

DMD/JSB

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Eastern District of NC

UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF NORTH CAROLINA
WESTERN DIVISION

NO. 5:10-CR-21-180(3)

UNITED STATES OF AMERICA)
)
 v.) INDICTMENT
)
 CHARLES RUFFIN POOLE)

The Grand Jury charges that:

INTRODUCTION

I. Charles Ruffin Poole's rapid rise from recent law graduate to the "go to guy" in the Governor's Office.

1. Charles Ruffin Poole ("Poole") graduated from the University of North Carolina at Chapel Hill in 1994. From January, 1995, through August, 1995, Poole worked for a lobbyist in Raleigh, North Carolina. In August of 1995, Poole began attending law school at North Carolina Central University School of Law, where he received his law degree in May of 1998. On November 2, 1998, Poole began work as an attorney in the North Carolina Attorney General's Office. During his second year in the Attorney General's Office, Poole served as an assistant attorney general representing the Attorney General's Office in legislative matters before the North Carolina General Assembly.

2. Soon after Poole began working in the Attorney General's Office, the sitting Attorney General declared his candidacy for Governor in the 2000 election. In mid-1999, and mid-2000, Poole contributed to the gubernatorial campaign of the sitting Attorney

General. Later that year, Poole was listed as a sponsor on the invitation for a campaign rally being held for the sitting Attorney General at a Raleigh restaurant on October 18, 2000.

3. On November 7, 2000, the sitting Attorney General was elected Governor of North Carolina. On January 8, 2001, Poole, at the age of 28 with a little over two years of experience as an attorney, was asked to serve as Deputy Press Secretary to the newly elected Governor. Poole's annual salary from the State of North Carolina was increased from \$39,583 to \$43,541 as a result of this job change. Within one month, Poole's job title in the Governor's Office was changed from Deputy Press Secretary to Personal Assistant to the Governor and his annual salary was further increased from \$43,541 to \$52,100.

4. In addition to his state salary, Poole also received a significant amount of income in the form of interest earned on approximately \$450,000 in proceeds that he had received as a result of his family's sale of the Vernon Park Mall in Kinston, North Carolina ("Kinston Mall").¹ These sales proceeds were accumulated over the years as an account payable owed to Poole by the family business, W. Roy Poole Inc. ("Poole Construction").

¹For example, in 2000, Poole received approximately \$36,725.82 from his job at the Attorney General's Office and \$41,890 in interest payments on monetary gifts he had received from his grandfather. Likewise, in 2001, Poole received approximately \$51,517.56 from his job as Special Counsel to the Governor and \$66,493 in interest payments on such funds.

5. Within the Governor's Office, Poole became the person with whom political supporters were required to communicate in order for to make requests for assistance from the Governor. Poole's success in securing this role is shown from the following instruction that the Governor provided to a Wilmington venture capitalist and political supporter of the Governor's campaign ("Wilmington Financier") regarding how to obtain assistance from the Governor's Office: "if you need something, talk to Ruffin [Poole]." Due to the Governor's reliance on Poole to assist political supporters, the Wilmington Financier and other political supporters referred to Poole as the "Little Governor."

6. In this role, Poole became familiar with various political supporters who needed assistance with matters pending before various state agencies. In handling their requests for assistance, Poole became the main contact between the Governor's Office and a number of executive branch agencies, such as the North Carolina Department of Environment and Natural Resources ("DENR"), the North Carolina Department of Transportation ("NC-DOT"), the Public Utilities Commission, the Banking Commission, and the Department of Health and Human Services. By the end of his eight-year tenure in the Governor's Office, Poole was able to represent to a prospective employer that he had "one of the best Rolodex [sic] in North Carolina" and that he had "[e]xtensive contacts

through an assortment of governmental bodies: licensing and regulatory boards."

7. As Poole became personally acquainted with the Governor's political supporters, he also began assisting them in obtaining state board and commission appointments for themselves and their friends and family. In summarizing his impact on the appointment process within the Governor's Office during his eight-year tenure, Poole described his position as follows:

Poole managed the operations of the Office of Boards and Commissions appointing hundreds if not thousands of citizens to state boards and commissions. He had constant communication with Executive Directors, Staff, Staff Attorneys and gubernatorial appointed board members to various license and regulatory boards.

8. In addition to assisting the Governor's political supporters with matters before state agencies and with requests for gubernatorial appointments, Poole also became personally acquainted with a number of the political supporters. Although Poole socialized with a large number of such appointees, as noted infra, his relationship with D. McQueen Campbell, III ("McQueen Campbell"), the Wilmington Financier, and a Wilmington attorney became particularly close.

9. In late 1999, McQueen Campbell was asked to join the Governor's staff of campaign advisors. In addition to raising campaign funds, Campbell, a pilot, also provided free plane travel to the Governor. Following the Governor's election, Campbell

received a letter asking if he was interested in serving on any boards. Campbell, a 1993 graduate of North Carolina State University, sought an appointment to the Board of Trustees for his alma mater. On May 29, 2001, the Governor issued a press release announcing the appointment of Campbell, age 30, to a four-year term as a member of the Board of Trustees.²

10. The Wilmington Financier initially backed the Governor's opponent in the 2000 Democratic primary. Following the Governor's primary victory, he approached the Wilmington Financier about providing financial support for his general election campaign. The Wilmington Financier made the maximum legal campaign contribution to the Governor and also raised funds from others.

11. Following the Governor's victory in the general election, the Wilmington Financier sought an appointment to the North Carolina Board of Transportation. On February 14, 2001, the Governor issued a press release announcing the appointment of the Wilmington Financier to the North Carolina Board of Transportation for Division 3 (Brunswick, Duplin, New Hanover, Onslow, Pender, and Sampson counties). On February 15, 2001, the Governor issued a followup press release noting that the Wilmington Financier would no longer actively develop property and would suspend such action while serving on the Board of Transportation. The Wilmington

²By letter dated March 15, 2001, the Governor appointed Campbell's father to the North Carolina Board of Transportation.

Financier's first term on the Board of Transportation ran through January 15, 2005.

12. As the Wilmington Financier became more personally involved with Poole, he was able to utilize this relationship with Poole to obtain the appointment of friends and family to various boards and commissions. Poole was in a position to have an impact on the processing of the Governor's appointment decisions through the Governor's Office of Boards and Commissions.

13. In 2004, a Wilmington attorney sought appointment to the North Carolina Alcoholic Beverage Control Commission. The Wilmington attorney had made the maximum legal campaign contributions to the Governor in the 2000 campaign and also helped hold fundraisers on behalf of the Governor. In February of 2004, the Governor appointed him as Chairman of the Alcoholic Beverage Control Board ("NC-ABC Chairman"). Due to difficulties getting direct access to the Governor, most orders from the Governor's Office to the NC-ABC Chairman came through Poole. Due to his position as Chairman of the NC-ABC, the NC-ABC Chairman had access to free tickets to music events at the Walnut Creek Pavilion, in Raleigh. Poole would contact the NC-ABC Chairman to order free tickets and the NC-ABC Chairman would provide him with such tickets if possible. The NC-ABC Chairman made every effort to make Poole happy because he viewed Poole as his access to the Governor.

II. Poole's financial disclosure obligations during his tenure in the Governor's Office.

14. On January 9, 2001, the Governor signed Executive Order No. One ("Executive Order One") imposing certain ethical obligations on certain public officials, including "[a]ll employees in the Office of the Governor."³ Executive Order One at § 3(a). The preamble to Executive Order One states that the "people of North Carolina entrust public power to elected and appointed officials for the purpose of furthering the public, not private or personal, interest" and that public officials have a "commitment to fidelity to the public interest and such power cannot be used to advance narrow interest for oneself, other persons, or groups." Executive Order One at Preamble.

15. Executive Order One created the North Carolina Board of Ethics (which was authorized to impose rules of conduct on covered public officials) and required public officials making in excess of \$40,000 per year to file a Statement of Economic Interest with the Ethics Board. Executive Order One at §§ 2, 5, 7, and 9. Poole was subject to Executive Order One, and its successor orders, during 2001-06 time frame and then subject to the Ethics Act for 2007-09.

³Executive Order One was renewed on June 16, 2003, by Executive Order Number 51, and again on June 16, 2005, by Executive Order Number 76. In 2006, North Carolina passed the State Government Ethics Act ("Ethics Act"), which became effective January 1, 2007. As a result of the Ethics Act, the North Carolina State Ethics Commission was formed. Under the new Ethics Act, employees in the Governor's Office were still required to file a Statement of Economic Interest.

Section 7 of Executive Order One states that a public official must avoid both conflicts of interest and the appearance of a conflict. In addition to listing sources of income and gifts, the Statement of Economic Interest requires each public official to list any potential conflicts.

16. On or about February 27, 2001, Poole filed his first Statement of Economic Interest. In response to Question 11, which required a list of sources of income, Poole listed his state salary and notes receivable from Poole Construction, Charles Woodard, Walter Poole Realty, Inc., and Grace Baptist Church. The notes receivable listed by Poole in 2001 related, in large part, to his portion of the proceeds from the sale of Kinston Mall.

17. Poole's grandfather incorporated Poole Construction on January 1, 1956, and developed it into a lucrative construction company.⁴ One project owned by Poole Construction was the Kinston Mall. As a grandchild, Poole was provided an ownership interest in the Kinston Mall. When his grandfather sold the Kinston Mall, Poole received approximately \$450,000 from the proceeds of such sale. These proceeds were held in Poole's name at Poole Construction. By December of 1999, the funds held by Ruffin Poole at Poole Construction equaled \$547,377.86. Because Poole Construction utilized Ruffin Poole's funds to cover business

⁴In recent decades a number of sister corporations have been formed to own and manage properties. One such company, named Walter Roy Poole Realty, Inc., is run by Poole's father.

expenses, Poole was paid interest on such funds equal to a rate charged by local banks. On a number of occasions, Poole Construction made loans to outside parties and sold the loans to Poole. Interest income received by Poole on these loans was treated as income received directly by Poole.

