

ORIGINAL

United States District Court

EASTERN DISTRICT OF OKLAHOMA MAR 06 2007

In the Matter of the Search of
(Name, address or brief description of person or property to be searched)

William B. Guthrie
Clerk, U.S. District Court

By _____
Deputy Clerk

THE PREMISES KNOWN AS
**GENE STIPE OIL and GAS BUSINESS OFFICE
and HCFS
323 Carl Albert Parkway
McAlester, Oklahoma**

APPLICATION AND AFFIDAVIT
FOR SEARCH WARRANT

CASE NUMBER: 07-MJ-00042-SPS

I James A. Dawson being duly sworn depose and say:

I am a(n) Special Agent with the Federal Bureau of Investigation, and have reason to believe
that on the person of or on the property or premises known as (name, description and/or location)

(See ATTACHMENT A)

in the Eastern District of Oklahoma there is now
concealed a certain person or property, namely (describe the person or property to be seized)

(See ATTACHMENT B)

which is (state one or more bases for search and seizure set forth under Rule 41(b) of the Federal Rules of Criminal Procedure) property/records are fruits
and instrumentalities evidencing acts

concerning a violation of Title 18 United States Code, Section(s) 1341 and 1346.
The facts to support a finding of Probable Cause are as follows:

See attached Affidavit of Special Agent James A. Dawson, Federal Bureau of Investigation, which is
incorporated and made a part hereof by reference.

Continued on the attached sheet and made a part hereof.

Yes No

James A. Dawson
Signature of Affiant
JAMES A. DAWSON
SPECIAL AGENT FBI

Sworn to before me, and subscribed in my presence

3/06/07
Date
STEVEN P. SHREDER
UNITED STATES MAGISTRATE JUDGE
Name and Title of Judicial Officer

at Muskogee, Oklahoma
City and State
Steven P. Shreder
Signature of Judicial Officer

AFFIDAVIT

AFFIANT EXPERIENCE

1. I am a Special Agent (SA) of the Federal Bureau of Investigation (FBI). I am presently assigned to the Oklahoma City Division.

2. As a Special Agent of the FBI, I am vested with the authority to investigate violations of certain federal laws, including those found in Title 18, United States Code. Since this affidavit is being submitted for the limited purpose of enabling a judicial determination of whether probable cause exists to justify the issuance of a search warrant for the described premises, I have not included each and every fact known to me and others regarding the investigation of this matter. I have set forth only the facts that I believe are essential to establish the necessary foundation for a search warrant ordering the search of the described premises. I have received training in conducting criminal investigations of violations found in Title 18, United States Code. This training includes courses in Federal Criminal procedure, and investigation techniques, to include the preparation, execution and return of search warrants and the processing of evidence. During my service as an FBI Agent, I have been involved in white-collar crime and public corruption investigations, which include the examination of documents and bank records, conducting interviews, and organizing large quantities of data.

3. I submit this affidavit in support of an application for a search warrant for the premises, curtilage, vehicles, persons, and outbuildings of the offices of Gene Stipe Oil and Gas Business Office, and HCFS, located at 323 East Carl Albert Parkway, McAlester, Oklahoma, located in Pittsburg County in the Eastern District of Oklahoma. A complete description of the location is included in Attachment A to this Affidavit.

4. Based upon my experience and the facts set forth hereinafter, I have probable cause to believe and do believe that the items of evidence sought to be seized, as described in Attachment B, will be located at the location listed in paragraph 3 above, and that these items are evidence of violations which include Title 18 U.S.C. Sections 1341 and 1346 (Mail Fraud); Section 371 (Conspiracy to Defraud the United States); and Title 2 U.S.C. Section 441(a) (Exceeding Campaign Contribution Limits).

FACTS AND CIRCUMSTANCES

5. I am aware that an investigation was initiated by the FBI into National Pet Products, Inc. (NPP), in coordination with agents of the Oklahoma State Bureau of Investigation (OSBI) and the Internal Revenue Service (IRS), based on information I received indicating there may have been state funds fraudulently obtained by NPP through the use of the United States Mail. The investigation has led to evidence of a broader scheme involving Steve Phipps, Gene Stipe, and many entities and persons with whom Phipps and Stipe are associated, to include elected state representatives. As part of the scheme, Phipps and Stipe coordinated and/or conspired with certain state representatives to obtain state funds, to be allocated through granting agencies to a business in which Phipps and Stipe had an interest, that being National Pet Products (NPP). Phipps later broadened the scheme and coordinated additional state funds, much of which went to Phipps businesses, to include NPP and Indian Nation Entertainment (INE). The granting agencies which provided the above described funds include the Oklahoma Departments of Agriculture and Commerce, The Kiamichi Economic Development District of Oklahoma (KEDDO), the Eastern Oklahoma Development District (EODD), The McAlester Foundation (MF), and the Rural Development Foundation (RDF). According to cooperating witnesses and corroborating documents, at various time and places agreements were made between Stipe, and/or Phipps, and certain state representative(s) whereby these representatives would receive kick backs in return for providing state funds to the financial interests of Stipe and/or Phipps. The result of these actions was Phipps, Stipe, and the conspiring state representatives obtaining monies to which they were not otherwise entitled. As part of the scheme, Phipps and others created RDF, ostensibly a non-profit charitable organization, which received over two million dollars of the above described state funds later disbursed to INE and NPP.

6. During the course of the investigation, certain cooperating witnesses, some of whom will remain confidential, have provided information to the FBI. Information regarding these witnesses is provided as follows:

- a. CW1 has provided information to the government through his/her representing counsel. CW1 has known the individuals involved in the above

described scheme for a number of years and has conducted business with Stipe for many years. CW1 has provided information during this investigation, which has been corroborated by other investigation, documents and witnesses.

b. CW2 is familiar with the individuals involved in the above described scheme and has provided information to the FBI during this investigation, which has been corroborated by other investigation, documents and other witnesses.

c. CW3 has advised me he/she has known Steve Phipps and Gene Stipe for many years, and is familiar with the other individuals involved in the above described scheme. CW3 has provided information during this investigation, which has been corroborated by other investigation, documents, and witnesses.

d. CW4 has advised me he/she has known Steve Phipps and Gene Stipe for many years, and is familiar with the other individuals involved in the above described scheme. CW4 has been employed by Gene Stipe and conducted many business transactions involving Gene Stipe in the course of her employment, and has provided information during this investigation which has been corroborated by other investigation, documents, and witnesses.

e. CW5 has advised me he/she has known Steve Phipps and Gene Stipe for many years, and is familiar with Mike Mass. CW5 has provided information during this investigation, which has been corroborated by other investigation, documents, and witnesses.

f. Karen Carper has advised SA Gary Graff of the FBI that she is the office manager of National Pet Products, Inc. (NPP), and has known Steve Phipps and Gene Stipe for many years. Carper has provided information during this investigation, which has been corroborated by other investigation, documents, and witnesses.

g. Larry Witt, partner with Phipps and Stipe in Corporate Finance Group, has advised the FBI that he has known Gene Stipe and Steve Phipps for

many years and also knows Mike Mass. Witt has provided information which has been corroborated by other investigation, documents and witnesses.

h. Richard Dudley, President of the McAlester Foundation, has advised me he knows Steve Phipps and has assisted Phipps in obtaining state funds through the McAlester Foundation (MF). Dudley has provided information, which has been corroborated by other investigation, documents, and witnesses.

i. Chester Dennis, Executive Director of the Kiamichi Economic Development District of Oklahoma (KEDDO), has advised me he is familiar with the Rural Development Foundation (RDF) and has assisted the RDF in obtaining state funds allocated by certain state representatives. Dennis has provided information, which has been corroborated by other investigation, documents, and witnesses.

j. Karla Hall, President of the Rural Development Foundation, has provided information to the FBI which has been corroborated by other investigation, documents and witnesses.

k. Donald Hackler Jr., Deputy General Counsel, Oklahoma Department Of Commerce, has advised me he is familiar with the Rural Development Foundation (RDF) and has assisted the RDF in obtaining state funds granted by the Oklahoma Department of Commerce. Hackler has provided information, which has been corroborated by other investigation, documents, and witnesses.

