

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF KENTUCKY
SOUTHERN DIVISION
LONDON**

CRIMINAL ACTION NO. 6:11-CR-

UNITED STATES OF AMERICA

PLAINTIFF

V.

PLEA AGREEMENT

ABBY VICKI PAUL

DEFENDANT

* * * * *

1. Pursuant to Rule 11(c) of the Federal Rules of Criminal Procedure, the Defendant, Abby Vicki Paul, will enter a guilty plea to a single-count Information. This Information charges conspiracy to commit money laundering, in violation 18 U.S.C. § 666(a)(1)(A). According to the provisions of 18 U.S.C. § 3663, *et seq.*, the Defendant will pay restitution to the victims of these offenses in an amount to be determined by the Court.

2. The essential elements of the **Information** are:

(a) That the defendant was an agent/employee of the Whitley County Sheriff's Department;

(b) That the Whitley County Sheriff's Department is an agency of the Whitley County government;

(c) That the defendant embezzled, stole, obtained by fraud, and/or converted to the use of herself or another, without authority, property of a value of \$5,000 or more as part of a single scheme or plan;

(d) That the property was under the care, custody, and/or control of the Whitley County Sheriff's Department; and

(e) That the Whitley County government received benefits in excess of \$10,000 in the one-year period beginning January 1, 2007, and ending December 31, 2007, pursuant to a federal program involving a grant, contract, subsidy, and/or some other form of federal assistance.

3. As to the Information, the United States could prove the following facts, among others, that establish the essential elements of the offense beyond a reasonable doubt, and the Defendant admits these facts:

(a) Beginning on or about January 1, 2003, and continuing through her retirement in or about July of 2008, the Defendant, Abby Vicki Paul, while working as a clerk/bookkeeper for the Whitley County Sheriff's Department ("Whitley SO") - which is located in Williamsburg, Kentucky, within the Eastern Judicial District of Kentucky - conspired with the former Whitley County Sheriff ("the Sheriff") to embezzle and launder monies belonging to the Whitley SO.

(b) As the primary clerk/bookkeeper for the Whitley SO, the Defendant's duties consisted of assisting in the collection of taxes, handling banking matters for the SO, and preparing the SO's monthly financial reports.

(c) Pursuant to KRS § 134.119, the Sheriff and the SO were responsible for collecting all state, county, county school district, and other taxing district property taxes in Whitley County.

(d) In order to maintain an accounting of taxes collected on behalf of Whitley County, the SO maintained a separate account known as the Tax Account.

(e) Throughout the above-referenced time frame, the Sheriff and Defendant embezzled and laundered monies from the Whitley SO's Tax Account. Specifically, the Sheriff and Defendant would unlawfully embezzle and steal a portion of monies paid by the residents of Whitley County for their real property taxes by unlawfully manufacturing overages in the Tax Account and keeping the excess.

(f) For example, if an individual came in and paid their property taxes late - including any penalties/fees - the Defendant would accept the full amount from this

individual, but would record the amount as being paid on time. Similarly, if an individual paid their taxes on time, the Defendant would often record the taxes as being paid early - at a discounted rate. These acts were committed with the Sheriff's knowledge and consent and resulted in a surplus in the Tax Account.

(g) The Defendant acknowledges that each payment made in this manner constitutes a "financial transaction" as defined by 18 U.S.C. § 1956(c)(4).

(h) The Sheriff and Defendant would then split the monies derived from this manufactured surplus. Typically, the Sheriff would receive half of this surplus and the Defendant would receive approximately one-quarter of this money.

(i) The Defendant admits that, pursuant to Section 99 of the Kentucky Constitution and KRS § 70, *et seq.*, the Sheriff was an "agent" of Whitley County.

(j) The Defendant further admits that Whitley County received well over \$10,000.00 in benefits from Federal programs in any given fiscal throughout the course of this conspiracy. This amount includes those monies received by the Whitley SO from the U.S. Corps of Engineers, The U.S. Department of Forestry, and Appalachian HIDTA in 2005, 2006, 2007, and 2008.

(k) These fraudulent activities continued up until the Defendant left the SO in or about July of 2008. The total amount of monies embezzled and laundered by the Defendant and the Sheriff in this manner for calendar years 2005, 2006, and 2007 was approximately \$158,017.00.

(l) In addition, monies "donated" or "forfeited" to the Whitley SO in connection with criminal matters were typically placed in the SO's Drug and Alcohol Fund ("DAF") to be used in connection with narcotics buys/investigations.

(m) The Defendant also assisted the Sheriff in embezzling monies from the DAF for his own personal gain and/or benefit.

(n) Specifically, the Defendant would issue checks from the DAF to the Sheriff for the alleged purpose of paying informants or conducting controlled purchases of narcotics.

(o) The Sheriff was actually using these monies for his own personal gain and/or benefit, including the purchase of drugs to support his addiction. The Defendant knew that the Sheriff was using these monies for his personal gain and/or benefit, and not for any official purpose, when she issued the checks.

(p) In this manner, the Defendant assisted the Sheriff in embezzling and laundering a total of \$6,417.00 for calender years 2005, 2006, 2007, and 2008.

(q) The Defendant acknowledges that each check issued and cashed in this manner constitutes a “financial transaction” as defined by 18 U.S.C. § 1956(c)(4).

