation incorporated by reference in this Allegation and all property used, or intended to be used, in any manner or part, to commit, and to facilitate the commission of the violation incorporated by reference in this Allegation, including but not limited to the following:

12044313453

Cash Proceeds

Defendant KAREN L. PLETZ shall forfeit any and all interest in approximately \$830,000 in United States Currency, and any interest and proceeds traceable thereto, in that at least this sum, in aggregate, was proceeds of the offenses charged in Counts Five through Twenty-Four.

Personal Property

A 2002 Lexus convertible SC430, VIN: JTHFN48Y920022500, which was seized on October 7, 2010, and is in the custody of the United States Marshals Service; \$39,337.42 in United States currency, which was seized on October 7, 2010, from defendant's Commerce bank account #2257, and is in the custody of the Internal Revenue Service.

Real Property

The real property located at 411 W. 46th Terrace #100, Kansas City, Missouri and more fully described as:

Unit 100, Townsend Place Condominium, a condominium subdivision according to the recorded plat thereof recorded on September 25, 1989, as Document No. K-896030, in Book 37 at Page 95, created by Declaration of Townsend Place Condominium dated July 3, 1989, by Townsend Place Associates, a Missouri general partnership and recorded on September 25, 1989, as Document No. K-896031, in Book K-1956 at Page 1, as re-recorded November 22, 1989, as Document No. K-903932 in Book K-1973 at Page 2073, as amended by, among other things, Amendment recorded February 18, 1992, as Document No. K-1010441, in Book K-2210 at Page 1883, all in the Office of the Recorder of Deeds, Kansas City, Jackson County, Missouri, together with all rights, interests, benefits and burdens attributable or appurtenant to such unit.

Substitute Assets

If any of the above-described forfeitable property of the above-named defendant, as a result of any act or omission of the defendant --

- (1) cannot be located upon the exercise of due diligence;

12044313454

12044313455

- (2) has been transferred or sold to or deposited with, a third person;
- (3) has been placed beyond the jurisdiction of the Court;
- (4) has been substantially diminished in value; or
- (5) has been commingled with other property which cannot be subdivided without difficulty;

it is the intention of the United States, pursuant to Title 18, United States Code, Section 982(b)(2), to seek forfeiture of any other property of said defendant up to the value of the above-described forfeitable property.

A TRUE BILL:

/s/ Micheal R. Bailey
FOREPERSON OF THE GRAND JURY

/s/ Kathleen D. Mahoney
Kathleen D. Mahoney #38828
Assistant United States Attorney

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

Dated: 3/29/11
Kansas City, Missouri