7. In September 2005, I reviewed documents obtained from the Oklahoma Secretary of State, which revealed the following information:

- a. National Pet Products, Inc. (NPP) was incorporated on June 21, 2002, with the registered agent listed as Steve Phipps, and a registered office address of 336 Harpers Valley Road, Kiowa, Oklahoma.
- b. Indian Nation Entertainment, Inc. (INE) was incorporated on February 27, 2003, with the registered agent listed as Steve Phipps, and a registered office address of 336 Harpers Valley Road, Kiowa, Oklahoma, 74553.

c. Phipps Enterprises, Inc. (PEI) was incorporated on November 15, 1976, with the registered agent listed as Steve Phipps, with a purpose summarized as dealing in cattle or agriculture related products, equipment or merchandise.

d. Phipps-Murphy Enterprises, Inc. was incorporated July 20, 1979, with Steve Phipps, PO Box 336, Kiowa, Oklahoma, listed as one of the incorporators.

8. I conducted additional investigation to determine the identities of organizations and their relationships to certain individuals as follows:

a. Witt provided documents to the FBI pertaining to the American Project Development, LLC (APDC). Based on a review of these documents and from information provided by Witt to SA Steve Kaitcer, FBI, APDC was provided Oklahoma Limited Liability Company status on July 11, 2002, and maintains an office at Six Northeast 63rd Street, Suite 100, Oklahoma City. According to Witt, APDC was formed by Witt and Steve Phipps.

b. On January 22, 2006, I conducted an online search through the Oklahoma Secretary of State which indicated Pushmataha County Abstract Company is an active corporation, originated on October 5, 1988, with the registered agent listed as Steve Phipps, 336 Harpers Valley Road, Kiowa, Oklahoma 74553

c. Dudley provided documents to the FBI pertaining to the McAlester Foundation (MF). Based on these documents and on information provided to me by Dudley, the MF was incorporated in 1947 for charitable and benevolent purposes and to assist with projects, which benefit the community.

d. Chester Dennis provided documents to the FBI pertaining to the Kiamichi Economic Development District of Oklahoma (KEDDO) located in Wilburton, Oklahoma. Based on the documents and on information provided to me by Dennis, KEDDO is one of 11 economic development districts in Oklahoma and covers a number of southeast Oklahoma Counties. KEDDO maintains a contractual arrangement with the Oklahoma State Legislature, Oklahoma

Departments of Agriculture and Commerce, and other agencies. KEDDO is a trust authority of local governments and provides assistance to include financial assistance to numerous local agencies and entities.

e. Karla Hall provided documents to the FBI pertaining to the Rural Development Foundation (RDF). Based on examination of these documents, I have learned the RDF was incorporated as a Not-For-Profit corporation on September 6, 2002, and was subsequently organized exclusively for charitable, educational, religious, or scientific purposes. On the application for the certificate of incorporation, directors or trustees are listed as Karla Hooe, Melia Rose, Rex Hatridge, Pat Payne, and J. L. Lambert.

f. Documents were obtained from the Eastern Oklahoma Development District (EODD) located in Muskogee, Oklahoma. Based on an examination of these documents, I have learned EODD is one of 11 such districts performing a similar function as KEDDO, described above.

g. Documents were obtained from National Pet Products, Inc. (NPP) located in McAlester, Oklahoma. Based on my examination of these documents, I have reviewed a title insurance policy from American Aircraft and Title Company dated March 21, 2003, which insures National Pet Products, Inc., for property located on Lots 1, 2, 3, 4, 5, and 6 in Block 7, City of McAlester, Pittsburg County, Oklahoma.

h. On January 27, 2006, search warrants obtained from the United States District Court of the Eastern District of Oklahoma were executed by the FBI at National Pet Products, Inc. (NPP), Indian Nation Entertainment, Inc. (INE), Phipps-Murphy Greenhouses, and Phipps Enterprises, Inc.(PEI).

i. On April 25th, 2006 and October 5th, 2006, search warrants obtained from the United States District Court of the Eastern District of Oklahoma were executed by the FBI at Pushmataha County Abstract Company located in Antlers, Oklahoma.

j. I have learned from the execution of a previous search warrant that the address 336 Harpers Valley Road, Kiowa, Oklahoma, described above as

the location for Phipps Enterprises, is the residence of Steve Phipps.

k. On January 23, 2006, I conducted a search of public records in the state of Oklahoma, which indicated Phipps-Murphy Greenhouses is an active business located at 111 South Harrison St., Kiowa, Oklahoma 74553, with the Key Executive named as Steve Phipps.

l. On March 5th, 2007, I observed on the front of the building located at 300 East Choctaw, McAlester, Oklahoma, a sign which states Kern Shores and Company, Certified public Accountants.

m. On March 5th, 2007, I reviewed records from the Oklahoma Secretary of State which indicate that Kern Shores and Company, Corporation Identification Number 2200658659 was incorporated January 8th, 2001 with an address of 300 East Choctaw, McAlester, Oklahoma, with registered Agent Greg Shores and Incorporator Mike Kern.

n. On March 5th, 2007, I reviewed records of the Pittsburg County Assessor and Pittsburg County Clerk which indicated McAlester Properties LLC is the owner of the property located at 300 East Choctaw, McAlester, Oklahoma. These records further indicated that Gregory L. Shores is the Manager of McAlester Properties LLC as memorialized in Pittsburg County Book 1059, Pages 571, 572, and 573.

o. On March 5th, 2007, I observed the front of the building located at 323 East Carl Albert Parkway, McAlester, Oklahoma. On the West face of the South side of the building is a sign which states Gene Stipe Business/Oil & Gas Office. On the East face of the South side of the building is sign which states HCFS Incorporated Your Outsource Resource.

p. CW4 has advised that as of April, 2005, Gene Stipe's office area was located in the south end of the building located at 323 East Carl Albert Parkway. HCFS later moved in to the north end of the building. CW4 advised that files related to Stipe could be anywhere in the building but that there was a vault and a file room which contained files of Stipe's located to the north of Stipe's office.

q. On March 5th, 2007, I reviewed records from the Oklahoma Secretary of

State which indicate that GS Energy LLC was incorporated June 21, 2005, Corporate Identification Number 3512074536 with an address of 323 East Carl Albert Parkway, McAlester, Oklahoma. The other business listed at the same address is HCFS Revenue Management Incorporated.

r. Oklahoma Secretary of State records indicate HCFS Revenue Management Incorporated was incorporated in Oklahoma on 5/8/2001, Corporate Identification Number 2300665459, Registered Agent Rick Faling, address 323 East Carl Albert Parkway, McAlester, Oklahoma.

s. On March 5, 2007, I reviewed records of the Pittsburg County Assessor and Pittsburg County Clerk which indicated Stipe Management LLC is the owner of the property located at 323 East Carl Albert Parkway, McAlester, Oklahoma. These records further indicated that Gene Stipe conveyed said property to Stipe Management LLC on August 29, 2006, as memorialized in Pittsburg County Book 1468, Pages 606 and 607.

t. CW4 has participated in meetings arranging for the purchase of HCFS by Gene Stipe. CW4 has observed records which indicate Stipe's ownership of HCFS.