18. For example, in 2000-01, some of Poole's funds at Poole Construction were used to loan money to Grace Baptist Church and Walter Poole Realty, Inc.

19. On or about February 13, 2002, Poole filed his Statement of Economic Interest for 2001. In response to Question 11, which required a list of sources of income, Poole listed his state salary and notes receivable from Poole Construction, Charles Woodard, David Fiore, Grace Baptist Church, and Walter Poole Realty, Inc.

20. On or about January 22, 2003, Poole filed his Statement of Economic Interest covering 2002. In response to Question 11, which required a list of sources of income, Poole listed his state salary and notes receivable from Poole Construction, Charles Woodard, and St. Peter's Church.

III. Poole begins assisting the
Wilmington Financier with permits
needed for real estate developments.

21. In 2002, the Wilmington Financier joined a group of venture capitalists who were lending the capital necessary for the development of a subdivision in Brunswick County named Oyster Harbour. Oyster Harbour was intended to be a high-end coastal

community with planned amenities, including a waterway park. It was being developed by a developer based in Charlotte, North Carolina ("Oyster Harbour Developer"). The Oyster Harbour Developer had expertise in locating property to be developed into high-end subdivisions, obtaining the financing necessary to purchase and pre-develop the property (infrastructure and some amenities), obtaining the various permits necessary for the development of such projects (often with the assistance of his brother who had an expertise in this area), and then marketing and selling the vacant lots within the subdivision.

22. Due to sophisticated marketing of such lots, the Oyster Harbour Developer was typically able to fully sell all of the lots within a short period of time. As a general rule, the Oyster Harbour Developer followed a business model which sought out investments that would result in a gross return equal four times the cost of financing the project. This four hundred percent return on investment was then utilized in the following manner: (i) 25% used in repaying the financing of the project; (ii) 25% to market the project; (iii) 25% to construct the necessary infrastructure and amenities; and (iv) 25% profit. Following this model, the Oyster Harbour Developer had been successful in paying off his lenders and recouping all of his investment, plus a significant profit, within short period of time following acquisition of the land.

23. Rather than use traditional bank financing for his real estate developments, the Oyster Harbour Developer preferred to use venture capital financing. Under this arrangement, the Oyster Harbour Developer typically entered a loan agreement with private lenders and guaranteed a large return on investment (e.g. 25-30%) within a year or less to such lenders.⁵

24. In order to develop a subdivision in coastal North Carolina, a real estate developer must obtain a number of permits and approvals through DENR. DENR is headed by a Secretary who is appointed by the Governor. N.C. Gen. Stat. § 143B-9. DENR is statutorily empowered to, among other things, "provide for the protection of the environment and public health through the regulation of solid waste and hazardous waste management . . ."⁶ N.C. Gen. Stat. § 143B-279.2.

25. With regard to coastal developments, the Coastal Area Management Act ("CAMA") was passed establishing within DENR a 15

⁵The Oyster Harbour Developer would typically agree to provide the venture capitalists with a portion of the proceeds from the closing of each pre-sold lot in the subdivision. Although the loan terms would require full payment within a year, the venture capitalists would typically be paid back more quickly.

⁶ DENR describes its mission as follows:

[DENR] is the lead stewardship agency for the preservation and protection of North Carolina's outstanding natural resources. The organization, which has offices from the mountains to the coast, administers regulatory programs designed to protect air quality, water quality, and the public's health.

person commission to be designated the Coastal Resources Commission ("CRC"). N.C. Gen. Stat. §§ 113A-104(a) and (b). The statute authorized the Governor to appoint the CRC commissioners. N.C. Gen. Stat. §§ 113A-104(a) and (b). N.C. Gen. Stat. §§ 113A-104(a) and (b). CAMA was passed due to a legislative finding that "among North Carolina's most valuable resources are its coastal lands and waters." N.C. Gen. Stat. § 113A-102(a). One of CAMA's central goals was "[t]o insure that the development or preservation of the land and water resources of the coastal area proceeds in a manner consistent with the capability of the land and water for development, use, or preservation based on ecological considerations." N.C. Gen. Stat. § 113A-102(b)(2).

26. CAMA authorized the creation of the CRC to enact rules and regulations governing coastal real estate developments. The Coastal Management Division of DENR enforces such regulations.⁷ The Secretary of DENR is authorized to appoint deputy secretaries. N.C. Gen. Stat. § 143B-279.4. DENR is then divided in various Divisions pertaining to certain environment and natural resource issues, including the Coastal Management Division, Water Resources Division, and Marine Fisheries Division. N.C. Gen. Stat. § 143B-279.3. The Secretary of DENR, along with the entire leadership of

⁷Because the legislative act was named the Coastal Area Management Act, commissioners and the permit required as a result of the regulations in this area are often referred to as "CAMA Commissioners" and the "CAMA Permit," respectively.

the agency, serve at the pleasure of the Governor. N.C. Gen. Stat. § 143B-9.

27. As shown from the following table, both DENR and the government of the State of North Carolina received a significant amount of funds from Federal programs during the period from July 1, 2003, through June 30, 2009:

<u>Fiscal Year^a</u>	<u>Amount of Federal Funds Received by State</u>	<u>Amount of Federal Funds Received by DENR</u>
2004	\$13,349,894,625	\$131,589,707
2005	\$13,700,471,475	\$127,667,112
2006	\$13,777,711,079	\$142,572,586
2007	\$14,257,221,432	\$142,787,571
2008	\$15,028,044,707	\$131,789,936

28. As part of the Oyster Harbour subdivision, the Oyster Harbour Developer planned to construct a waterway park on the Atlantic Intracoastal Waterway which would provide amenities to the residents of the subdivision. In order to build the waterway park, the Oyster Harbour Developer was required to obtain approvals of a number of Divisions within DENR and the United States Department of Army, Corps of Engineers ("The Corps"). The Wilmington Financier requested Poole to make inquiries regarding the status of the Oyster Harbour permits. As noted infra, during the Governor's

^aState budgets are made on the basis of a fiscal year beginning on July 1st and ending on the following June 30th. For instance, "fiscal year 2004" refers to the period from July 1, 2003, through June 30, 2004.

eight-year tenure, Poole became the person within the Governor's Office who made contact with DENR regarding permits. Because the Governor was the ultimate authority over DENR, DENR employees made a point of quickly responding to inquiries by Poole.

29. On September 30, 2002, the Director of the Division of Coastal Management ("Coastal Management") sent an e-mail communication to the Assistant Secretary of DENR and Poole providing a status summary of the Oyster Harbour permit application. On October 25, 2002, the Division of Water Quality ("Water Quality") sent a letter⁹ informing the Oyster Harbour Developer that the Oyster Harbour application was being put on hold due to concerns over the length of the proposed boat ramp. On October 31, 2002, Coastal Management sent a letter to the Oyster Harbour Developer noting that Coastal Management would put the CAMA permit on hold pending resolution of Water Quality's objection.¹⁰ Late in the day on November 4, 2002, the Director of Coastal Management provided an e-mail update to Poole stating that Coastal Management had put the Oyster Harbour project on hold because another agency had sent a letter to the developer expressing concerns about the project. Poole responded as follows: "Which

⁹The letterhead for Water Quality lists the Governor in the upper right corner and is followed by the DENR Secretary and the Director of Water Quality.

¹⁰The letterhead for Coastal Management contained the names of the Governor, the DENR Secretary, and the Director of the Division of Coastal Management.

agency expressed concerns about the project? Can I obtain a copy of the letter?" The next morning the Director of Coastal Management provided Poole with the requested information.

30. Sometime in 2002, the Wilmington Financier arranged for the Governor's Office to appoint the owner of Rowboat Dock & Dredge-The Rowboat Company, Inc. ("Rowboat Company"), as a CAMA Commissioner. Rowboat Company was the contractor being used by the Oyster Harbour Developer to work on the Oyster Harbour waterway park.

31. In June of 2003, the Oyster Harbour Developer had still not obtained the CAMA permit from DENR on the Oyster Harbour project. At this juncture, the Wilmington Financier helped arrange for a meeting between the Oyster Harbour Developer, the Governor, and the Governor's chief campaign fundraiser. In preparation for the meeting, on June 3, 2003, the Wilmington Financier sent an e-mail providing the following background information to the Governor's chief fundraiser:

[The Oyster Harbour Developer] needs the Governor's assistance on obtaining a permit for the construction of a boat ramp on the intracoastal waterway in Brunswick County - Oyster Harbour subdivision. Ruffin is familiar with the issue and I would suggest that you touch basis with him on the status of the permit in case this issue is raised at the meeting.

According to the Wilmington Financier, the goal of the meeting was to make the Oyster Harbour Developer feel obligated so that he

would make a large contribution to the North Carolina Democratic Party. It was the Wilmington Financier's understanding that the funds provided by the Oyster Harbour Developer to the North Carolina Democratic Party would be earmarked to be used on behalf of the Governor's 2004 campaign. The Wilmington Financier's interest in securing political contributions for the Governor's benefit was to ensure continued access to the Governor's Office for assistance with obtaining appointments and matters pending before state agencies.

