

1
2 James A. McDevitt
3 United States Attorney
4 Eastern District of Washington
5 George J.C. Jacobs, III
6 Assistant United States Attorney
7 Post Office Box 1494
8 Spokane, WA 99210-1494
9 Telephone: (509) 353-2767

FILED IN THE
U.S. DISTRICT COURT
EASTERN DISTRICT OF WASHINGTON

MAR 26 2008

JAMES R. LARSEN, CLERK
DEPUTY
SPOKANE, WASHINGTON

7
8 UNITED STATES DISTRICT COURT
9 EASTERN DISTRICT OF WASHINGTON

10 UNITED STATES OF AMERICA,

11 Plaintiff,

12 vs.

13 STEVEN KARL RANDOCK, SR.,

14 Defendant.

CR-05-180-2-LRS

Plea Agreement

15
16
17 Plaintiff United States of America, by and through James A. McDevitt,
18 United States Attorney for the Eastern District of Washington, and George J.C.
19 Jacobs, III, Assistant United States Attorney for the Eastern District of
20 Washington, and Defendant STEVEN KARL RANDOCK, SR. and his counsel,
21 Peter S. Schweda, agree to the following:

22 1. Guilty Plea and Maximum Statutory Penalties:

23 Pursuant to Fed.R.Crim.P. 11(c)(1)(C), STEVEN KARL RANDOCK, SR.,
24 agrees to plead guilty to Count 1 of the Indictment, dated October 5, 2005. Count
25 1 charges him with Conspiracy to Commit Wire Fraud and Mail Fraud, in
26 violation of 18 U.S.C. §§ 371, 1341 and 1343. The Defendant understands that
27 this charge is a Class D felony offense that carries a maximum statutory penalty
28 of: not more than a five-year term of imprisonment; not more than a \$250,000

1
2 fine; not more than a three-year term of supervised release; the payment of
3 restitution; and a \$100 special penalty assessment. The Defendant also agrees,
4 pursuant to the terms of this Plea Agreement (*see infra* paragraph 20), to forfeit to
5 the United States the real and personal property described in Count 3 of the
6 Indictment (except as provided in paragraph 20 of this Plea Agreement), which
7 alleges criminal forfeiture, pursuant to 18 U.S.C. §§ 981(a)(1)(c), 982(a)(1) and 28
8 U.S.C § 2461(c).

9 2. Violation of Supervised Release:

10 The Defendant understands that a violation of a condition of supervised
11 release carries an additional penalty of re-imprisonment for all or part of the term
12 of supervised release, without credit for time previously served on post-release
13 supervision.

14 3. The Court is Not a Party to the Agreement:

15 The Defendant and the United States acknowledge that the Court is not a
16 party to this Plea Agreement and may accept or reject it. The Defendant
17 understands: that sentencing is a matter solely within the discretion of the Court;
18 that the Court is under no obligation to accept any recommendations made by the
19 United States and/or by the Defendant; that the Court may obtain an independent
20 report and sentencing recommendation from the U.S. Probation Office; and that
21 the Court will, in its discretion, determine the sentence it deems appropriate, up to
22 the statutory maximum penalty, notwithstanding the Rule 11(c)(1)(C) nature of
23 this Plea Agreement. However, if the Court accepts this Plea Agreement under
24 Rule 11(c)(1)(C), the Court is bound by the recommendations of the parties
25 contained herein.

26 The Defendant acknowledges that no promises of any type have been made
27 to the Defendant with respect to the sentence the Court will impose in this matter.
28 The Defendant understands that the Court is required to consider the applicable

1
2 sentencing range under the Sentencing Guidelines, but that the Court may depart
3 upward or downward from the range if the Court rejects this Rule 11(c)(1)(C) plea
4 and the Defendant nevertheless persists with a guilty plea. The Defendant
5 understands that if the Court rejects this Rule 11(c)(1)(C) Plea Agreement and the
6 Defendant persists with a guilty plea, the parties are free to recommend whatever
7 sentence they deem appropriate, up to an including the statutory maximums. The
8 Defendant and the United States acknowledge, however, that this Plea Agreement
9 is entered pursuant to Fed.R.Crim.P. 11(c)(1)(C).

10 4. Waiver of Constitutional Rights:

11 The Defendant understands that by entering this plea of guilty he is
12 knowingly and voluntarily waiving certain constitutional rights, including: (a.)
13 The right to a jury trial; (b.) The right to see, hear and question the witnesses; (c).
14 The right to remain silent at trial; (d.) The right to testify at trial; and (e.) The right
15 to compel witnesses to testify.

16 While the Defendant is waiving certain constitutional rights, he also
17 understands that he will retain the right to be assisted through the sentencing
18 process and any direct appeal by an attorney, who will be appointed at no cost if
19 he cannot afford to hire an attorney. He acknowledges that pending pretrial
20 motions, if any, are waived.

21 5. Elements of the Offenses:

22 The Defendant acknowledges and agrees that, in order to be found guilty of
23 Count 1 which charges him with Conspiracy to Commit Wire Fraud and Mail
24 Fraud, in violation of 18 U.S.C. § 371, 1341, and 1343, the United States must
25 prove the following elements beyond a reasonable doubt:

26 First, Beginning on a date unknown, but by on or about August 4, 1999,
27 and continuing through on or about August 11, 2005, in the Eastern
28 District of Washington and elsewhere, there was an agreement

1
2 between at least two of the individuals charged in the Indictment to
3 commit mail fraud, in violation of 18 U.S.C. § 1341, and wire fraud,
4 in violation of 18 U.S.C. § 1343, by executing a scheme and artifice
5 to obtain money using the U.S. Postal Service or commercial
6 interstate carriers and interstate and foreign wire communications to
7 intentionally defraud consumers through the sales of materially false
8 and fraudulent academic products and through materially false
9 promises, statements or representations;

10 Second, STEVEN KARL RANDOCK, SR. became a member of the
11 conspiracy knowing of at least one of its objects and intending to
12 accomplish it; and

13 Third, STEVEN KARL RANDOCK, SR. or another conspirator, performed
14 at least one overt act for the purpose of carrying out the conspiracy.

15 6. Factual Basis and Statement of Facts:

16 The Defendant acknowledges and agrees that, in proving the elements of the
17 crime to which he is pleading guilty, the United States can establish the following
18 facts beyond a reasonable doubt, that these facts constitute an adequate factual
19 basis for his plea of guilty, and that for sentencing purposes neither party is
20 precluded from presenting additional facts and arguing the relevance of the facts
21 to the Sentencing Guidelines computation or to sentencing generally, unless
22 otherwise prohibited by this Plea Agreement.

23 A. *Overview*

24 From on or about August 4, 1999, until on or about August 11, 2005,
25 STEVEN KARL RANDOCK, SR., Dixie Ellen Randock, Heidi Kae Lorhan,
26 Roberta Lynn Markishtum, Kenneth Wade Pearson, Richard John Novak, Blake
27 Alan Carlson, and Amy Leann Hensley conspired to operate an internet-based
28 diploma business through which materially false and fraudulent academic products

1
2 were sold to individual consumers. These products included high school degrees,
3 college and graduate-level degrees (e.g., Bachelor of Arts, Bachelor of Sciences,
4 Master of Arts, Master of Sciences, and Doctor of Philosophy), fabricated
5 academic transcripts, and "Professorships." During this period, the diploma
6 business sold approximately \$6,282,679.00 in fraudulent academic products to
7 thousands of individual consumers located in the United States and elsewhere.

8 At least seven different locations were being used to operate the diploma
9 business, including: (1) the residence of Dixie Ellen Randock and STEVEN
10 KARL RANDOCK, SR. located in Colbert, Washington; (2) the residence of
11 Heidi Lorhan located in Veradale, Washington; (3) the residence of Amy Hensley
12 located in Spokane, Washington; (4) the residence of Richard Novak located in
13 Peoria, Arizona; (5) office space within "Home Boys", a business located at 14525
14 North Newport Highway located in Mead, Washington; (6) office space rented at
15 Suite 8-B, 601 East Seltice Way in Post Falls, Idaho; and (7) the residence of Ken
16 Pearson located in Spokane, Washington. In addition, at least two mail
17 forwarding boxes located in Washington, D.C. and Wilmington Delaware, were
18 being used in connection with the operation of the diploma business.

19 The conspirators created and used internet websites to advertise diplomas
20 and academic products for sale. These websites purported to be legitimate
21 academic "entities" that sold legitimate academic products based on legitimate
22 academic assessments. The conspirators created numerous "entities" using names
23 such as:

24 Saint Regis University; James Monroe University; Robertstown University;
25 Holy Acclaim University; Ameritech University; Fort Young University;
26 Pan America University; All Saints American University; American Capital
27 University; Blackstone University; Capital America University; Hampton
28 Bay University; Hartland University; Intech University; Nation State
University; New Manhattan University and Graduate Institute; North United
University; Port Rhode University; St. Lourdes University; Saint Renoir
University; Stanley State Graduate University; Van Ives University; West
American University; International MBA Institute; Apollo Certification

1
2 Institute; James Monroe High School; Liberty Academy Preparatory High
3 School; Trinity Christian High School; Mission College Preparatory High
4 School; and Bradford Academy College Preparatory High School.

