

IN THE UNITED STATES DISTRICT COURT FOR THE  
EASTERN DISTRICT OF VIRGINIA



Alexandria Division

UNITED STATES OF AMERICA )  
 )  
 v. ) Criminal No. 1:12-cr-101  
 )  
 HORACE DEXTER MCDADE, )  
 )  
 Defendant. )

**CRIMINAL INFORMATION**

THE UNITED STATES ATTORNEY CHARGES THAT:

**COUNT 1**

1. On or about January 18, 2012, in the Eastern District of Virginia and elsewhere, the defendant, HORACE DEXTER MCDADE, being an agent of the Washington Metropolitan Area Transit Authority (WMATA), said agency receiving in excess of \$10,000 in benefits during the proceeding year, stole property worth at least \$5,000 and under the custody of such agency, that is, cash and coins that were paid to WMATA as fares.

(All in violation of Title 18, United States Code, Sections 666(a)(1)(A) and 2.)

**COUNT 2**

2. From at least 2010 to the present, in the Eastern District of Virginia and elsewhere, the defendant, HORACE DEXTER MCDADE, and John Vincent Haile did knowingly combine, conspire, and agree with each other and other persons known and unknown to the United States to commit offenses against the United States in violation of Title 18, United States Code, Sections 1956 and 1957, to wit: to knowingly conduct financial transactions affecting interstate commerce and foreign commerce, which transactions involved the proceeds of specified

unlawful activity, that is, theft concerning programs receiving Federal funds, knowing that the transactions were designed in whole or in part to conceal and disguise the nature, location, source, ownership, and control of the proceeds of specified unlawful activity, and that while conducting and attempting to conduct such financial transactions, knew that the property involved in the financial transactions represented the proceeds of some form of unlawful activity, in violation of Title 18, United States Code, Section 1956(a)(1)(B)(i). It was part of this conspiracy that John Vincent Haile would purchase thousands of dollars worth of Virginia Lottery tickets using proceeds from the money he and MCDADE stole from WMATA. Haile purchased these tickets in order to conceal their theft; Haile would deposit his lottery winnings in his personal bank account, again in part to conceal the source and nature of the money he and MCDADE stole from WMATA. MCDADE also used proceeds of his and Haile's thefts to purchase lottery tickets and thereby launder funds stolen from WMATA.

(All in violation of Title 18, United States Code, Section 1956(h).)

Neil H. MacBride  
United States Attorney

By:

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Chad I. Golder  
Assistant United States Attorney  
United States Attorney's Office  
Eastern District of Virginia  
2100 Jamieson Avenue  
Alexandria, Virginia 22314  
Phone: (703) 299-3700  
Fax: (703) 299-3980  
chad.i.golder @usdoj.gov

Date: March \_\_\_\_, 2012

IN THE UNITED STATES DISTRICT COURT FOR THE  
EASTERN DISTRICT OF VIRGINIA

Alexandria Division

**COPY**

UNITED STATES OF AMERICA

v.

HORACE DEXTER MCDADE,

Defendant.

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Criminal No. 1:12-cr-101

**PLEA AGREEMENT**

Neil H. MacBride, United States Attorney for the Eastern District of Virginia, Chad I. Golder, Assistant United States Attorney, the defendant, HORACE DEXTER MCDADE, and the defendant's counsel have entered into an agreement pursuant to Rule 11 of the Federal Rules of Criminal Procedure. The terms of the agreement are as follows:

**1. Offense and Maximum Penalties**

The defendant agrees to waive indictment and plead guilty to a two-count criminal information charging the defendant with: 1) theft concerning programs receiving Federal funds, in violation of Title 18, United States Code, Section 666(a)(1)(A) (Count 1); and 2) conspiracy to commit money laundering, in violation of Title 18, United States Code, Section 1956(h) (Count 2). The maximum penalties for Count 1 are a term of 10 years of imprisonment, a fine of \$250,000 or twice the amount of gross gain or loss, full restitution, a special assessment, and 3 years of supervised release. The maximum penalties for Count 2 are a term of 20 years of imprisonment, a fine of \$500,000 or twice the amount of property involved in the transaction, full restitution, a special assessment, and 3 years of supervised release. The defendant understands that this

supervised release term is in addition to any prison term the defendant may receive, and that a violation of a term of supervised release could result in the defendant being returned to prison for the full term of supervised release.