9. It is my experience that businesses nearly always maintain business records at their business location(s), including the registered agents physical office address. It is also my experience that businesses will maintain these records for long periods of time, to include many years, for future reference and for tax purposes. This practice of long term record storage is especially applicable to a CPA firm.

10. I have reviewed a letter to the FBI dated 8/21/2006 from Craig Sanger, Comptroller, Oklahoma House of Representatives, which indicates Representative Mike Mass served in the Oklahoma House of Representatives, District 17, from November 21, 1990, until November 19, 2002 and from August 18, 2003, to the date of the letter.

11. Based on information I have received from the above described cooperating witnesses and others and my review of documents obtained from various entities to include but not limited to the McAlester Foundation (MF), National Pet Products, Inc. (NPP), Indian Nations Entertainment (INE), Pushmataha County Abstract Company, Kiamichi Economic Development District of Oklahoma (KEDDO), Rural Development Foundation (RDF),

Oklahoma Department of Agriculture (ODA), Oklahoma Department of Commerce (ODC), Eastern Oklahoma Development District (EODD), American Project Development, LLC (APDC), Oklahoma Secretary of State, Oklahoma Ethics Commission, and from banks holding the accounts of NPP and/or the property on which it is located, INE, RDF, APDC, and Phipps Enterprises(PEI), I have developed the following information:

DEVELOPMENT AND INITIAL FUNDING OF NPP

12. Phipps, as the Registered Agent, had NPP incorporated on June 21, 2002. In approximately July, 2002, Phipps presented his business plan for NPP to manufacture pet food to the McAlester Foundation. MF president Richard Dudley advised me that arrangements were made for funding through the MF to NPP to include \$450,000 initially from KEDDO, \$250,000 from the City of McAlester, and \$100,000 from MF. In October, 2002, contractual arrangements were completed for the MF to administer to NPP \$419,000 in KEDDO funds, \$250,000 in City of McAlester Funds, and \$100,000 in MF funds for a total of \$769,000.

13. KEDDO records indicate the \$419,000 in KEDDO funds provided to MF to be granted to NPP was allocated by Oklahoma State Representative Mike Mass. Mass was allocated these funds for distribution as part of an Oklahoma Department of Agriculture funding award dated October 4, 2002.

14. I have reviewed a settlement statement and warranty deed pertaining to the closing of the sale of the NPP property located at 105 West Ashland, McAlester, Oklahoma on October 22, 2002. The statement indicates a sale price of \$190,000. \$141,419.25 of these funds were used to pay off existing loans on the property. The remaining \$48,580.75 was paid by the closing agency, Pushmataha County Abstract Company, check number 1302, as proceeds to Gene Stipe. The \$48,580.75 was deposited in Gene Stipe's bank account.

15. I have reviewed a check dated October 22, 2002, drawn on the account of Gene Stipe in the amount of \$48,000, check number 7470, payable to Mike Mass, signed with a signature of Charlene Spears. This check was deposited in an account of Mike Mass.

16. CW1 advised, through counsel, the following regarding the development and

funding of NPP:

- a. Gene Stipe and Steve Phipps had a long standing business relationship through approximately 2004, and Stipe was a financial partner in virtually all of Phipps business ventures, including NPP and APDC. Over the years, Stipe had informed Phipps on more than one occasion that Stipe would own one half of any business Phipps started.
- b. During the summer of 2002, Stipe arranged for funding to start the NPP project. Stipe arranged for \$419,000 of state funding to be provided by Representative Mike Mass through KEDDO, and used his influence either directly or indirectly to have \$250,000 be provided by the City of McAlester and \$100,000 by the McAlester Foundation (MF).
- c. Phipps learned that it would be a conflict of interest for state funding to be provided to a business owned, even in part, by an elected official (Stipe). When this information was conveyed to Stipe, Stipe instructed Phipps to issue no NPP stock to Stipe and to keep Stipes financial interest in NPP private.
- d. Stipe selected the location of the future NPP facility to be on Stipe's property which Stipe would sell as part of the deal. This property was located at 105 West Ashland, McAlester, Oklahoma. Stipe wanted to get rid of the property and the NPP transaction provided the opportunity. Even though the 105 Ashland property was too small to house NPP, Stipe insisted on using it and arranged for the purchase of the adjacent property located at 107 West Ashland in order to provide the future NPP facility enough room to operate.
- e. As part of an agreement between Stipe and Mass for Mass to provide funds to NPP, Stipe paid a kickback to Mass in the amount of \$48,000. Stipe paid this kickback from the \$48,570.75 proceeds from the sale of his property for the NPP project.

17. CW4 advised of the following regarding background and certain transactions involving NPP:

- a. During the many years of their business relationship, Stipe always had

and insisted on having an interest in Phipps various business ventures. PEI served as Stipe and Phipps joint business account and PEI usually invested money into these ventures. CW4 recalled a railroad car investment and an internet company, Oklahoma Internet Online, as joint business ventures where Stipe and Phipps invested PEI funds.

b. Due to his position in the legislature, Stipe often kept secret his financial interest in the joint Phipps/Stipe business ventures. For example, Stipes interest in the abstract companies was kept secret for many years. Phipps was often placed as the person out front with Stipe being in the background as a silent partner. In the case of NPP, CW4 was aware through overheard conversations involving Stipe that Stipe would be keeping his interest in NPP quiet due to Stipe's position as a State Senator.

c. During the summer of 2002, Stipe had his long time assistant, Charlene Spears contact Chester Dennis of KEDDO and McAlester City Manager, Randy Green, on behalf of the NPP project as Dennis and Green would be involved in helping to fund the project. CW4 overheard a discussion between Phipps and Stipe where Stipe wanted to house the NPP facility on Stipe's property located at 105 West Ashland Street in McAlester. Phipps advised Stipe the property was too small. Stipe instructed Charlene Spears to contact a realtor to purchase the adjacent property. Spears complied and the adjacent property was purchased. I have reviewed the closing documents of the 105 West Ashland Street property and determined that the adjacent property, 107 West Ashland, belonging to James and Mina Craig, was also purchased by the McAlester Foundation simultaneously with the 105 West Ashland property. The purchase price was \$59,000, paid by the McAlester Foundation.