5 The conspirators also used the websites to sell counterfeit diplomas and academic
6 products purporting to be from legitimate academic institutions, such as the
7 University of Maryland, George Washington University, Missouri University, and
8 Texas A&M University.

9 Conspirators communicated with consumers on behalf of the “entities”
10 using e-mail transmittals (which affected interstate commerce) using materially
11 false names, credentials, pretenses, promises, and representations. Unbeknownst
12 to the defrauded consumers, however, these entities were nonexistent shells that
13 conducted no academic business whatsoever. Nonetheless, the conspirators
14 falsely represented that they were representing legitimate, on-going, degree-
15 conferring institutions.

16 Generally, the cost of a high school diploma was \$350-\$400 and an
17 undergraduate or graduate “degree” was \$500 -\$1,200. As directed by
18 conspirators, defrauded consumers sent payment for the academic products
19 through the U.S. mails and over the wires via credit card payment. Defrauded
20 consumers paid for the academic products using: checks sent through the United
21 States Postal Service; electronic money transfers via a PayPal account, which is an
22 online bill paying service; Western Union wire transfer service; and Worldpay,
23 which is a company used to receive credit card payments.

24 Once payment was received from a defrauded consumer, the conspirators
25 manufactured the academic product(s) purchased. For example, using an
26 electronic template a diploma, transcript, and other documents would be
27 individualized for a consumer. The documents would be printed, packaged, and
28 mailed via the U.S. Postal Service or commercial interstate carrier.

1
2 *B. Co-conspirator Amy Hensley's Statements*

3 Amy Hensley stated that, in January 2000, she began working at A+
4 Institute, a real estate instructional business operated by Dixie Randock. After
5 working at A+ Institute for a period of time, Amy Hensley noticed that another
6 employee was packaging diplomas to be mailed. She also noticed that checks,
7 written in amounts significantly higher than the cost of any real estate course
8 offered at A+ Institute, were arriving in the business' mail. Amy Hensley stated
9 that she gave those checks to STEVEN KARL RANDOCK, SR.

10 Amy Hensley explained that Dixie Randock told her that she and STEVEN
11 KARL RANDOCK, SR. had a diploma business, which Dixie Randock described
12 as doing life experience evaluations for "Concordia" University located in
13 Dominica. Dixie Randock told Amy Hensley that the evaluations were based on a
14 person's prior learning and life experience. The diplomas and checks that Amy
15 Hensley had noticed were associated with the diploma business.

16 Amy Hensley stated that Dixie Randock got her involved in the diploma
17 business after she asked Dixie Randock for a loan. While Amy Hensley continued
18 working for A+ Institute during normal business hours, she did "evaluations" for
19 STEVEN KARL RANDOCK, SR. and Dixie Randock's diploma business after
20 hours. She was paid on a commission basis. In August 2004, Amy Hensley
21 started working full time for the diploma business.

22 Dixie Randock demonstrated how to sell academic products to consumers.
23 An interested consumer who accessed a website for one of the shell "entities"
24 would be sent an e-mail containing an internet hyperlink. The e-mail would
25 instruct the consumer to click on the hyperlink if he/she wanted to purchase an
26 academic product. Amy Hensley stated that Dixie Randock gave her a laptop
27 computer to use for the diploma business. Amy Hensley explained that she used
28 the laptop computer to communicate via the internet with consumers. Amy

1
2 Hensley purchased her own laptop computer after Dixie Randock took back the
3 original laptop computer. Dixie Randock downloaded documents for Amy
4 Hensley to use on her new computer when communicating with consumers,
5 including a transcript file, a template file, a results file and a letters file. Dixie
6 Randock gave the original laptop to her daughter, Heidi Kae Lorhan, who also
7 used it in the diploma mill business.

8 Dixie Randock instructed Amy Hensley on how to sell academic products to
9 consumers. Dixie Randock gave Amy Hensley boiler plate documents to use
10 when communicating with a consumer. Following Dixie Randock's instruction,
11 Amy Hensley represented herself as being an "advisor." When Amy Hensley
12 communicated with consumers, she identified herself as "Advisor Tim." She told
13 consumers that a peer advisory group would assess their life experience and
14 determine whether they were qualified for academic products. No meaningful
15 assessment, however, was done. In playing her role of "Advisor Tim," Amy
16 Hensley followed a rote script concerning what degrees and/or diplomas a
17 consumer could obtain, the academic course work purportedly equivalent to a
18 consumer's life experience, and the grades to which a consumer was entitled to
19 receive. If Amy Hensley was uncertain about the type of academic product a
20 consumer could purchase, she would forward information about the consumer to
21 Dixie Randock, who would then create a product.

22 Amy Hensley created the academic products for a consumer using generic
23 templates that Dixie Randock had given her. Amy Hensley would, for example,
24 fill in the consumer's name, degree "conferred," and date of "matriculation" on
25 specific academic products. Dixie Randock gave Amy Hensley instructions
26 concerning which signatures and titles should appear on the false and fraudulent
27 academic products. Amy Hensley knew that the names (for example, Patrick
28 O'Brien, Stephen Frendock, Patrick Sullivan) and titles (for example, President,

1
2 Dean of Studies, Chief Provost, and Registrar of Official Academic Records) that
3 were affixed to the academic products were fictitious, false and fraudulent. Dixie
4 Randock gave her several signature stamps to use on the academic products.

5 By way of further example, Dixie Randock gave Amy Hensley pre-
6 completed "transcripts" that corresponded to the particular type of "degree," which
7 contained the major area of study, course listings, letter grades, final grade point
8 average, credit hours, and SAT scores. In some cases, Dixie Randock had not yet
9 created a transcript to correspond to a particular type of "degree." In those
10 instances, Dixie Randock instructed Amy Hensley to conduct a "Google" search to
11 determine the course work necessary to obtain such a degree legitimately. Amy
12 Hensley would then create a new transcript by "cutting and pasting" the courses
13 identified through her internet search.

14 The "transcripts" also contained a "certification" from the Registrar of
15 Official Academic Records as well as the address and telephone number for the
16 Official Transcript Archive Center -- a mail forwarding drop box created by
17 STEVEN KARL RANDOCK, SR. and Dixie Randock.

18 After individualizing the templates, Amy Hensley sent a proof of the
19 "academic products" to the consumer. If the consumer was satisfied and there
20 were no misspellings, payment was forwarded. In her role as "Advisor Tim," Amy
21 Hensley told consumers about the costs associated with the academic products and
22 how payment should be made. She told consumers to pay by check, money order,
23 Western Union transfer, or electronic transfer using PayPal, Worldpay, or Bank of
24 Fairfield accounts which STEVEN KARL RANDOCK, SR. and Dixie Randock
25 had established. Once payment was received from a consumer, the academic
26 products and related documents would be printed in the State of Washington or
27 Idaho and then shipped via the United States Postal Service or commercial
28 interstate carrier to the consumer in other States and countries.

1
2 STEVEN KARL RANDOCK, SR. and Dixie Randock sold false and
3 fraudulent degrees based on materially false promises, statements or
4 representations which she knew induced others to part with money or property.

5 C. *STEVEN KARL RANDOCK, SR. and Dixie Ellen Randock's*
6 *Diploma Business Manufactured Counterfeit Degrees in the*
7 *Names of Legitimate Universities Operating in the United*
8 *States*

9 STEVEN KARL RANDOCK, SR. and Dixie Ellen Randock's diploma
10 business manufactured counterfeit degrees in the names of legitimate universities
11 operating in the United States. For example, STEVEN KARL RANDOCK, SR.
12 and Dixie Ellen Randock's diploma business manufactured a counterfeit Bachelor
13 of Science in Criminal Justice degree and an academic transcript in the name of
14 the University of Maryland. STEVEN KARL RANDOCK, SR. and Dixie Ellen
15 Randock's diploma business manufactured a Bachelor of Business Administration
16 "degree" and academic transcript in the name of the University of Tennessee.
17 STEVEN KARL RANDOCK, SR. and Dixie Ellen Randock's diploma business
18 also manufactured counterfeit Bachelor of Science in Criminal Justice and
19 Bachelor of Arts degrees and transcripts in the name of Texas A&M University.
20 The counterfeit University of Tennessee and Texas A&M University "degrees"
21 that STEVEN KARL RANDOCK, SR. and Dixie Ellen Randock's diploma
22 business manufactured bear the signatures of two officials from each university:
23 "Patrick O'Brien" and "James Cooper." The name "Patrick O'Brien" appears on
24 the left-hand corner of the degrees as the "Chairperson, Board of Trustees" of the
25 University of Tennessee and Texas A&M University. The name "James Cooper"
26 appears on the lower right-hand corner of the degrees as the "President & Chief
27 Provost" for both universities. A cooperating individual has stated that "James
28 Cooper" was one of the eleven alias names used by DIXIE ELLEN RANDOCK.
"Patrick O'Brien" was a false name that was used on false degrees and in

1
2 furtherance of the conspiracy. STEVEN KARL RANDOCK, SR. and Dixie Ellen
3 Randock's diploma business also manufactured a Doctor of Philosophy (PhD)
4 degree and academic transcript in the name of George Washington University in
5 Washington, D.C. STEVEN KARL RANDOCK, SR. and Dixie Ellen Randock's
6 diploma business did not have the authority to grant University of Maryland,
7 University of Tennessee, Texas A&M University, or George Washington
8 University degrees or transcripts.

