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

MAR 20 2006

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11 UNITED STATES DISTRICT COURT  
12 EASTERN DISTRICT OF WASHINGTON

14 UNITED STATES OF AMERICA, )

15 Plaintiff, )

16 vs. )

17 RICHARD JOHN NOVAK, )

18 Defendant. )

CR-05-180-3-LRS

Plea Agreement

20 Plaintiff United States of America, by and through James A. McDevitt,  
21 United States Attorney for the Eastern District of Washington, George J.C. Jacobs,  
22 III, Assistant United States Attorney for the Eastern District of Washington, Paul  
23 E. Pelletier, Acting Chief, Fraud Section, U.S. Department of Justice, Mark F.  
24 Mendelsohn, Deputy Chief, Fraud Section, U.S. Department of Justice, and Adam  
25 Reeves, Trial Attorney, Fraud Section, U.S. Department of Justice (together, the  
26 "United States"), and Defendant RICHARD JOHN NOVAK and the Defendant's  
27 counsel, Thomas M. Hoidal, agree to the following Plea Agreement:  
28

1           1.     Waiver of Indictment, Guilty Pleas and Maximum Statutory2     Penalties:

3           The Defendant, RICHARD JOHN NOVAK, agrees to waive Indictment by  
4 a Grand Jury and to plead guilty to the two-count Superseding Information, which  
5 was filed on March 20, 2006, charging the Defendant in Count One with  
6 Conspiracy to Commit Wire Fraud and Mail Fraud and to Violate the Foreign  
7 Corrupt Practices Act, in violation of 18 U.S.C. §§ 371, 1341, 1343, and 15 U.S.C.  
8 § 78dd-2(a), and in Count Two with violation of the Foreign Corrupt Practices  
9 Act, in violation of 15 U.S.C. § 78dd-2(a).

10          The Defendant, RICHARD JOHN NOVAK, understands that the charge  
11 contained in Count One of the Superseding Information is a Class D felony. The  
12 Defendant, RICHARD JOHN NOVAK, also understands that the maximum  
13 statutory penalty for Conspiracy to Commit Wire Fraud and Mail Fraud and to  
14 Violate the Foreign Corrupt Practices Act, in violation of 18 U.S.C. §§ 371, 1341,  
15 1343, and 15 U.S.C. § 78dd-2(a), is not more than five (5) years' imprisonment; a  
16 fine not to exceed the greatest of \$250,000 or twice the gross pecuniary gain  
17 derived from the offense or twice the gross pecuniary loss suffered by a person  
18 other than the Defendant as a result of the offense, pursuant to 18 U.S.C. § 3571; a  
19 term of supervised release of not more than three (3) years; the payment of  
20 restitution; and a mandatory \$100 special assessment.

21          The Defendant, RICHARD JOHN NOVAK, further understands that the  
22 charge contained in Count Two of the Superseding Information is a Class D  
23 felony. The Defendant, RICHARD JOHN NOVAK, also understands that the  
24 maximum statutory penalty for violation of the Foreign Corrupt Practices Act, in  
25 violation of 15 U.S.C. § 78dd-2(a), is not more than five (5) years' imprisonment;  
26 a fine not to exceed the greatest of \$100,000 or twice the gross pecuniary gain  
27 derived from the offense or twice the gross pecuniary loss suffered by a person  
28 other than the Defendant as a result of the offense, pursuant to 18 U.S.C. § 3571; a

1 term of supervised release of not more than three (3) years; the payment of  
2 restitution; and a mandatory \$100 special assessment. The Defendant further  
3 understands that the Court has the authority to impose consecutive sentences  
4 under the two counts, which the Defendant would have to serve one after the  
5 other.

6 The Defendant, RICHARD JOHN NOVAK, understands that a violation of  
7 a condition of supervised release carries an additional penalty of re-imprisonment  
8 for all or part of the term of supervised release, without credit for time previously  
9 served on post-release supervision.

10 2. The Court is Not a Party to the Agreement:

11 The Court is not a party to this Plea Agreement and may accept or reject this  
12 Plea Agreement. Sentencing is a matter that is solely within the discretion of the  
13 Court. The Defendant understands that the Court is under no obligation to accept  
14 any recommendations made by the United States and/or by the Defendant; that the  
15 Court will obtain an independent report and sentencing recommendation from the  
16 U.S. Probation Office; and that the Court may, in its discretion, impose any  
17 sentence it deems appropriate up to the statutory maximums stated in this Plea  
18 Agreement.

19 The Defendant acknowledges that no promises of any type have been made  
20 to the Defendant with respect to the sentence the Court will impose in this matter.  
21 The Defendant understands that the Court is required to consider the applicable  
22 sentencing guideline range, but may depart upward or downward under the  
23 appropriate circumstances.

24 The Defendant also understands that should the sentencing judge decide not  
25 to accept any of the parties' recommendations, that decision is not a basis for  
26 withdrawing from this Plea Agreement or a basis for withdrawing his pleas of  
27 guilty.

1           3.    Waiver of Constitutional Rights:

2           The Defendant, RICHARD JOHN NOVAK, understands that by entering  
3 his pleas of guilty the Defendant is knowingly and voluntarily waiving certain  
4 constitutional rights, including:

- 5           (a).   The right to a jury trial;
- 6           (b).   The right to see, hear and question the witnesses;
- 7           (c).   The right to remain silent at trial;
- 8           (d).   The right to testify at trial; and
- 9           (e).   The right to compel witnesses to testify.