**2. Factual Basis for the Plea**

The defendant will plead guilty because the defendant is in fact guilty of the charged offense. The defendant admits the facts set forth in the statement of facts filed with this plea agreement and agrees that those facts establish guilt of the offense charged beyond a reasonable doubt. The statement of facts, which is hereby incorporated into this plea agreement, constitutes a stipulation of facts for purposes of Section 1B1.2(a) of the Sentencing Guidelines.

**3. Assistance and Advice of Counsel**

The defendant is satisfied that the defendant's attorney has rendered effective assistance. The defendant understands that by entering into this agreement, defendant surrenders certain rights as provided in this agreement. The defendant understands that the rights of criminal defendants include the following:

- a. the right to plead not guilty and to persist in that plea;
- b. the right to a jury trial;
- c. the right to be represented by counsel – and if necessary have the court appoint counsel – at trial and at every other stage of the proceedings; and
- d. the right at trial to confront and cross-examine adverse witnesses, to be protected from compelled self-incrimination, to testify and present evidence, and to compel the attendance of witnesses.

#### **4. Role of the Court and the Probation Office**

The defendant understands that the Court has jurisdiction and authority to impose any sentence within the statutory maximum described above but that the Court will determine the defendant's actual sentence in accordance with Title 18, United States Code, Section 3553(a). The defendant understands that the Court has not yet determined a sentence and that any estimate of the advisory sentencing range under the U.S. Sentencing Commission's Sentencing Guidelines Manual the defendant may have received from the defendant's counsel, the United States, or the Probation Office, is a prediction, not a promise, and is not binding on the United States, the Probation Office, or the Court. Additionally, pursuant to the Supreme Court's decision in *United States v. Booker*, 543 U.S. 220, 125 S. Ct. 738 (2005), the Court, after considering the factors set forth in Title 18, United States Code, Section 3553(a), may impose a sentence above or below the advisory sentencing range, subject only to review by higher courts for reasonableness. The United States makes no promise or representation concerning what sentence the defendant will receive, and the defendant cannot withdraw a guilty plea based upon the actual sentence. Further, in accordance with Rule 11(c)(1)(B) of the Federal Rules of Criminal Procedure, the United States and the defendant will recommend to the Court that at least the following provisions of the Sentencing Guidelines apply:

- a. The applicable guideline is Section 2B1.1, with a base level of 6, and the loss amount for the offense is more than \$400,000 but less than \$1,000,000, resulting in an 14-level increase to the base offense level under Subsection 2B1.1(b)(1)(H);

b. The defendant abused a position of public trust in a manner that significantly facilitated the commission or concealment of the offense, which results in a 2-level increase to the base offense level under Subsection 3B1.3.

c. Because the defendant will plead guilty to violating 18 U.S.C. § 1956(h), he is subject to the 2-level enhancement with respect to that offense under Subsection 2S1.1(b)(2)(B).

The United States and the defendant agree that the defendant has assisted the government in the investigation and prosecution of the defendant's own misconduct by timely notifying authorities of the defendant's intention to enter a plea of guilty, thereby permitting the government to avoid preparing for trial and permitting the government and the Court to allocate their resources efficiently. If the defendant qualifies for a two-level decrease in offense level pursuant to U.S.S.G. § 3E1.1(a) and the offense level prior to the operation of that section is a level 16 or greater, the government agrees to file, pursuant to U.S.S.G. § 3E1.1(b), a motion prior to, or at the time of, sentencing for an additional one-level decrease in the defendant's offense level.