9 D. *STEVEN KARL RANDOCK, SR. and Dixie Ellen Randock's*
10 *Diploma Business Manufactured Academic Products Using*
11 *Names of Fictitious University Officials*

12 STEVEN KARL RANDOCK, SR. and Dixie Ellen Randock's diploma
13 business employees routinely manufactured degrees, transcripts and other
14 academic products that bore the signatures of fictitious university officials. For
15 example, STEVEN KARL RANDOCK, SR. and Dixie Ellen Randock's diploma
16 business manufactured a Doctor of Philosophy (PhD) in Clinical Hypnotherapy
17 degree in the name of St. Regis University. The degree lists one of Dixie Ellen
18 Randock's alias name, "Patrick O'Brien" as the "Dean of Studies." The St. Regis
19 University transcript that was manufactured for that degree lists "Rick Novak" as
20 the "Registrar of Official Academic Records." Another academic product that
21 STEVEN KARL RANDOCK, SR. and Dixie Ellen Randock's diploma business
22 manufactured lists "Jayne W. Johnson" as the "Chairman of the Official Archive
23 Registry." "Jayne W. Johnson" was another alias name used by Dixie Ellen
24 Randock in furtherance of the scheme. Dixie Ellen Randock's diploma business
25 also manufactured a Bachelor of Science in Biomedical Laboratory Science degree
26 in the name of Saint Lourdes University. The degree bears the signature of two
27 fictitious university officials: "Patrick O'Brien" as the "Chairperson, Board of
28 Trustees," and "Stephen Frendock" as the "Président & Chief Provost." When

1
2 interviewed on August 11, 2005, by the United States Secret Service, STEVEN
3 KARL RANDOCK, SR., stated that he used the alias name "Fr. Frendock." The
4 Saint Lourdes University transcript that was manufactured also represents that it
5 was issued under the authority of "Elizabeth Worthington" as the "Registrar of
6 Official Academic Records." This was an alias name used by Amy Hensley. To
7 create the appearance of legitimacy, also enclosed in the vinyl degree jacket was
8 an official-looking black and gold seal bearing the following entry, "A
9 Recognized School of Excellence, Blue Ribbon Schools Program, U.S.
10 Department of Education."

11 *E. STEVEN KARL RANDOCK, SR. and Dixie Ellen Randock's*
12 *Diploma Business Manufactured a Medical Degree*

13 In 2002, an individual identified by the initials "M.H." read an
14 advertisement in an airline magazine about obtaining a degree from Saint Regis
15 University. In September 2002, M.H. accessed the Saint Regis University website
16 because he wanted to obtain a Doctor in Medicine degree based on his
17 background. The Saint Regis University website led him to believe that it was a
18 legitimate institution which had a staff qualified to evaluate his life experiences
19 and to determine whether he could be awarded a Doctor in Medicine degree. M.H.
20 was encouraged to complete a form and submit it to
21 advisor_james@saintregisedu.org and 1@universityservices.net, an email
22 addresses Dixie Randock had assigned to Heidi Lorhan. Heidi Lorhan falsely
23 identified herself to M.H. as "Advisor James" of Saint Regis University and, even
24 though she possessed no educational background in medicine, she "evaluated"
25 M.H.'s life experience for a Doctor of Medicine degree. Heidi Lorhan, using the
26 false identity "Advisor James," represented to M.H. that he could obtain his
27 "degree" based on his life/employment experience and by paying \$1,200 to Saint
28 Regis University. M.H. also paid an additional \$295 to STEVEN KARL

1
2 RANDOCK, SR. and Dixie Randock to have the degree "authenticated" so he
3 could use it overseas, and a \$36.00 fee in order to have his degree and transcript
4 shipped to North Carolina. On September 19, 2002, STEVEN KARL
5 RANDOCK, SR. and Dixie Ellen Randock received M.H.'s \$1,531 payment.
6 From that, STEVEN KARL RANDOCK, Sr. and Dixie Randock paid Heidi
7 Lorhan a \$209.25 commission for selling M.H. a medical degree.

8 After receiving M.H.'s payment, the following Saint Regis University
9 academic products were manufactured and sent to M.H. in North Carolina: a
10 Doctor in Medicine "degree" backdated to June 5, 1999, bearing the names of
11 fictitious university officials, a Saint Regis University "transcript" reflecting that
12 M.H. had been awarded a Doctor of Medicine degree, had received credit for
13 courses taken elsewhere, had taken courses offered at Saint Regis University, and
14 had received a grade of "A" or "A-" in them, and had a 3.8 grade point average at
15 Saint Regis University. The transcript also indicated that M.H.'s Saint Regis
16 University Doctor of Medicine degree could be verified by contacting "Saint
17 Regis Verifications at (877)-736-0812 or the "Official Transcript Archive Center"
18 at (202)-478-0699, located at 611 Pennsylvania Avenue, SE, # 211, Washington,
19 D.C. 20003-4303.

20 Unbeknownst to M.H., "Saint Regis University" was a nonexistent shell
21 that conducted no academic business whatsoever. Nonetheless, STEVEN KARL
22 RANDOCK, SR. and Dixie Ellen Randock falsely represented to D.H. that it was a
23 legitimate, on-going, degree-conferring institution.

24 Heidi Lorhan communicated with M.H. using e-mail transmittals affecting
25 interstate commerce and using materially false names, pretenses, promises, and
26 representations.

1
2 F. *STEVEN KARL RANDOCK, SR and Dixie Ellen Randock's*
3 *Diploma Business Manufactured a Bachelor of Science Degree*
4 *in Nuclear Engineering*

5 In September 2003, an individual identified by the initials "D.H." was
6 browsing the internet searching for on-line universities. D.H.'s search ultimately
7 led him to STEVEN KARL RANDOCK, SR. and Dixie Ellen Randock's
8 Robertstown University internet site. D.H. accessed the Robertstown University
9 website because he wanted to obtain a degree based on his background. The
10 Robertstown University website led him to believe that it was a legitimate
11 institution which had a staff qualified to evaluate his life experiences and to
12 determine what degree he could be awarded. D.H. was encouraged to complete a
13 form and submit it to one of Robertstown University's email addresses,
14 4@university-services.net., which he did. Shortly thereafter, D.H. was notified by
15 email that his life experiences qualified him for a Bachelor of Science degree in
16 Nuclear Engineering from Robertstown University.

17 After receiving D.H.'s payment, the following Robertstown University
18 academic products were manufactured and sent to D.H. in Wisconsin: a Bachelor
19 of Science in Nuclear Science "degree" bearing the stamped signature of an alias
20 name and title used by Dixie Ellen Randock, "Patrick O'Brien, Dean of Studies;"
21 and a Robertstown University "Student Transcript" reflecting that D.H. had been
22 awarded a Bachelor of Science in Nuclear Engineering degree, had taken thirty
23 courses offered by Robertstown University's Nuclear Physics, Nuclear
24 Engineering, Mathematics, and other Departments, and had earned twenty-eight
25 "A's" and two "B's" in those courses as a student at Robertstown University.
26
27
28

1
2 G. *STEVEN KARL RANDOCK, Sr. Moves a Portion of the*
3 *Diploma Business' Operations to a Basement Suite in an Office*
4 *Building in Post Falls, Idaho*

5 On August 18, 2004, STEVEN KARL RANDOCK, SR. relocated a portion
6 of the diploma business' operations from a room in the basement at 14525 North
7 Newport Highway, Mead, Washington, to an office (Suite 8-B) he rented in the
8 basement of the Post Falls Professional Center in Post Falls, Idaho. STEVEN
9 KARL RANDOCK, SR. and Dixie Ellen Randock kept the door to Suite 8-B
10 unmarked. At STEVEN KARL RANDOCK, SR.'s instructions, Amy Hensley and
11 Roberta Markishtum began working for the diploma business from that location.
12 Over the next twelve months, STEVEN KARL RANDOCK, SR. and Dixie Ellen
13 Randock's diploma business printed and shipped numerous false and fraudulent
14 academic products from that location.