10           While the Defendant is waiving certain constitutional rights, the Defendant  
11 understands the Defendant retains the right to be assisted through the sentencing  
12 and any direct appeal of the convictions and sentence by an attorney, who will be  
13 appointed at no cost if the Defendant cannot afford to hire an attorney. The  
14 Defendant also acknowledges that any pretrial motions currently pending before  
15 the Court are waived.

16           4.    Elements of the Offense:

17    Count One: Mail/Wire Fraud/Foreign Corrupt Practices Act Conspiracy:

18           The United States and the Defendant agree that in order to convict the  
19 Defendant of Conspiracy to Commit Wire Fraud and Mail Fraud, in violation of  
20 18 U.S.C. §§ 371, 1341 and 1343, and to Violate the Foreign Corrupt Practices  
21 Act, in violation of 15 U.S.C. § 78dd-2(a), the United States would have to prove  
22 beyond a reasonable doubt the following elements:

- 23           (a).   First, beginning at least by on or about April 1, 2002, and  
24                    continuing thereafter up to and including on or about August  
25                    11, 2005, in the Eastern District of Washington and elsewhere,  
26                    there was an agreement between Defendant RICHARD JOHN  
27                    NOVAK and at least one other individual to commit mail fraud  
28

1 and wire fraud, and to violate the Foreign Corrupt Practices Act;

2 (b). Second, the Defendant, RICHARD JOHN NOVAK, became a  
3 member of the conspiracy knowing of at least one of its objects  
4 and intending to accomplish it; and

5 (c). Third, the Defendant, RICHARD JOHN NOVAK, or another  
6 conspirator, performed at least one overt act for the purpose of  
7 carrying out the conspiracy.

8 Count Two: Foreign Corrupt Practices Act:

9 The United States and the Defendant agree that in order to convict the  
10 Defendant of a violation of the Foreign Corrupt Practices Act, in violation of 15  
11 U.S.C. § 78dd-2(a), the United States would have to prove beyond a reasonable  
12 doubt the following elements:

- 13 (a). One, the Defendant, RICHARD JOHN NOVAK, acted  
14 corruptly;
- 15 (b). Second, the Defendant, RICHARD JOHN NOVAK, is a  
16 domestic concern or acted as the agent of a domestic concern;
- 17 (c). Third, the Defendant, RICHARD JOHN  
18 NOVAK, made use of the mails or any  
19 means or instrumentalities of interstate  
20 commerce in furtherance of an unlawful act  
21 under the Foreign Corrupt Practices Act;
- 22 (d). Fourth, the Defendant, RICHARD JOHN  
23 NOVAK, offered, paid, promised to pay, or  
24 authorized the payment of money or  
25 anything of value;
- 26 (e). Fifth, the payment was to a foreign public  
27 official, a foreign political party, an official  
28 of a foreign political party, a candidate for

1 foreign public office, or to a third person  
2 acting as a conduit to any person or party  
3 listed above;

4 (f). Sixth, the payment was to influence any act  
5 or decision of the recipient, to induce the  
6 recipient to do or omit to do any act in  
7 violation of the recipient's lawful duty, to  
8 induce the recipient to use his or its  
9 influence with a foreign government, or  
10 instrumentality thereof, to affect or  
11 influence any decision of such government  
12 or instrumentality; or to obtain any improper  
13 advantage; and

14 (g). Seventh, the payment was made to assist the  
15 domestic concern in obtaining or retaining  
16 business for or with, or directing business  
17 to, any person.

18 5. Factual Basis and Statement of Facts:

19 The United States and the Defendant stipulate and agree that the following  
20 facts are accurate; that the United States could prove these facts beyond a  
21 reasonable doubt at trial; and that these facts constitute an adequate factual basis  
22 for each of RICHARD JOHN NOVAK's guilty pleas. This statement of facts does  
23 not preclude either party from presenting and arguing, for sentencing purposes,  
24 additional facts which are relevant to the guideline computation or sentencing,  
25 unless otherwise prohibited in this agreement.

26 A. Overview

27 Between in or about the period April 1, 2002, and August 11, 2005,  
28 Defendant RICHARD JOHN NOVAK joined a conspiracy with Dixie Ellen

1 Randock, Steven Karl Randock, Sr. and others to operate several so-called  
2 “diploma mill” universities or Internet-based universities that were falsely  
3 accredited and sold fraudulent degrees. During this period, the diploma mill  
4 universities run by the Randocks and others sold approximately \$2,345,326.24 in  
5 fraudulent academic products to thousands of persons located in the United States  
6 and other locations. Mr. NOVAK admits that he and his co-conspirators effected  
7 their criminal conspiracy by, among other things, bribing foreign government  
8 officials from the Republic of Liberia to falsely accredit the ‘diploma mill’  
9 universities that Dixie Ellen Randock, Steven Karl Randock, Sr. and others  
10 operated.

