

IN THE UNITED STATES DISTRICT COURT FOR THE
WESTERN DISTRICT OF OKLAHOMA

FILED

JAN 16 2018

UNITED STATES OF AMERICA,

Plaintiff,

-vs-

JUSTIN LANE FOUST,

Defendant.

CARMELITA REEDER SHINN, CLERK
U.S. DIST. COURT, WESTERN DIST. OKLA.
BY Katelyn Rose, DEPUTY

No. **CR 18-011 F**

Violations: 18 U.S.C. § 1343
18 U.S.C. § 1028A(a)(1)
18 U.S.C. § 1957(a)
18 U.S.C. § 981(a)(1)(C)
18 U.S.C. § 982(a)(1)
28 U.S.C. § 2461

INDICTMENT

The Federal Grand Jury charges:

Introduction

At all times relevant to this Indictment:

1. **JUSTIN LANE FOUST** (“FOUST”) was a resident of Canute, Oklahoma.
2. Chesapeake Energy Corporation (“Chesapeake Energy”) was an oil and natural gas exploration and production company headquartered in Oklahoma City, Oklahoma.
3. Chesapeake Operating, Inc. (“COI”) was a wholly owned subsidiary of Chesapeake Energy.¹ COI operated oil and gas wells in which Chesapeake Energy

¹ In 2014, COI became known as Chesapeake Operating, L.L.C.

owned a working interest. COI relied heavily on third-party vendors and contractors to perform services at oil and gas wells.

4. From about April 2002 until September 2011, **FOUST** worked as a Production Foreman in COI's Elk City Field Office. As a result, **FOUST** was familiar with COI's field operations and the procedures by which COI vendors were paid. For example, **FOUST** knew that all invoices submitted by a vendor to COI that contained the signature and unique identification number of an authorized COI employee would be processed by COI's accounting department without further review. **FOUST** also knew that COI's Production Foremen had authority to approve invoices up to \$5,000, and that any invoices exceeding \$5,000 required additional review and approval.

5. On about July 19, 2011, **FOUST**, along with his wife, Crystal Foust, formed Platinum Express, LLC ("Platinum Express"), which operated out of Canute, Oklahoma.

6. In July 2011, Platinum Express opened a business checking account (Account No. ***6224) ("the Platinum Express business account") at InterBank, a federally insured financial institution.

7. In about September 2011, **FOUST** resigned from COI.

8. On about October 6, 2011, COI placed Platinum Express on its approved vendor list. COI contracted with Platinum Express primarily to transport waste water

from COI well sites to certain authorized saltwater disposal facilities in Western Oklahoma.

9. COI utilized Oildex, a software company headquartered in Denver, Colorado, to process invoices submitted by third-party vendors for services rendered at its oil and gas wells. By December 2012, Platinum Express had the ability to submit invoices electronically to COI by uploading the invoices to Oildex on the Internet.

COUNTS 1 - 8
(Wire Fraud)

10. The Federal Grand Jury incorporates Paragraphs 1-9 by reference.

The Scheme to Defraud

11. Beginning no later than August 2013, and continuing through at least July 2014, in the Western District of Oklahoma and elsewhere,

-----**JUSTIN LANE FOUST**,-----
the defendant herein, knowingly devised, intended to devise, and executed a scheme and artifice to defraud COI in a material manner and to obtain money from COI by means of materially false and fraudulent pretenses, representations, and promises. In particular, **FOUST** submitted and caused to be submitted materially false and fraudulent invoices from Platinum Express to COI for services not rendered. In total, **FOUST** submitted and caused to be submitted over 1,100 fraudulent invoices to COI, causing COI to pay Platinum Express over \$4,300,000 to which it was not entitled.

Manner and Means

12. It was part of the scheme to defraud that:

a. **FOUST** produced, and caused to be produced, fraudulent work tickets, purportedly showing work completed by a Platinum Express employee on behalf of COI. For example, **FOUST** produced, and caused to be produced, work tickets showing that Platinum Express performed steam cleaning, dirt berm work, plating trucks, hauling rock, repairing fence, supplying sand separators, and other services, well knowing that Platinum Express did not perform those services for COI.

b. Based upon the fraudulent work tickets, **FOUST** generated, and caused to be generated, invoices from Platinum Express to COI in order to bill COI for services never rendered. Many of the fraudulent invoices totaled amounts just under \$5,000, which **FOUST** knew from his prior work with COI required a lower level of approval for processing and payment. **FOUST** also either forged or electronically copied and pasted the signature and employee identification number of authorized COI employees, including G.P., B.P., J.W., and G.C., in order to ensure that COI's accounting department would process the invoices for payment.

c. Thereafter, using the Internet, **FOUST** submitted, and caused to be submitted, the fraudulent invoices and work tickets to Oildex in Denver, Colorado, which processed the invoices and work tickets on behalf of COI.

d. Based upon the fraudulent invoices and work tickets, COI mailed checks to Platinum Express in Canute, Oklahoma, which **FOUST** deposited, and caused to be deposited, into the Platinum Express business account at Interbank. **FOUST** then used the funds fraudulently obtained from COI for his personal benefit and for the benefit of his company.

