

FILED  
U.S. DISTRICT COURT  
DISTRICT OF KANSASIN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF KANSAS

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CLERK U.S. DISTRICT COURT  
BY:  DEPUTY CLERK  
AT WICHITA, KS

UNITED STATES OF AMERICA,

Plaintiff,

vs.

CHARLETTE FAYE BLUBAUGH,

Defendant.

Case No. 10-10178-WEB

**PLEA AGREEMENT**

The United States of America, by and through Richard L. Hathaway, Senior Litigation Counsel, United States Attorneys Office for the District of Kansas, and CHARLETTE FAYE BLUBAUGH, the defendant, personally and by and through defendant's counselors, David M. Rapp and John Rapp, hereby enter into the following plea agreement pursuant to Rule 11 of the Federal Rules of Criminal Procedure:

**1. Defendant's Guilty Plea.** The defendant agrees to plead guilty to Count 1 of the Indictment charging a violation of Title 18, United States Code, Section 371. By entering into this plea agreement, the defendant admits to knowingly committing this offense, and to being guilty of this offense. The defendant understands that the maximum sentence which may be imposed as to Count 1 is a term of imprisonment of not more than 20 years, a fine of not more than \$250,000, a term of supervised release of not more than 3 years [Sections 3559 & 3583], and a special assessment of \$100.00 [§ 3013]; and such restitution as may be required by law. The defendant agrees to an entry of a monetary forfeiture judgment in the amount of \$2 million that

will be joint and several among the defendants. The defendant also agrees he will not contest the forfeiture allegations in this case and agrees to execute disclaimers/waivers to the property in a form satisfactory to the government of all of her right, title and interest in the property named in the forfeiture allegation[s] prior to sentencing.

**2. Factual Basis for the Guilty Plea.** The parties agree the facts constituting the offense to which the defendant is pleading guilty are as follows:

- a. 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.
- b. Kansas Athletics Inc., is a nonprofit organization that promotes Kansas athletics.
- c. 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.
- d. 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.
- e. 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 payments for the consultant services of Thomas Ray Blubaugh.
- f. 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.

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

h. Kassie Liebsch was the System's Analyst at the KU Athletics ticket office.

### **THE SCHEME & CONSPIRACY**

i. Beginning in at least 2005, and continuing into 2009, the defendants herein, Charlette Faye Blubaugh, and her co-defendants and co-conspirators identified in paragraphs e, f, g and h, above, combined, confederated, agreed and conspired 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:

1. to interfere with and obstruct one of its lawful government functions, the assessment and collection of income taxes by dishonesty, deceit, craft and trickery;
2. 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.
3. to commit wire fraud in violation of Title 18 United States Code, Sections 2 & 1343.

j. Beginning in 2005, Charlette Faye Blubaugh began to steal, convert and take by fraud, individual and season tickets for Kansas Athletic events. Many of these tickets were provided to Thomas Blubaugh, Rodney Dale Jones and Ben Kirtland at each of their request. These tickets were taken from hold tickets and donor tickets that were set aside for donors, friends of the university, or if there were an issue with seat assignments that required last minute changing of seat location for current ticket holders. Many of the co-defendants worked for the Williams Fund and were directed to use these tickets to help spur donations from donors and others. These tickets, however, were being taken by Ms. Blubaugh and the co-defendants and provided to brokers for sale. 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 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.

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

1. Defendant(s) diverted tickets from their lawfully intended purpose to market them for their own personal enrichment.
2. Some defendant(s) 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.
3. Some defendant(s) paid kickbacks from the proceeds of the fraud to individuals for marketing the unlawfully obtained tickets.
4. The defendant(s) 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.
5. Some defendant(s) 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.

3. **Application of the Sentencing Guidelines.** The parties acknowledge that the United States Sentencing Guidelines (Guidelines) will be applied by the Court on an advisory basis to calculate the applicable sentence in this case.

4. **Relevant Conduct.** The parties acknowledge and understand that the uncharged conduct, as well as conduct charged in any dismissed counts of the indictment, may be considered by this Court in imposing sentence as relevant conduct for purposes of calculating the offense level for the conspiracy in this case in accordance with United States Sentencing Guidelines (U.S.S.G.) § 1B1.3.

5. **Government's Agreements.** In return for the defendant's plea of guilty as set forth herein, the United States Attorney for the District of Kansas agrees:

- a. To not file any additional charges against the defendant arising out of the facts forming the basis for the present indictment;
- b. To file a motion pursuant to 5K1.1 of the guidelines reflecting the defendant's substantial assistance in investigating and prosecuting her co-conspirators in this case.