11 B. The So-Called “Diploma Mill” Universities

12 In the Eastern District of Washington and elsewhere, Mr. NOVAK admits  
13 that he and Dixie Ellen Randock, Steven Karl Randock, Sr., Blake Alan Carlson,  
14 Heidi Kae Lorhan, Amy Leann Hensley, Roberta Lynn Markishtum, Kenneth  
15 Wade Pearson and others devised a scheme and artifice to defraud and to obtain  
16 money and property by means of material false and fraudulent pretenses,  
17 representations and promises and, for the purpose of executing the scheme and  
18 artifice to defraud, used, and caused others to use, the United States Postal  
19 Service, commercial interstate carriers and wire communications in interstate and  
20 foreign commerce.

21 Mr. NOVAK admits that the object of the scheme and artifice to defraud  
22 was to obtain money from persons in the United States and other countries around  
23 the world by selling fraudulent academic diplomas, degrees and records that the  
24 purchasers had not properly earned through actual accredited academic course  
25 work.

26 These diplomas and other alleged academic products were issued by entities  
27 doing business using names that included the following: Saint Regis University,  
28 James Monroe University, and Robertstown University. Mr. NOVAK further



1 admits that each of these entities lacked any proper academic accreditation.  
2 Collectively, these and other similar entities operated by the conspirators shall be  
3 referred to as the diploma mill universities.

4 The diploma mill universities were operated from several locations in the  
5 State of Washington and the United States and foreign countries. Mr. NOVAK  
6 further states that many of the operations for the diploma mill universities were  
7 conducted by Dixie Ellen Randock and Steven Karl Randock, Sr. from Colbert,  
8 Washington, Mead, Washington, and Post Falls, Idaho.

9 The National Board of Education, Inc. was an entity set up by Dixie Ellen  
10 Randock as the parent organization of the so-called diploma mill universities.  
11 Dixie Ellen Randock wanted to use the National Board of Education, Inc. to sell  
12 fraudulent accreditations to other Internet-based diploma mill schools.

13 C. The Use of Fictional and Falsely Credentialed Faculty

14 In or about April 2002, Mr. NOVAK agreed to work for Dixie Ellen  
15 Randock. Shortly thereafter, Mr. NOVAK learned that the academic products  
16 Dixie Ellen Randock and Steven Karl Randock, Sr. were selling through their  
17 diploma mill universities were false and fraudulent. Mr. NOVAK further  
18 understood that persons who purchased these degrees did so to obtain salary raises,  
19 job promotions and other benefits using the fraudulent degrees. Dixie Ellen  
20 Randock said that she started Saint Regis University.

21 Dixie Ellen Randock used several aliases and false identities in connection  
22 with the operation of these diploma mill universities. Those aliases included the  
23 name "Dr. Thomas Carper, Ph.D." At one point during the scheme, Dixie Ellen  
24 Randock told Mr. NOVAK that everyone wanted to talk to "Dr. Thomas Carper"  
25 and they needed to "kill the name."

26 Dixie Ellen Randock also created false credentials for persons associated  
27 with the diploma mill universities. For example, Dixie Ellen Randock falsely  
28 represented Mr. NOVAK's educational credentials in the Saint Regis University



1 brochure and on the Saint Regis University website by indicating that he had a PhD  
2 in International Business and a Doctorate of Education in Educational  
3 Administration and Psychology. When Mr. NOVAK found out that these  
4 representations were being made, he demanded that the false credentials be deleted.

5 D. False Accreditation from the Republic of Liberia

6 In or about May 2002, at the direction of Dixie Ellen Randock, Mr. NOVAK  
7 began traveling from the State of Arizona to Washington, D.C., to obtain  
8 documents from the U.S. State Department and foreign embassies in Washington,  
9 D.C., for Saint Regis University and other diploma mill universities operated by  
10 Dixie Ellen Randock.

11 Sometime later, Dixie Ellen Randock told Mr. NOVAK to try to get  
12 accreditation for Saint Regis University from the Republic of Liberia in Africa  
13 (“Liberia”). In this period, Mr. NOVAK asked Dixie Ellen Randock why Saint  
14 Regis University could not get accreditation in the United States. Dixie Ellen  
15 Randock told Mr. NOVAK, in substance, that for what we do, you cannot get  
16 accredited in the United States. On one of these trips, in 2002, Mr. NOVAK went  
17 to the Liberian Embassy in Washington, D.C., and met with a Liberian official  
18 referred to hereinafter as the “Liberian Consul.”

19 Mr. NOVAK told the Liberian Consul that Saint Regis University was an  
20 Internet-based university. Mr. NOVAK asked the Liberian Consul what he had to  
21 do to get accreditation for Saint Regis University. Mr. NOVAK showed the  
22 Liberian Consul a catalogue that had been prepared by Dixie Ellen Randock. The  
23 Liberian Consul told Mr. NOVAK that he would find out what could be provided  
24 and how much it would cost.

25 The Liberian Consul subsequently informed Mr. NOVAK that if Mr.  
26 NOVAK paid \$4,000 U.S. currency then the Liberian Consul would get him  
27 accreditation documents signed by the Commissioner of Higher Education for the  
28 Republic of Liberia stating that Saint Regis University was accredited in Liberia.