32. The Oyster Harbour Developer met with the Governor in the Governor's Mansion on June 4, 2003. On June 26, 2003, Poole communicated with the Director of Coastal Management and the permit coordinator assigned to the Oyster Harbour project. On June 27, 2003, the Oyster Harbour Developer wrote a check in the sum of \$50,000 made payable to "The North Carolina Democratic Party."

33. On July 12, 2003, McQueen Campbell wrote to the Oyster Harbour Developer regarding the potential development of some property in Carteret County, North Carolina, as a high-end gated community. In the letter, Campbell made the following offer, "if you ever need any help from the Governor's office don't hesitate to give me a call and I'll be happy to help." Although the Oyster Harbour Developer did not pursue the development opportunity at that time, he would eventually purchase and develop such property

into a subdivision named Cannonsgate at Bogue Sound ("Cannonsgate").

34. By letter dated July 25, 2003, the Oyster Harbour Developer filed a revised CAMA permit application. In response to the revised CAMA application, the The Corps sent the following memorandum to DENR on August 26, 2003: "The Corps will need to send this modification to Federal Agencies for review & comment." Later that same day the Director of Coastal Management sent the following e-mail to her subordinates: "Ruffin wants to know who in the Corps notified you of the Corps' need for more review time and he'd like a copy of our field recommendation faxed to him"

35. On August 27, 2003, the head of the DENR Permits and Consistency Unit provided a written response to Poole's questions and telefaxed the memorandum to Poole. On October 31, 2003, the CAMA permit was issued on the Oyster Harbour project. The Oyster Harbour CAMA permit was modified in 2004, based on an agreement reached by the CAMA Commissioner who owns Rowboat Company and the District Manager of Coastal Management.

36. On December 11-14, 2003, the Wilmington Financier and about five other persons, including Poole, vacationed together in Costa Rica. The Wilmington Financier paid the \$26,476.25 cost of the chartered jet used for the trip to Costa Rica. The Wilmington Financier's intent in including Poole on his annual Costa Rica trip was to further strengthen his access to the Governor's Office.

IV. The financial involvement of Poole, the Wilmington Financier, and McQueen Campbell in the Cannonsgate subdivision development.

37. On February 24, 2004, Poole filed his Statement of Economic Interest for 2003. In response to the question requesting all sources of income of at least \$10,000, Poole failed to report \$48,310 in interest income from St. Peter's Church. In response to Question 14, which required disclosure of gifts over \$100 from persons having "business with or regulated by the States" and gifts over \$200 from any non-family member, Poole did not disclose any gifts, even though Poole's share of the cost of the chartered jet to Costa Rica in 2003 was equal to approximately \$4,413.

38. On August 24, 2004, the Oyster Harbour Developer wrote a \$50,000 check payable to the "NC Democratic Party." The Wilmington Financier made a \$10,000 contribution to the North Carolina Democratic Party during the same time period. It was the Wilmington Financier's understanding that his contribution to the Democratic Party would be earmarked for the benefit of the Governor's campaign. In September of 2004, the Wilmington Financier held a fundraiser for the Governor at the Wilmington Financier's beach house on Figure Eight Island, North Carolina.

39. In late 2004, McQueen Campbell, in his capacity as a real estate broker with Carolantic Realty, contacted the Wilmington Financier and asked for assistance in making contact with the Oyster Harbour Developer. After he was put in contact with the

Oyster Harbour Developer, McQueen Campbell again sought to interest the Oyster Harbour Developer in a 287-acre tract located in Carteret County, North Carolina, near Emerald Isle. At this point, negotiations with the Oyster Harbour Developer began for the purchase of the land that would be developed as Cannonsgate. The Oyster Harbour Developer joined with his brother (hereinafter collectively referred to as the "Charlotte Developers") for the purpose of developing Cannonsgate.

40. In October of 2004, the North Carolina Board of Ethics issued its annual newsletter regarding "Gifts, 'Freebies,' & Related Questions" to the Governor's Office and various executive branch agencies. The newsletter elaborated on the requirement that a public official list gifts in their Statement of Economic Interest and warned that some gifts may result in a conflict of interest or the appearance of a conflict of interest. With regard to the latter category, the newsletter noted that Executive Order One § 7(b)(1) requires public officials to avoid even the appearance of a conflict of interest.

41. On November 2, 2004, the Governor was elected to a second term in office.

42. On December 9-12, 2004, the Wilmington Financier and about five other persons, including Poole, vacationed together in Costa Rica. The Wilmington Financier paid the \$25,000 cost of the chartered jet used for the trip to Costa Rica.

43. In early 2005, the Charlotte Developers reached a preliminary agreement to purchase the tract of land in Carteret County and had lined up venture capital financing through the Wilmington Financier. As part of their due diligence, the Charlotte Developers hired a number of engineering and architectural experts to confirm the feasibility of developing the tract and to commence the DENR permit application process.

44. On March 4, 2005, the Governor reappointed the Wilmington Financier to a second four-year term on the North Carolina Board of Transportation.

45. On March 18, 2005, the Wilmington Financier arranged for the NC-ABC Chairman (who had been appointed by the Governor to this position in February 2004), three other persons, and Poole to fly to New Orleans, Louisiana, for a bachelor party in honor of Poole. The \$12,862.38 cost of the chartered jet was paid by the Wilmington Financier. The Wilmington Financier also paid for Poole's two-night stay at Iberville Suites Hotel in New Orleans and some other expenses. The group returned to North Carolina on March 20, 2005.

46. Following the bachelor party in New Orleans, the head of the Governor's Legal Counsel Office approached Poole about a rumor regarding Poole's private plane trip to New Orleans for the bachelor party. The Governor's Legal Counsel stated that he was concerned that Poole, who by then had been promoted to the position of Special Counsel to the Governor, might be accepting private plane flights

from an appointed official.¹¹ Poole attributed the providing of the flight to a lengthy friendship with the supposed provider of the flight. At no point did Poole inform the Governor's Legal Counsel that the Wilmington Financier had provided the flight to New Orleans and the annual flights to Costa Rica.

47. During the New Orleans bachelor party, Poole became aware that the Wilmington Financier was planning to provide the venture capital necessary for the development of Cannonsgate. Poole learned that the Wilmington Financier had agreed to invest \$12,000,000 and would receive a 30% return on investment in less than one year. Poole also learned that the Wilmington Financier had allowed one of the other persons on the trip to invest \$100,000 in Cannonsgate, with a strong likelihood of a 30% return on investment within one year. As a result of this information, Poole approached the Wilmington Financier during the bachelor party weekend and asked to be allowed to invest in the financing of Cannonsgate. Poole stated that he had lost some money in the "dot com bust" and needed to make up for his earlier losses. The Wilmington Financier agreed to allow Poole to make the investment, but Poole did not make a final decision on the trip. At no point did Poole discuss the propriety of his potential investment with the Governor's Legal Counsel.

¹¹The rumor heard by the Governor's Legal Counsel incorrectly identified the provider of the flight as someone other than the Wilmington Financier.

48. On or about March 31, 2005, Poole filed his Statement of Economic Interest for 2004. In response to Question 11, which required a list of sources of income of \$10,000 or more, Poole listed his state salary and interest earned on a term note from Poole Construction. In response to Question 14, which required disclosure of gifts over \$100 from persons having "business with or regulated by the State" and gifts over \$200 from any non-family member, Poole did not disclose any gifts.

49. On April 7, 2005, the Charlotte Developers provided a copy of the wastewater application for Cannonsgate to McQueen Campbell and requested his assistance. During this same period, Campbell obtained permission from the Charlotte Developers to broker the presale of some lots in Cannonsgate.

50. On April 16, 2005, the Wilmington Financier and others threw an engagement party for Poole and his fiancé at the City Club at de Rosset in Wilmington, North Carolina. The Wilmington Financier paid for the printing of invitations for this event. The cost was \$558.54. The cost of the engagement party, which including an open bar and a full menu, was at least \$5,091.82, and was borne by the Wilmington Financier and others. The Wilmington Financier also arranged for Poole, his fiancé, and his future in-laws to use his beach house on Figure Eight Island during the engagement party weekend.

51. On May 4, 2005, one of the Charlotte Developers received the following e-mail communication from one of the contractors they had hired to help with the development of Cannonsgate:

As we move ahead with finalizing plans, it is important to recognize that the CAMA permit process might need some political help from Raleigh to keep the staff moving forward to minimize the permit issuance time frame.

52. On May 13, 2005, the Charlotte Developers filed an application with DENR for the CAMA permit necessary to finalize construction of the marina located within Cannonsgate.

53. On May 18, 2005, McQueen Campbell emailed Poole as follows:

Ruffin,

I hope you are doing well!

I need some help on [one of the Charlotte Developer's] project in Emerald Isle, NC.

No problems just need some things pushed along if possible without making any of these folks mad.

They are trying to close on the property the end of June and right now they have 2 approvals that they must get before this time period.

Campbell then summarized the status of the two approvals needed by the Charlotte Developers prior to the closing of their purchase of the Cannonsgate land.

54. As to the first approval, which he entitled "CAMA Approval," Campbell stated as follows:

CAMA is telling them it will be a 60 day process and [one of the Charlotte Developer's] people don't think it should take this long. But the real problem is they have applied for approval but CAMA says they aren't going to start the clock until they look at the plans which is 'bull.' The project name is 'Cannonsgate at Bogue Sound'. The head guy of CAMA [name withheld] has been very helpful but a few others are apparently trying to hold things up. A guy from the Wilmington office of CAMA [name withheld] told one of the Charlotte Developer's] people that even though they paid the 'Expedite Fee' that CAMA approvals couldn't be expedited. [Name withheld] is also another one within CAMA who seems to be providing some resistance to getting this project approved.

