

I, James A. Van Pelt, being duly sworn, depose and state as follows:

1. I am a Special Agent with the Federal Bureau of Investigation (FBI), United States Department of Justice, acting in my official capacity. As such, I am an investigative or law enforcement officer of the United States within the meaning of Section 2510(7) of Title 18, United States Code, and am empowered by law to conduct investigations of and to make arrests for offenses enumerated in Section 2516 of Title 18, United States Code. I have been employed as a Special Agent with the FBI for over twelve years and am currently assigned to the FBI's Jacksonville Division, Fort Walton Beach Resident Agency. For more than three years prior to my employment with the FBI, I worked as both a prosecuting attorney and civil litigator in Austin, Texas.

2. I have previously participated in numerous investigations involving public corruption and white collar crime, including the investigation and successful prosecution of a corrupt judge and multiple law enforcement officials. I have also attended training by both the FBI and the United States Department of Justice in the areas of public corruption and white collar crime, including in-services and continuing education pertaining to financial institution fraud and money laundering schemes. In the course of my career I have also had numerous communications with federal law enforcement and prosecutive personnel who specialize in the areas of public corruption and schemes to defraud.

3. The FBI is currently investigating Charles W. Morris, also known as Charlie Morris, currently the Sheriff of Okaloosa County, Florida. At this time, and for reasons detailed below, it is believed that Sheriff Morris has repeatedly utilized subordinate employees of the Okaloosa County Sheriff's Office (OCSO) in order to facilitate a scheme whereby he has withdrawn tens of thousands of dollars in OCSO public funding for his personal discretionary spending, as well as obtained multiple personal benefits at county expense. Sheriff Morris has accomplished this by repeatedly awarding "performance bonuses" to certain OCSO employees and then requiring that those individuals return, or kick back, to Sheriff Morris all or a specified portion of those funds in cash. In committing this scheme, Morris has obtained the assistance of OCSO Director of Administration Teresa "Terry" Adams. As such, this activity constitutes one or more violations of Title 18, United States Code, Sections 666 (Theft or Bribery Concerning Programs Receiving Federal Funds); 1343 (Wire Fraud); 1346 (Deprivation of Right to Honest Services); 1957 (Engaging in Monetary Transactions in Property Derived From Specified Unlawful Activity), and 371 (Conspiracy to Commit the Aforementioned Offenses) as further detailed below.

4. I am submitting this affidavit to establish probable cause to support a criminal complaint against Charles W. Morris and Teresa Adams for violations of Title 18, United States Code, Sections 666, 1343, 1346, 1957, and 371. As such, I am not including all facts known to me in this investigation in this affidavit, but rather only those I believe are necessary to establish probable cause.

5. Unless noted otherwise, all information in this affidavit involves investigation conducted by either FBI Special Agent Steven C. Harker or me, including but not limited to interviews with OCSO employees; physical surveillance; review of OCSO employee pay, banking, and other subpoenaed records; and review of consensually monitored and recorded conversations.

6. This affidavit contains information provided by confidential sources. Whenever possible, this information has been corroborated through review of banking, travel, payroll and other records, consensually monitored and recorded meetings, and/or other surveillance.

7. On January 10, 2009, Special Agent Harker was contacted by an individual hereafter referred to as Cooperating Witness #1, or "CW-1." CW-1 is employed by the OCSO in a managerial capacity and, as such, has first-hand knowledge of many of the decisions involving the OCSO's daily operations. CW-1 has also consistently provided detailed and reliable information to agents of the FBI in the past. At that time CW-1 informed SA Harker that he/she had obtained information regarding what he/she believed to be illegal activity being committed within the OCSO.

8. Later that day, CW-1 appeared at the Shalimar, Florida office of the FBI with CW-2, another individual employed at the OCSO whom CW-1 identified as having personal knowledge of the illegal activity. I subsequently interviewed CW-2, who advised me, inter alia, of the following facts:

a. CW-2 was hired by Okaloosa County Sheriff Charlie Morris over a year ago.

b. Some time after being hired, CW-2 was approached by Terry Adams, the OCSO's Director of Administration, who escorted CW-2 into her office, closed the door, and explained that the Sheriff had run out of charitable contribution money. Adams specifically mentioned a charity that replaced toys (such as Sony Playstations) for kids whose homes had been burglarized, as well as the nonprofit NAACP. According to Adams, the OCSO needed to move funds from one account to another, and Adams asked CW-2 whether they could trust him/her to be discreet and not discuss the funds transfer with anyone else. CW-2 stated that they [Sheriff Morris and Terry Adams] could.