(r) The Whitley SO also utilized a Fee Account to track monies received by the SO for service of process, warrants, and other court-related activities. The Defendant assisted with maintaining this account as well.

(s) The Defendant acknowledges that she assisted the Sheriff in embezzling a total of \$58,480.00 from the Fee Account for calender years 2005, 2006, 2007, and 2008.

(t) Because of the foregoing criminal activities, the monthly financial reports would often come up short. In order to balance the Whitley SO’s accounts, and in an effort to cover-up this shortcoming, the Sheriff gave the Defendant authority to falsify the books and paperwork. The Sheriff also permitted the Defendant to sign his name to the requisite reports.

(u) In addition, sometime in the Spring of 2007, the Sheriff’s SO-issued cruiser/vehicle was burned in a fire at his residence. The Sheriff approached the Defendant afterwards and asked her if anything needed to be in the cruiser when it burned. In order to create an alibi for the destruction of records related to the Tax Account, the Defendant advised the Sheriff that the tax records needed to be in cruiser.

(v) Overall, the Defendant admits to conspiring with the Sheriff to embezzle and/or launder approximately \$222,914.00 in monies belonging to the Whitley SO.

4. The maximum statutory punishment for the single-count Information is a term of imprisonment of not more than 10 years, a fine of not more than \$250,000.00, and a term of supervised release of not more than 3 years. A mandatory special assessment of \$100.00 applies, and the Defendant will pay this assessment to the U.S. District Court Clerk at the time of the plea.

5. Pursuant to Rule 11(c)(1)(B) of the Federal Rules of Criminal Procedure, the

United States and the Defendant recommend the following sentencing guideline calculations, and they may object to or argue in favor of other calculations. This recommendation does not bind the Court:

(a) The November 1, 2010, version of the United States Sentencing Guidelines (“U.S.S.G.”) Manual, as supplemented by emerging amendments, shall be used to determine the Defendant’s guideline range.

(b) Pursuant to the provisions of U.S.S.G. § 2B1.1, and based on the facts set forth in ¶ 3 of this Plea Agreement, the parties agree that the base offense level for the offenses readily provable as to this Defendant, including relevant conduct, is a level 18.

(c) Pursuant to U.S.S.G. § 3E1.1, and unless the Defendant commits another crime, obstructs justice, or violates a court order, decrease the offense level by 2 levels for the Defendant’s acceptance of responsibility. If the offense level determined prior to this 2-level decrease is a level 16 or greater, the United States will move at sentencing to decrease the offense level by 1 additional level based on the Defendant’s timely notice of intent to plead guilty.

(d) Pursuant to U.S.S.G. § 5E1.1, the Defendant agrees to pay restitution in the amount of \$25,000.00. This sum represents the approximate amount received by the Defendant in connection with the offense of conviction. The victim is Whitley County.

6. No agreement exists about the Defendant’s criminal history category pursuant to U.S.S.G. Chapter 4.

7. The Defendant will not file a motion for a decrease in offense level based on a mitigating role pursuant to U.S.S.G. § 3B1.2 or a departure motion pursuant to U.S.S.G. Chapter 5, Parts H or K. The Defendant will also not seek a sentence below the advisory guideline range.

8. The Defendant waives the statutory right to appeal and the right to collaterally

attack the guilty plea, conviction, and sentence, including any order of restitution.

9. After pleading guilty, the Defendant will make a full and complete financial disclosure to the United States and will assist the United States in the gathering of all financial information. The Defendant will complete and sign a financial disclosure statement or affidavit, will sign financial releases prepared by the United States, and will submit to a deposition in aid of collection at times and places that the United States directs. The Defendant agrees that any unpaid penalty will be submitted to the United States Treasury for offset. If the Defendant fails to comply with any of the provisions of this paragraph, the United States will not move the Court pursuant to U.S.S.G. § 3E1.1(b) to reduce the offense level by one additional level, and may in its discretion argue to the Court that the Defendant should not receive a two-level reduction for acceptance of responsibility pursuant to U.S.S.G. § 3E1.1(a).

10. The United States will not oppose allowing the Defendant to remain on bond pending sentencing provided she does not violate the terms of any order setting the conditions of release.

11. If the Defendant violates any part of this Agreement, the United States may void this Agreement and seek an Indictment for any violations of federal laws, and the Defendant waives any right to challenge the initiation of additional federal charges.

12. This document and the sealed supplement contains the complete and only Plea Agreement between the United States Attorney for the Eastern District of Kentucky and

the Defendant. The United States has not made any other promises to the Defendant

13. This Agreement does not bind the United States Attorney's Offices in other districts, or any other federal, state, or local prosecuting authorities.

14. The Defendant and the Defendant's attorney acknowledge that the Defendant understands this Agreement, that the Defendant's attorney has fully explained this Agreement to the Defendant, and that the Defendant's entry into this Agreement is voluntary.

KERRY B. HARVEY
UNITED STATES ATTORNEY

Date _____

By: _____
W. Samuel Dotson
Assistant United States Attorney

Date: _____

Abby Vicki Paul
Defendant

Date: _____

Sandra J. Reeves
Attorney for Defendant

Date: _____

C. Wayne Shepherd
Attorney for Defendant

APPROVED, this _____ day of _____, 2011.

GREGORY F. VAN TATENHOVE
UNITED STATES DISTRICT JUDGE