d. On approximately October 22, 2002, and pursuant to the closing of the Ashland properties where Mass had provided \$419,000 in state funds to facilitate the purchase, Stipe was overheard by CW4 saying that he was going to provide Mass some money. Stipe provided instructions that a check be written to Mike Mass from Stipe's bank account in the amount of

\$48,000. The check was written and provided to Mass at the Stipe Law Firm immediately after the closing of the NPP property. CW4 advised that the word "loan" was written in the memo line on the check and CW4 later instructed CPA Greg Shores that this was "probably one of those loans that wouldn't be paid back". This was a common practice performed as a means of protecting Stipe regarding monies Stipe would give to certain people. According to CW4, Shores was familiar with this practice of Stipe "loaning" money.

e. Subsequent to Mass receiving the \$48,000 check, CW4 overheard Stipe chastising Mass for Mass wanting to use the money to buy a restaurant. After chastising Mass, Stipe was overheard claiming how stupid it was for Mass to consider doing such a thing with the money.

f. During the period of mid to late October, 2002, to include October 22, CW4 observed Stipe to be alert, lucid, and well aware of the actions he was taking. Over the next few years, Stipe would have short periods of difficulty. CW4 is aware that a time line was maintained regarding Stipe's health. This time line was kept, among other places, on Charlene Spears' computer in her work space at 323 East Carl Albert Parkway, McAlester, Oklahoma, up until April, 2005 and likely beyond. A printed copy of this time line may be stored in Gene Stipe's files at this same location, probably in the file concerning Stipes prosecution pursuant to the Walt Roberts election violations.

18. CW5 advised of the following regarding certain transactions involving NPP:

a. CW5 was involved in the closing of the NPP properties located at 105 and 107 West Ashland, McAlester, Oklahoma. Both closings were conducted simultaneously on October 22, 2002 at the Stipe Law office in McAlester.

b. CW5 arrived at the closing and reviewed the necessary closing documents to include settlement statements, deed, and payout figures with Gene Stipe, in Stipe's office at the Stipe law Firm. Stipe informed CW5 that Mike Mass was supposed to receive some of the money from the settlement. CW5 recalled the amount Stipe mentioned was approximately \$45,000.

Stipe requested CW5 to write a check from the settlement proceeds directly to Mike Mass. CW5 informed Stipe that closing procedures required proceeds from the sale be paid directly to the property owner and that he/she could not write a check to Mass from the settlement. Stipe accepted this explanation.

c. Subsequent to this conversation with Stipe, CW5 informed Charlene Spears of his/her conversation with Stipe. Spears indicated to CW5 that "we (Stipe) will take care of paying Mike"

d. At the time of the conclusion of the closing of the NPP property on October 22, 2002, CW5 observed Mike Mass at the Stipe law firm.

19. CW2 advised me of the following regarding background and transactions involving NPP:

a. In early 2002, Steve Phipps requested CW2's assistance in developing and building a dog food plant. NPP was incorporated shortly thereafter and Phipps informed CW2 that Phipps and Stipe each owned 35%, Roy Hatridge owned 20% and Susie Carper owned 10 %. At that time, Phipps described Stipes role in NPP to CW2 as being that of a silent financial partner.

b. Phipps was looking at locations in the industrial park area of McAlester as a location for NPP but informed CW2 that since Stipe was arranging the state funding, NPP would have to be built on a location selected by Stipe. This location was 105 West Ashland, an old building Phipps said Stipe wanted to get rid of.

c. CW2 was present at the Stipe Law Firm at the closing of NPP on October 22, 2002. After the closing, Mike Mass, Spears, Phipps, Stipe and Roy Hatridge remained at the Stipe Law Firm. CW2 observed Spears write a check and take it into Stipes office where Stipe was present. CW2 observed Spears exit Stipe's office with the check and provide the check to Mike Mass. Shortly thereafter, CW2 learned from Phipps that the check given to Mass was in the amount of \$48,000. It was apparent to CW2 upon hearing and observing all of the circumstances surrounding this transaction that the

\$48,000 was provided to Mass by Stipe in return for Mass providing state funds to the NPP project.

FUNDING THROUGH THE RURAL DEVELOPMENT FOUNDATION

20. CW1 has advised through counsel that in approximately August, 2002, Phipps met with Mike Mass, Randall Erwin and Jerry Hefner. According to CW1, the three representatives indicated to Phipps they could bring money to south east Oklahoma and also help themselves. Hefner and Erwin, whose terms would soon expire due to term limits, were looking for a long term investment which would bring a return even after they left the House of Representatives. The meeting included a discussion of a not-for-profit organization known as REI, and that an organization patterned after REI could be used to funnel state funds to south east Oklahoma. According to CW1, Phipps agreed to create the Rural Development Foundation (RDF) and the three representatives agreed to fund RDF in return for a financial benefit to themselves. From this point forward, state funds provided by Mass were provided to the RDF. State funds later provided by Erwin and Hefner were also provided to RDF. According to CW1, Mass, Hefner, Erwin and Phipps later formed an agreement by which the three representatives would provide state funds to RDF for INE in return for 10 percent of the profits earned from certain INE gaming machines placed at certain casinos. Evidence to corroborate CW1's assertion that Phipps' financial relationship continued with these three representatives includes, but is not limited to the following:

- a. I have reviewed documents obtained by the FBI from Indian Nation Entertainment, Inc. (INE) which includes a list of Consultants and Employees dated November 3, 2005. Mike Mass is listed as a consultant at a \$6,000 monthly rate.
- b. I have reviewed INE bank account information obtained from BancFirst and First National Bank which indicates Mike Mass received payments from INE totaling approximately \$56,790.27 during the period of May through December, 2005. CW1 and CW2 have both advised me that Mass received an additional \$19,650.33 in cash payments from INE during the period of approximately March, 2004 through May, 2005. Records of these cash

payments were recovered by the FBI from computers located at INE.

c. CW1 and CW3 have advised that cash payments were paid by Phipps to the above described representatives during 2004 and 2005. Records of these cash payments were recovered by the FBI from INE computers.

21. Oklahoma Department of Commerce (DOC) Deputy General Counsel Donald Hackler Jr. advised me if RDF had not obtained Not-For-Profit status, as described earlier in this affidavit, DOC would have required a much more detailed contract with RDF which would have required more stringent supporting documentation, audits, and overall scrutiny as to how funds would be and were expended by RDF. Additionally, Hackler advised that the Not-For-Profit and Tax Exempt status for RDF made it easier for state representatives to allocate funds to RDF with out raising questions. It appears to me that it was necessary for Phipps and the participating representatives to have RDF obtain Not-For Profit and Tax Exempt status to facilitate the overall scheme of obtaining state funds for RDF

22. Karla Hall has advised me that in approximately September, 2002, Phipps approached Hall and four other individuals and asked them to form a foundation, which would help create jobs in southeast Oklahoma. Hall and the other individuals agreed and on September 6, 2002, the first meeting of the Rural Development Foundation (RDF) was held. According to Hall, Phipps assigned each board member to their position on the RDF board. CW1 has advised me that Phipps and others also arranged for the RDF to obtain Not-For-Profit status from the Oklahoma Secretary of State and Tax Exempt status from the Internal Revenue Service (IRS).