#### **5. Waiver of Appeal, FOIA and Privacy Act Rights**

The defendant also understands that Title 18, United States Code, Section 3742 affords a defendant the right to appeal the sentence imposed. Nonetheless, the defendant knowingly waives the right to appeal the conviction and any sentence within the statutory maximum described above (or the manner in which that sentence was determined) on the grounds set forth in Title 18, United States Code, Section 3742 or on any ground whatsoever, in exchange for the concessions made by the United States in this plea agreement. This agreement does not affect the rights or obligations of the United States as set forth in Title 18, United States Code, Section 3742(b). The defendant also

hereby 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, United States Code, Section 552, or the Privacy Act, Title 5, United States Code, Section 552a.

**6. Special Assessment**

Before sentencing in this case, the defendant agrees to pay a mandatory special assessment of one hundred dollars (\$100.00) per count of conviction.

**7. Payment of Monetary Penalties**

The defendant understands and agrees that, pursuant to Title 18, United States Code, Section 3613, whatever monetary penalties are imposed by the Court will be due immediately and subject to immediate enforcement by the United States as provided for in Section 3613. Furthermore, within 14 days of a request, the defendant agrees to provide all of his financial information to the United States and the Probation Office and, if requested, to participate in a pre-sentencing debtor's examination and/or complete a financial statement under penalty of perjury. If the Court imposes a schedule of payments, the defendant understands that the schedule of payments is merely a minimum schedule of payments and not the only method, nor a limitation on the methods, available to the United States to enforce the judgment. If the defendant is incarcerated, the defendant agrees to voluntarily participate in the Bureau of Prisons' Inmate Financial Responsibility Program, regardless of whether the Court specifically directs participation or imposes a schedule of payments.

**8. Restitution**

Defendant agrees that restitution is mandatory pursuant to 18 U.S.C. § 3663A. Defendant agrees to the entry of a Restitution Order for the full amount of the victims' losses. Pursuant 18 U.S.C. § 3663A(c)(2), the defendant agrees that an offense listed in § 3663A(c)(1) gave rise to this plea agreement and as such, victims of the conduct described in the charging instrument, statement of facts or any related or similar conduct shall be entitled to restitution. The parties acknowledge that determination of the identities, addresses and loss amounts for all victims in this matter is a complicated and time consuming process. To that end, defendant agrees, pursuant to 18 U.S.C. § 3664(d)(5), that the court may defer the imposition of restitution until after the sentencing; however, defendant specifically waives the 90 day provision found at 18 U.S.C. § 3664(d)(5) and consents to the entry of any orders pertaining to restitution after sentencing without limitation.

**9. Immunity from Further Prosecution in this District**

The United States will not further criminally prosecute the defendant in the Eastern District of Virginia for the specific conduct described in the information or statement of facts.

**10. Defendant's Cooperation**

The defendant agrees to cooperate fully and truthfully with the United States, and provide all information known to the defendant regarding any criminal activity as requested by the government. In that regard:

- a. The defendant agrees to testify truthfully and completely at any grand juries, trials or other proceedings.
- b. The defendant agrees to be reasonably available for debriefing and pre-trial conferences as the United States may require.



- c. The defendant agrees to provide all documents, records, writings, or materials of any kind in the defendant's possession or under the defendant's care, custody, or control relating directly or indirectly to all areas of inquiry and investigation.
- d. The defendant agrees that, at the request of the United States, the defendant will voluntarily submit to polygraph examinations, and that the United States will choose the polygraph examiner and specify the procedures for the examinations.
- e. The defendant agrees that the Statement of Facts is limited to information to support the plea. The defendant will provide more detailed facts relating to this case during ensuing debriefings.
- f. The defendant is hereby on notice that the defendant may not violate any federal, state, or local criminal law while cooperating with the government, and that the government will, in its discretion, consider any such violation in evaluating whether to file a motion for a downward departure or reduction of sentence.
- g. Nothing in this agreement places any obligation on the government to seek the defendant's cooperation or assistance.