1 Mr. NOVAK negotiated with the Liberian Consul and they ultimately agreed on a  
2 price of approximately \$2,250.

3 E. Bribe Payments to a Liberian Official

4 Mr. NOVAK communicated with Dixie Ellen Randock in detail about Mr.  
5 NOVAK's discussions with the Liberian Consul. Mr. NOVAK informed Dixie  
6 Ellen Randock that the only way to get the Liberian accreditation she wanted for  
7 Saint Regis University was to pay the Liberian Consul. Dixie Ellen Randock  
8 instructed Mr. NOVAK to pay the Liberian Consul and told Mr. NOVAK generally  
9 to do whatever was necessary to obtain accreditation from the Liberian government  
10 official.

11 In or about June 2002, Dixie Ellen Randock authorized Amy Hensley to send  
12 Mr. NOVAK a Western Union wire in the amount of \$2,250 from the State of  
13 Washington to Washington, D.C. Mr. NOVAK received the wired funds and then  
14 gave \$2,000 in cash to the Liberian Consul as a bribe to obtain the accreditation  
15 from Liberia for Saint Regis University. Mr. NOVAK also obtained documents  
16 from the Liberian Embassy for use with degrees sold by Saint Regis University.

17 In or about January 14, 2003, Mr. NOVAK traveled to Washington, D.C.,  
18 and met with Dixie Ellen Randock and Steven Karl Randock, Sr. While in  
19 Washington, D.C., Mr. NOVAK, Dixie Ellen Randock and Steven Karl Randock  
20 agreed to pay another bribe of approximately \$4,000 in cash to the Liberian  
21 Consul. Steven Karl Randock gave Mr. NOVAK \$4,000 in cash. Mr. NOVAK  
22 then paid \$4,000 to the Liberian Consul with the understanding that he would  
23 provide additional accreditation documents to Saint Regis University.

24 The Liberian Consul and other Liberian government officials periodically  
25 issued letters and other documents to third parties, such as academic credential  
26 evaluating agencies that were trying to verify the legitimacy of Saint Regis  
27 University, falsely representing that Saint Regis University was properly accredited  
28 by Liberia.

1 After the bribe payments, Dixie Ellen Randock began to make  
2 representations on the Saint Regis University website that Saint Regis University  
3 was fully accredited by Liberia.

4 In time, the Liberian Embassy received many telephone inquiries regarding  
5 the validity of the accreditation of Saint Regis University. The Liberian Consul  
6 was upset about the volume of telephone inquiries to the Embassy. Mr. NOVAK  
7 states that Dixie Ellen Randock suggested that they offer monthly payments to the  
8 Liberian Consul for this assistance. Dixie Ellen Randock agreed to pay the  
9 Liberian Consul \$400 per month in exchange for Liberian Embassy employees  
10 validating inquiries from the public about the legitimacy of Saint Regis University.  
11 As a result, a series of payments to the Liberian Consul's personal bank account  
12 were made. Between approximately October 2002 and September 2004,  
13 approximately \$19,200 was wired from an account in the State of Washington  
14 controlled by Dixie Ellen Randock and Steven Karl Randock, Sr., to a bank  
15 account in Maryland in the name of the Liberian Consul.

16 F. The Involvement of Other Liberian Officials

17 In or about April, 2003, Mr. NOVAK traveled from the United States to  
18 Liberia at the direction of Dixie Ellen Randock. On this trip to Liberia, Mr.  
19 NOVAK met someone who represented himself as the Executive Director, National  
20 Commission on Higher Education, Republic of Liberia (the "National Commission  
21 Director"). Mr. NOVAK told the National Commission Director that he was there  
22 to obtain accreditation documents for Saint Regis University. The National  
23 Commission Director said that the accreditation documents would cost a certain  
24 amount of money. Mr. NOVAK then negotiated with the National Commission  
25 Director, and they agreed on a reduced amount of money. Mr. NOVAK knew that  
26 the money he would be paying the National Commission Director was a bribe. Mr.  
27 NOVAK discussed the need to make additional bribe payments to the National  
28 Commission Director with Dixie Ellen Randock. Mr. NOVAK subsequently paid

1 the National Commission Director to receive documents of accreditation for Saint  
2 Regis University. Subsequently, Mr. NOVAK received the certificates saying  
3 Saint Regis University was accredited.

4 The Liberian Consul was removed from his employment at the Liberian  
5 Embassy some time prior to August, 2003. In or about August 2003, Mr. NOVAK  
6 and the former Liberian Consul flew from the United States to Ghana. The purpose  
7 of the trip was to give the former Liberian Consul the opportunity to lobby Liberian  
8 government officials, who were meeting in Ghana, to reappoint him to his position  
9 at the Liberian Embassy in Washington, D.C. Dixie Ellen Randock and Steven  
10 Karl Randock, Sr. paid all the expenses for the former Liberian Consul's trip to  
11 Ghana for this purpose, plus approximately \$1,000 in cash. In or about November  
12 2003, the former Liberian Consul was re-instated to serve at the Liberian Embassy  
13 in Washington, D.C.

14 During this trip to Ghana, Dixie Ellen Randock and Steven Karl Randock,  
15 Sr. authorized Mr. NOVAK to pay a third Liberian official at the Liberian Embassy  
16 in Accra, Ghana (the "third Liberian official") cash and other bribes in exchange  
17 for providing positive responses to any inquiries regarding the legitimacy of the  
18 diploma mill universities operated by Dixie Ellen Randock and Steven Karl  
19 Randock, Sr.