15 H. *Statements of co-conspirator Richard Novak*

16 In 2002, Richard Novak agreed to work for STEVEN KARL RANDOCK,
17 SR. and Dixie Ellen Randock. At first, he did not know that the "schools"
18 STEVEN KARL RANDOCK, SR. and Dixie Ellen Randock were operating were
19 diploma mills but he eventually realized that they were. Mr. Novak stated that
20 when he first started working for St. Regis University in March, 2002, he did not
21 know what a diploma mill was. However, after he began working for STEVEN
22 KARL RANDOCK, SR. and Dixie Ellen Randock, Dixie Ellen Randock would
23 send him many emails (often from individuals posting statements on a website
24 called degreeinfo.com) which "slammed" St. Regis University, and he was quickly
25 educated in what a diploma mill was. Mr. Novak stated that the degrees that
26 STEVEN KARL RANDOCK, SR. and Dixie Ellen Randock and their employees
27 sold were not a real product, because he knew that the people who purchased a
28 Doctor of Philosophy (PhD) degree through STEVEN KARL RANDOCK, SR.
and Dixie Ellen Randock's schools did not earn that degree. Mr. Novak indicated

1
2 that if he saw a doctor or an attorney who had a St. Regis University degree that
3 was purchased from one of STEVEN KARL RANDOCK, SR. and Dixie Ellen
4 Randock's "schools," he would not want that person to treat or represent him
5 because the person would not be qualified. Mr. Novak stated that none of the
6 degrees that STEVEN KARL RANDOCK, SR. and Dixie Ellen Randock sold
7 were valid or authentic. Mr. Novak stated that he became further suspect of the
8 legitimacy of STEVEN KARL RANDOCK, SR. and Dixie Ellen Randock's
9 operation when Dixie Ellen Randock made up titles for him to use when
10 communicating with third parties. Mr. Novak recalled seeing his name and
11 another Defendant's name listed as "professors" on the St. Regis University
12 website. He told Dixie Ellen Randock to remove his name because he did not
13 have the credentials of a true professor, and it was false. He also said that another
14 individual's name was advertised on the St. Regis University website as being a
15 professor who had a PhD. In reality, the person listed did not have a PhD, the
16 biography about the person that appeared on the web page was false, and the
17 person was the manager of an internet café (however, the web page did not
18 mention that). Mr. Novak stated that he never saw STEVEN KARL RANDOCK,
19 SR. or Dixie Ellen Randock's names advertised on the St. Regis University
20 website. When Mr. Novak asked Dixie Ellen Randock about this, she replied that
21 they wanted to remain anonymous on the St. Regis University website. He also
22 stated that Dixie Ellen Randock used the fictitious name "Thomas Carper" when
23 communicating with third parties in connection with her diploma mill.

24 Mr. Novak stated that Heidi Lorhan and another individual were "advisors"
25 for St. Regis University. He stated that none of the "advisors" were college
26 graduates, and that they used fictitious names when dealing with the public.
27 According to Mr. Novak, a prospective St. Regis University student would
28 complete an on-line application that would then be evaluated by a St. Regis

1
2 University "advisor." He stated that the advisors were not qualified to perform the
3 evaluations. He stated that Dixie Ellen Randock asked him to be an advisor and to
4 evaluate applications that were sent in. However, he declined.

5 Mr. Novak stated that he has known Dixie Ellen Randock since high school,
6 and that she did not attend college or graduate school. Mr. Novak stated that
7 Dixie Ellen Randock told him that she started St. Regis University because she
8 saw it as a good way to make money. Mr. Novak stated that James Monroe
9 University and Robertstown University were also created by STEVEN KARL
10 RANDOCK, SR. and Dixie Ellen Randock. Mr. Novak stated that Dixie Ellen
11 Randock told him that prior to her involvement with St. Regis University, she was
12 involved in obtaining "accreditations" from Italy, Dominica, and Russia.

13 According to Mr. Novak, Dixie Ellen Randock told him that the more
14 accreditations you have, the better it is to do business. Mr. Novak stated that in
15 June, 2002, Dixie Ellen Randock told him that she wanted to get accreditation for
16 St. Regis University, and she recommended that he try to get it from Liberia. Mr.
17 Novak stated that at that time, he did not fully understand how STEVEN KARL
18 RANDOCK, SR. and Dixie Ellen Randock's schools operated, and he asked her
19 why she could not obtain accreditation for St. Regis University from the United
20 States. According to Mr., Novak, Dixie Ellen Randock indicated to him that, for
21 what "we" do, "you" cannot be accredited in the United States. Mr. Novak stated
22 that he and Dixie Ellen Randock discussed that the only way to get what they
23 wanted (accreditation) from Liberia was to "bribe" officials. Mr. Novak stated
24 that he discussed with Dixie Ellen Randock who they needed to "bribe," and what
25 they would get in return. Mr. Novak also stated that STEVEN KARL
26 RANDOCK, SR. and Dixie Ellen Randock created an entity called the National
27 Board of Education (NBOE) as the parent company of St. Regis University. Mr.
28

1
2 Novak stated that STEVEN KARL RANDOCK, SR. and Dixie Ellen Randock
3 wanted to use NBOE to sell accreditations to other on-line schools.

4 *I. Statements of Individual Identified by the Initials P.M. Who*
5 *Worked As an "Advisor" for STEVEN KARL RANDOCK, SR.*
6 *and Dixie Ellen Randock's Diploma Business*

7 STEVEN KARL RANDOCK, SR. and Dixie Ellen Randock hired P.M. to
8 work as an "advisor" and to sell degrees. P.M. dropped out of high school in the
9 tenth grade and her prior work experience included working as a farrier, grading
10 potatoes for a produce company in Alaska, gas station attendant, and a nurse's
11 aide. Dixie Ellen Randock provided P.M. with "templates" to use for
12 manufacturing transcripts for consumers. Because P.M. had worked as a nurse's
13 aide she did not like giving nursing degrees to consumers who had contacted Saint
14 Regis University. P.M. estimated that on approximately three occasions Dixie
15 Randock instructed her to issue nursing degrees. When interviewed by law
16 enforcement in 2006, P.M. recalled that she refused to issue nursing degrees to
17 approximately ten consumers. However, those consumers were then referred to
18 Heidi Lorhan for approval. P.M. recalled having a conversation with Dixie
19 Randock about medical doctor degrees whereby Dixie Randock stated that you did
20 not want to go into your doctor's office and see a Saint Regis University degree.
21 Ms. Myers also said that after September 11, 2001, Dixie Ellen Randock told her
22 that Saint Regis University would not issue Chemical Engineering degrees.

23 *J. United States Department of Homeland Security, United States*
24 *Secret Service Agent, Acting in an Undercover Capacity,*
25 *Purchases Degrees from STEVEN KARL RANDOCK, Sr. and*
26 *Dixie Ellen Randock's Diploma Business*

27 On February 28, 2005, a Secret Service Agent, acting in an undercover
28 capacity and using an undercover computer, made contact with "James Monroe
University High School," via their website at

1
2 www.jamesmonroeuniversity.ac/jmu_admission.html. At this site, the agent, using
3 an undercover alias of eighteen- year old Jeffrey Rowley, was solicited/prompted
4 to complete an “assessment of competency.” Shortly after completing the “James
5 Monroe University High School” online form, the agent received an e-mail from
6 forward1@university-services.net on his undercover e-mail account, inviting him
7 to take a free online exam to test for the agent’s qualifications to receive a high
8 school diploma and/or Associates of Arts degree. The e-mail requested the agent
9 to go to http://www.university-services.net/james_sre/high_school/test/html to
10 take the test. On February 28, 2005, the agent, acting in an undercover capacity,
11 purposefully answered approximately seventy-five percent of the 125 questions
12 incorrectly in order to judge the integrity of the test’s scoring system. After
13 completing the questions, the website indicated that the agent tested to the
14 equivalency of a 3.1 GPA for high school, and a 3.2 GPA for an AA college
15 degree. The site then solicited the agent to purchase any number of potential
16 diploma packages including transcripts, degrees, and supporting documents.
17 Utilizing an undercover credit card account, the agent purchased “transcripts” for
18 both high school and an AA degree, a high school diploma, an AA degree, and
19 supporting documents of accreditation verification. The agent’s undercover credit
20 account was subsequently charged \$399.00 via a PayPal online charging service.