c. Adams then explained that the OCSO would issue CW-2 a "bonus" check or direct deposit into the same account in which he/she normally received his/her pay, but CW-2 would then withdraw a portion of the funds from the payment and deliver those monies, in cash, back to Adams. Adams would specify how much of the funds CW-2 would be allowed to keep. CW-2 was also later told that participating in this procedure would work well for CW-2 because the federal income taxes would be taken out of the bonus and the aggregate amount of payroll would be used later in calculating his/her "high five" for retirement purposes.

d. CW-2 subsequently did as directed, receiving at least three of these "bonus" payments and then delivering cash from the payments back to Adams. CW-2

estimated that he/she has in each instance given Adams an envelope filled with cash in amounts ranging from approximately \$3,000.00 to \$5,000.00.

e. CW-2 then provided to me a series of bank account statements for two personal checking accounts dated between May 2007 and December 2008. Utilizing the statements, CW-2 explained how he/she had transferred a portion of the "bonus" payments from one account to the other, then withdrew cash to be delivered to Adams. CW-2 added that, in addition to the bank records, he/she had also received a pay stub (normally from Terry Adams) for each of these "bonus" payments. CW-2 also advised that he/she had received some bonuses in 2008 in which he/she was not required to return a portion of the deposit back to Terry Adams in cash.

f. At one point after he/she had been asked to participate in this activity, CW-2 began to discuss the scheme directly with Sheriff Morris. In response, the Sheriff told CW-2, "I don't know what you're talking about; you need to be talking to Terry Adams." As detailed below, however, Sheriff Morris did in fact know about the kickback scheme which CW-2 had attempted to discuss with him, and by January 2009 Sheriff Morris was clearly directing CW-2's involvement in this scheme.

g. On Thursday, January 8, 2009, Adams told CW-2 that he/she would be receiving another "bonus" via direct deposit, this time on January 15, 2009.

9. During a separate interview conducted that same day, CW-1 advised SA Harker that Terry Adams utilized a desktop computer, which was attached to a

server/network at the OCSO, as well as a laptop which she frequently took home with her.

10. On January 12, 2009, SA Harker met with CW-1 and CW-2. CW-2 then advised SA Harker that, earlier that day, he/she had been summoned into Sheriff Morris' office, then instructed by Morris to close the door, which he/she did. Sheriff Morris was sitting at his desk, and for an extended period of time stared downward in silence. Sheriff Morris then looked up at CW-2 and stated that "we have someone in trouble in the agency and we need you to help him." Morris then advised CW-2 that on Thursday, January 15, 2009, a \$15,000.00 "bonus payment" would be deposited into CW-2's bank account. Sheriff Morris instructed CW-2 to keep \$3,000.00 of the funds, then withdraw the remaining \$12,000.00 from his/her checking account and pay it back no later than Friday morning, January 16, 2009. CW-2 knew from prior experience that he/she was expected to withdraw the cash and deliver it to Terry Adams in an envelope. Sheriff Morris emphasized to CW-2 that the remaining \$3,000.00 should be considered a bonus. CW-2, being previously interviewed by the FBI and instructed not to reject any offers from Morris, told Morris that he/she understood. Sheriff Morris then told CW-2 that he was going to count on CW-2. This was the first time that the Sheriff had acknowledged to CW-2 that he was personally directing the kickback scheme.

11. Later that afternoon I met with CW-2, who provided me with a stack of pay stubs documenting his/her 2008 salary and bonus payments from the Okaloosa County Sheriff's Office. CW-2 then noted that approximately six of the stubs had a

payment marked "PERFORM" under the "EARNINGS" column and the name of his/her bank under the "DEDUCTIONS" column. When taken together, these denoted the previously-described bonus payments paid into his/her personal checking account (including some legitimate bonuses which did not require a kickback). CW-2 then noted that, according to his/her pay stubs, his/her salary with the OCSO with the addition of the bonus payments had increased by over \$30,000.00 since the prior year. CW-2 also described how, after his/her meeting with SA Harker earlier that day, Sheriff Morris had approached CW-2 and asked if he/she thought CW-2 would have any problems getting the \$12,000.00 cash out of his/her bank account. CW-2 responded negatively and simultaneously observed that the Sheriff appeared eager to get the cash.