As to the second approval, Campbell informed Poole that the application for waterline distribution would be received by a certain DENR employee on May 23, 2005 and that Poole might call the employee in order to expedite the permit. Campbell ended the e-mail by stating that if Poole could help with these approvals "it would be greatly appreciated by everyone involved and will insure the project closes and they hit their marketing dates in late summer early fall." Less than an hour after receiving the e-mail, Poole responded as follows: "Thanks this is helpful, I will get to work on these issues."

55. On June 2, 2005, the Charlotte Developers received an e-mail from an employee of The Rowboat Company, which had been hired to finalize the marina at Cannonsgate. In the e-mail, the employee explained how he and the owner of The Rowboat Company (who was also a Coastal Resources Commissioner) were able to quell a DENR

employee's concern that some of the proposed dredging in the Cannonsgate marina might go beyond the scope of dredging previously approved. The Rowboat Company employee then noted as follows: "it didn't hurt that [the owner of the Rowboat Company] sits on the board of commissioners for CAMA."

56. On June 8, 2005, the Charlotte Developers received their wastewater permit.

57. On Friday, June 10, 2005, the Charlotte Developers became concerned that the DENR employee assigned to the CAMA permit on Cannonsgate was about to leave on vacation without having submitted the CAMA permit application to various DENR divisions and other agencies. Consequently, one of the Charlotte Developers had his assistant contact McQueen Campbell for assistance on the matter. At 12:02 p.m., on Friday, June 10, 2005, Campbell received the following e-mail request:

Mr. Campbell,

The following is the contact information of the people involved in this CAMA Situation.

Once CAMA has decided that they will stop holding up the permit, it will have to go out for other comments to other agencies. They will supposedly get around to looking at the revised comments we put forth for the 3rd time the middle of next week, according to [a DENR employee].

The only agencies we have some concerns with on getting a quick turn around would be USACE 'army corps'.

The e-mail then provides the contact information for the DENR employee's immediate superior and that person's superior. At 1:53 p.m. on the same day, Campbell sent the following response to the Charlotte Developers: "Just got off the phone with the Gov.'s office so let [one of the Charlotte Developers] know that CAMA will be releasing the plans to the other agencies for their approvals on Monday of next week!"

58. In mid-June of 2005, the Charlotte Developers received reservations for nearly all of the lots at Cannonsgate. On June 24, 2005, due to the strength of their sales reservations, the Charlotte Developers sent an e-mail to their sales staff stating that "Phase II prices at Cannonsgate at Bogue Sound will be increased on July 25, 2005, at 9 am a minimum of 10%."

59. On June 25, 2005, Poole was married in Staunton, Virginia. The NC-ABC Chairman arranged for his father (a Navy veteran) to travel to South Carolina and purchase approximately \$600 worth of liquor from the Naval PX Military Store located in Goose Creek, South Carolina. The liquor was then given to Poole as a gift for use in stocking the bar at Poole's wedding reception. Neither the NC-ABC Chairman nor his father were reimbursed for this expense.

60. On June 28, 2005, the owner of the Rowboat Company (who is also a CAMA Commissioner) sent the following e-mail to one of the Charlotte Developers:

I reminded [one of the Charlotte Developers] several weeks ago to reserve Lot 482 and

possibly 481 as well. Rumor has it that these lots have been sold or reserved by someone else. If this is the case, let's see what we can do to put these folks somewhere else. I'd like to build on these lots.

61. On July 8, 2008, the Charlotte Developers purchased the Cannonsgate property for \$19,420,556.08. The seller took a \$16,000,000 purchase money deed of trust and the Wilmington Financier and his investors loaned the Charlotte Developers \$12,000,000, receiving a deed of trust subject to the purchase money deed of trust. The Wilmington Financier received \$600,000 as a finder's/consulting fee payable at closing (5% of the loan amount) and was guaranteed a return of principal and interest (which is referred to in the promissory note as a fee amount) of \$3,000,000 (25% of the loan amount) no later than one year from closing.

62. According to the Loan Agreement entered into between the Wilmington Financier and one of the Charlotte Developers, the borrower represented that the "total of the lot sales prices . . . shall total at least One Hundred Eleven Million Dollars (\$111,000,000.)." The borrower also represented the following to the Wilmington Financier:

All necessary marina, sewer, building and other permits, and any other necessary authorizations, consents or license, have been obtained with respect to the Improvements or will be obtained prior to the commencement of the particular work for which they are required.

On July 21, 2005, the Wilmington Financier agreed to increase his loan amount to \$12,500,000. This increased the interest (or fee amount) due from the Charlotte Developers to \$3,125,000 (25% of the new loan amount). Poole was not participating in the loan at this time.

63. On July 18, 2005, the Wilmington Financier forwarded to Poole a copy of the loan documents relating to the original \$12,000,000 loan for Cannonsgate. On July 27, 2005, the Wilmington Financier sent Poole copies of the revised loan documents relating to the increase in the loan to \$12,500,000.

64. On August 17, 2005, an internal e-mail between employees of the Charlotte Developers states as follows:

[One of the Charlotte Developers] would like to reserve one of lots that fall out closer to hwy 24 Phase two for the CAMA director we have been working with to receive our permits. He also would like [one of his employees] to hold one of the more decent lots that fall out sept 1st for a friend of the Governors that serves on the wildlife commission.

65. Sometime in August of 2005, Poole contacted the Wilmington Financier and requested that he be allowed to invest in the Cannonsgate financing. By this point, Cannonsgate was a marketing success and it was clear that the Wilmington Financier would be recouping his full investment, plus a 5% finder/consulting fee and %25 in interest within a short period of time. Nevertheless, the Wilmington Financier agreed to allow Poole to invest at that late date. Because it was his decision, the Wilmington Financier took

Poole's 30% return (5% finder's fee and 25% interest) out of the Wilmington Financier's own profit.

66. On Labor Day weekend of 2005, Poole delivered a \$100,000 check, dated September 1, 2005, to the Wilmington Financier. Poole arranged for the check to be funded from the money he held at Poole Construction. The check, which was written on Poole Construction's bank account at BB&T, was made payable to the Wilmington Financier and contained the following notation on the memo line: "C RUFFIN POOLE."

67. Because other members of the Wilmington Financier's investment group had received a 5% finder's/consulting fee, on September 9, 2005, the Wilmington Financier sent a \$5,000 check, via United States mail or commercial carrier, to Poole Construction. The check was made payable to "W. Roy Poole, Inc." and contained the following notation on the memo line: "Consulting Fee." The Wilmington Financier made the payment to Poole Construction at the direction of Ruffin Poole.

68. On or about September 15, 2005, Ruffin Poole left the following memorandum to Poole Construction's accountant regarding how to handle the first \$5,000 payment on his investment with the Wilmington Financier:

Richard -

I was paid back \$5,000 on my \$100,000 investment. Please deposit back to my account.

Thanks

Ruffin

Poole Construction's internal records reflect the \$5,000 payment as being received from "RUFFIN POOLE." Soon after receiving the \$5,000 check, Poole Construction deposited the check into its bank account at BB&T.

69. According to a press release dated September 23, 2005, the Governor reappointed McQueen Campbell to a second four-year term on North Carolina State University's Board of Trustees.

70. On September 29, 2005, Poole, pursuant to the Wilmington Financier's request, forwarded his passport number and date of birth to Blue Star Jets - Private Aviation Consultant in New York, in connection with his annual trip to Costa Rica.

71. In October of 2005, the North Carolina Board of Ethics issued its annual newsletter regarding "Gifts, 'Freebies,' & Related Questions" to the Governor's Office and various executive branch agencies. The newsletter elaborated on the requirement that a public official list gifts in their Statement of Economic Interest and warned that some gifts may result in a conflict of interest or the appearance of a conflict of interest.

72. On November 8, 2005, the Governor gave a speech in which he proposed making the state's ethics regulations stricter and stated that "[w]e would all be better off if there were no gifts [to public officials] . . . so there wouldn't be any suspicion on the part of people out there."

73. On November 21, 2005, Poole sent the following e-mail to the Wilmington Financier regarding further payments on his investment in Cannonsgate:

Sorry, I missed your call. Thanks for the message, it is always nice to hear good news, especially right before the holidays. You can make the check out to W. Roy Poole, Inc. The memo line should read: Ruffin Poole Account. Please let me know the amount and I will alert them at the office. The mailing address is W. Roy Poole, Inc. 4206 West Vernon Avenue, Kinston, NC 28504.

74. On November 22, 2005, the Wilmington Financier sent the following e-mail to Poole:

Ruffin,

Just wanted to advise you that I will be mailing a check in the amount of \$44,750.69 to the address you provided in the previous email. I am confident we will get the balance soon!

In his personal file, the Wilmington Financier reported the transaction as "Check to Ruffin in the amount of \$44,750.69."

75. On November 28, 2005, workers at Poole Construction deposited the \$44,750.69 check into Poole Construction's bank account at BB&T.

76. On December 8-12, 2005, the Wilmington Financier and about five other persons, including Poole, vacationed together in Costa Rica. The Wilmington Financier paid the \$26,087.00 cost of the chartered jet used for the trip to Costa Rica.

77. On December 18, 2005, the Wilmington Financier sent the following e-mail to Poole:

Ruffin,

As we recently discussed, we have now received funds to fully satisfy the Promissory Note and Deed of Trust on the Cannonsgate Investment. You will recall that you received \$5,000.00 at the time of your initial invest [sic] and are due 25% interest plus principal on your investment of \$100,000.00 (or \$125,000). According to my records, you have already received \$44,750.69 and due an additional \$80,249.31 to fully satisfy and payoff your investment in Cannonsgate.