21 A Secret Service Agent also conducted an undercover purchase of
22 undergraduate and advanced degrees from STEVEN KARL RANDOCK, Sr. and
23 Dixie Ellen Randock’s diploma mill. On May 13, 2005, the agent received an e-
24 mail to his undercover e-mail account for “Mohammed Syed” from “Advisor
25 James” at forward1@university-services.net. “James” represented that he was an
26 “advisor” for “James Monroe University,” and he asked for additional information
27 from “Mohammed Syed.” The agent, acting in an undercover capacity, indicated
28 that “Mohammed Syed” would like to purchase a Bachelor of Sciences and

1
2 Masters degree in Chemical Engineering. On May 14, 2005, the agent received an
3 e-mail to his "Mohammed Syed" undercover e-mail account from "advisor James"
4 informing "Syed" that he would be unable to purchase a chemical engineering
5 degree because "James Monroe" did not have "faculty" in that specific area,
6 however, he could purchase degrees in "chemistry" and "environmental
7 engineering." On May 17, 2005, the agent received an e-mail to his undercover
8 account for "Mohammed Syed" thanking him for submitting his application to
9 James Monroe University and notifying him that "our Office of Admission" has
10 approved him for four degrees (Bachelor of Science in Environmental
11 Engineering, Bachelor of Science in Chemistry, Master of Science in
12 Environmental Engineering, and Master of Science in Chemistry)." The e-mail
13 further indicated that his "evaluation placed him in the top percentage of
14 applicants," that James Monroe University was "multi-nationally accredited and
15 recognized the world over," and "all that remains is for you to pay the graduation
16 fee." The e-mail indicated that James Monroe University accepted payment by all
17 major credit cards, as well as by PayPal, bank wire transfers, and checks. The
18 agent, acting in his undercover capacity, purchased three degrees (Bachelor of
19 Sciences in Chemistry, Master of Sciences in Chemistry, and a Masters in
20 Environmental Engineering) for \$1,277.

21 *K. August 11, 2005, Search Warrant Executed at STEVEN KARL*
22 *RANDOCK, SR. and Dixie Ellen Randock's Residence in*
23 *Colbert, Washington*

24 On August 11, 2005, the United States Department of Homeland Security,
25 United States Secret Service, executed a search warrant at STEVEN KARL
26 RANDOCK, SR. and Dixie Ellen Randock's residence in Colbert, Washington.
27 The United States Secret Service seized the following equipment, supplies and
28 other items which STEVEN KARL RANDOCK, SR. and Dixie Ellen Randock

1
2 used in operating their diploma business from their Colbert, Washington,
3 residence: false and fraudulent academic products; two laptop computers
4 containing fraudulent documents and numerous emails between STEVEN KARL
5 RANDOCK, SR., Dixie Ellen Randock, and other co-conspirators; Western Union
6 wire transfer documents reflecting money transfers from STEVEN KARL
7 RANDOCK, SR. to several Liberian Government officials identified by the
8 initials, P.P., I.R., and D.B.; mailing envelopes and stationery in the name of
9 "Saint Regis University," "James Monroe University," and "Robertstown
10 University;" blank paper stock for "Certificates;" records relating to the
11 "Academic Credential Assessment Corporation," a Wyoming corporation
12 established by STEVEN KARL RANDOCK, SR., and Dixie Ellen Randock; AEIT
13 corporate records reflecting STEVEN KARL RANDOCK, SR. as the President of
14 the company; an embossing device bearing the entry, "AEIT, Inc., Corporate Seal,
15 2003, Nevada;" a notepad captioned, "From the Desk of Steve Randock, Sr." and
16 bearing the handwritten note, "Write SPAM AD;" computer disks captioned,
17 "Transcript Diploma Templates Stuff," "Dixie Data" (containing fraudulent
18 transcripts, letters of recommendation for degree purchasers), and "Prestigious
19 Images."

20
21 *L. Sample Emails Seized Pursuant to Search Warrants Executed*
22 *During the United States Secret Service's Investigation into*
23 *STEVEN KARL RANDOCK, SR. and Dixie Ellen Randock's*
24 *Activities*

25 The following e-mails are only a representative sample of e-mails that were
26 obtained from STEVEN KARL RANDOCK, SR. and Dixie Ellen Randock's
27 computers pursuant to search warrants. Regarding ACAC, in an e-mail dated
28 April 7, 2004, STEVEN KARL RANDOCK, SR. instructed an individual
(identified by the initials "G.D.J.") in Wyoming that:

1
2 . . . [W]e are interested in obtaining a Wyoming corporation
3 "Academic Credential Assessment Corporation." We . . . want the
4 virtual office, the nominee and mail forwarding, but in addition
5 (instead of having you answer the phone using your name) we'd
6 rather you'd get us a Wyoming cell phone in the name of the
7 corporation and your name, as we wish to remain anonymous.

8
9 In an e-mail dated September 20, 2003, Dixie Randock sent Kenneth
10 Pearson the following instructions: ". . . we all need to make our emails come
11 from Africa or somewhere but not Spokane. The advisors too." In an e-mail dated
12 November 29, 2001, Dixie Randock instructed Amy Hensley to use the
13 "unreadable signature" of S[aint] R[egis] U[niversity]'s President" which she gave
14 to Amy Hensley. Dixie Randock also instructed Amy Hensley not to print the St.
15 Regis University president's name "because there is no name."

16 In an e-mail dated August 21, 2004, to STEVEN KARL RANDOCK, SR.,
17 Dixie Randock said that she needed "to approach and accredit all of [person's
18 name not redacted in original e-mail] ___'s mills," and that "[h]e actually has
19 [school name not redacted in original] and [school name not redacted in original]
20 thru that silly ADLP that I made for him years ago." In an e-mail dated May 27,
21 2003, and captioned, "I have a proposal for all the advisors," Dixie Randock,
22 using the alias name and academic title "Thomas Carper, PhD, Ed D" notified
23 "Steve," "Timothy," "James," Patrick," "Advisor John," and other persons that she
24 "got each of . . . [them] a PhD and/or Ed D from a Louisianan school named
25 American Coastline University backdated years ago when they were a fully legal
26 school." Dixie Randock did this in connection with assisting two other
27 "competitor universities" "put together a faculty of professors/advisors." In an e-
28 mail dated August 17, 2003, Dixie Randock instructed several advisors to "call [a
particular telephone number] as though you are looking for a degree, ... ask loads
of questions and take notes." Dixie Randock estimated that her advisors "might
make \$1,000 a day doing this for James Monroe U." Dixie Randock also told her

1
2 advisors that she “will do massive spams” with their “j2 voice mail phone
3 number[s].”

4 In an e-mail string dated August 26, 2004, Dixie Randock using the false
5 identity “Thomas Carper” notifies an individual that:

6
7 As you may know, it seems to be very difficult to verify our
8 Accreditations with Embassies or Consulates in other countries (Like
9 UK, etc). Hence, we request you to grant us with some diplomat
10 documents in the rank of Consul or Above in the name of [person’s
11 name not redacted in original] who is in India, and Steve Randock in
12 Washington State. If we get these two documents we will set up a
13 Consulate on our own for you and we will take care of these
14 expenses. Then the consulates will be used as place[s] of verification
15 of accreditations and that will be helpful and useful for us. You need
16 not spend anything to set up the consulate. We request you to
17 authorize the documents and we will do the rest for you. We will take
18 care of all the expenses and I will pay you \$2,000 for this service.

14 The individual replied, suggesting that an “amount of up to \$25,000 to \$30,000
15 [be paid] at the Foreign Ministry” and that he “could serve . . . as . . . [she]
16 suggest[s].” The individual writes that \$2,500 is needed “for the three
17 universities,” that “[r]ight now the National Commission of Higher Education is
18 disclaiming [a]lot of schools or universities” and they need to “work fast.”
19 “Thomas” replied, asking the individual where to send the \$2,500, and notifying
20 him that he/she will “include an additional \$500 for you to send these
21 [accreditations] to me and you may keep the difference.” According to an e-mail
22 obtained from Defendant Dixie Ellen Randock’s laptop computer, dated
23 September 20, 2003, “There is no Thomas Carper. I made him up”

24 *M. Statements STEVEN KARL RANDOCK, SR. Made to United*
25 *States Secret Service on August 11, 2005*

26 On August 11, 2005, United States Secret Service, Resident-Agent-In-
27 Charge, Kevin Miller, and Senior Special Agent John Neirinckx interviewed
28 STEVEN KARL RANDOCK, SR., while a Federal search warrant was being

1
2 executed at 14525 North Newport Highway, Mead, Washington. STEVEN KARL
3 RANDOCK, SR. stated that he and his wife, Dixie Ellen Randock, owned Saint
4 Regis University, James Monroe University, and other online distance education
5 schools. STEVEN KARL RANDOCK, SR. stated that initially he and his wife
6 intended to operate the "schools" in a legitimate manner but that the schools "did
7 not end up that way." As part of the scheme, STEVEN KARL RANDOCK, SR.
8 stated that he set up the mail forwarding boxes located at 611 Pennsylvania
9 Avenue, Washington, D.C. and at 1812 Marsh Road, Wilmington, Delaware in
10 order to receive mail addressed to the "Official Transcript Verification Center"
11 ("OTVC") and the "Official Transcript Archive Center" ("OTAC").