23. My review of documents obtained from agencies previously mentioned indicates the following:

a. RDF received funds either directly or indirectly from the Oklahoma Department of Agriculture (DOA) and the Oklahoma Department of Commerce (DOC) totaling approximately \$2,273,581. Of these funds, \$954,914 was contracted through KEDDO, \$180,000 through EODD, \$438,667 directly through DOA, and \$700,000 directly through DOC.

b. Of the \$2,273,581 in state funding received by RDF, approximately \$1,107,119.16 was provided to NPP, and \$1,055,000 was provided to INE,

c. RDF monies expended to community projects includes \$27,680 to the

Guthrie Arts and Humanities, \$495 to Crowder Senior Citizens, \$600 to a 4H club, \$600 to Ouachita Mountain Women in Agriculture, \$760 for drama education, and \$13,000 to Patrick Hall for consultant work on a water project, for a total of \$43,135. These expenditures represent approximately 1.9 % of the total state funds received. The remainder of RDF funds were expended primarily for RDF operating expenses and board member salaries.

d. The \$2,273,581 in state funds received by RDF was allocated to RDF primarily through special project monies appropriated to Oklahoma State Representatives Mike Mass, Randall Erwin and Jerry Hefner. These monies originated through various legislative actions and were allocated to Mass, Erwin and Hefner through the Oklahoma Departments of Agriculture and Commerce. Erwin allocated approximately \$1,121,914 of his available monies for RDF. Mass allocated \$971,667 of his available monies to RDF.

e. Mass's combined allocations to RDF and MF total \$1,390,667.

24. My review of RDF accounts indicates that RDF received a \$700,000 grant from the Oklahoma Department of Commerce. CW1 advised that at the direction of Steve Phipps, RDF provided the majority of this money to INE as a loan. CW1 further advised that this \$700,000 was provided to RDF through the efforts of Representatives Erwin and Mass for the purpose of funding INE as a part of the agreement between Phipps, Mass, Erwin and Hefner.

AMERICAN PROJECT DEVELOPMENT CORPORATION

25. CW1 provided, through counsel, background on the creation of and transactions involved with the American Project Development Corporation (APDC) as follows:

- a. After arranging for Mass to provide state funds through the MF on behalf of the NPP project, Stipe instructed Phipps to work with Mass directly to obtain more state funds for NPP. Stipe indicated to Phipps that a 10% kickback to Mass would be sufficient and to not pay more than that percentage.
- b. In approximately August, 2002, Phipps met with Mass at Giacomos

Restaurant in McAlester. Mass indicated to Phipps that his Fiscal Analyst, Steven Weiss, had found more money for Mass. Phipps agreed to pay Mass a 10 percent kickback in return for state funds provided by Mass.

c. In 2002, Phipps formed American Production Development Corporation (APDC) with Stipe and Phipps each holding a 25 percent financial interest. With Stipe's knowledge, Phipps financed APDC from PEI funds and used APDC funds to pay kickbacks to Mass, so that Mass would bring state funds through RDF to the NPP project, in which Phipps and Stipe had a financial interest.

26. CW4 provided the following information regarding APDC:

a. In 2002, Steve Phipps developed American Project Development Corporation (APDC) as an entity which would be involved in certain projects, the primary one being the processing of chicken litter. CW4 was informed by Phipps in 2002 that Gene Stipe and Phipps each had a 25 percent interest in APDC. Phipps also indicated to CW4 that five other individuals including Representative Mike Mass each had a 10 percent interest in APDC. CW4 is not aware of any documentation expressing this interest. Gene Stipe was involved in the project and attended several APDC meetings. CW4 could not recall Stipe specifically acknowledging his financial interest in APDC.

27. I have reviewed documents obtained from American Project Development Corporation, LCC (APDC) to include bank account records which indicate that during the period September, 2002 through June 18, 2004, Mike Mass received approximately \$122,610 in consulting fees from APDC. Witt has advised SA Kaitcer that APDC never made any money and most all of the deposits to the APDC account came from Phipps Enterprises, Inc. Witt advised that Mass assisted APDC with a chicken litter project that "never got off the ground." Witt advised me that APDC maintained no records of work performed by Mike Mass. Upon further review of discernable APDC bank records, I determined that during the period from September, 2002, through June, 2004, Phipps Enterprises deposited approximately \$122,950 into the APDC account.

28. I am aware through my investigation that John Camp is Steve Phipps' book

keeper and that Camp maintains records to include General Ledgers, Balance Statements, Profit and Loss Statements or Income and Retained Earnings Statements on numerous businesses to include Indian Nation Entertainment, Inc. (INE), National Pet Products, Inc. (NPP), Phipps Enterprises, Inc. (PEI), Phipps-Murphy Enterprises, WEB Education, Idabel Abstract Company, Southern Abstract Company, Pushmataha County Abstract Company, Choctaw County Abstract Company, Boggy River Gaming Corporation, Latimer County Abstract Company, and Guarantee Abstract Company.

STIPES KNOWLEDGE OF NPP AND APDC

29. CW1 advised that for years prior to and including 2004, Phipps would bring to Gene Stipe each month, monthly PEI reports, prepared by Phipps' book keeper, John Camp. These reports would include Balance Sheets and Profit and Loss Statements or Statements of Income and Retained Earnings, along with a PEI check made payable to Stipe to Stipe's office in McAlester. These reports would indicate, among other things, PEI loans to NPP and payments of certain consulting fees, which Stipe knew included payments to APDC and which were used to pay Mass. Phipps would provide these materials directly to Stipe, if present, or if not present, to Charlene Spears. If left with Spears, Phipps would telephonically contact Stipe to let him know the materials had been left with Spears. Sometimes the accounting would be delayed, and Phipps would bring a couple months reports at one time. Through these reports and through Stipe's conversations with Phipps, CW1 is certain Stipe was aware of the PEI funds being loaned to NPP, PEI funds being paid to APDC and of the kickback monies being paid by APDC to Mike Mass.

30. CW4 provided the following information regarding Gene Stipe's knowledge of NPP and APDC:

- a. During the period which included but is not limited to 2002 through 2004, Steve Phipps delivered to Gene Stipes office, usually on a monthly basis, a series of reports regarding financial information on business entities which included PEI. These reports included PEI Monthly Balance Sheets, PEI Profit and Loss Statements or PEI Statements of Income and Retained

Earnings, and sometimes PEI General Ledgers. These statements included listings of PEI loans to NPP and PEI payments to APDC. These deliveries to Stipe occurred in McAlester, Oklahoma at the old Stipe Law Office located at 323 East Carl Albert Parkway, and continued at the new Stipe Law Office located at 343 East Carl Albert Parkway, and later at Stipes office located in the PSO building. The reports would be provided to Stipe, and Spears had a system by which she would confirm that Stipe had reviewed the reports. After Stipes review, any reports or documents which involved Stipe's money, to include the PEI reports, were provided to Greg Shores. These documents included check stubs, accounting sheets, deposit records and the above described PEI reports.

b. I reviewed with CW4 certain PEI reports which I obtained pursuant to search warrants executed on Pushmataha County Abstract Company to include PEI Balance Sheets dated September 30th, 2004 and December 31, 2004. The 9/30/2004 sheet indicates a short term loan in the amount of \$140,000 and a short term loan to NPP in the amount of \$160,000. The 12/31/2004 Balance Sheet indicates a short term PEI loan to NPP in the amount of \$310,000. CW4 is confident that Stipe reviewed these reports and was aware of PEI's loans to NPP to include the fact that the \$140,000 listed on the 9/30/2004 report was also a loan to NPP. Stipe was also aware that PEI loans to NPP amounted to \$300,000 as of September, 2004 and \$310,000 as of December, 2004. Reviewed with CW4 was a PEI General Ledger which indicated payments to APDC. CW4 believes Stipe would have at times reviewed the PEI General Ledgers.