Wires in Furtherance of the Scheme

13. On or about the dates set forth below, in the Western District of Oklahoma, -----**JUSTIN LANE FOUST**,----- the defendant herein, for the purpose of executing the above-described scheme to defraud in a material manner and to obtain money by means of materially false and fraudulent pretenses, representations, and promises, and with intent to defraud, knowingly caused signals to be transmitted by means of wire communications in interstate commerce. In particular, **FOUST** submitted and caused to be submitted the following false invoices from Platinum Express to COI for services not rendered by electronically uploading the invoices via the Internet to Oildex:

Count	Invoice No.	Invoice Date	Date Submitted to Oildex	Amount Billed	Amount Paid by COI
1	60006	12/12/13	01/16/14	\$4,610.00	\$4,425.60
2	59701	12/19/13	01/06/14	\$4,200.00	\$4,032.00
3	60582	01/16/14	02/15/14	\$4,875.00	\$4,680.00
4	60608	01/30/14	02/19/14	\$4,925.00	\$4,728.00
5	61683	03/19/14	04/12/14	\$4,925.00	\$4,728.00
6	61695	03/26/14	04/13/14	\$4,925.00	\$4,728.00

Count	Invoice No.	Invoice Date	Date Submitted to Oildex	Amount Billed	Amount Paid by COI
7	65372	07/09/14	07/18/14	\$4,900.00	\$4,704.00
8	65842	07/09/14	07/29/14	\$4,900.00	\$4,704.00

All in violation of Title 18, United States Code, Section 1343.

COUNTS 9 - 10
(Aggravated Identity Theft)

14. The Federal Grand Jury incorporates Paragraphs 1-13 by reference.

15. On or about the dates set forth below, in the Western District of Oklahoma and elsewhere,

-----**JUSTIN LANE FOUST**,-----
the defendant herein, did knowingly transfer, possess, and use, without lawful authority, a means of identification of another person during and in relation to a felony violation—specifically, the offense of wire fraud in violation of Title 18, United States Code, Section 1343. In particular, **FOUST** used without authority the following names and employee identification numbers, which identify other individuals, when he submitted and caused to be submitted the following false invoices from Platinum Express to COI via Oildex:

Count	Invoice Number	Invoice Date	Date Submitted to Oildex	Name of COI Production Foreman Forged on Invoice	COI Employee Identification Number
9	60582	01/16/14	02/15/14	G.P.	**797
10	60608	01/30/14	02/19/14	J.W.	***628

All in violation of Title 18, United States Code, Section 1028A(a)(1).

COUNT 11
(Money Laundering)

16. The Federal Grand Jury incorporates Paragraphs 1-13 by reference.

17. On or about January 24, 2014, in the Western District of Oklahoma,

-----**JUSTIN LANE FOUST**,-----

the defendant herein, knowingly engaged in a monetary transaction by, through, and to a financial institution, affecting interstate commerce, in criminally derived property of a value greater than \$10,000.00. In particular, **FOUST** authorized his accountant, R.R., to access the Platinum Express business account at Interbank to make an electronic funds transfer in the amount of \$43,857.09 to fund Platinum Express's payroll, after these funds had been derived from wire fraud, a specified unlawful activity pursuant to Title 18, United States Code, Sections 1956(c)(7)(A) and 1961(1).

All in violation of Title 18, United States Code, Section 1957(a).

FORFEITURE

A. The allegations contained in this Indictment are hereby re-alleged and incorporated for the purpose of alleging forfeiture.

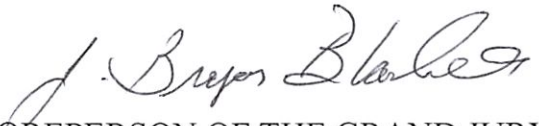
B. Upon conviction of any of the offenses alleged in Counts 1 – 8 and 11 of this Indictment, defendant **JUSTIN LANE FOUST** shall forfeit to the United States any property constituting, or derived from, proceeds obtained, directly or indirectly, as a result of such violations, and any personal property used or intended to be used to commit the offenses, any property, real or personal, involved in such offense, or any property traceable to such property, and any property constituting, or derived from, proceeds obtained directly or indirectly, as a result of such offenses, including, but not limited to:

A sum of money equal to \$4,345,619.00, representing the amount of proceeds obtained as a result of the offenses.