**11. Use of Information Provided by the Defendant Under This Agreement**

The United States will not use any truthful information provided pursuant to this agreement in any criminal prosecution against the defendant in the Eastern District of Virginia, except in any prosecution for a crime of violence or conspiracy to commit, or aiding and abetting, a crime of

violence (as defined in Title 18, United States Code, Section 16). Pursuant to U.S.S.G. section 1B1.8, no truthful information that the defendant provides under this agreement will be used in determining the applicable guideline range, except as provided in section 1B1.8(b). Nothing in this plea agreement, however, restricts the Court's or Probation Officer's access to information and records in the possession of the United States. Furthermore, nothing in this agreement prevents the government in any way from prosecuting the defendant should the defendant knowingly provide false, untruthful, or perjurious information or testimony, or from using information provided by the defendant in furtherance of any forfeiture action, whether criminal or civil, administrative or judicial. The United States will bring this plea agreement and the full extent of the defendant's cooperation to the attention of other prosecuting offices if requested.

**12. Defendant Must Provide Full, Complete and Truthful Cooperation**

This plea agreement is not conditioned upon charges being brought against any other individual. This plea agreement is not conditioned upon any outcome in any pending investigation. This plea agreement is not conditioned upon any result in any future prosecution which may occur because of the defendant's cooperation. This plea agreement is not conditioned upon any result in any future grand jury presentation or trial involving charges resulting from this investigation. This plea agreement is conditioned upon the defendant providing full, complete and truthful cooperation.

**13. Motion for a Downward Departure**

The parties agree that the United States reserves the right to seek any departure from the applicable sentencing guidelines, pursuant to Section 5K1.1 of the Sentencing Guidelines and Policy Statements, or any reduction of sentence pursuant to Rule 35(b) of the Federal Rules of

Criminal Procedure, if, in its sole discretion, the United States determines that such a departure or reduction of sentence is appropriate.

**14. Forfeiture Agreement**

The defendant understands that the forfeiture of assets is part of the sentence that must be imposed in this case. The defendant agrees to forfeit all interests in any fraud-related or theft-related asset that the defendant owns or over which the defendant exercises control, directly or indirectly, as well as any property that is traceable to, derived from, fungible with, or a substitute for property that constitutes the proceeds of his offense, including but not limited to a personal money judgment order in at least the amount of \$445,364.06. The defendant further agrees to waive all interest in the asset(s) in any administrative or judicial forfeiture proceeding, whether criminal or civil, state or federal. The defendant agrees to consent to the entry of orders of forfeiture for such property and waives the requirements of Federal Rules of Criminal Procedure 32.2 and 43(a) regarding notice of the forfeiture in the charging instrument, announcement of the forfeiture at sentencing, and incorporation of the forfeiture in the judgment. Defendant admits and agrees that the conduct described in the charging instrument and Statement of Facts provides a sufficient factual and statutory basis for the forfeiture of the property sought by the government.

**15. Waiver of Further Review of Forfeiture**

The defendant further agrees to waive all constitutional and statutory challenges to forfeiture in any manner (including direct appeal, habeas corpus, or any other means) to any forfeiture carried out in accordance with this Plea Agreement on any grounds, including that the forfeiture constitutes an excessive fine or punishment. The defendant also waives any failure by the Court to advise the defendant of any applicable forfeiture at the time the guilty plea is accepted as required by Rule

11(b)(1)(J). The defendant agrees to take all steps as requested by the United States to pass clear title to forfeitable assets to the United States, and to testify truthfully in any judicial forfeiture proceeding.

**16. The Defendant's Obligations Regarding Assets Subject to Forfeiture**

Upon request by the government, the defendant agrees to identify all assets in which the defendant had any interest or over which the defendant exercises or exercised control, directly or indirectly, within the past five years. The defendant agrees to take all steps as requested by the United States to obtain from any other parties by any lawful means any records of assets owned at any time by the defendant. The defendant agrees to undergo any polygraph examination the United States may choose to administer concerning such assets and to provide and/or consent to the release of the defendant's tax returns for the previous five years.

