

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF KANSAS
(WICHITA DOCKET)

UNITED STATES OF AMERICA,)	
)	
Plaintiff,)	
)	
vs.)	Case No.
)	
)	Ct. 1: 18 U.S.C. §§371 & 1349
THOMAS RAY BLUBAUGH)	
CHARLETTE FAYE BLUBAUGH)	
BEN KIRTLAND)	
RODNEY DALE JONES, and)	
KASSIE LIEBSCH)	
Defendants.)	Forfeiture Notice & Allegation

INDICTMENT

THE GRAND JURY CHARGES:

At all times material to this indictment:

Introduction

1) The University of Kansas is a public research university with campuses located in Lawrence, Kansas City, Kansas, and Overland Park, Kansas, with the main campus being located atop Mount Oread in Lawrence. The University was founded in 1865.

2) Kansas Athletics Inc., is a nonprofit organization that promotes

Kansas athletics.

3) The Williams Educational Fund, is the fund raising arm of KU Athletics, named after Lawrence banker Dick Williams and his sons, Skipper and Odd. Funds raised through the sale of tickets to KU athletic events contribute to scholastic and athletic scholarships for students.

4) The policies of Kansas University and Kansas Athletics, Inc., provide that complimentary tickets may be issued to Athletics staff members. Staff members are given the opportunity, prior to the start of each season, to sign up for and receive a maximum of two (2) complimentary season tickets to football and men's basketball. Additionally, staff members will receive complimentary entrance to all other intercollegiate events for themselves and up to three additional guests. The value of all complimentary tickets for staff members is added to their annual taxable income. The transfer or resale of complimentary tickets is prohibited.

5) **Charlette Faye Blubaugh** was Associate Athletic Director in charge of the Ticket Office at KU. **Thomas Ray Blubaugh** was a "consultant" to the Ticket Office and was on the payroll from August 2007 until January 2010 at a cost to Kansas Athletics, Inc., of \$115,000. **Ben Kirtland** approved all payments for the consultant services of **Thomas Ray Blubaugh** .

6) **Ben Kirtland** was Associate Athletic Director of Development and supervisor of the Williams Educational Fund. **Kirtland** was the head of fund raising for Kansas Athletics Inc., and was the highest ranking official working directly with the Williams Fund.

7) **Rodney Dale Jones**, was Assistant Athletic Director in charge of the Williams Educational Fund.

8) **Kassie Liebsch** was the System's Analyst at the KU Athletics ticket office. She worked under **Charlette Faye Blubaugh**.

THE SCHEME & CONSPIRACY

9) Sometime commencing in 2005, **Charlette Faye Blubaugh** began to steal, convert and take by fraud, individual and season tickets for Kansas Athletic events and provide them to employees Brendan Simmons, Jason Jeffries,¹ **Ben Kirtland**, **Rodney Dale Jones** and **Kassie Liebsch** to sell to third parties in violation of the policies of the University. The result of this was to provide illegal proceeds of more than \$2,000,000 for the personal use and benefit of the conspirators, depriving the University and its students of these monies. The tickets were moved in interstate commerce and marketed through individuals and ticket

¹Simmons and Jeffries have already pled guilty to federal offenses in connection with this matter and are not named defendants in this indictment.

brokers. The tickets were advertised for sale using the internet and were sold in a manner to avoid detection of the fact that the tickets were coming from individual employees of the ticket office and in order to defraud the United States of, and concerning, its lawful governmental function of assessment and collection of income taxes.

10) In furtherance and execution of this conspiracy, the defendants and others at their direction, committed overt acts to affect the object of said conspiracy including, but not limited to:

- A) The defendants diverted tickets from their lawfully intended purpose to market them for their own personal enrichment.
- B) The defendants represented and caused to be represented to the Director of Athletics that a computer system was in place that would prevent tickets from being stolen, converted and taken by fraud.
- C) The defendants paid kickbacks from the proceeds of the fraud to individuals for marketing the unlawfully obtained tickets.
- D) The defendants transported and caused to be transported in interstate commerce athletics tickets having a value in excess of \$5,000 knowing the same to have been stolen, converted and taken by fraud.
- E) The defendants used methods of deception to prevent the tracing back to them of tickets stolen, converted and taken by fraud. These methods included: (i) using third parties not connected to the ticket office to sell the tickets to individuals and through ticket brokers; (ii) having checks written to third parties not connected to the ticket office; (iii) having ticket brokers write checks to cash and

converting to cash at the brokers' banks; (iv) purchasing money orders with cash in amounts less than required for currency reporting requirements, to prevent tracing back to the conspirators of illegal proceeds; and, (v) concealing receipt of proceeds on outside income reports required to be filed pursuant to NCAA rules.

F) Defendants having devised and intending to devise the scheme and artifice to defraud, for the purpose of executing such scheme and artifice to defraud caused transmissions by wire to advertise the tickets for sale.

COUNT 1
A VIOLATION OF TITLE 18, UNITED STATES CODE, SECTIONS
371 & 1349
THE CONSPIRACY:

11) Paragraphs 1 through 10 are incorporated herein by reference.

12) Beginning in at least 2005, the precise date being unknown to the grand jury, and continuing into 2010, the defendants herein,

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combined, conspired, confederated and agreed to commit offenses against the United States of America, and to defraud the United States, and any agency thereof, in any manner and for any purpose, in the District of Kansas and elsewhere, that is:

A) to interfere with and obstruct one of its lawful government

functions, the assessment and collection of income taxes by dishonesty, deceit, craft and trickery;

B) to transport in interstate commerce goods and money, that had been stolen converted and taken by fraud in violation of Title 18 United States Code, Sections 2 & 2314.

D) to commit wire fraud in violation of Title 18 United States Code, Sections 2 & 1343.

FORFEITURE NOTICE AND ALLEGATION

13) Upon conviction of the offenses in violation of Title 18, United States Code, Sections 1343, and 2314, and conspiracy to commit said offenses, the defendants

**THOMAS RAY BLUBAUGH
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KASSIE LIEBSCH**

shall forfeit to the United States of America, pursuant to Title 18, United States Code, Section 982(a)(2)(A), any property, real or personal, which constitutes or is derived from proceeds obtained directly or indirectly as a result of such violations, including, but not limited to:

A. Money Judgment. A sum of money between \$3,000,000-\$5,000,000, and equal to the amount of proceeds obtained as a result of the violations alleged herein, for which the defendants are jointly and severally liable.

A TRUE BILL

November 17, 2010
DATE

s/ Foreperson
FOREPERSON OF THE GRAND JURY

s/Richard L. Hathaway, #07767, for
BARRY R. GRISSOM, # 10866
UNITED STATES ATTORNEY
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[It is requested that trial be held in Wichita, Kansas.]