The Wilmington Financier then requested instructions regarding how to handle the payoff. On this same date, the Wilmington Financier wrote a check, in the amount of \$80,249.31, payable to W. Roy Poole, Inc. In the memo space on the check, the Wilmington Financier wrote "Cannonsgate Investment." As a result of this payment, Poole had received \$30,000 profit on his \$100,000 during a period of just under four months.

78. On December 20, 2005, Poole sent the following e-mail to the Wilmington Financier regarding the final payment on his investment in Cannonsgate:

First of all, I apologize for the delay in responding. I needed to verify all the information with regards to the payout with the company. The check should be issued to "W. Roy Poole, Inc." The 1099 contact person is [Poole Construction's accountant]. The mailing address is 4206 West Vernon Avenue, Kinston, NC 28504. Thank you for allowing the company to be a part of this investment opportunity . . .

Although Ruffin Poole has a financial interest in Poole Construction, he was not involved in Poole Construction's business

operations. The transaction between the Wilmington Financier and Poole was a personal investment in Cannonsgate by Ruffin Poole, not Poole Construction.

79. On or before December 22, 2005, workers at Poole Construction received a check in the sum of \$80,249.31, from the Wilmington Financier. Poole Construction's internal records list this payment as a receipt from "RUFFIN POOLE." On December 22, 2005, workers at Poole Construction deposited the check into Poole Construction's bank account at BB&T. On the BB&T deposit slip, the Poole Construction worker wrote "Ruffin Poole" next to the entry of \$80,249.31.

80. In January of 2006, McQueen Campbell became employed by the Charlotte Developers. On January 23, 2006, Campbell sent a letter of behalf of the Charlotte Developers in an effort to purchase some property for use in developing a high-end subdivision in Pamlico County, North Carolina. Near the end of the letter, Campbell stated as follows:

One addition point I forgot to mention earlier today is that when making your decision you should consider the timing it will take to close on the property for anyone who must put in a private water treatment plant to bring sewer to the property. This process normally takes in excess of 1 year, however between the contacts that [one of the Charlotte Developers] and I have we were able to reduce this by nearly half in the property [Cannonsgate] he purchased through [name removed].

81. On February 22, 2006, the Governor's Legal Counsel and Poole called the Director of the Ethics Commission for guidance regarding the disclosure requirements pertaining to wedding gifts received by Poole in 2005. The Director of the Ethics Commission referred them to Executive Order One, §9(c)(2)(m), which requires disclosure of gifts over \$100 from persons having "business with or regulated by the States" and gifts over \$200 from any non-family member. At no point did Poole disclose, or request guidance on, whether to disclose his trip to New Orleans, the engagement party in Wilmington, the liquor provided for his wedding, or his trips to Costa Rica. Likewise, at no point did Poole request advice on whether to disclose his investment in Cannonsgate.

82. On March 1, 2006, the Governor's legal counsel and Poole contacted the Director of the Ethics Commission and inquired as to whether the definition of gifts of over \$100 from person "having business with or regulated by the state" could be limited to gifts from persons having business with the Governor's Office. The Director of the Ethics Commission responded that it should be limited to the Governor's Office, but that the Board of Ethics had not interpreted the section and, therefore, it was an open question. At no point did Poole disclose, or request guidance, on whether to disclose his trip to New Orleans, the engagement party in Wilmington, the liquor provided for his wedding, or his trips to

Costa Rica. Likewise, at no point did Poole request advice on whether to disclose his investment in Cannonsgate.

83. On or about April 3, 2006, Poole received a check from Poole Construction in the sum of \$25,000. The Poole Construction check was made payable to Ruffin Poole and was deposited in Poole's bank account at the State Employees Credit Union on April 5, 2003.

84. On or about May 15, 2006, the last day on which it could be timely filed, Poole filed his Statement of Economic Interest for 2005. In response to Question 11, which required a listing of sources of income of \$10,000 or more, Poole listed "W. Roy Poole, Inc. - Note Receivable." Poole failed to provide any response to Question 14, which required disclosure of gifts over \$100 from persons having "business with or regulated by the State" and gifts over \$200 from any non-family member. In response to Question 16, which required the disclosure of any information which would disclose a potential conflict of interest or appearance of conflict, Poole failed to provide any response.

85. On or about May 31, 2006, Poole received a check from Poole Construction in the sum of \$105,000. The Poole Construction check was made payable to Ruffin Poole and was deposited in Poole's bank account at the State Employees Credit Union on June 2, 2006.

V. Poole's continued financial involvement with the Wilmington Financier and the Charlotte Developers.

86. In 2006, the Charlotte Developers reached a preliminary agreement to purchase a 515-acre tract in Onslow County near Holly Ridge, North Carolina. The Charlotte Developers planned to develop a 1,029 unit single-family subdivision, along with amenities such as dock slips, reasonable water access through small boat ramp construction, and observation piers for wetland and water viewing.

87. On May 22, 2006, the Division of Land Use Resources issued a letter of approval with modifications in connection with the Summerhouse development. On May 23, 2006, the Charlotte Developers filed an application for a stormwater management permit with the Water Quality Division of DENR.

88. The Wilmington Financier agreed to form a group and join with a second lender to provide the Charlotte Developer with \$32,000,000 in venture capital to development the project, which was to be named Summerhouse at Everett Bay ("Summerhouse"). The Wilmington Financier's group, which was responsible for one half of the loan, included Poole.

89. As was the case with Cannonsgate, the Charlotte Developers guaranteed the Wilmington Financier and his group of investors full repayment of the \$16,000,000 loan, along with \$4,000,000 in interest (25% of the loan amount), no later than one year from closing. On June 20, 2006, the Wilmington Financier's group entered into the

formal Loan Agreement committing to loan half of the \$32,000,000 required by the Charlotte Developers. Included in the representations and warranties made by the borrower was a promise that the borrower had all necessary governmental approvals and permits required for the development of Summerhouse.

90. On June 30, 2006, Poole Construction issued a check in the amount of \$100,000 payable to the Wilmington Financier. Poole had arranged for the check to be funded from the money he held at Poole Construction. The check contains the following notation on the memo line: "INVESTMENT BY C RUFFIN POOLE." On or about July 7, 2006, the \$100,000 check was deposited by the Wilmington Financier into his account at Wachovia, N.A.

91. On or about July 5, 2006, the Wilmington Financier sent a \$5,000 check, via United States mail or commercial carrier, to Poole Construction. The Wilmington Financier made the payment to Poole Construction at the direction of Ruffin Poole.

92. In or about mid-2006, the Wilmington Financier asked Poole to help with problems at DENR regarding the construction of boat docks and ramps relating to Summerhouse. Poole communicated back to the Wilmington Financier that the issue was resolved. Ultimately, Coastal Management allowed Summerhouse to have ten slips for day-docking available for use by residents of Summerhouse.

93. On July 21, 2006, Coastal Management received an application for a CAMA permit for the development of Summerhouse.

On August 14, 2006, Coastal Management released the application to other sections of DENR and other agencies.

94. On September 12-14, 2006, the Charlotte Developers provided additional information to the Division of Water Quality in connection with the CAMA permit. On September 14, 2006, a CAMA permit was issued authorizing the Charlotte Developers to construct a "10-slip docking facility and boat ramp."

95. On November 2, 2006, Poole sent an e-mail to the Wilmington Financier requesting that his next payment on Summerhouse be mailed to "W. Roy Poole, Inc." Pursuant to Poole's instruction, on or about November 3, 2006, the Wilmington Financier sent a \$50,415.10 check, via United States mail or commercial carrier, to Poole Construction. On or about November 6, 2006, workers at Poole Construction received the check, generated a receipt listing the payment as being received by "RUFFIN POOLE," and deposited the check into Poole Construction's bank account at BB&T. On the BB&T deposit slip, the Poole Construction worker wrote "Ruffin Poole" next to the entry for \$50,415.10.

96. On or about November 8, 2006, the Wilmington Financier sent a \$20,645.61 check, via United States mail or commercial carrier, to Poole Construction. On or about November 16, 2006, workers at Poole Construction received the check, generated a receipt listing the payment as being received by "RUFFIN POOLE," and deposited the check into Poole Construction's bank account at

BB&T. On the BB&T deposit slip, the Poole Construction worker wrote "Ruffin Poole" next to the entry for \$20,645.61.

97. On or about November 22, 2006, the Wilmington Financier sent a \$17,770.12 check, via United States mail or commercial carrier, to Poole Construction. On or about November 27, 2006, workers at Poole Construction received the check, generated a receipt listing the payment as being received by "RUFFIN POOLE," and deposited the check into Poole Construction's bank account at BB&T. On the BB&T deposit slip, the Poole Construction worker wrote "Ruffin Poole" next to the entry for \$17,770.12.

98. On or about December 3, 2006, the Wilmington Financier sent a \$6,098.51 check, via United States mail or commercial carrier, to Poole Construction. On or about December 6, 2006, workers at Poole Construction received the check, generated a receipt listing the payment as being received by "RUFFIN POOLE," and deposited the check into Poole Construction's bank account at BB&T.

99. On December 7-12, 2006, the Wilmington Financier and about five other persons, including Poole, vacationed together in Costa Rica. The Wilmington Financier paid the \$28,000.00 cost of the chartered jet used for the trip to Costa Rica.