31. Pursuant to searches conducted at Pushmataha County Abstract Company in 2006, I recovered PEI Balance Sheets and Statements of Income and Retained Earnings for each month starting October 1st, 2003 through December 30th, 2004. An entry of a \$100,000 loan begins with the November, 2003 Balance Sheet and remains posted on each monthly Balance Sheet for every month thereafter through September, 2004, although the amount increases. CW1 and CW4 have advised that Stipe was aware that this loan was from PEI to NPP. Beginning with the January, 2004 Balance Sheet, a

second loan specifically to NPP is posted and remains posted each month thereafter through at least September, 2004. As mentioned previously, according to CW1 and CW4, these loans were combined for the December 2004 Balance Sheet. It seems apparent that if Stipe received and reviewed these balance sheets every month, as indicated by CW1 and CW4, this would corroborate their assertion that Stipe was aware of the funds PEI was providing to NPP and was a silent partner with Phipps in NPP.

32. CW4 knows that Greg Shores maintains financial documents related to Gene Stipe at Shores office located at 300 East Choctaw in McAlester, Oklahoma. CW4 also knows that Shores uses computers to enter certain data into accounting software and has observed these computers at this same office in late 2004. CW4 was present when Shores was hired by Stipe to be his (Stipe's) accountant. Shores' duties included posting all checks from Stipe's accounts to a computer maintained at Shores place of business. Shores also printed checks related to Stipe's accounts on his computer and provided them for CW4 to sign. The accounts which Shores handled included the Gene Stipe Oil and Gas Business accounts, Gene Stipe special account, and Gene Stipe's personal accounts. CW4 observed Shores picking up records from Stipe's office three to four times per week. CW4 observed Shores meeting with Stipe to review PEI balance sheets and other PEI financial documents. Shores prepared Stipe's tax returns and maintained the supporting documentation required to prepare such tax returns.

\$30,000 PAYMENT OF MASS FEC FINE

33. I have reviewed documents obtained from the execution of search warrants at Pushmataha County Abstract Company (PCAC) located in Antlers, Oklahoma as well as bank records of PCAC. Included in these documents is a check dated 10/31/2003 in the amount of \$30,000 from Corporate Financing Group to Phipps Enterprises, signed by Larry Witt. A deposit slip indicates this check was deposited in the account of Pushmataha County Abstract Company on 11/5/2003. On 11/5/2003, a check in the amount of \$30,000, signed by Pat Payne, was drawn on the account of PCAC, check number 2156, payable to Mike Mass. This check was endorsed with the signature of Mike Mass and deposited in Mass's bank account. Records from PCAC indicate this \$30,000 check was payable pursuant to a real estate transaction.

34. I have reviewed records obtained from the Federal Election Commission (FEC). These records include a check dated November 11, 2003 in the amount of \$30,000 drawn on the account of Mike Mass with a signature of Mike Mass payable to the Federal Election Commission. Also included are documents referencing a Conciliation agreement executed by Mike Mass where Mass agrees to pay a fine to the FEC for participating in a scheme with Gene Stipe and others which violated federal election laws pertaining to the 1998 Congressional Campaign of Walt Roberts.

35. CW1 has advised that in approximately October, 2003, Gene Stipe instructed Steve Phipps to pay Mike Mass's \$30,000 fine to the FEC from their joint funds.

36. CW4 advised that in approximately late 2003, Stipe advised CW4 that Stipe had taken care of Mass's fine to the FEC.

37. CW5 advised me of the following:

- a. In October, 2003, Steve Phipps brought a \$30,000 check from Corporate Finance Group to Phipps Enterprises dated 10/31/2003 to Pat Payne at Pushmataha County Abstract Company. Phipps endorsed the back of the check and instructed Payne to deposit the check in PCAC's trust account. Phipps then instructed Payne to write a check in the amount of \$30,000 from PCAC's trust account to Mike Mass. Phipps indicated to CW5 at the time that Phipps and Stipe were involved in providing this \$30,000 to Mass. Payne provided the \$30,000 check to Phipps.

STRAW DONOR CONTRIBUTIONS

38. CW1 advised me, through counsel, that Steve Phipps and Gene Stipe participated in providing financial assistance to a number of political campaigns over a long period of time. This financial assistance was above and beyond the legal contribution limits. CW1 advised that PEI, jointly owned by Phipps and Stipe, and/or its subsidiaries, were often used as a means of providing funds, usually by reimbursing "straw" donors. Phipps and Stipe agreed that Phipps would be reimbursed by PEI in the form of Consulting Fees for monies which Phipps provided to straw donors. These consulting fees would be so indicated on PEI's monthly and annual reports, which Phipps provided monthly to Stipe.

39. I have reviewed the criminal docket for the U.S. District Court, District of

Columbia, for case # 1:03-CR-00128-JR-ALL, USA v. Stipe. A 1/30/2004 entry indicates Gene Stipe was sentenced to five years probation that date on 3 counts to include 2 counts of Title 18:Section 371, Conspiracy to Defraud the United States, and 1 count of Title 18: Section 1621, Perjury. I am aware that this sentence was related to election fraud violations to include straw donor reimbursements.

40. I have reviewed Statements of Income and Retained Earnings for PEI for the years ending September 30, 2003 and September 30, 2004. These documents came in to my possession pursuant to the execution of search warrants on Pushmataha County Abstract Company. These documents indicate that consulting fees were paid by PEI in the amounts of \$173,437.51 during the period 10/1/2002 to 9/30/2003, and \$105,857 during the period 10/1/2003 to 9/30/2004.

41. Both CW1 and CW4 have advised that Stipe received PEI's Statements of Income and Retained Earnings to include the 9/30/2003 and 9/30/2004 statements described in the above paragraph. CW1 and CW4 have further advised that Stipe had conversations with both CW1 and CW4 during 2003 and 2004 about the consulting fees involving payments to Phipps as a means to reimburse Phipps for monies given to straw donors or for in-kind contributions for certain campaigns. For example, CW4 explained that while reviewing the consulting fees paid by PEI, Stipe would inform CW4, "We sure spent a lot on that race!".

42. CW1 has advised that PEI payments to APDC were categorized as consulting fees in PEI's General Ledger. CW1 further advised that Stipe was made aware by CW1 at the time that this was the case. Stipe was also aware that these monies to APDC were being used by APDC to pay Mass.

43. CW1 advised that on or before approximately 2000, Greg Shores was made aware by CW1 that PEI management fees were paid to Stipe and Phipps as each owned one half of the company and that these fees would be reported on form 1099. Shores was also made aware that "consulting fees paid by PEI were either reimbursed political contributions to a donor or campaign costs such as money for signs or sign crews and other things you don't want to know about" CW1 had several subsequent conversations with Shores over the next several years explaining how consulting fees paid out by PEI related to political contributions and that Shores acknowledged that he understood.