**17. Breach of the Plea Agreement and Remedies**

This agreement is effective when signed by the defendant, the defendant's attorney, and an attorney for the United States. The defendant agrees to entry of this plea agreement at the date and time scheduled with the Court by the United States (in consultation with the defendant's attorney). If the defendant withdraws from this agreement, or commits or attempts to commit any additional federal, state or local crimes, or intentionally gives materially false, incomplete, or misleading testimony or information, or otherwise violates any provision of this agreement, then:

- a. The United States will be released from its obligations under this agreement, including any obligation to seek a downward departure or a reduction in sentence. The defendant, however, may not withdraw the guilty plea entered pursuant to this agreement;

- b. The defendant will be subject to prosecution for any federal criminal violation, including, but not limited to, perjury and obstruction of justice, that is not time-barred by the applicable statute of limitations on the date this agreement is signed. Notwithstanding the subsequent expiration of the statute of limitations, in any such prosecution, the defendant agrees to waive any statute-of-limitations defense; and
- c. Any prosecution, including the prosecution that is the subject of this agreement, may be premised upon any information provided, or statements made, by the defendant, and all such information, statements, and leads derived therefrom may be used against the defendant. The defendant waives any right to claim that statements made before or after the date of this agreement, including the statement of facts accompanying this agreement or adopted by the defendant and any other statements made pursuant to this or any other agreement with the United States, should be excluded or suppressed under Fed. R. Evid. 410, Fed. R. Crim. P. 11(f), the Sentencing Guidelines or any other provision of the Constitution or federal law.

Any alleged breach of this agreement by either party shall be determined by the Court in an appropriate proceeding at which the defendant's disclosures and documentary evidence shall be admissible and at which the moving party shall be required to establish a breach of the plea agreement by a preponderance of the evidence. The proceeding established by this paragraph does not apply, however, to the decision of the United States whether to file a motion based on "substantial assistance" as that phrase is used in Rule 35(b) of the Federal Rules of Criminal

Procedure and Section 5K1.1 of the Sentencing Guidelines and Policy Statements. The defendant agrees that the decision whether to file such a motion rests in the sole discretion of the United States.

**18. Nature of the Agreement and Modifications**

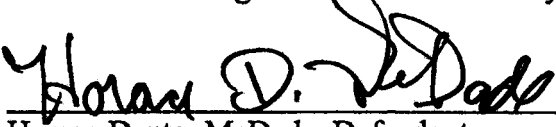
This written agreement constitutes the complete plea agreement between the United States, the defendant, and the defendant's counsel. The defendant and his attorney acknowledge that no threats, promises, or representations have been made, nor agreements reached, other than those set forth in writing in this plea agreement, to cause the defendant to plead guilty. Any modification of this plea agreement shall be valid only as set forth in writing in a supplemental or revised plea agreement signed by all parties.

Neil H. MacBride  
United States Attorney

By: \_\_\_\_\_  
Chad I. Golder  
Assistant United States Attorney


Date: March \_\_\_\_, 2012

Defendant's Signature: I hereby agree that I have consulted with my attorney and fully understand all rights with respect to the pending criminal information. Further, I fully understand all rights with respect to Title 18, United States Code, Section 3553 and the provisions of the Sentencing Guidelines Manual that may apply in my case. I have read this plea agreement and carefully reviewed every part of it with my attorney. I understand this agreement and voluntarily agree to it.

  
\_\_\_\_\_  
Horace Dexter McDade, Defendant

March 12, 2012

Defense Counsel Signature: I am counsel for the defendant in this case. I have fully explained to the defendant the defendant's rights with respect to the pending information. Further, I have reviewed Title 18, United States Code, Section 3553 and the Sentencing Guidelines Manual, and I have fully explained to the defendant the provisions that may apply in this case. I have carefully reviewed every part of this plea agreement with the defendant. To my knowledge, the defendant's decision to enter into this agreement is an informed and voluntary one.