20 On another trip to Liberia in October, 2003, at the direction of Dixie Ellen  
21 Randock and Steven Karl Randock, Mr. NOVAK paid bribes to the National  
22 Commission Director to obtain Certificates of Recognition and Accreditation for  
23 two other diploma mill universities, Robertstown University and James Monroe  
24 University, operated by Dixie Ellen Randock and Steven Karl Randock, Sr. The  
25 total cash payments to the National Commission Director for the certificates was  
26 approximately \$15,580.

27 Thereafter, in or about 2004, the Director General of Higher Education for  
28 the Republic of Liberia (the "Director General of Education") issued a disclaimer

1 letter about Saint Regis University stating that it was not recognized by the  
2 Liberian Commission on Higher Education. This letter caused problems for Saint  
3 Regis University. At a meeting in Liberia in or about January 2005, at the request  
4 of Dixie Ellen Randock, Mr. NOVAK offered to pay the Director General of  
5 Education \$400 a month to make sure that there would be no additional problems  
6 regarding the "accreditation" of Saint Regis University, Robertstown University,  
7 and James Monroe University. Mr. NOVAK discussed the need to pay these bribes  
8 with Dixie Ellen Randock, and she and Steven Karl Randock, Sr. arranged to send  
9 the \$400 per month to the Director General of Education by Western Union wire.

10 G. Conclusion

11 Mr. NOVAK admits that this statement of facts does not represent, and is not  
12 intended to represent, an exhaustive recitation of all the facts about which Mr.  
13 NOVAK has knowledge relating to the criminal conspiracy described herein.

14 Mr. NOVAK admits that his actions, as recounted herein, were in all respects  
15 intentional and deliberate, reflecting an intention to do something the law forbids,  
16 and were not in any way the product of any accident or mistake of law or fact.

17 The foregoing statement of facts is a summary of the principal facts that  
18 constitute the legal elements of the offenses to which Mr. NOVAK has agreed to  
19 plead guilty. This summary does not include all of the evidence that the  
20 government would present at trial or all the relevant conduct that would be used to  
21 determine the Defendant's sentence.

22 6. The United States Agrees:

23 a. Dismissals:

24 At the time of sentencing, the United States agrees to move to dismiss  
25 Indictment No. CR-05-180-3-LRS, which was filed against the Defendant on  
26 October 5, 2005, and which charges the Defendant with wire/mail fraud conspiracy  
27 and criminal forfeiture.

28

1           b.     Not to File Additional Charges:

2           The United States Attorney's Office for the Eastern District of Washington  
3 and the Fraud Section, United States Department of Justice, agree not to bring any  
4 additional charges against the Defendant or his wife, Jean Novak, based upon  
5 information in the government's possession at the time of this Plea Agreement and  
6 arising out of their conduct involving illegal activity charged in Indictment No.  
7 CR-05-180-3-LRS and the Superseding Information, unless the Defendant breaches  
8 this Plea Agreement any time before or after sentencing.

9           7.     United States Sentencing Guideline Calculations:

10          The Defendant understands and acknowledges that the United States  
11 Sentencing Guidelines (hereinafter "U.S.S.G.") are applicable to this case and that  
12 the Court will determine the Defendant's applicable sentencing guideline range at  
13 the time of sentencing.

14           a.     Statutory Maximum Prison Term Applies:

15          The Defendant understands that the maximum statutory penalty for  
16 conspiracy to commit mail/wire fraud and to violate the Foreign Corrupt Practices  
17 Act, as charged in Count One of the Superseding Information, is five (5)-years in  
18 prison, and that the maximum statutory penalty for violation of the Foreign Corrupt  
19 Practices Act, as charged in Count Two of the Superseding Information, is five (5)-  
20 years in prison. The penalties for these two counts can be run consecutively.  
21 Therefore, the Defendant understands that his term of imprisonment cannot exceed  
22 ten (10)-years.

23           b.     Base Offense Level:

24          The United States and the Defendant agree that the base offense level for  
25 Conspiracy to Commit Wire/Mail Fraud is six (6). U.S.S.G. §2B1.1(a)(2) (2005  
26 Guidelines). The United States and the Defendant agree that the base offense level  
27 for both the Conspiracy to Violate the Foreign Corrupt Practices Act and the  
28



1 substantive violation of the Foreign Corrupt Practices Act in Count Two is twelve  
2 (12). U.S.S.G. §2C1.1(a)(2).

3 c. Amount of Loss or Bribes:

4 The parties have agreed that Mr. NOVAK should not be held responsible for  
5 the manufacture and sale of fraudulent academic products by Dixie Ellen Randock  
6 and Steven Karl Randock, Sr. which occurred during the period August 4, 1999,  
7 through March 31, 2002, because Mr. NOVAK had not yet joined the conspiracy.  
8 The United States and the Defendant agree and stipulate that he did not join the  
9 wire/mail fraud and Foreign Corrupt Practices Act conspiracy until on or about  
10 April 1, 2002. The United States estimates that during the period April 1, 2002,  
11 through August 11, 2005, the diploma mill businesses operated by Dixie Ellen  
12 Randock and Steven Karl Randock, Sr., sold \$2,345,326.24 in false and fraudulent  
13 academic products.