12 On August 11, 2005, STEVEN KARL RANDOCK, SR. stated that he and
13 Dixie Randock were the owners of Saint Regis University, James Monroe
14 University and other "on-line distance education schools." STEVEN KARL
15 RANDOCK, SR. stated that initially he and Dixie Ellen Randock intended to
16 operate the "schools" in a legitimate manner but that the schools "did not end up
17 that way." STEVEN KARL RANDOCK, SR. stated that he used the fictitious
18 name "Fr. Frendock," Dixie Randock used the alias of "Thomas Carper", and
19 Heidi Lorhan used the alias of "Advisor James." STEVEN KARL RANDOCK,
20 SR. stated that Dixie Randock used many different e-mail addresses when she
21 conducted business for their "schools," but that most of her e-mail addresses
22 started with "info@." STEVEN KARL RANDOCK, SR. then asked that he not be
23 questioned further until he was transported from 14525 North Newport Highway,
24 Mead, Washington, to his residence in Colbert, Washington. The Secret Service
25 Agent attempted to continue the interview with STEVEN KARL RANDOCK, SR.
26 in the presence of Dixie Randock at their Colbert, Washington, residence,
27 however, STEVEN KARL RANDOCK, SR. became less forthcoming to
28 answering the agent's questions.

1
2 When the agent questioned STEVEN KARL RANDOCK, SR. if he thought
3 it was acceptable for the “buyers” of their diploma business’ degrees to obtain
4 employment or job promotions for positions they clearly were not qualified to
5 obtain or gain illegal entry into the United States via an H1B Visa, which Dixie
6 Randock and STEVEN KARL RANDOCK, SR. advertised on their websites,
7 Dixie Randock voluntarily interjected that “if the employers or Immigration
8 believe something that is not true, then it is their fault.” When the agent
9 questioned STEVEN KARL RANDOCK, SR. if he thought it was acceptable that
10 their “schools” advertised that they were “accredited,” and that the “degrees” were
11 “Equivalent to U.S. Regionally Accredited degrees,” when in fact none of their
12 “schools” were recognized by the United States Department of Education or
13 Council for Higher Education (CHEA) as being “accredited;” Dixie Randock
14 voluntarily interjected that, “We just say they are accredited, but not say by who.”

15 STEVEN KARL RANDOCK, SR. stated that he and Dixie Randock created
16 and owned the “Academic Credential Assessment Corporation” (ACAC) in
17 Casper, Wyoming. Dixie Randock and STEVEN KARL RANDOCK, SR.
18 advertised on the internet that ACAC “helped many graduates of non-U.S. schools
19 get their degrees evaluated as equivalent to . . . U.S. accredited degrees” and that
20 “[m]any employers need this type of evaluation to understand that the graduate is
21 qualified for a job that requires an accredited degree.” STEVEN KARL
22 RANDOCK, SR. stated that they created ACAC in order to “evaluate” “degrees”
23 that were issued by Dixie Randock and STEVEN KARL RANDOCK, SR.’s
24 “schools” and claim that their “degrees” were equivalent to U.S. regionally
25 accredited degrees.

26 The Secret Service agent asked STEVEN KARL RANDOCK, SR. if he
27 thought it was misleading to the buyers of the degrees that ACAC was actually
28 STEVEN KARL RANDOCK, Sr. And Dixie Randock, and not an independent

1
2 company that is qualified to assess whether or not a degree is “equivalent to a U.S.
3 regionally accredited degree.” Dixie Randock interjected by stating, “all the
4 degrees are issued based on prior learning experience.”

5 The Secret Service Agent asked STEVEN KARL RANDOCK, SR. what
6 made him believe that he, Dixie Randock or any of their sales staff were qualified
7 in any way to assess if a buyer of a degree was qualified to have a Masters or PhD
8 even though no one affiliated with their schools had a recognized legitimate
9 Bachelors degree. Dixie Randock voluntarily interjected that “we are not selling
10 degrees.”

11 *N. Domestic and Foreign Financial Accounts that STEVEN KARL*
12 *RANDOCK, SR. and Dixie Ellen Randock Used to Operate*
13 *Their Diploma Business*

14 The United States Secret Service’s investigation of STEVEN KARL
15 RANDOCK, Sr. and Dixie Ellen Randock revealed that STEVEN KARL
16 RANDOCK, SR. and Dixie Ellen Randock opened and used the following
17 financial accounts to operate their diploma mill: (1) a Bank of Fairfield account
18 held in the name of “AEIT;” (2) a Wells Fargo Bank account held in the name of
19 “AEIT;” (3) a WorldPay account held in the name of “AEIT;” (4) a Paypal account
20 held in the name of Dixie Randock; (5) a Cardservice International account held in
21 the name of “AEIT;” (6) a Banc Caribe (located in Dominica) account held in the
22 name of “Saint Regise University (AEIT Peer Degree Program) Graduate School;”
23 (7) a Loyal Bank Limited (located in St. Vincent, West Indies) account held in the
24 name of STEVEN KARL RANDOCK, SR. and Dixie Ellen Randock; and (8) an
25 American West Bank account held in the name of “Childrens Future Trust A +
26 Institute.” In addition, STEVEN KARL RANDOCK, Sr. and Dixie Ellen Randock
27 also used Western Union in order to receive payments for degrees their diploma
28 business sold.

1
2 *O. Roles of Additional Coconspirators*

3 Heidi Kae Lorhan, like Amy Hensley, participated in the conspiracy as an
4 advisor, using the identity "Advisor James," to sell false and fraudulent degrees
5 based on materially false promises, statements or representations. Blake Alan
6 Carlson participated in the conspiracy as an advisor, using the identity "Professor
7 Blackwell" to sell false and fraudulent degrees based on materially false promises,
8 statements or representations. Roberta Lynn Markishtum participated in the
9 conspiracy by selling false and fraudulent high school diplomas, making false
10 representations over the telephone, manufacturing fraudulent academic products,
11 and by printing, packaging and shipping the products. Kenneth Wade Pearson
12 participated in the conspiracy by knowingly hosting false and fraudulent websites
13 used by the diploma mill and by printing fraudulent academic products. Richard
14 John Novak participated in the conspiracy by knowingly obtaining legitimate
15 apostilles and other attestations, which were thereafter affixed to unrelated
16 fraudulent academic products sold by the diploma mill.

17 7. Waiver of Inadmissibility of Statements:

18 The Defendant agrees that, if he withdraws his guilty plea, he waives the
19 inadmissibility of statements, if any, made in the course of plea discussions with
20 the United States, pursuant to Fed. R. Crim. P. 11(f). The Defendant agrees
21 further that any such inadmissible statements also include those statements made
22 at the change of plea hearing to establish facts sufficient for the Court to accept his
23 plea of guilty. The Defendant agrees that this waiver permits the United States to
24 introduce any such inadmissible statements in its case-in-chief. However, if the
25 Court rejects this Rule 11(c)(1)(C) Plea Agreement, this waiver is void.
26
27
28

1
2 8. The United States Agrees:

3 a. *Dismissals:*

4 The United States agrees that, at the time of sentencing, it will move to
5 dismiss Count 2 of the Indictment, which charges the Defendant with Conspiracy
6 to Launder Monetary Instruments, in violation of 18 U.S.C. § 1956(h). The
7 United States further agrees that, after sentencing and after the Defendant has been
8 debriefed, the United States will move to dismiss the civil forfeiture case, (Cause
9 Number CV: 05-239-EFS), pending in the United States District Court for the
10 Eastern District of Washington.

11 b. *Not to File Additional Charges:*

12 The United States Attorney's Office for the Eastern District of Washington
13 agrees to bring no additional charges against the Defendant based upon
14 information in its possession at the time of this Plea Agreement and arising out of
15 the Defendant's conduct involving illegal activity charged in Indictment, unless
16 the Defendant breaches this Plea Agreement any time before or after sentencing.

17 9. The Defendant Agrees to Participate in Debriefings:

18 The Defendant agrees to participate in full debriefings by federal and local
19 investigative agencies and identify the source, location, and nature of any and all
20 domestic and foreign assets, including bank accounts, controlled directly or
21 indirectly, owned, transferred, hidden, placed in the name of a nominee, held in
22 the name of a corporation, trust, third party, or other entity, including Children's
23 Future Trust, at times and places to be decided by these agencies. The Defendant
24 agrees to provide complete, accurate and truthful information to these agencies.
25 The Defendant agrees to voluntarily produce any and all documents, records, or
26 other tangible evidence relating to assets, including bank accounts, about which
27 the law enforcement agencies inquire. The Defendant agrees to not protect any
28

1
2 person or entity through false information or omission. It is understood that the
3 Defendant may have an attorney present at any or all such debriefings.

4 The Defendant agrees that the United States may, at its option and upon
5 written notice to the Defendant, withdraw from this Plea Agreement or modify its
6 recommendation for sentence if the Defendant fails to provide truthful, complete
7 and honest information during debriefings.

8 10. Effect of Breach:

9 The Defendant agrees that if he breaches this Plea Agreement: the
10 agreement is null and void; he expressly waives the right to challenge the
11 initiation of additional charges against him for any criminal activity; and the
12 United States may make derivative use of and may pursue any investigative leads
13 suggested by him.