  
\_\_\_\_\_  
Robert Whitestone, Esquire  
Attorney for Horace Dexter McDade

March 12, 2012

IN THE UNITED STATES DISTRICT COURT FOR THE  
EASTERN DISTRICT OF VIRGINIA

Alexandria Division

**COPY**

UNITED STATES OF AMERICA

v.

HORACE DEXTER MCDADE,

Defendant.

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Criminal No. 1:12-cr-101

**STATEMENT OF FACTS**

The United States and the defendant, HORACE DEXTER MCDADE, agree that had this matter proceeded to trial, the United States would have proven the following facts beyond a reasonable doubt:

**Background**

1. WMATA was created by an interstate compact in 1967 to plan, develop, build, finance, and operate a balanced regional transportation system in the national capital area. The Authority began building its rail system in 1969, acquired four regional bus systems in 1973, and began operating the first phase of Metrorail in 1976. Today, Metrorail serves 86 stations and has 106 miles of track. Metrobus serves the nation's capital 24 hours a day, seven days a week with 1,500 buses. Metrorail and Metrobus serve a population of 3.4 million within a 1,500-square mile jurisdiction. Metro began its paratransit service, MetroAccess, in 1994; it provides about 1.5 million trips per year. WMATA is funded by passenger fares and advertising revenue, as well as contributions from the District of Columbia, Maryland, Arlington, Alexandria, Fairfax, Fairfax County, and Falls Church. According to WMATA annual budget information, the federal government has provided additional funding totaling several hundred million dollars in the past



few years.

2. On June 4, 1976, President Ford signed into law a bill passed by Congress authorizing the establishment of the MTPD. MTPD police officers have tri-state jurisdiction with responsibility for a variety of law enforcement and public safety functions in transit facilities throughout the Washington, D.C. Metropolitan area. The MTPD has an authorized strength of 420 sworn police officers, 106 security special police, and 24 civilian personnel. Officers provide a variety of law enforcement and public safety services on the Metrorail and Metrobus systems in the Washington Metropolitan Area. MTPD police officers have jurisdiction and arrest powers throughout the 1,500 square mile Transit Zone that includes Maryland, Virginia, and the District of Columbia for crimes that occur in or against Transit Authority facilities. It is the only tri-jurisdictional police agency in the country and serves a population of 3.2 million.

3. WMATA personnel frequently move money between the various Metro stations located in Virginia, Washington D.C., Maryland, and the Metro Revenue Collection Facility (RCF) located in Alexandria, Virginia. Funds are moved by WMATA personnel (i.e., Revenue Collection Technicians), who are escorted by MTPD officers for security purposes. Funds are transported from the RCF to Metro stations and inserted into fare card machines to provide customers with change when necessary. Funds are also removed from the fare card machines and transported from the Metro stations to the RCF for processing and deposit preparation. The transport process is often carried out on a special "Money Train" that does not carry any passengers. The "Money Train" is loaded with approximately 20 to 30 locked carts with different amounts of money in them. The money is separated by denominations, e.g., one dollar coins (\$500.00 a bag), quarters (\$250.00 a bag), and nickels (\$100.00 a bag). The carts are also stacked with "stackers" that contain the paper money.

4. Defendant MCDADE was employed with WMATA as a Revenue Collection Technician II. MCDADE was hired by WMATA in February 1979. He is assigned to service the Metro rail stations fare vendors when the vendors malfunction. John Vincent Haile was employed as a Police Officer with the WMATA MTPD. Haile was hired by MTPD in August 1997. Haile's duties involved providing protection and security for Metro Revenue Technicians as they travel throughout the Metro system transporting funds to and from the Metro Revenue Collection Facility ("RCF"). As such, WMATA entrusted MCDADE and Haile with the security of its funds, and gave both men significant discretion to safely transport those funds back to WMATA facilities.

5. MCDADE and Haile often worked together to transport and secure the movement of money throughout the Metro system and back to WMATA's Revenue Collection Facility. Haile often switched his security assignment with other MTPD officers who were originally assigned to work with MCDADE so that Haile and MCDADE could work together.