The government's obligation concerning its agreements listed in paragraph 5 are contingent upon the defendant's continuing manifestation of acceptance of responsibility as determined by the United States. If defendant denies or gives conflicting statements as to her involvement in the offenses, falsely denies or frivolously contests relevant conduct that the court determines to be true, willfully obstructs or impedes the administration of justice as defined in U.S.S.G. § 3C1.1 (or willfully attempts to do so), or engages in additional criminal conduct, the United States reserves the right to request a hearing to determine if the defendant has breached this agreement.



In the event the Court finds the defendant has breached this plea agreement or has otherwise failed to adhere to its terms, the United States shall not be bound by this paragraph and may pursue any additional charges arising from the criminal activity under investigation as well as any perjury, false statement, or obstruction of justice charges which may have occurred. The defendant understands and agrees that in the event the defendant violates this plea agreement, all statements made by the defendant subsequent to the execution of this plea agreement, any testimony given by the defendant before a grand jury or any tribunal or any leads from such statements or testimony shall be admissible against the defendant in any and all criminal proceedings. The defendant waives any rights which might be asserted under the United States Constitution, any statute, Federal Rule of Criminal Procedure 11(f), Federal Rule of Evidence 410, or any other federal rule that pertains to the admissibility of any statements made by the defendant subsequent to this plea agreement.

6. **Defendant's Agreements.** The defendant agrees to cooperate fully and truthfully with the United States as follows:

- a. Defendant agrees to provide truthful, complete, and accurate information and testimony in the trial of this matter, before any grand jury proceeding, or in any related hearing;
- b. Defendant agrees to provide all information concerning the defendant's knowledge of, and participation in, the offenses charged in the indictment and all related conduct;
- c. Defendant agrees to waive speedy sentencing and agrees to be sentenced following the conclusion of the trial of her co-defendants and co-conspirators in this case;
- d. Defendant agrees that if the United States determines the defendant has not provided full and truthful cooperation, or has committed any local, state, or federal crime between the date of this plea agreement

and sentencing, or has otherwise violated any other provision of this plea agreement, or has violated the terms and conditions of her release while on bond as required by the Court, the plea agreement may be voided and the defendant shall be subject to prosecution for any federal crime of which the United States has knowledge including, but not limited to, perjury, obstruction of justice, and any substantive offenses arising from this investigation. Such prosecution may be based upon any information provided by the defendant during the course of the defendant's cooperation, or upon leads derived therefrom, and this information may be used as evidence against the defendant. In addition, the defendant's previously entered plea of guilty will remain in effect and cannot be withdrawn;

- e. Defendant agrees to cooperate fully with the United States Attorneys Office in the disclosure of assets and specifically to:
  - i) Provide a financial statement on a form approved by the USAO that discloses all assets in which defendant has any interest or over which the defendant exercises control, directly or indirectly, including those held by a spouse, nominee or other third party, as well as any transfer of assets that has taken place since 2005.
  - ii) Submit to an examination, which may be taken under oath and may include a polygraph examination.
  - iii) Acknowledge that any waivers, consents, or releases signed by the defendant for purposes of the Presentence Investigation Report extends to the USAO.
  - iv) Not encumber, transfer, or dispose of any monies, property or assets under defendant's custody or control, without written approval from the USAO.

7. **Substantial Assistance.** The defendant acknowledges that substantial assistance has not yet been provided by the defendant within the meaning of U.S.S.G. Section 5K1.1 and Title 18, United States Code Section 3553(e). The defendant also acknowledges and understands that the determination as to whether the defendant has provided substantial assistance and whether a motion pursuant to U.S.S.G. Section 5K1.1

will be filed are left entirely and exclusively within the discretion of the United States. If a determination is made by the United States the defendant has provided substantial assistance, the United States shall request that the Court consider reducing the sentence the defendant would otherwise receive under the applicable statutes and/or sentencing guidelines pursuant to Title 18, U.S.C. Section 3553(e), Title 28, U.S.C. Section 994(n), and U.S.S.G. Section 5K1.1.

**8. Sentence to be Determined by the Court.** The defendant understands that the sentence to be imposed will be determined solely by the United States District Judge, and no recommendations made by the government are binding on the Court. The United States cannot and has not made any promise or representation as to what sentence the defendant will receive.

**9. Information Provided by Defendant.** The United States agrees not to use new information the defendant provides about the defendant's own criminal conduct except as specifically authorized by U.S.S.G. Section 1B1.8. As such, this information may be revealed to the Court but may not be used against the defendant in determining the defendant's applicable guideline range or departing above her guideline range. Defendant understands and agrees, however, that under U.S.S.G. Section 1B1.8, there shall be no such restrictions on the use of the information: (1) previously known to the United States; (2) revealed to the United States by, or discoverable through, an independent source; (3) in a prosecution for perjury or giving a false statement; (4) in the event there is a breach of this agreement; or (5) in determining whether and to what extent a downward departure as a result of a government motion pursuant to Title 18, U.S.C. Section 3553(e) and U.S.S.G. Section 5K1.1 is warranted.