44. CW1 has advised that in perhaps late 2003 or early 2004, Gene Stipe directed Phipps to set in motion a fund-raising effort to provide financial support to a certain candidate running for an Oklahoma seat in the United States Congress. This candidate will hereafter be referred to as Candidate A. Phipps and Stipe agreed that they would support this candidate through means to include reimbursing straw donors with their funds to include providing funds to straw donors from PEI, CFG or their subsidiaries.

45. CW2 has advised me that CW2 attended a luncheon at NPP in perhaps early 2004 where Gene Stipe was present. CW2 overheard Stipe state that Stipe and Phipps were supporting Candidate A. Stipe also stated some derogatory comments about Candidate A's primary opponent, hereafter referred to as Candidate B.

46. CW4 advised me that during the above described luncheon at NPP in perhaps early 2004, CW4 overheard Stipe state that "me and Steve are raising money for Candidate A". CW4 was familiar enough with Stipe money raising techniques to know that Stipe meant that funds would be raised through such methods as straw donations and cash contributions. CW4 advised that Stipe did not raise money for candidates by the normal legitimate methods such as telephone calls to potential contributors. During the luncheon, CW4 also overheard Stipe state derogatory comments about Candidate B.

47. CW2 has advised me that in possibly February or March, 2004, Gene Stipe personally approached him/her and asked if CW2 was going to financially support Candidate A for US Congress. When CW2 advised Stipe that CW2 could not personally afford to contribute, Stipe stated that we will reimburse you through Steve Phipps with funds from NPP or one of Phipps/Stipe other companies. In late March, 2004, CW2 subsequently arranged for \$5,000 in contributions to Candidate A, all of which was reimbursed by Phipps through PEI. I have reviewed certain contributions to Candidate A and discovered documents supporting the \$5,000 contribution and the \$5,000 reimbursement, as described by CW2.

48. CW5 has advised me that Phipps solicited and reimbursed CW5 for a contribution to Candidate A of less than \$500. CW5 advised that based on his/her conversations with Phipps at the time, Phipps and Stipe were working together on obtaining straw donations for Candidate A.

49. Neither CW1, CW2, CW4, CW5, or anyone else interviewed during my

investigation has provided any evidence to date that Candidate A knew he/she was receiving straw donations from Phipps or Stipe.

50. CW1 has advised that photographs were often taken at NPP to include possibly at the above described luncheon. Some of these photographs may have been provided to Stipe.

51. CW1 has identified straw donors who were reimbursed by Steve Phipps during the spring of 2004 as part of a scheme by Phipps and Stipe to raise funds for Candidate A's election campaign. The individuals on the list were identified by CW1 as being reimbursed in either cash, check, or bonus from CFG, PEI, or an affiliated subsidiary. This list is heretofore incorporated by reference into this affidavit as Attachment C.

52. I have verified the contribution and reimbursement documents supporting the campaign contributions described in Attachment C.

53. I have reviewed PEI Statements of Income and Retained Earnings for the months February through May, 2004. I observed a spike of \$22,000 in the Consulting Fee column of the April 2004 statement. If the late March, 2004 contributions to Candidate A, described above, were reimbursed in large part by PEI, this \$22,000 spike corroborates CW1 and CW4's assertion that straw contributions reimbursed by PEI are listed on PEI Statements of Income and Retained Earnings as Consulting Fees. Furthermore, since Stipe received these statements monthly, as indicated by CW1 and CW4, Stipe would have been aware of the funds reimbursed by PEI for Candidate A's campaign, separate from any conversation with Phipps.

SPECIFICS OF SEARCH AND SEIZURE OF COMPUTER SYSTEMS

54. Searches and seizures of evidence from computers commonly require agents to download or copy information from the computers and their components, or seize most or all computer items (computer hardware, computer software, and computer related documentation) to be processed later by a qualified computer expert in a laboratory or other controlled environment. This is almost always true because of the following:

- a. Computer storage devices (like hard disks, diskettes, tapes, laser disks, magneto opticals, and others) can store the equivalent of thousands of pages of information. Especially when the user wants to conceal criminal

evidence, he or she often stores it in random order with deceptive file names. This requires searching authorities to examine all the stored data to determine whether it is included in the warrant. This sorting process can take days or weeks, depending on the volume of data stored, and it would be generally impossible to accomplish this kind of data search on site; and b. Searching computer systems for criminal evidence is a highly technical process requiring expert skill and a properly controlled environment. The vast array of computer hardware and software available requires even computer experts to specialize in some systems and applications, so it is difficult to know before a search which expert should analyze the system and its data. The search of a computer system is an exacting scientific procedure which is designed to protect the integrity of the evidence and to recover even hidden, erased, compressed, password-protected, or encrypted files. Since computer evidence is extremely vulnerable to tampering or destruction (which may be caused by malicious code or normal activities of an operating system), the controlled environment of a laboratory is essential to its complete and accurate analysis.

55. In order to fully retrieve data from a computer system, the analyst needs all magnetic storage devices as well as the central processing unit (CPU). In addition, the analyst needs all the system software (operating systems or interfaces, and hardware drivers) and any applications software which may have been used to create the data (whether stored on hard drives or on external media).

SEARCH METHODOLOGY TO BE EMPLOYED

56. The search procedure of electronic data contained in computer hardware, computer software, and/or memory storage devices may include the following techniques (the following is a non-exclusive list, as other search procedures may be used):

- a. examination of all of the data contained in such computer hardware, computer software, and/or memory storage devices to view the data and determine whether that data falls within the items to be seized as set forth herein;

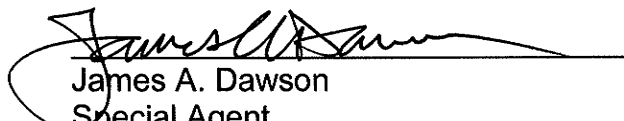
- b. searching for and attempting to recover any deleted, hidden, or encrypted data to determine whether that data falls within the list of items to be seized as set forth herein (any data that is encrypted and unreadable will not be returned unless law enforcement personnel have determined that the data is not (1) an instrumentality of the offenses, (2) a fruit of the criminal activity, (3) contraband, (4) otherwise unlawfully possessed, or (5) evidence of the offenses specified above);
- c. surveying various file directories and the individual files they contain;
- d. opening files in order to determine their contents;
- e. scanning storage areas;
- f. performing key word searches through all electronic storage areas to determine whether occurrences of language contained in such storage areas exist that are likely to appear in the evidence described in Attachment A; and/or
- g. performing any other data analysis technique that may be necessary to locate and retrieve the evidence described in Attachment B.

CONCLUSION

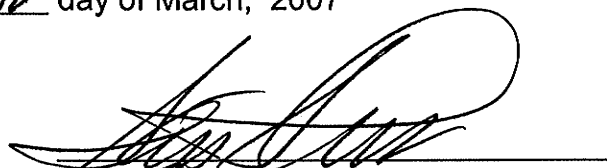
57. Based on the aforementioned factual information, your affiant respectfully submits that there is probable cause to believe that evidence of the commission of criminal offenses, namely, violations of Title 18 U.S.C. Sections 1341 and 1346 (Mail Fraud); Section 371 (Conspiracy to Defraud the United States); and Title 2 U.S.C. Section 441(a) (Exceeding Campaign Contribution Limits), is located in the business and/or curtilage described above, and this evidence, listed in Attachment B to this affidavit, which is incorporated herein by reference, is the fruits of crime, or things otherwise criminally possessed, or property which is or has been used as the means of committing the foregoing offenses.