14 In addition to his own acts, the United States and the Defendant agree and  
15 stipulate that for Sentencing Guidelines purposes the Defendant should be held  
16 accountable for all reasonably foreseeable acts and omissions of others in  
17 furtherance of the jointly undertaken criminal activity that occurred while he was a  
18 member of the conspiracy. The parties do not agree on the scope of the criminal  
19 activity jointly undertaken by the Defendant. The United States contends that all of  
20 the wire/mail fraud loss amount of \$2.3 million was within the scope of the  
21 Defendant's agreement. Therefore, including relevant conduct, the United States  
22 contends that the base offense level for the wire/mail fraud conspiracy should be  
23 increased by an additional sixteen (16) levels, to twenty-two (22), because the  
24 wire/mail fraud loss is more than \$1,000,000, but less than \$2,500,000. U.S.S.G.  
25 §2B1.1(b)(1)(I), (J) and U.S.S.G. §1B1.3. The Defendant contends that the loss  
26 amount is less than \$1 million because the scope of his agreement related solely to  
27 obtaining documents in Washington, D.C., and to paying Liberian officials and did  
28



1 not involve issuing false and fraudulent academic products. He reserves the right  
2 to argue his position at sentencing.

3 The United States and the Defendant further agree and stipulate that the base  
4 offense level for the conspiracy to violate the Foreign Corrupt Practices Act should  
5 be increased an additional two (2) levels, to fourteen (14), because the offense  
6 involved more than one bribe payment to a Liberian government official. U.S.S.G.  
7 §2C1.1(b)(1). The United States and the Defendant further agree and stipulate that  
8 the Defendant conspired to make bribe payments to Liberian government officials  
9 in an amount which exceeds \$30,000, but is less than \$70,000. Therefore, his base  
10 offense level for the conspiracy to violate the Foreign Corrupt Practices Act is  
11 increased by an additional six (6) levels, to twenty (20). U.S.S.G. §§2C1.1(b)(2),  
12 2B1.1(b)(1)(D).

13 d. Number of Victims:

14 The United States and the Defendant also agree and stipulate that the base  
15 offense level for the wire/mail fraud conspiracy is increased by an additional six (6)  
16 levels, to twenty-eight (28), because the conspiracy to commit wire/mail fraud  
17 involved a scheme to defraud 250 or more victims. U.S.S.G. §2B1.1(b)(2)(C).

18 e. Misrepresentation Regarding Educational Organization:

19 The United States and the Defendant further agree and stipulate that the base  
20 offense level for the wire/mail fraud conspiracy is increased by an additional two  
21 (2) levels, to thirty (30), because the conspiracy to commit wire/mail fraud  
22 involved a misrepresentation that the Defendant was acting on behalf of an  
23 educational organization. U.S.S.G. §2B1.1(b)(8)(A).

24 f. Mitigating Role :

25 The Defendant reserves the right to seek a mitigating role downward  
26 adjustment pursuant to U.S.S.G. §3B1.2. The United States reserves the right to  
27 oppose the Defendant's request.

28

1 g. Acceptance of Responsibility:

2 If the Defendant pleads guilty and demonstrates a recognition and an  
3 affirmative acceptance of personal responsibility for the criminal conduct; provides  
4 complete and accurate information regarding the circumstances of his offenses and  
5 his present financial condition to the United States and the Probation Office during  
6 the sentencing process; does not commit any obstructive conduct; accepts this Plea  
7 Agreement; and enters pleas of guilty no later than March 20, 2006; the United  
8 States will move for a three (3)-level downward adjustment in the offense level for  
9 the Defendant's timely acceptance of responsibility, pursuant to U.S.S.G. §3E1.1(a)  
10 and (b).

11 The Defendant and the United States agree that the United States may at its  
12 option and upon written notice to the Defendant, not recommend a three (3)-level  
13 downward reduction for acceptance of responsibility if, prior to the imposition of  
14 sentence, the Defendant is charged or convicted of any criminal offense whatsoever  
15 or if the Defendant tests positive for any controlled substance.

16 Furthermore, the Defendant agrees to pay the aggregate \$200 mandatory  
17 special penalty assessment to the Clerk of Court for the Eastern District of  
18 Washington, at or before sentencing, and shall provide a receipt from the Clerk to  
19 the United States before sentencing as proof of this payment, as a condition to this  
20 recommendation by the United States.

21 h. Criminal History:

22 The United States and the Defendant believe that the Defendant does not  
23 have any prior criminal history. However, the parties understand that the  
24 Defendant's criminal history computation is tentative and that ultimately the  
25 Defendant's criminal history category will be determined by the Court after review  
26 of the Presentence Investigation Report. The United States and the Defendant have  
27 made no agreement and make no representations as to the criminal history  
28

1 category, which shall be determined after the Presentence Investigation Report is  
2 completed.