14 11. United States Sentencing Guideline Calculations:

15 The Defendant and the United States acknowledge that the final Sentencing
16 Guidelines calculations will be determined by the Court, with input from the
17 United States Probation Office. The Defendant and the United States reserve the
18 right to advise the Court and the United States Probation Office about the law and
19 facts applicable to any sentencing issues.

20 a. *Base Offense Level:*

21 The United States and the Defendant agree that the base offense level for
22 Conspiracy to Commit Wire/Mail Fraud is 6. See USSG § 2B1.1(a)(2).

23 b. *Specific Offense Characteristics:*

24 The Defendant acknowledges that the United States contends that the base
25 offense level should be increased based on the reasonably foreseeable loss
26 resulting from the Defendant's involvement in the conspiracy, which involvement
27 began on approximately August 4, 1999, and continued through August 11, 2005.
28 USSG § 2B1.1(b)(1) and USSG § 1B1.3 (relevant conduct). The Defendant

1
2 acknowledges that the United States contends that the loss is more than
3 \$2,500,000, but less than \$7,000,000, which loss amount results in an eighteen-
4 level increase in the Defendant's base offense level. USSG § 2B1.1(b)(1)(J). The
5 United States acknowledges that the Defendant contends that the reasonably
6 foreseeable loss amount is less than \$2,500,000, which will result in a smaller
7 increase in his base offense level, if any.

8 The Defendant acknowledges that the United States contends that his base
9 offense level should be increased by an additional six (6) levels because the
10 conspiracy involved a scheme to defraud 250 or more victims. See USSG §
11 2B1.1(b)(2)(C). The United States acknowledges that Defendant contends there
12 should be no such increase.

13 The Defendant also acknowledges that the United States contends that his
14 base offense level should be increased by an additional two levels because the
15 conspiracy involved misrepresentations that the Defendant was acting on behalf of
16 one or more educational or religious organizations. See USSG § 2B1.1(b)(8)(A).
17 The United States acknowledges that Defendant contends there should be no such
18 increase.

19 The Defendant acknowledges further that the United States contends that
20 his base offense level should be increased by an additional two levels because the
21 Defendant relocated, or participated in relocating, the fraudulent scheme to
22 another jurisdiction to evade law enforcement or regulatory officials or otherwise
23 involved sophisticated means. See USSG § 2B1.1(b)(9)(A), (B). The United
24 States acknowledges that Defendant contends there should be no such increase.

25 *c. Vulnerable Victim:*

26 The Defendant acknowledges that the United States contends that his base
27 offense level should be increased by an additional two levels because the
28 Defendant knew or should have known that a victim of the offense was a

1
2 vulnerable victim. *See* USSG § 3A1.1(b). The United States acknowledges that
3 Defendant contends there should be no such increase.

4 *d. Aggravating Role:*

5 The Defendant acknowledges that the United States contends that his base
6 offense level should be increased by an additional four levels because the
7 Defendant was an organizer or leader of criminal activity that involved five or
8 more participants or was otherwise extensive. USSG § 3B1.1(a). The United
9 States acknowledges that Defendant contends there should be no such increase.

10 *e. Acceptance of Responsibility:*

11 If Defendant pleads guilty and demonstrates a recognition and an
12 affirmative acceptance of personal responsibility for his criminal conduct,
13 provides complete and accurate information during the sentencing process, and
14 does not commit any obstructive conduct, the United States will recommend a
15 two-level reduction of his adjusted offense level for acceptance of responsibility
16 and move for a one-level reduction for timely entering a plea of guilty. *See* USSG
17 § 3E1.1(a) and (b). As a condition of this recommendation, the Defendant agrees
18 to pay the \$100 mandatory special penalty assessment (*see* 18 U.S.C. §
19 3013(a)(2)(A)) to the Clerk of the Court for the Eastern District of Washington, at
20 or before sentencing, in accordance with paragraph 17 herein. *See infra*.
21 Furthermore, the Defendant and the United States agree that the United States
22 may, at its option and upon written notice to the Defendant, not recommend a
23 reduction for acceptance of responsibility if, prior to the imposition of sentence, he
24 is charged with or convicted of any criminal offense whatsoever and/or if he tests
25 positive for any controlled substance.

26 *f. Criminal History:*

27 The Defendant and the United States understand that his criminal history
28 computation will be determined by the Court. However, if the Court orders a

1
2 Presentence Investigation Report, his criminal history computation will be
3 determined by the Court, based on input from the United States Probation Office
4 and the Presentence Investigation Report. The Defendant and the United States
5 acknowledge they have made no agreement and have made no representations as
6 to the Criminal History Category within which the Defendant falls.

7 12. Incarceration:

8 The Defendant and the United States agree and will jointly recommend at
9 sentencing that, pursuant to Fed.R.Crim.P. 11(c)(1)(C), a 36-month term of
10 imprisonment, to be followed by a three-year term of supervised release, is an
11 appropriate disposition of this case. The United States acknowledges that the
12 Defendant reserves the right to recommend to the Court that the Defendant's
13 sentence of imprisonment consist of home detention. The Defendant
14 acknowledges that the United States will oppose Defendant's recommendation for
15 home detention. In the event that the Court orders the Defendant to report to
16 prison, the United States acknowledges that the Defendant will ask the Court to
17 permit the Defendant to self-surrender. The United States reserves the right to
18 object to the Defendant's request to self-surrender.

19 The United States acknowledges that the Defendant will request the Court
20 to proceed to sentencing without input from the United States Probation Office
21 and a Presentence Investigation Report, pursuant to Fed.R.Crim.P. 32(c)(1)(A)(ii).
22 The Defendant acknowledges that the United States will oppose this request.

23 13. Withdrawal from Plea Agreement:

24 Pursuant to this Rule 11(c)(1)(C) Plea Agreement, the Defendant and the
25 United States understand that, if the Court accepts this Plea Agreement, the Court
26 is bound by the "specific sentence" of 36 months and the other terms agreed upon
27 by the parties. If the Court rejects this Plea Agreement pursuant to Fed.R.Crim.P.
28

1
2 11(c)(5), either party may withdraw from this Plea Agreement and the Defendant
3 may withdraw his plea of guilty pursuant to Fed.R.Crim.P. 11(d)(2)(A).

4 14. Criminal Fine:

5 In order for the Defendant's assets to be available for forfeiture to the
6 United States, the Defendant and the United States agree to recommend that the
7 Court impose no fine.

8 15. Supervised Release:

9 The Defendant and the United States agree to recommend that the Court
10 impose a three-year term of supervised release to include the following special
11 conditions, in addition to the standard conditions of supervised release:

12 a. that the Defendant's person, residence, office, vehicle, and
13 belongings shall be subject to search at the direction of his designated Probation
14 Officer;

15 b. that the Defendant shall provide financial information
16 (including the filing of periodic financial reports), provide copies of Federal
17 income tax returns, and allow credit checks, at the direction of his designated
18 Probation Officer;

19 c. that the Defendant shall disclose all assets and liabilities and
20 shall not transfer, sell, give away, or otherwise convey or secret any asset, without
21 the advance approval of his designated Probation Officer;

22 d. that the Defendant shall be prohibited from incurring any new
23 debt, opening new lines of credit, or entering any financial contracts or obligations
24 without the prior approval of his designated Probation Officer;

25 e. that the Defendant shall be prohibited from working in the
26 educational field, with the exception of writing, programming, and selling real
27 estate courses if approved by his designated Probation Officer; and
28

1
2 f. that the Defendant shall allow his designated Probation Officer
3 to conduct random inspections, including retrieval and copying of data from any
4 computer, and any personal computing device that the Defendant possesses or has
5 access to, including any internal or external peripherals. This may require
6 temporary removal of the equipment for a more thorough inspection. The
7 Defendant shall not possess or use any data encryption technique or program. The
8 Defendant shall purchase and use such hardware and software systems that
9 monitor the Defendant's computer usage, if directed by the Probation Officer.

10 16. Restitution:

11 The Defendant and the United States agree to recommend that, pursuant
12 to 18 U.S.C. § 3663A(c)(3), the Court not order restitution to the victims of the
13 wire/mail fraud conspiracy offense because: (1) the number of identifiable victims
14 is so large as to make restitution impracticable; or (2) determining complex issues
15 of fact related to the cause or amount of the victim's losses would complicate or
16 prolong the sentencing process to a degree that the need to provide restitution to
17 any victim is outweighed by the burden on the sentencing process.

18 17. Mandatory Special Penalty Assessments:

19 The Defendant agrees to pay the \$100 mandatory special penalty assessment
20 to the Clerk of Court for the Eastern District of Washington, at or before
21 sentencing, pursuant to 18 U.S.C. § 3013, and shall provide a receipt from the
22 Clerk to the United States before sentencing as proof of this payment.