58. Your affiant, therefore, respectfully requests that the attached warrant be issued authorizing the search and seizure of the items listed in Attachment B. Further, Affiant

saith not.


James A. Dawson
Special Agent
Federal Bureau of Investigation

Subscribed and sworn to before me this 6th day of March, 2007


STEPHEN P. SHREDER
United States Magistrate Judge

ATTACHMENT A

**LOCATION TO BE SEARCHED AT 323 EAST CARL ALBERT PARKWAY,
MCALESTER, OKLAHOMA**

The office of Gene Stipe Oil and Gas Business and HCFS is located at 323 East Carl Albert Expressway, McAlester, Oklahoma. From the Federal Courthouse in McAlester, Oklahoma, proceed less than 0.1 miles East on Carl Albert Parkway. The Gene Stipe Oil and Gas Business / HCFS Office is located on the North side of Carl Albert Parkway, two buildings to the East of the Federal Courthouse. The South side of the building, facing Carl Albert Parkway, is described as being two tone in color, with white rock along the top portion of the building and dark brown brick along the bottom portion. There are two black and white signs along the top portion. Those signs display the following:

Gene Stipe
Business/Oil & Gas
Office

and...

HCFS
Incorporated
Your Outsource Resource
323 E. Carl Albert Parkway
426-4370

There is also a walkway on the West end of the South side of the building which leads into the building.

ATTACHMENT B

ITEMS TO BE SEIZED, GENE STIPE OIL AND GAS BUSINESS, AND HCFS

1. Documents which reflect the calender or schedule for Gene Stipe to include events related to NPP, APDC, PEI, Steve Phipps, health related issues, and Mike Mass. This includes a document referred to as a "time line" describing events related to the health of Gene Stipe.
2. All records, documents, correspondence, notes, agreements, deeds, or memos of all loans, grants, liens and all monies obtained by National Pet Products, Inc., or which were later used by National Pet Products, Inc., to include, but not limited to, monies obtained from the McAlester Foundation, KEDDO, the City of McAlester, Steve Phipps, Phipps Enterprises, Inc., Phipps Murphy Enterprises, Rural Development Foundation, or any other source since January 1, 2002, to the present.
3. All records, stored electronically or otherwise, to include memos, notes, letters, e-mails, financial documents, invoices, receipts, records of mailings, or other documents that reflect expenditures from PEI, or payments to, NPP accounts or other accounts to include, but not limited to, Steve Phipps, Mike Mass, other elected officials and/or straw donors.
4. All records, memos, notes, photographs, correspondence, stored electronically or otherwise, to include computers, electronic media, hard drives, and storage devises which reflect Stipes interest in NPP or APDC.
5. All records, documents, memos, notes, or correspondence, stored electronically or otherwise, which reflect financial information of PEI to include Balance Sheets, Profit and Loss Statements or Statements of Income and Retained Earnings, General Ledgers, records of consulting fees.

6. All records, stored electronically or otherwise, to include memos, notes, letters, e-mails, financial documents, invoices, receipts, records of mailings, or other documents which reflect the payment of Mike Mass's fine to the FEC.

7. All records, stored electronically or otherwise, to include memos, notes, letters, e-mails, financial documents, invoices, receipts, records of mailings, or other documents relating to loans to entities or individuals made by Gene Stipe to include ~~loans or payments made to public officials.~~

8. All records, stored electronically or otherwise, to include computer hard drives, computer disks, or any electronic storage medium, cancelled checks, cash receipts, memos, notes, ledgers or time sheets reflecting payments to Mike Mass and work performed by Mike Mass for Stipe or any other entity with whom Stipe is associated.

9. All records, stored electronically or otherwise, to include memos, notes, letters, e-mails, financial documents, invoices, receipts, records of mailings, or other documents relating to donations to political campaigns.

10. Computer(s) and all the electronic data stored therein, computer hardware, computer software, computer related documentation, computer passwords and data security devices, and any and all computer software, including programs to run operating systems, applications (such as word processing, graphics, or spreadsheet programs), utilities, compilers, interpreters, communications programs, and storage media, which relate to items One through Nine above.

Attachment C

Contributor	Date of contribution	Amount of contribution	Amount Reimbursed	How reimbursed
Arbaugh, Tim	3/31/2004	\$2,000.00	\$2,000.00	Cash; PEI Ck #3649 to SRP for consulting
Benson, Rita, CPA	3/26/2004	\$1,500.00	\$2,200.00	PEI Ck #3644
Coffman, Carol	3/24/2004	\$1,950.00	\$2,503.21	SAC Ck #8110
Field, Terry	3/31/2004	\$1,000.00	\$1,000.00	Cash; PEI Ck #3649 to SRP for consulting
Hall, Karla	3/29/2004	\$650.00	\$650.00	Cash; PEI Ck #3649 to SRP for consulting
Hatridge, Rex	3/30/2004	\$2,000.00	\$2,000.00	\$5,000 PEI Ck #3656 to Hatco
Hatridge, Roy	3/29/2004	\$3,000.00	\$3,000.00	\$5,000 PEI Ck #3656 to Hatco
Hatridge, Roy & Gene	3/30/2004	\$2,000.00	\$2,000.00	PEI Ck #3670 to Roy Hatridge
Johnson, Tresa	3/29/2004	\$300.00	\$300.00	Cash; PEI Ck #3649 to SRP for consulting
Lackey, Lesa	3/29/2004	\$250.00	\$250.00	Cash; PEI Ck #3649 to SRP for consulting
Lambert, Jeanette	3/30/2004	\$1,600.00	\$2,095.95	SAC Ck #8108 \$2095.95
Maye, Joycelin	3/26/2004	\$1,450.00	\$1,835.99	SAC Ck #8109
Murphy, Betty	3/29/2004	\$400.00	\$400.00	Cash; PEI Ck #3649 to SRP for consulting
Payne, Pat	3/29/2004	\$400.00	\$400.00	Cash; PEI Ck #3649 to SRP for consulting
Phipps, Brenda		\$2,000.00		
Phipps, Steve		\$4,000.00		
Rose, Melia	3/31/2004	\$600.00	\$600.00	Cash; PEI Ck #3649 to SRP for consulting
Stokes, Mike	3/30/2004	\$500.00	\$500.00	Cash; PEI Ck #3649 to SRP for consulting
Wilkins, Kent	3/28/2004	\$1,000.00	\$1,000.00	Cash; PEI Ck #3649 to SRP for consulting
PEI Total		\$26,600.00		
Francis, Danita	3/31/2004	\$4,000.00	\$4,000.00	Stillwater Abstract Ck #1198
Witt, Larry	3/31/2004	\$4,000.00	\$4,000.00	CFG Ck #2167 for \$6,000 to Ryson
CFG/North Total		\$8,000.00		
Grand Total		\$34,600.00		