100. On or about December 13, 2006, the Wilmington Financier sent a \$11,139.51 check, via United States mail or commercial carrier, to Poole Construction. On or about December 16, 2006,

workers at Poole Construction received the check, generated a receipt listing the payment as being received by "RUFFIN POOLE," and deposited the check into Poole Construction's bank account at BB&T. On the BB&T deposit slip, the Poole Construction worker wrote "Ruffin Poole" next to the entry for \$11,139.51.

101. On or about December 17, 2006, the Wilmington Financier sent a \$5,455.26 check, via United States mail or commercial carrier, to Poole Construction. On or about December 21, 2006, workers at Poole Construction received the check, generated a receipt listing the payment as being received by "RUFFIN POOLE," and deposited the check into Poole Construction's bank account at BB&T.

102. On or about January 4, 2007, the Wilmington Financier sent a \$157.13 check, via United States mail or commercial carrier, to Poole Construction. On or about January 10, 2006, workers at Poole Construction received the check, generated a receipt listing the payment as being received by "RUFFIN POOLE," and deposited the check into Poole Construction's bank account at BB&T.

103. On January 16, 2007, McQueen Campbell was named as exclusive acquisition agent for the Charlotte Developers.

104. On or about February 21, 2007, Poole filed his Statement of Economic Interest for 2006. In response to Question 10, which required a list of sources of income of \$5,000 or more, Poole listed interest income from "W. Roy Poole, Inc." and "Charles Ruffin Poole

Irrevocable Trust." In response to Question 19, which required any information necessary to disclose any actual or potential conflict of interest, Poole limited his response to his position as corporate secretary of some family corporations, even though he had no input into the daily operations of such corporations.¹¹

105. In early 2007, McQueen Campbell, as exclusive acquisition agent for the Charlotte Developers, convinced the Charlotte Developers to purchase and develop some land in Pamlico County into a high-end subdivision to be named Cutter Bay. Because Campbell had located the project, he ultimately received approximately \$800,000 as a commission on the deal.

106. The Charlotte Developers encountered problems obtaining their CAMA permit for the project because of a potential inconsistency between the proposed Cutter Bay lot plat and the Pamlico County Land Use Plan. The DENR employee assigned to the Cutter Bay project found that the Cutter Bay plans were inconsistent with the Pamlico County Land Use Plan and put a hold on the issuance of the CAMA permit. In response to the DENR employee's position, one of the Charlotte Developers contacted Poole for assistance. On March 16, 2007, Poole responded to one of the Charlotte Developers as follows: "The CAMA planner is out of the office today as well as

¹¹Beginning in 2007, the gift disclosure requirement on the Statement of Economic Interest was narrowed to cover only certain gifts from lobbyists and certain scholarships.

[the CAMA planner's superior]. So, it will be the first part of next week before I have some indication of the situation."

107. On Monday, March 19, 2007, an employee of the Charlotte Developers provided the following update to his co-workers: "No hope from the capital for now. Ruffin spoke to [the CAMA planner's superior] and [that person] said the only way he can see us getting by is going to the county and asking for a variance. . . . Poole also stated that [the CAMA planner's superior] announced his retirement today" In considering their options, the employee contemplated having the Charlotte Developers pursue the issue with someone other than the CAMA planner's superior.

108. On March 22, 2007, the representative of the Charlotte Developers e-mailed Poole and provided him with possible legal challenges to DENR's practice of not issuing CAMA permits for projects that conflict with a county's land use plan. In response to this e-mail, McQueen Campbell responded as follows:

What is going on with this deal. [One of the Charlotte Developers] called me again yesterday afternoon about me calling [the Governor] and I noticed you have a meeting setup [sic] tomorrow and Ruffin is back in the loop. Keep me posted so I don't double our efforts.

109. On March 30, 2007, Poole called the representative of the Charlotte Developers and informed him that the supervisor of the DENR employee "said we were headed down the right road addressing and pointing out the issues like we were doin. [That the DENR planner's supervisor] hadn't read the file but was goin to look at

it first of the week." The representative of the Charlotte Developer responded to McQueen Campbell and others as follows: "Let's push for an actual answer out of the first of the week. We are spending close to 50k a day right now on engineering."

110. On April 4, 2007, the representative of the Charlotte Developers and McQueen Campbell strategized about having Poole get the DENR planner's supervisor to ask for an update on the project from DENR's attorneys. Campbell responded as follows: "I agree. I would call and try to talk or meet with [the DENR planner's supervisor] tomorrow and get an answer. Good strategy. We can always go above them if it doesn't work." In response to an inquiry of whether the DENR planner's supervisor should be contacted by Poole or a representative of the Charlotte Developers, McQueen responded as follows: "I think your team should do it. When [sic] can leave that as a backup."

111. On April 9, 2007, the representative of the Charlotte Developers and McQueen Campbell discussed an excuse that Poole could use as a pretext to call the DENR planner's supervisor. Campbell responded as follows: "Already did that Friday. He [Poole] said that [the CAMA planner's supervisor] would try to find a way to get it done. He was suppose to talk to him early this week."

112. On April 10, 2007, the representative of the Charlotte Developers received an e-mail from Poole listing a few names of CAMA

officials that were in consideration to replace the DENR planner's supervisor upon his retirement.

113. On May 3, 2007, the representative of the Charlotte Developers informed McQueen Campbell that a meeting between a County Commissioner and the CAMA planner's supervisor had gone well. The representative then stated as follows: "when we met with [the CAMA planner's supervisor] he said that as long as the county didn't object that we should be ok.... So now I will get with Ruffin and get him to get an answer out of [the CAMA planner's supervisor].. McQueen should I call or email RP?"

114. Within nine minutes of receiving the May 3rd e-mail from the representative of the Charlotte Developers, Campbell forwarded the e-mail to Poole, informed Poole that the County Commissioner in question was a "supporter," and asked "[l]et me know what we should do next." Fifty minutes later, Poole responded as follows: "I talked with [the CAMA planner's supervisor] this afternoon. CAMA will not issue an inconsistency determination on the project in Pamlico County Cutter's Bay." The representative of the Charlotte Developer responded to Poole as follows: "That is the best thing I have heard in 07.....Thank you kindly... We will have to figure out how to make sure that message gets relayed to his successor." Poole quickly responded as follows: "Hopefully, that won't be an issue... I think he will clear the decks before jumping ship for retirement."

115. On or about May 3, 2007, the Wilmington Financier sent an \$8,318.76 check, via United States mail or commercial carrier, to Poole Construction. Soon thereafter, workers at Poole Construction received the check, generated a receipt listing the payment as being received by "RUFFIN POOLE," and deposited the check into Poole Construction's bank account at BB&T. Upon his receipt of this payment, Poole had received repayment of his \$100,000 investment in Summerhouse, along with \$25,000.09 in interest.

116. On or about July 17, 2007, Poole received a check from Poole Construction in the sum of \$200,000. The Poole Construction check was made payable to Ruffin Poole and was deposited in Poole's bank account at the State Employees Credit Union on or about July 13, 2007.

117. On July 23, 2007, one of the Charlotte Developers and his employee exchanged e-mail communications discussing having Poole set up a meeting with them and the new head of CAMA. The Charlotte Developer agreed and stated as follows: "It would have to be handled in a way that would not look like we are getting special treatment."

118. On July 25, 2007, the Wilmington Financier e-mailed Poole to inquire into whether Poole could "help push a sewer permit along" on a project in Brunswick County.

119. On December 5-12, 2007, the Wilmington Financier and about five other persons, including Poole, vacationed together in Costa Rica. The Wilmington Financier paid the \$27,871.60 cost of the

chartered jet used for the trip to Costa Rica. Because Poole was unable to leave in time to travel to Costa Rica on the chartered jet, ~~the Wilmington Financier reimbursed~~ ^{the} Poole traveled to Costa Rica by commercial airline. The Wilmington Financier reimbursed Poole for the cost of this ticket.

120. On January 8, 2008, McQueen Campbell sent the following e-mail to one of the Charlotte Developers regarding the status of the CAMA permit on Cutter Bay: "I just hung up with Ruffin Poole in [the Governor's] office and he said that it looked like our CAMA permit would be coming through in the next 30 days or so."

121. On April 14, 2008, the Governor extended congratulations to Poole on a state service award and stated that Poole "provided a true example of the best of North Carolina." On this same date, Poole filed his Statement of Economic Interest for 2006. In response to Question 10, which required a list of sources of income of \$5,000 or more, Poole failed to list his receipt of interest on his Summerhouse investment. In response to Question 19, which required any information necessary to disclose any actual or potential conflict of interest, Poole disclosed only the his family's corporation, of which he is corporate secretary but not involved in running, sold an asset to NC-DOT, but that he had no involvement in the transaction.

122. In 2008, a small developer named Olde Towne, LLC, filed a challenge to the Cutter Bay CAMA permit. At the request of

McQueen Campbell, Poole made inquiries at DENR regarding the status of the case in May of 2008. Because the challenge eventually went beyond DENR to an administrative law judge, it was decided to have any assistance by Poole be as subtle as possible. Poole was, however, able to provide Campbell with some legal advice regarding the impact of an injunction on continued construction.

123. During the course of his tenure in the Governor's Office, Poole had numerous contacts with DENR officials. At no point did Poole disclose to DENR that he had invested in Cannonsgate or Summerhouse. Nor did he disclose his close relationship with persons involved in financial deals with the Charlotte Developers.

124. In December of 2008, Poole missed the annual Costa Rica trip with the Wilmington Financier in order to accompany the Governor on a fishing trip.