3 i. Final Offense Level:

4 The United States contends that the Final Offense Level for conspiracy to  
5 commit wire/mail fraud is twenty-seven (27), unless the United States files a  
6 motion under U.S.S.G. §5K1.1 or the Defendant seeks and the Court determines  
7 that a minor participant or some other downward adjustment/departure is  
8 applicable. The parties agree and stipulate that the Final Offense Level for  
9 conspiracy to violate the Foreign Corrupt Practices Act is seventeen (17), unless  
10 the United States files a motion under U.S.S.G. §5K1.1 or the Defendant seeks and  
11 the Court determines that some other downward adjustment/departure is applicable.  
12 The parties further agree and stipulate that the Defendant's payment of bribes to  
13 Liberian government officials was committed for the purpose of facilitating the  
14 commission of another criminal offense, specifically, conspiracy to commit  
15 wire/mail fraud and that the cross reference in the guideline requires the Court to  
16 apply the guideline applicable to the conspiracy to commit wire/mail fraud if the  
17 resulting offense level is higher. U.S.S.G. §2C1.1(c)(1). Assuming that the Court  
18 ultimately determines that the resulting offense level for conspiracy to commit  
19 wire/mail fraud is greater than the resulting offense level for the conspiracy to  
20 violate the Foreign Corrupt Practices Act, the parties further agree and stipulate  
21 that the offense guideline for the conspiracy to commit wire/mail fraud should be  
22 applied. U.S.S.G. §2C1.1(c)(1).

23 8. Departures:

24 The Defendant reserves the right to seek one or more downward departures  
25 at the time of sentencing. The United States reserves the right to oppose the  
26 Defendant's request for any downward departure. The United States will not seek  
27 any upward departure from the applicable sentencing guidelines range.

28

1           9.    Substantial Assistance:

2           The United States agrees to furnish the Defendant an opportunity to provide  
3 "substantial assistance," that is, information and assistance in the investigation and  
4 prosecution of other persons. The Defendant agrees to meet with federal and state  
5 law enforcement agents in an attempt to assist them in obtaining information that  
6 would form the basis of a motion for a downward departure to be filed pursuant to  
7 U.S.S.G. §5K1.1. The Defendant understands that whether any such information  
8 amounts to substantial assistance is a determination left to the United States.

9           A.    The Defendant understands and agrees to participate in full  
10 debriefings by federal and state investigative agencies about the Defendant's  
11 knowledge of illegal conduct, at times and places to be decided by these agencies.  
12 The Defendant agrees to provide complete, accurate, and truthful information  
13 during the debriefings. Such debriefings may involve the use of a polygraph, if  
14 requested by the agencies. It is understood that the Defendant may have an  
15 attorney present at the debriefings. The Defendant also agrees to participate in any  
16 future court proceeding involving any named or unnamed coconspirators and any  
17 other persons involved in criminal activity, by testifying completely and truthfully.  
18 Such court proceedings include grand jury proceedings, pre-trial hearings, trials,  
19 and sentencing hearings.

20           B.    The Defendant agrees that the United States may, at its option  
21 and upon written notice to the Defendant, withdraw from this Plea Agreement or  
22 modify its recommendation for sentence if the Defendant fails to provide truthful,  
23 complete and honest information during debriefings, testimony before the grand  
24 jury, or any court proceedings, or if the Defendant fails a polygraph examination.  
25 The determination whether the Defendant has failed a polygraph examination shall  
26 be made by the Court.

27           C.    The Defendant understands this agreement does not protect him  
28 from prosecution for perjury, obstruction of justice, or any other offense should the

1 Defendant commit any crime during the Defendant's cooperation under this  
2 agreement.

3 D. The Defendant understands further that if the United States  
4 determines that the Defendant has provided "substantial assistance" and a motion is  
5 made, the Court will be free to impose any sentence, even one below the applicable  
6 Guidelines sentencing range. If a "substantial assistance" motion is filed, both the  
7 United States and the Defendant will be free to make a specific recommendation  
8 with respect to any reduction of sentence. It is understood that the United States  
9 will inform the sentencing judge about the timing and extent of the Defendant's  
10 cooperation.

11 E. The Defendant understands that, if the United States files a  
12 motion indicating the Defendant has provided "substantial assistance," the  
13 appropriate reduction shall be determined by the Court for reasons including  
14 consideration of the following: (1) the Court's evaluation of the significance and  
15 usefulness of the Defendant's assistance, taking into consideration the United  
16 States' evaluation of the assistance rendered; (2) the truthfulness, completeness,  
17 and reliability of any information or testimony provided by the Defendant; (3) the  
18 nature and extent of the Defendant's assistance; (4) any injury suffered, or any  
19 danger or risk of injury to the Defendant or the Defendant's family resulting from  
20 the Defendant's assistance; and (5) the timeliness of the Defendant's assistance.  
21 See U.S.S.G. §5K1.1(a)(1)-(5).

22 10. Delay Sentencing, If Necessary, To Complete Substantial Assistance:

23 The United States and the Defendant stipulate and agree to move the Court  
24 jointly, if necessary, to continue the imposition of judgment and sentence on Mr.  
25 NOVAK so that he may complete his substantial assistance to law enforcement  
26 authorities and so that the United States may present the Court with appropriate  
27 information about the nature, quality, and value of Mr. NOVAK's cooperation.  
28 The parties understand that the Court will determine, in the exercise of its

1 discretion, whether or not to grant any motion for a continuance of the sentencing  
2 hearing.

3 11. Incarceration:

4 The United States agrees to recommend that the Court impose a sentence at  
5 the low end of the applicable sentencing guideline range, absent a motion by the  
6 United States for a downward departure pursuant to U.S.S.G. §5K1.1 and/or the  
7 Court granting any downward adjustments or departures.