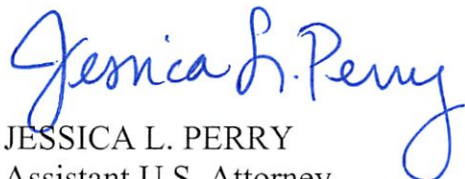
C. Pursuant to Title 21, United States Code, Section 853(p), as adopted by Title 28, United States Code, Section 2461(c), the defendant shall forfeit substitute property, up to the value of the property described above if, by any act or omission of defendant, the property described above, or any portion thereof, cannot be located upon the exercise of due diligence; has been transferred or sold to, or deposited with, a third person; has been placed beyond the jurisdiction of the Court; has been substantially diminished in value; or has been commingled with other property that cannot be subdivided without difficulty.

All pursuant to Title 18, United States Code, Section 981(a)(1)(C), Title 18, United States Code, Section 982(a)(1), and Title 28, United States Code, Section 2461.

A TRUE BILL:


FOREPERSON OF THE GRAND JURY

MARK A. YANCEY
United States Attorney


JESSICA L. PERRY
Assistant U.S. Attorney

CRIMINAL COVER SHEET

U.S. District Court, Western District of Oklahoma

Petty ☐ Misdemeanor ☐ Felony ☒

Case No.

CR 18-011 FNumber of Counts 11 + Forfeiture Number of Defendants 1 USAOID No. _____ By: kh**INDICTMENT**Sealed: Yes ☒ No ☐OCDEF: Yes ☐ No ☒Notice ☐ Summons ☐ Writ ☐ Warrant ☒ to Issue

DEFENDANT: JUSTIN LANE FOUST		JAN 16 2018	
Alias(es):		Address: SULPHUR, OK 73086-9300	
		Phone:	
Age&DOB: 41; xx/xx/1976	SS#: xxx-xx-9346	Juvenile: Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Interpreter: Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
SEX: M <input checked="" type="checkbox"/> F <input type="checkbox"/>	RACE: WHITE	Language/Dialect: ENGLISH	

Defendant Status:

<input checked="" type="checkbox"/> Not in Custody	Type of Bond Recommended on this Charge:
Bond set at: \$ _____ Date: _____ Current Bond on Other Charge Federal <input type="checkbox"/> State <input type="checkbox"/>	OR <input type="checkbox"/> Cash <input type="checkbox"/> 10% <input type="checkbox"/> Unsecured <input checked="" type="checkbox"/> Surety <input type="checkbox"/> Bond in Amount of: \$ 20,000.00
<input type="checkbox"/> In Jail at: _____	Under Prisoner/Register No.: _____ Detention <input type="checkbox"/>

Prior Proceedings or Appearance(s) Before U.S. Magistrate Judge:

Case No. M- _____	Government Motion to Detain: Yes <input type="checkbox"/> No <input type="checkbox"/>
Complaint: Yes <input type="checkbox"/> No <input type="checkbox"/>	Bond Set: _____ Date: _____

Related Case Information:

Previous Case No. _____	Rule 20/Rule 5 from District of: _____
Additional Defendants: Yes <input type="checkbox"/> No <input type="checkbox"/>	Total Number of defendants: _____

Attorney Information:

Defense Counsel: J. Patrick Quillian	AUSA: JESSICA PERRY BY CARMELITA REEDER SHINN CLERK, U.S. DISTRICT COURT
Address: 1900 NW Expressway, #602 Oklahoma City, OK 73118	Phone: 405/553-8700 Fax: 405/553-8888
Phone: 405-206-3335 Fax: _____	Federal Agent/Agency: FBI and IRS
Retained <input checked="" type="checkbox"/> CJA Panel <input type="checkbox"/> Public Defender <input type="checkbox"/>	Local Agent/Agency: _____

Count(s)	USC Citation(s)	Offense(s) Charged	Penalty
1-8	18 U.S.C. § 1343	Wire Fraud	NMT 20 yrs imprisonment; NMT \$250,000 fine, ob; NMT 3 yrs SR, if revoked NMT 2 years; SA \$100.
9-10	18 U.S.C. § 1028A(a)(1)	Aggravated Identity Theft	Mandatory 2 yrs imprisonment consecutive; NMT \$250,000 fine, ob; NMT 1 yr SR, if revoked NMT 1 yr; SA \$100.
11	18 U.S.C. § 1957(a)	Money Laundering	NMT 10 yrs imprisonment; NMT \$250,000 fine, ob; NMT 3 yrs SR, if revoked NMT 2 yrs; SA \$100

Date: 01/12/18 Signature of AUSA*Jessica Perry*

800/6-97

DEENDANT: JUSTIN LANE FOUST

<u>Count(s)</u>	<u>USC Citation(s)</u>	<u>Offense(s) Charged</u>	<u>Penalty</u>
Forfeiture Allegations	18 USC § 981(a)(1)(C) 18 USC § 982(a)(1) 28 USC § 2461	Criminal forfeiture	

Date: 01/16/18 Signature of AUSA Jessica Perry