125. The Governor's last full day in office was January 9, 2009. On January 7, 2009, the Governor appointed Poole to the Board of Directors of the Golden L.E.A.F. Inc. Poole temporarily remained on the new Governor's staff.

126. On or about February 26, 2009, Poole presented a draft business plan to a Raleigh law firm proposing that he, the former Governor, and a member of the former Governor's senior staff join the Raleigh law firm. In the business plan, Poole listed among his strengths his involvement in managing the appointment of hundreds of persons to boards and commissions and his extensive contacts with

state agencies. Poole also included as one of his strengths that he served "as a trustee for the Golden LEAF Foundation which distributes funds through grants throughout tobacco dependant communities in North Carolina." Finally, in the area of the business plan listing areas of potential assistance, Poole noted that the "team could provide significant assistance in many of the administrative and regulatory agencies in North Carolina." Listed among the listed agencies were DENR and, more specifically, the Divisions of Air Quality, Coastal Management, and Water Quality.

127. On March 31, 2009, Poole left the Governor's Office to join a law firm along with the former Governor and a senior member of the former Governor's staff.

128. The allegations set forth in the foregoing Introduction are hereby incorporated by reference into each count of this Indictment and re-alleged therein.

COUNT ONE

**[Extortion Under Color of Official Right;
18 U.S.C. §§ 1951 and 2]**

From in or about January, 2001, to in or about March, 2009, in the Eastern District of North Carolina and elsewhere, CHARLES RUFFIN POOLE, defendant herein, knowingly attempted to and did obstruct, delay, and affect commerce by extortion, in that POOLE obtained property, namely, money and other things of value, from the Wilmington Financier, with the Wilmington Financier's consent, under

color of official right, and did aid, abet, and cause said offense, in violation of Title 18, United States Code, Sections 1951 and 2.

COUNT TWO

**[Bribery Concerning Programs Receiving Federal Funds;
18 U.S.C. §§ 666(a) (1) (B) and 2]**

From December 2003 to about December 2005, in the Eastern District of North Carolina and elsewhere, CHARLES RUFFIN POOLE, defendant herein, being an agent of a State government, said State government receiving in state fiscal years 2004, 2005, and 2006, benefits in excess of \$10,000 under Federal programs involving grants, contracts, subsidies, loans, guarantees, insurance, and other forms of Federal assistance, did corruptly solicit and demand for the benefit of any person, and did accept and agree to accept, something of value, namely, money and other gifts, from the Wilmington Financier and his associates, intending to be influenced and rewarded in connection with the business of, and a series of transactions of, said State government, between about September, 2003, and about December 2005, involving things of value of \$5,000 or more, and did aid, abet, and cause said offense, in violation of Title 18, United States Code, Sections 666(a) (1) (B) and 2.

COUNT THREE

**[Bribery Concerning Programs Receiving Federal Funds;
18 U.S.C. §§ 666(a) (1) (B) and 2]**

From about July, 2006, to about December, 2007, in the Eastern District of North Carolina and elsewhere, CHARLES RUFFIN POOLE,

defendant herein ("POOLE"), being an agent of a State government, said State government receiving in state fiscal years 2007 and 2008 benefits in excess of \$10,000 under Federal programs involving grants, contracts, subsidies, loans, guarantees, insurance, and other forms of Federal assistance, did corruptly solicit and demand for the benefit of any person, and did accept and agree to accept, something of value, namely, money and other gifts, from the Wilmington Financier and his associates, intending to be influenced and rewarded in connection with the business of, and a series of transactions of, said State government involving things of value of \$5,000 or more, between early 2006 and early 2008, and did aid, abet, and cause said offense, in violation of Title 18, United States Code, Sections 666(a)(1)(B) and 2.

COUNTS FOUR through FIFTEEN

**[Use of the mail in aid of racketeering;
18 U.S.C. § 1952(a)(1)&(3)]**

On or about the dates hereinafter set forth, within the Eastern District of North Carolina and elsewhere, CHARLES RUFFIN POOLE, defendant herein, did use the mail with intent to (1) distribute the proceeds of unlawful activity; and (2) otherwise carry on and facilitate the carrying on of unlawful activity, namely, bribery in violation of the laws of North Carolina, specifically, N.C. Gen. Stat. § 14-217(a), and thereafter performed, and attempted to perform, acts to (1) distribute the proceeds of said unlawful activity; and (2) otherwise carry on and facilitate the carrying on

of said unlawful activity, and did cause the acts constituting these offenses to be done by others, both known and unknown to the grand jury.

With respect to the bribery in violation of N.C. Gen. Stat. § 14-217(a) referenced above, the things of value and personal advantage sought to be obtained are described in Paragraphs 13, 32, 36, 38, 42, 45-47, 50, 59, 61-63, 65-68, 70, 73-79, 89-102, 115, and 119 above. The specific acts sought to be obtained are described in Paragraphs 5-9, 11-13, 28-31, 34-35, 44-45, 51, 53-57, 69, 105-114, and 117-122 above, and those acts lay within the scope of CHARLES RUFFIN POOLE'S official authority and were connected with the discharge of his official and legal duties.

The allegations set forth in the preceding two paragraphs are repeated and re-alleged in each of the following COUNTS FOUR through FIFTEEN of this Indictment, as though fully set forth therein:

COUNT	TIME OF MAILING (ON OR ABOUT)	PARTIES TO MAILINGS OR COMMERCIAL CARRIER DELIVERIES	ENCLOSURES
4	9/9/2005	Wilmington Financier to Poole Construction	\$5000 check from Wilmington Financier to Poole Construction relating to Cannonsgate
5	11/22/2005	Wilmington Financier to Poole Construction	\$44,750.69 check from Wilmington Financier to Poole Construction relating to Cannonsgate

6	12/18/2005	Wilmington Financier to Poole Construction	\$80,249.31 check from Wilmington Financier to Poole Construction relating to Cannonsgate
7	7/5/2006	Wilmington Financier to Poole Construction	\$5,000 check from Wilmington Financier to Poole Construction relating to Summerhouse
8	11/3/2006	Wilmington Financier to Poole Construction	\$50,415.10 check from Wilmington Financier to Poole Construction relating to Summerhouse
9	11/8/2006	Wilmington Financier to Poole Construction	\$20,645.61 check from Wilmington Financier to Poole Construction relating to Summerhouse
10	11/22/2006	Wilmington Financier to Poole Construction	\$17,770.21 check from Wilmington Financier to Poole Construction relating to Summerhouse
11	12/3/2006	Wilmington Financier to Poole Construction	\$6,098.51 check from Wilmington Financier to Poole Construction relating to Summerhouse
12	12/13/2006	Wilmington Financier to Poole Construction	\$11,139.51 check from Wilmington Financier to Poole Construction relating to Summerhouse

13	12/17/2006	Wilmington Financier to Poole Construction	\$5,455.26 check from Wilmington Financier to Poole Construction relating to Summerhouse
14	1/4/2007	Wilmington Financier to Poole Construction	\$157.13 check from Wilmington Financier to Poole Construction relating to Summerhouse
15	5/3/2007	Wilmington Financier to Poole Construction	\$8,318.76 check from Wilmington Financier to Poole Construction relating to Summerhouse

Each entry in the above table constituting a separate violation of Title 18, United States Code, Sections 1952(a) and 2.

COUNTS SIXTEEN through TWENTY-SEVEN

[Scheme and Artifice to Deprive Others of Right of Honest Services through Mail Fraud; 18 U.S.C. §§ 1341 1346, and 2]

A. The Duty of Honest Services

1. As a high-ranking member of the staff of the Governor of North Carolina, CHARLES RUFFIN POOLE, defendant herein ("POOLE"), placed himself in a position of trust with the public and owed a duty of honest services to the State of North Carolina and its citizens. This duty of honest services required POOLE to abide by the laws and regulations of the United States and the State of North Carolina, including those summarized in the Introduction to this Indictment. The public, and POOLE'S employer, had a right to know

what payments and gifts had been made to, or for the benefit of, POOLE that might affect his impartiality as member of the Governor's staff.

2. As a member of the staff of the Governor of North Carolina, POOLE had a duty to provide honest services to the public. As a public official, he had a fiduciary duty to ensure that the public received honest services free of improper influence or corruption. POOLE had a duty not to be improperly influenced or affected in the performance of his duties. POOLE had a duty to disclose material information regarding conflicts of interest or personal gain.

B. The Scheme and Artifice

3. Beginning in 2001 and continuing through on or about March of 2009, in the Eastern District of North Carolina and elsewhere, POOLE devised and intended to devise a scheme and artifice to defraud, as defined in Title 18, United States Code, Section 1346, specifically, a scheme and artifice to deprive the State of North Carolina and its citizens, the Office of the Governor of North Carolina, and the North Carolina Board of Ethics (later known as the North Carolina Ethics Commission) of the intangible right of honest services. The objects of this scheme and artifice to defraud were as follows:

- a. To deprive the State of North Carolina and its citizens, the Office of the Governor of North Carolina, and the North Carolina Board of Ethics of

their right to be informed of all material facts and circumstances concerning potential sources of influence on POOLE while he served as member of the Governor's staff;

- b. To materially deprive the State of North Carolina and its citizens of their right to have public officials perform their duties free from improper influence, corruption, and conflicts of interest; and
- c. To deprive the State of North Carolina and its citizens of their right to disclosure of material information concerning the personal financial interests of public officials which may affect their decisions and the discharge of their duties.