8 12. Criminal Fine:

9 The United States and the Defendant are free to make whatever  
10 recommendation concerning the imposition of a criminal fine that they believe is  
11 appropriate.

12 13. Supervised Release:

13 The United States and the Defendant agree to recommend that the Court  
14 impose a three (3)-year term of supervised release to include the following special  
15 conditions, in addition to the standard conditions of supervised release:

16 i. that the Defendant's person, residence, office, vehicle, and  
17 belongings are subject to search at the direction of the Probation Officer;

18 ii. that the Defendant provide financial information, provide  
19 copies of Federal income tax returns and allow credit checks, at the direction of the  
20 Probation Officer;

21 iii. that the Defendant shall disclose all assets and liabilities to the  
22 Probation Officer and shall not transfer, sell, give away, or otherwise convey or  
23 secret any asset, without the advance approval of the Probation Officer;

24 iv. that the Defendant be prohibited from incurring any new debt,  
25 opening new lines of credit, or enter any financial contracts or obligations without  
26 the prior approval of the Probation Officer; and

27 v. that the Defendant be prohibited from working in the educational  
28 field.

1 14. Restitution:

2 The amount of restitution has not been determined at this time. However,  
3 the United States and the Defendant hereby stipulate and agree that, pursuant to 18  
4 U.S.C. §§ 3663, 3663A and 3664, the Court should order restitution to any victims  
5 identified by the Court and in an amount to be determined by the Court. The  
6 Defendant further understands that the amount of restitution determined by the  
7 Court could be as high as \$2,345,326.24, which should be imposed jointly and  
8 severally with co-defendants.

9 15. Mandatory Special Penalty Assessment:

10 The Defendant agrees to pay the aggregate \$200 mandatory special  
11 assessment to the Clerk of Court for the Eastern District of Washington, at or  
12 before sentencing, pursuant to 18 U.S.C. § 3013, and shall provide a receipt from  
13 the Clerk to the United States before sentencing as proof of this payment.

14 16. Payments While Incarcerated:

15 If the Defendant lacks the financial resources to pay the monetary  
16 obligations imposed by the Court, the Defendant agrees to earn the money to pay  
17 toward these obligations by participating in the Bureau of Prisons' Inmate  
18 Financial Responsibility Program.

19 17. Additional Violations of Law Can Void Plea Agreement:

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

25 18. Conditional Waiver of Appeal Rights:

26 The Defendant agrees to waive the right to appeal the sentence if the Court  
27 imposes a prison term of no longer than 60 months, imposes a term of supervised  
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1 release of no longer than three (3) years, and orders the Defendant to pay restitution  
2 in an amount not to exceed \$2,345,326.24.

3 19. Integration Clause:

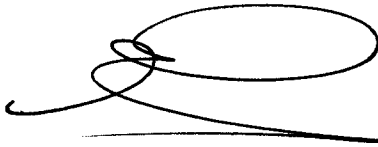
4 The United States and the Defendant acknowledge that this document  
5 constitutes the entire Plea Agreement between the United States and the Defendant,  
6 and no other promises, agreements, or conditions exist between the United States  
7 and the Defendant concerning the resolution of the case. This Plea Agreement is  
8 binding only upon the United States Attorney's Office for the Eastern District of  
9 Washington and the Fraud Section, U.S. Department of Justice, and cannot bind  
10 other federal, state or local authorities. The United States and the Defendant agree  
11 that this agreement cannot be modified except in a writing that is signed by the  
12 United States and the Defendant.

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Approvals and Signatures

Agreed and submitted on behalf of the United States Attorney's Office for the Eastern District of Washington and the Fraud Section, U.S. Department of Justice.

James A. McDevitt  
United States Attorney



3/20/06  
Date

George J.C. Jacobs, III  
Assistant U.S. Attorney

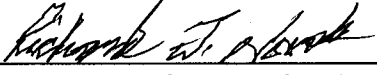
Paul E. Pelletier  
Acting Chief, Fraud Section  
U.S. Department of Justice

Mark F. Mendelsohn  
Deputy Chief, Fraud Section  
U.S. Department of Justice

Adam Reeves  
Trial Attorney, Fraud Section

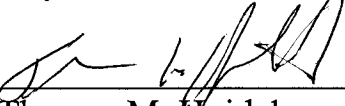
I have read this Plea Agreement and have carefully reviewed and discussed every part of the agreement with my attorney. I understand and voluntarily enter into this Plea Agreement. Furthermore, I have consulted with my attorney about my rights, I understand those rights, and I am satisfied with the representation of

1 my attorney in this case. No other promises or inducements have been made to me,  
2 other than those contained in this Plea Agreement, and no one has threatened or  
3 forced me in any way to enter into this Plea Agreement. I am agreeing to plead  
4 guilty because I am guilty.

5  
6   
7 RICHARD JOHN NOVAK  
8 Defendant

3-20-06  
Date

9 I have read the Plea Agreement and have discussed the contents of the  
10 agreement with my client. The Plea Agreement accurately and completely sets  
11 forth the entirety of the agreement between the parties. I concur in my client's  
12 decision to plead guilty as set forth in the Plea Agreement. There is no legal reason  
13 why the Court should not accept the Defendant's pleas of guilty.

14   
15 Thomas M. Hoidal  
16 Attorney for the Defendant

3/20/06  
Date

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