10. **Withdrawal of Plea Not Permitted.** The defendant understands that if the court accepts this plea agreement but imposes a sentence with which the defendant does not agree, the defendant will not be permitted to withdraw this plea of guilty.

11. **Payment of Special Assessment.** The defendant understands that a mandatory special assessment of \$100 per count of conviction will be entered against the defendant at the time of sentencing. The defendant agrees to deliver to the clerk of the court payment in the appropriate amount no later than the day of plea. If the defendant fails to make full payment of the special assessment the United States will no longer be bound by the provisions contained in Section 5(b) of this agreement. The burden of establishing an inability to pay the required special assessment lies with the defendant.

12. **Waiver of Appeal and Collateral Attack.** Defendant knowingly and voluntarily waives any right to appeal or collaterally attack any matter in connection with this prosecution, conviction and sentence. The defendant is aware that Title 18, U.S.C. Section 3742 affords a defendant the right to appeal the conviction and sentence imposed. By entering into this agreement, the defendant knowingly waives any right to appeal a sentence imposed which is within the guideline range determined appropriate by the court. The defendant also waives any right to challenge a sentence or otherwise attempt to modify or change her sentence or manner in which it was determined in any collateral attack, including, but not limited to, a motion brought under Title 28, U.S.C. Section 2255 [except as limited by *United States v. Cockerham*, 237 F.3d 1179, 1187 (10th Cir. 2001)], a motion brought under Title 18, U.S.C. Section 3582(c)(2) and a motion brought under Fed. Rule of Civ. Pro 60(b). In other words, the defendant waives the right to appeal the sentence imposed in this case except to the extent, if any, the court departs upwards from the

applicable sentencing guideline range determined by the court. However, if the United States exercises its right to appeal the sentence imposed as authorized by Title 18, U.S.C. Section 3742(b), the defendant is released from this waiver and may appeal the sentence received as authorized by Title 18, U.S.C. Section 3742(a).

**13. Waiver of FOIA Request.** The defendant waives all rights, whether asserted directly or by a representative, to request or receive from any department or agency of the United States any records pertaining to the investigation or prosecution of this case including, without limitation, any records that may be sought under the Freedom of Information Act, Title 5, U.S.C. Section 552, or the Privacy Act of 1974, Title 5, U.S.C. Section 552a.

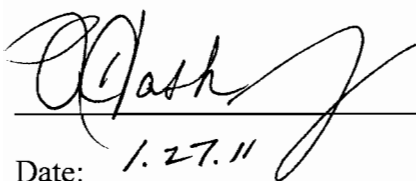
**14. Waiver of Claim for Attorney's Fees.** The defendant waives all claims under the Hyde Amendment, Title 18, U.S.C. Section 3006A, for attorneys fees and other litigation expenses arising out of the investigation or prosecution of this matter.

**15. Full Disclosure by United States.** The defendant understands the United States will provide to the court and the United States Probation Office all information it deems relevant to determining the appropriate sentence in this case. This may include information concerning the background, character, and conduct of the defendant including the entirety of the defendant's criminal activities. The defendant understands these disclosures are not limited to the count to which the defendant has pled guilty. The United States may respond to comments made or positions taken by the defendant or defendant's counsel and to correct any misstatements or inaccuracies. The United States further reserves its right to make any recommendations it deems appropriate regarding the disposition of this case, subject only to any limitations set forth in this plea

agreement. The defendant also has the right to provide information concerning the offense and to make recommendations to the court and the United States Probation Office.

16. **Parties to the Agreement.** The defendant understands this plea agreement binds only the defendant and the United States Attorney for the District of Kansas, and that it does not bind any other federal, state, or local prosecution authority.

17. **No Other Agreements.** The defendant has had sufficient time to discuss this case, the evidence, and this agreement with the defendant's attorney and defendant is fully satisfied with the advice and representation provided by defendant's counsel. Further, the defendant acknowledges that she has read the plea agreement, understands it and agrees it is true and accurate and not the result of any threats, duress or coercion. The defendant further understands that this plea agreement supersedes any and all other agreements or negotiations between the parties, and that this agreement embodies each and every term of the agreement between the parties. The defendant acknowledges that the defendant is entering into this agreement and is pleading guilty because the defendant is guilty and is doing so freely and voluntarily.



Date: \_\_\_\_\_

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Charlette Faye Blubaugh  
Date: 1-27-11  
Charlette Faye Blubaugh  
Defendant

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Date: 1-27-11  
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