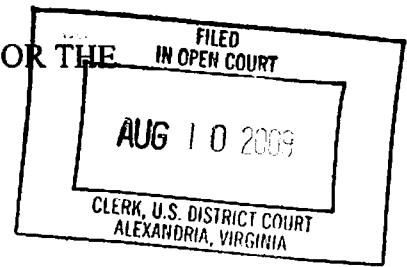


IN THE UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF VIRGINIA

Alexandria Division



UNITED STATES OF AMERICA)

v.)

MICHAEL H. REID,)

Defendant.)

CRIMINAL NO. 1:09cr320

STATEMENT OF FACTS

Had this matter gone to trial, the United States would have proven the following facts beyond a reasonable doubt through witnesses, testimony, and other competent and admissible evidence.

1. From in or about May 1998 to in or about September 2005, within the Eastern District of Virginia, the defendant, Michael H. Reid, knowingly and unlawfully did conspire, combine, confederate and agree with others known and unknown to commit wire fraud, in violation of Title 18, United States Code, Section 1343.

2. The defendant, Michael H. Reid, was an associate of K.L.P., an individual employed as a financial analyst by the U.S. Patent and Trademark Office (hereinafter referred to as "PTO") from 1990 to 2005. K.L.P.'s duties included the administration of the PTO Deposit Account, an account maintained by PTO to which its customers deposited funds which could be drawn upon to pay expenses incurred in processing applications for patents and trademarks. PTO customers could request refunds of amounts remaining in the deposit account after concluding business. K.L.P. processed refund requests.

3. The defendant and K.L.P. developed a scheme to transfer funds from the Deposit Account to themselves for their personal benefit. K.L.P. identified funds in dormant deposit accounts for PTO customers who the PTO had been unsuccessful in contacting. K.L.P. accessed the refund accounting system and altered the name on the dormant account to the name of a company operated by the defendant, Michael H. Reid. K.L.P. processed refund requests in the name of Reid's company and caused funds to be transferred from the Deposit Account via check or wire transfer to Reid's company. The defendant, Michael H. Reid, obtained the funds and paid a portion of them to K.L.P. in cash.

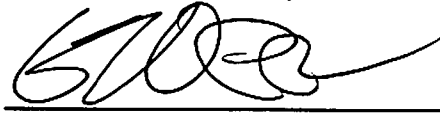
4. The defendant and K.L.P. conducted the following transfers, among others:
- a. On November 15, 2004, K.L.P. processed a fraudulent refund request from her PTO office located in the Eastern District of Virginia and caused \$19,000 to be wired to an account in the name Redeemed Music House, LLC, Fort Washington, Maryland, held by the defendant at M&T Bank.
 - b. On December 14, 2004, K.L.P. processed a fraudulent refund request from her PTO office located in the Eastern District of Virginia and caused a U.S. Treasury check for \$6,860 in the name of Redeemed Music House, LLC to be mailed to an address in Washington, DC. The defendant endorsed the check and deposited it to the Redeemed Music House bank account on December 28, 2004.
 - c. On February 3, 2005, K.L.P. processed a fraudulent refund request from her PTO office located in the Eastern District of Virginia and caused \$16,253 to be wired to an account in the name Redeemed Music House, LLC, Fort Washington, Maryland, held by the defendant at M&T Bank.

- d. On or about September 9, 2005, K.L.P. processed a fraudulent refund request from her PTO office located in the Eastern District of Virginia and caused \$24,019 to be wired to an account in the name Redeemed Music House, LLC, Fort Washington, Maryland, held by the defendant at M&T Bank.
5. The defendant also received funds from the PTO deposit account made out to companies named HRM Consultants and Second Generation Limited.
6. K.L.P. engaged in 32 fraudulent transfers, 27 in which the defendant received funds. The total amount of the 32 transactions was \$534,338.55. The total amount for the 27 transactions involving the defendant was \$451,252.17.
7. On or about September 18, 2008, the PTO contacted Michael H. Reid for repayment of one of the refunds issued to him. Reid paid back the fraudulently obtained refund in three installments of \$2,287, \$2,287 and \$2,286.
8. The defendant was interviewed by agents with the PTO on May 12, 2009. The defendant admitted that K.L.P. directed PTO money to him and the he returned most of it to her in cash. The defendant stated that he gave funds to K.L.P. in amounts under \$10,000 because he wanted to avoid the filing of bank reports. The defendant stated that he knew the money did not belong to K.L.P.
9. The actions of defendant Michael H. Reid, as outlined in this statement of facts, were committed knowingly, intentionally, and unlawfully and not by accident or mistake.
10. This statement of facts does not include each and every fact known to the defendant and to the United States concerning the defendant's and others' involvement in the charge set forth in the plea agreement.

Respectfully submitted,

Dana J. Boente
United States Attorney

By:



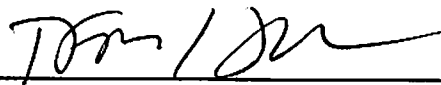
Edmund P. Power
Assistant United States Attorney

After consulting with my attorney and pursuant to the plea agreement entered into this day between the defendant, Michael Reid, and the United States, I hereby stipulate that the above Statement of Facts is true and accurate, and that had the matter proceeded to trial, the United States would have proved the same beyond a reasonable doubt.



Michael Reid
Defendant

I am Michael Reid's attorney. I have carefully reviewed the above Statement of Facts with him. To my knowledge, his decision to stipulate to these facts is an informed and voluntary one.



Timothy Maloney
Attorney for Michael Reid