4. The scheme and artifice by POOLE and others used the following means and methods, among others:

- a. From about 2002 to 2009, POOLE took official action benefitting the Wilmington Financier and his associates.
- b. From about 2002 to 2007, POOLE received a stream of benefits from the Wilmington Financier and his associates.
- c. POOLE actively concealed and failed to disclose the things of value he received from the Wilmington

financier and his associates by failing to disclose them on the Statement of Economic Interest form he was required to file with the North Carolina Board of Ethics, pursuant to the Governor's Executive Order Nos. One, 51, and 76, and the State Government Ethics Act of 2006, or to disclose them to DENR or to senior members of the Governor's staff.

C. Mailings

5. On or about the dates hereinafter set forth, in the Eastern District of North Carolina and elsewhere, POOLE, having devised and intended to devise the above-described scheme and artifice, for the purpose of executing and attempting to execute said scheme and artifice, caused to be deposited matters and things to be delivered by mail and private and commercial interstate carrier according to the direction thereon, and did take and receive therefrom such matters and things, that is, mailings described in the chart below, and did aid and abet others in the commission of these offenses, and did cause the acts constituting these offenses to be done by others, all in violation of Title 18, United States Code, Sections 1341, 1349, and 2.

6. The allegations of paragraphs 1 through 5 are repeated and re-alleged in COUNTS SIXTEEN through TWENTY-SEVEN of this Indictment, as though fully set forth therein:

COUNT	TIME OF MAILING (ON OR ABOUT)	PARTIES TO MAILINGS OR COMMERCIAL CARRIER DELIVERIES	ENCLOSURES
16	9/9/2005	Wilmington Financier to Poole Construction	\$5000 check from Wilmington Financier to Poole Construction relating to Cannonsgate
17	11/22/2005	Wilmington Financier to Poole Construction	\$44,750.69 check from Wilmington Financier to Poole Construction relating to Cannonsgate
18	12/18/2005	Wilmington Financier to Poole Construction	\$80,249.31 check from Wilmington Financier to Poole Construction relating to Cannonsgate
19	7/5/2006	Wilmington Financier to Poole Construction	\$5,000 check from Wilmington Financier to Poole Construction relating to Summerhouse
20	11/3/2006	Wilmington Financier to Poole Construction	\$50,415.10 check from Wilmington Financier to Poole Construction relating to Summerhouse
21	11/8/2006	Wilmington Financier to Poole Construction	\$20,645.61 check from Wilmington Financier to Poole Construction relating to Summerhouse

22	11/22/2006	Wilmington Financier to Poole Construction	\$17,770.21 check from Wilmington Financier to Poole Construction relating to Summerhouse
23	12/3/2006	Wilmington Financier to Poole Construction	\$6,098.51 check from Wilmington Financier to Poole Construction relating to Summerhouse
24	12/13/2006	Wilmington Financier to Poole Construction	\$11,139.51 check from Wilmington Financier to Poole Construction relating to Summerhouse
25	12/17/2006	Wilmington Financier to Poole Construction	\$5,455.26 check from Wilmington Financier to Poole Construction relating to Summerhouse
26	1/4/2007	Wilmington Financier to Poole Construction	\$157.13 check from Wilmington Financier to Poole Construction relating to Summerhouse
27	5/3/2007	Wilmington Financier to Poole Construction	\$8,318.76 check from Wilmington Financier to Poole Construction relating to Summerhouse

Each entry in the above table constituting a separate violation of Title 18, United States Code, Sections 1341, 1349, and 2.

COUNTS TWENTY-EIGHT through FORTY-TWO

[Money laundering;
18 U.S.C. § 1956(a) (1) (B) (I)]

On or about the dates hereinafter set forth, within the Eastern District of North Carolina and elsewhere, CHARLES RUFFIN POOLE, knowing that the property involved in the hereinafter listed financial transactions represented the proceeds of some form of unlawful activity, did knowingly conduct, and attempt to conduct, financial transactions, as defined by Title 18, United States Code, Section 1956(c) (4), which transactions in fact involved the proceeds of specified unlawful activity, namely, violations of Title 18, United State Code, Sections 1951, 666(a) (1) (B), 1952, and 1341, knowing that the transactions were designed in whole or in part to conceal and disguise the nature, the location, the source, the ownership, and the control of the proceeds of specified unlawful activity, and did aid and abet others in the commission of these offenses, and did cause the acts constituting these offenses to be done by others, both known and unknown to the grand jury. The allegations made in this paragraph are repeated and re-alleged in each of the following COUNTS TWENTY-EIGHT through FORTY-TWO of this Indictment, as though fully set forth therein:

Count	On or About	Financial transaction
28	9/9/2005	Deposit of \$5,000 check from Wilmington financier to Poole Construction relating to Cannonsgate

29	11/22/2005	Deposit of \$44,750 check from Wilmington Financier to Poole Construction relating to Cannonsgate
30	12/18/2005	Deposit of \$80,249.31 check from Wilmington Financier to Poole Construction relating to Cannonsgate
31	4/30/2006	\$25,000 check from Poole Construction to Ruffin Poole transferring Cannonsgate proceeds
32	5/31/2006	\$105,000 check from Poole Construction to Ruffin Poole transferring Cannonsgate proceeds
33	7/5/2006	Deposit of \$5,000 check from Wilmington Financier to Poole Construction relating to Summerhouse
34	11/3/2006	Deposit of \$50,415.10 check from Wilmington Financier to Poole Construction relating to Summerhouse
35	11/8/2006	Deposit of \$20,645.61 check from Wilmington Financier to Poole Construction relating to Summerhouse
36	11/22/2006	Deposit of \$17,770.21 check from Wilmington Financier to Poole Construction relating to Summerhouse
37	12/3/2006	Deposit of \$6,098.51 check from Wilmington Financier to Poole Construction relating to Summerhouse
38	12/13/2006	Deposit of \$11,139.51 check from Wilmington Financier to Poole Construction relating to Summerhouse
39	12/17/2006	Deposit of \$5,455.26 check from Wilmington Financier to Poole Construction relating to Summerhouse

40	1/4/2007	Deposit of \$157.13 check from Wilmington Financier to Poole Construction relating to Summerhouse
41	5/3/2007	Deposit of \$8,318.76 check from Wilmington Financier to Poole Construction relating to Summerhouse
42	7/12/2007	\$200,000 check from Poole Construction to Ruffin Poole including Summerhouse proceeds

Each entry in the above table constituting a separate violation of Title 18, United States Code, Sections 1956(a)(1)(B)(i) and 2.

COUNTS FORTY-THREE through FIFTY-ONE

**[Monetary transactions in criminally derived property;
18 U.S.C. § 1957]**

On or about the dates hereinafter set forth, within the Eastern District of North Carolina and elsewhere in the United States, CHARLES RUFFIN POOLE, did knowingly engage, and attempt to engage in monetary transactions, as that term is defined in Title 18, United States Code, Section 1957(f)(1), in criminally derived property, as that term is defined in Title 18, United States Code, Section 1957(f)(2), of a value greater than \$10,000 and which were derived from specified unlawful activity, namely, violations of Title 18, United State Code, Sections 1951, 666(a)(1)(B), 1952, and 1341, and did aid and abet others in the commission of these offenses, and did cause the acts constituting these offenses to be done by others, both known and unknown to the grand jury. The allegations made in this paragraph are repeated and re-alleged in

each of the following COUNTS FORTY-THREE through FIFTY-ONE of this Indictment, as though fully set forth therein:

Count	On or About	Financial transaction
43	11/22/ 2005	Deposit of \$44,750 check from Wilmington Financier to Poole Construction relating to Cannonsgate
44	12/18/2005	Deposit of \$80,249.31 check from Wilmington Financier to Poole Construction relating to Cannonsgate
45	4/30/2006	\$25,000 check from Poole Construction to Ruffin Poole transferring Cannonsgate proceeds
46	5/31/2006	\$105,000 check from Poole Construction to Ruffin Poole transferring Cannonsgate proceeds
47	11/3/2006	Deposit of \$50,415.10 check from Wilmington Financier to Poole Construction relating to Summerhouse
48	11/8/2006	Deposit of \$20,645.61 check from Wilmington Financier to Poole Construction relating to Summerhouse
49	11/22/2006	Deposit of \$17,770.21 check from Wilmington Financier to Poole Construction relating to Summerhouse
50	12/13/2006	Deposit of \$11,139.51 check from Wilmington Financier to Poole Construction relating to Summerhouse
51	7/12/2007	\$200,000 check from Poole Construction to Ruffin Poole including Summerhouse proceeds

Each entry in the above table constituting a separate violation of Title 18, United States Code, Sections 1957 and 2.

FORFEITURE NOTICE

Defendant CHARLES RUFFIN POOLE is hereby given notice of the provisions of Title 18, United States Code, Section 981 (a)(1)(C), as made applicable herein by Title 28, United States Code, Section 2461(c), and Title 18, United States Code, Section 982(a)(7), that all his interest in all property specified herein is subject to forfeiture. As a result of the foregoing offenses of the Indictment, POOLE shall forfeit to the United States any and all property constituting, or derived from, any proceeds the said defendant obtained directly or indirectly as a result of the said offense.

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

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

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), to seek forfeiture of any other

property of the defendants up to the value of the above forfeitable property.

A TRUE BILL

FOREPERSON

1-21-10

Date

G. E. B. Holding
GEORGE E. B. HOLDING
United States Attorney

Dennis M. Duffy
DENNIS M. DUFFY
Assistant United States Attorney

John Stuart Bruce
JOHN STUART BRUCE
First Assistant United States Attorney

I certify the foregoing to be a true and correct copy of the original.
Dennis P. Iavarone, Clerk
United States District Court
Eastern District of North Carolina

By *Keal E. Crews*
Deputy Clerk