#### **Theft of WMATA Property**

6. On January 18, 2012, in the Eastern District of Virginia and elsewhere, the defendant, HORACE DEXTER MCDADE, and John Vincent Haile stole property valued at more than \$5,000 that was owned by and under the care, custody, and control of the Washington Metropolitan Area Transit Authority (WMATA), in violation of Title 18, United States Code, Sections 666 and 2.

7. MCDADE and Haile stole thousands of dollars of coins and cash that was paid to WMATA by Metro customers as fares. During their shifts collecting funds from Metro stations and transporting those funds to WMATA's Revenue Collection Facility, MCDADE and Haile would deviate from their route and drive a WMATA van to the parking lot of a Marriot

Courtyard Hotel located at 2700 Eisenhower Ave, Alexandria, Virginia. MCDADE and Haile would hide bags filled with money paid as fares to WMATA in a small area of brush beneath an underpass in the hotel parking lot. Later in the evening, after their shifts were completed, MCDADE and Haile would return to the underpass in their personal cars to retrieve the money that they had hidden. Having successfully retrieved the money, MCDADE and Haile would leave the hotel parking lot and drive towards their homes with the proceeds of their theft.

8. This pattern of taking, hiding, retrieving, and ultimately stealing WMATA funds occurred frequently during the course of MCDADE's and Haile's scheme. For instance, on the night they were arrested, January 18, 2012, MCDADE and Haile took and hid four bags of coins containing approximately \$3,000 each in the brush beneath the underpass in the hotel parking lot. MCDADE and Haile returned to the parking lot later that evening to retrieve coins, each taking two bags of coins in their personal vehicles. MCDADE and Haile were arrested as they were driving away from the hotel parking lot, each possessing more than \$6,000 of WMATA funds; each had several thousands of dollars of cash stolen from WMATA as well. In total, on the night he was arrested MCDADE had stolen more than \$8,000 of WMATA coins and cash. MCDADE and Haile were observed by law enforcement officials performing similar acts on December 13, 2011, December 28, 2011, and January 3, 2012. MCDADE and Haile performed this same pattern (and thereby stole WMATA funds) numerous other times prior to January 18, 2012.

9. As a result of MCDADE's and Haile's actions in connection with this scheme, WMATA suffered losses totaling more than \$445,000.

#### **Laundering of Stolen WMATA Funds**

10. From at least 2011 to the present, in the Eastern District of Virginia and elsewhere, the defendant, MCDADE, unlawfully, willingly, and knowingly combined, conspired, confederated,

and agreed with Haile to commit money laundering, in violation of Title 18, United States Code, Section 1956(a)(1)(B)(i), by knowing that the property involved in a financial transaction represented the proceeds of some form of criminal activity, conducted such a financial transaction which in fact involved the proceeds of specified unlawful activity knowing that the transaction was designed in whole or in part to conceal or disguise the nature, the location, the source, the ownership, and the control of the proceeds of specified unlawful activity, in violation of Title 18, United States Code, Section 1956(h). In particular, MCDADE and Haile combined, conspired, confederated, and agreed to violate Title 18, United States Code, Section 1956(a)(1)(B)(i) by concealing and disguising the nature, the location, the source, the ownership, and the control of the proceeds of their repeated theft from WMATA by having Haile purchase lottery tickets using the stolen coins and depositing winnings into his bank account.

11. MCDADE and Haile combined, conspired, confederated, and agreed to violate Title 18, United States Code, Section 1956(a)(1)(B)(i) by concealing and disguising the nature, the location, the source, the ownership, and the control of the proceeds of their repeated theft from WMATA by having Haile purchase lottery tickets using the stolen coins and depositing winnings into his bank account, in violation of Title 18, United States Code, Section 1956(h).