23 18. Payments While Incarcerated:

24 If the Defendant lacks the financial resources to pay any monetary
25 obligations imposed by the Court, and if the Defendant is incarcerated, he agrees
26 to participate in the Bureau of Prisons' Inmate Financial Responsibility Program.
27
28

1
2 19. Additional Violations of Law Can Void Plea Agreement:

3 The Defendant and the United States agree that the United States may at its
4 option and upon written notice to the Defendant, withdraw from this Plea
5 Agreement or modify its recommendation for sentence if, prior to the imposition
6 of sentence, the Defendant is charged or convicted of any criminal offense
7 whatsoever or if the Defendant tests positive for any controlled substance.

8 20. Forfeiture:

9 a. *Count 3 Assets:*

10 With the exception of that lot or parcel of land, together with its buildings,
11 appurtenances, improvements, fixtures, attachments and easements, furniture,
12 clothing, personal effects, Ford F-150 truck, lawn equipment, two computers, one
13 printer, and inventory for the real estate school owned by the Defendant, located at
14 3127 East River Glen Drive, Colbert, Washington, Parcel Number 37033.9137, the
15 Defendant agrees to forfeit all right, title and interest in favor of the United States,
16 in the real property, personal property and U.S. currency identified in Count 3 of
17 the Indictment, pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c).

18 The Defendant also agrees to execute any and all forms and/or pleadings necessary
19 to effectuate such forfeiture.

20 REAL PROPERTY

21 All that lot or parcel of land, together with its buildings,
22 appurtenances, improvements, fixtures, attachments and easements,
23 described as Parcel Number 37033.9138 located in Spokane County,
24 Washington, (title to said real property is vested in Steven Randock
and Dixie E. Randock, husband and wife), more particularly
described as:

25 Parcel Number 37033.9138, located in Spokane County,
26 Washington:

27 The West 440 feet of that portion of the Southwest
28 Quarter of Section 3; Township 27 North, Range 43
 East, W.M., described as follows;

1
2 Beginning at the Southwest Corner of Section 3; thence
3 North 00°04'10" East 73 feet to the True Point of
4 Beginning; thence continuing North 00°04'10" East 587
5 feet along the section line; thence South 89°52'45" East
6 1,422.87 feet; thence South 00°04'10" West 22.81 feet to
7 the centerline of the Little Spokane River; thence South
8 79°12' West 140 feet; thence South 50°50' West 530
9 feet; thence South 18°54'06" West 181.74 feet; thence
10 South 00°26'24" West 30 feet; thence North 89°52'45"
11 West 816.01 feet to the True Point of Beginning; Except
12 County Rd;

13 Together with all appurtenances, fixtures, attachments,
14 and improvements thereto and thereupon.

15 SUBJECT to any easements, rights of way, reservations
16 and/or exceptions of record.

17 CURRENCY

18 \$10,320.00 United States currency seized on or about
19 August 11, 2005, from Steven Randock and Dixie
20 Randock.

21 CONVEYANCE

22 2001 Jaguar XK8, VIN: SAJDA42CX1NA13599.

23 SAFE DEPOSIT BOX

24 \$43,600.00 United States currency discovered and seized
25 on or about August 11, 2005, from safe deposit box
26 #155, located at American West Bank, rented by
27 Lawrence ("Larry") Randock and/or Steven K. Randock,
28 Sr.

FUNDS SEIZED FROM BANK ACCOUNTS

1) Funds in the amount of \$2,042.54 United States
currency, held in the name of AEIT, Inc., and/or Steven
Randock and Dixie Randock, seized from Wells Fargo
Bank Account Number XXX-XXX2052 on or about
August 11, 2005; and,

2) Funds in the amount of \$555.43 United States
currency, held in the name of AEIT and/or Steven
Randock and Dixie Randock, seized from Bank of
Fairfield Account Number XXXX8759 on or about
August 11, 2005.

BANK ACCOUNT(S)

1
2 1) \$280,000.00 United States funds or other monetary
3 instruments credited to Banc Caribe Account Number
4 CK-XX0941, held in the name of Saint Regise
5 University (AEIT Peer Degree Program) Graduate
6 School, and/or Steven Randock and Dixie Randock;

7 2) \$150,000.00 United States funds or other monetary
8 instruments credited to Banc Caribe Account Number
9 SV-XX0084, held in the name of Saint Regise University
10 (AEIT Peer Degree Program) Graduate School, and/or
11 Steven Randock and Dixie Randock; and,

12 3) \$50,000.00 United States funds or other monetary
13 instruments credited to Loyal Bank, Limited Account
14 Number XXXXXXXXX2405, held in the names of Steven
15 K. Randock and Dixie Randock.

16 The Defendant agrees to consent to the entry of orders of forfeiture for such
17 property and waives the requirements of Federal Rules of Criminal Procedure 32.2
18 and 43(a) regarding notice of the forfeiture in the charging instrument,
19 announcement of the forfeiture at sentencing, and incorporation of the forfeiture in
20 the judgment. The Defendant acknowledges that he understands that the forfeiture
21 of assets is part of the sentence that may be imposed in this case and waives any
22 failure by the Court to advise him of this, pursuant to Rule 11(b)(1)(J), at the time
23 his guilty plea is accepted.

24 *b. Additional Forfeitable Property:*

25 The Defendant agrees to relinquish all right, title and interest to the United
26 States in any additional assets, which he identifies in his debriefings, and hereby
27 agrees to execute any and all forms and pleadings necessary to effectuate
28 forfeiture of said assets.

The Defendant agrees to hold the United States, the United States Secret
Service, the State of Washington Attorney General's Office, and the Spokane
Police Department, and any and all agencies, and their agents and employees,
harmless from any and all claims whatsoever in connection with the investigation,

1
2 prosecution of charges, and the seizure and forfeiture of property covered by this
3 Plea Agreement.

4 The Defendant further agrees to waive all constitutional and statutory
5 challenges in any manner (including direct appeal, habeas corpus, or any other
6 means) to any forfeiture carried out in accordance with this Plea Agreement on
7 any grounds, including that the forfeiture constitutes an excessive fine or
8 punishment. The Defendant agrees to take all non-monetary steps as requested by
9 the United States to pass clear title to the assets to the United States and to testify
10 truthfully in any forfeiture proceeding. The Defendant acknowledges that the
11 assets covered by this agreement are subject to forfeiture as property obtained with
12 proceeds of illegal conduct.

13 21. Integration Clause:

14 The United States and the Defendant acknowledge that this document
15 constitutes the entire Plea Agreement between the United States and the
16 Defendant, and no other promises, agreements, or conditions exist between the
17 United States and the Defendant concerning the resolution of the case. This Plea
18 Agreement is binding only upon the United States Attorney's Office for the
19 Eastern District of Washington, and cannot bind other federal, state or local
20 authorities. The United States and the Defendant agree that this agreement cannot

21 //

22 //

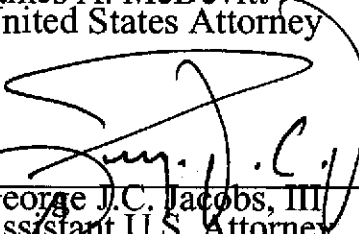
23 //

1
2 be modified except in a writing that is signed by the United States and the
3 Defendant.

4
5 Approvals and Signatures

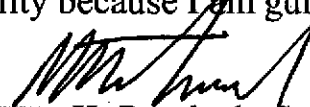
6 Agreed and submitted on behalf of the United States Attorney's Office for
7 the Eastern District of Washington.

8
9 James A. McDevitt
10 United States Attorney

11 
12 _____
13 George J.C. Jacobs, III
Assistant U.S. Attorney

14 
15 _____
16 3/26/08
17 Date

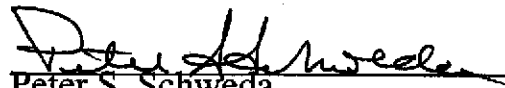
18 I have read this Plea Agreement and have carefully reviewed and discussed
19 every part of the agreement with my attorney. I understand and voluntarily enter
20 into this Plea Agreement. Furthermore, I have consulted with my attorney about
21 my rights, I understand those rights, and I am satisfied with the representation of
22 my attorney in this case. No other promises or inducements have been made to
23 me, other than those contained in this Plea Agreement, and no one has threatened
24 or forced me in any way to enter into this Plea Agreement. I am agreeing to plead
25 guilty because I am guilty.

26 
27 _____
28 Steven K. Randock, Sr.
Defendant

3-26-08
Date

I have read the Plea Agreement and have discussed the contents of the
agreement with my client. The Plea Agreement accurately and completely sets

1
2 forth the entirety of the agreement between the parties. I concur in my client's
3 decision to plead guilty as set forth in the Plea Agreement. There is no legal
4 reason why the Court should not accept the Defendant's plea of guilty.
5

6 
7 Peter S. Schweda
8 Attorney for the Defendant

9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

March 26, 2008
Date