12. On a near-nightly basis, including nights when MCDADE and Haile stole bags of coins from WMATA, Haile visited convenience stores before returning to his home. At these stores, Haile would purchase a large number of Virginia Lottery tickets with the proceeds of his theft. In fact, Haile would sometimes bring in bags containing \$500 worth of stolen coins, which he would use to purchase lottery tickets. Indeed, between October 2011 and December 2011 alone, Haile spent in excess of \$28,000 in coins and cash at one convenience store to pay for lottery tickets. Records obtained from the Virginia Lottery and several financial institutions indicate

that Haile purchased lottery tickets at additional locations as well. At the time of his arrest, MCDADE informed law enforcement that he, too, used the proceeds of his theft from WMATA to purchase Virginia Lottery tickets.

13. The Virginia Lottery paid Haile twenty nine (29) times totaling \$32,000 in 2011 (most recently with a \$1,000 check dated 12/20/2011) and fourteen (14) times totaling \$17,000 in 2010. Significantly, records are only kept on payments in excess of \$600 issued by the Lottery itself. Winning ticket amounts under \$600 can be redeemed at any lottery retailer and are not tracked. Haile frequently won amounts under the \$600 threshold using tickets he had purchased with stolen WMATA coins. For the larger amounts of money he won from the lottery, Haile deposited his winnings at financial institutions. These actions were intended, in part, to conceal MCDADE's and Haile's theft of WMATA property.

14. These transactions affected interstate commerce in several ways. For example, the Virginia Lottery participates in three multi-state games, including games that HAILE played when purchasing tickets with stolen WMATA funds. In addition, a percentage of money paid to the Virginia Lottery (e.g., more than \$80 million in each of 2010 and 2011) is returned as revenue to retailers that sell lottery tickets, many of which (including those where Haile purchased his tickets) operate in interstate commerce. Furthermore, the Virginia Lottery has contracted with companies located outside of Virginia for the printing and distribution of instant scratcher tickets—including those lottery tickets purchased using stolen WMATA funds. Indeed, in June 2011, the Virginia Lottery renewed its contract with Scientific Games, International (SGI), a company based in Georgia. In addition to providing instant scratcher ticket warehousing and distribution services, moreover, SGI provides marketing and sales support services for the Virginia Lottery.

15. MCDADE also laundered the proceeds of his thefts from WMATA by making numerous cash and coin purchases at The Home Depot and Lowe's. He also used the proceeds of his thefts to pay off account balances at Zale's and Sprint. As with MCDADE's and Haile's lottery purchases, these financial transactions were done both to conceal his theft from WMATA and to promote the carrying on of that theft.

**Conclusion**

16. All of MCDADE's actions in furtherance of the offenses charged in this case, including the acts described above, were done willfully and knowingly with the specific intent to violate the law.

17. The foregoing statement of facts is a summary of the principal facts that constitute the legal elements of the offenses charged in this case. This summary does not describe all of the evidence that the government would present at trial or all of the relevant conduct that would be used to determine the defendant's sentence under the Sentencing Guidelines and Policy Statements. MCDADE acknowledges that the foregoing statement of facts does not describe all of MCDADE's conduct relating to the offense charged in this case nor does it identify all of the persons with whom MCDADE may have engaged in illegal activities.

Respectfully submitted,

Neil H. MacBride  
United States Attorney


By:

\_\_\_\_\_  
Chad I. Golder  
Assistant United States Attorney  
United States Attorney's Office  
Eastern District of Virginia  
2100 Jamieson Avenue  
Alexandria, Virginia 22314

Phone: (703) 299-3700  
Fax: (703) 299-3980  
chad.i.golder @usdoj.gov


Date: March \_\_\_\_, 2012

After consulting with my attorney and pursuant to the plea agreement entered into this day between the defendant, HORACE DEXTER MCDADE and the United States, I hereby stipulate that the above Statement of Facts is true and accurate, and that had the matter proceeded to trial, the United States would have proved the same beyond a reasonable doubt.

  
Horace Dexter McDade, Defendant

March 12, 2012

I am HORACE DEXTER MCDADE's attorney. I have carefully reviewed the above Statement of Facts with him. To my knowledge, his decision to stipulate to these facts is an informed and voluntary one.

  
Robert Whitestone, Esquire  
Attorney for Horace Dexter McDade

March 12, 2012