12. On January 12, 2009, SA Harker and I interviewed a third OCSO employee, hereafter referred to as Cooperating Witness #3 or "CW-3," who appeared at the FBI office in Fort Walton Beach along with CW-1. During the interview CW-3 provided, inter alia, the following facts:

a. Sometime in September 2008, Morris approached CW-3 and asked if he/she would be willing to accept a \$5,000.00 payment into his/her checking account, then subsequently withdraw the funds and give them back to Terry Adams. Morris told CW-3 that he had to give some money to charity and that the funds would be used for that purpose. Morris also indicated since the money was coming from the OCSO Payroll Account, it would be reflected on CW-3's W-2 tax statement, and the net amount of the

deposit would be exactly \$5,000.00. Morris also assured CW-3 there would be enough money deposited into CW-3's account to cover all the taxes.

b. When CW-3 asked Morris whether Morris wanted the money in a check or cash, Morris instructed CW-3 to obtain cash. CW-3 subsequently found out that the \$5,000.00 had already been deposited into his/her checking account prior to ever speaking with Sheriff Morris. Nevertheless, CW-3 went to his/her bank and withdrew exactly \$5,000.00 in cash from his/her checking account, placed the money into an envelope, and then went with another OCSO employee, hereafter referred to as CW-4, into Terry Adams' office.

c. Both CW-3 and CW-4 entered Adams' office and closed the door behind them. CW-3 then told Adams to look him/her in the eye, and "tell me this is legal." CW-3 even recalled joking with Adams and CW-4 asking "is this money laundering?" Adams replied to CW-3 by stating that everything was on the up-and-up and added "I wouldn't do that to you."

d. In addition to the payment which was withdrawn, CW-3 received on the same day a "performance bonus" in the amount of \$6,000.00.

e. CW-3 also received a paystub from the OCSO documenting the \$11,000.00 after-tax bonus payment (i.e., \$6,000.00 legitimate and an additional \$5,000.00 that was kicked back).

13. On the morning of January 13, 2009, Sheriff Morris approached CW-2 in his office and told him/her, "We have a problem. We can't let you take money [i.e.,

greater than \$10,000.00 cash] out of your account because you'll have to sign a form, and we can't allow that to happen." The Sheriff then instructed CW-2 to purchase a cashier's check from his/her bank for the \$12,000.00 that he/she had been instructed to remove from his/her account and make the check payable to Terry Adams.

14. I am aware from prior criminal investigations that financial institutions located inside the United States are required to file a form, commonly referred to as a "Currency Transaction Report," whenever an individual engages in a monetary transaction in an amount greater than \$10,000.00 in cash. This form is then used to trace cash proceeds. Based on my training and prior investigative experience, I believe that this form is what Sheriff Morris was referring to when he instructed CW-2 to purchase a cashier's check in lieu of withdrawing such a large amount of cash.

15. On January 13, 2009, SA Harker and I also interviewed CW-4 at the FBI office in Fort Walton Beach, Florida. Also present during the interview was CW-1. During that interview CW-4 confirmed the allegations previously made by CW-3, noting that Sheriff Morris had personally directed the kickback scheme. Specifically, CW-4 relayed that, around the end of September 2008, Sheriff Morris informed CW-4 that he/she would be getting a \$6,000.00 bonus in lieu of a raise. Sometime shortly thereafter, the Sheriff walked into CW-4's office, shut the door, and informed CW-4 that he/she would actually be receiving a bonus of \$11,000.00, and not \$6,000.00 as previously stated. Morris then informed CW-4 that he/she would need to take \$5,000.00 of that bonus and give it back to Terry Adams so that he (Sheriff Morris) could then give it to

charity. Sheriff Morris further stated that he was doing this to fund OCSO's charitable giving, and that taxes would be taken out of the bonus payment.

16. CW-4 subsequently discussed the extra \$5,000.00 "bonus" with CW-3, who informed CW-4 that the Sheriff had added an extra \$5,000.00 to his/her bonus check as well, and that the Sheriff had given a similar explanation for the extra money. As previously described, CW-3 and CW-4 then paid their \$5,000.00 each in cash back to Terry Adams. CW-4 was not sure what Adams did with the money after that.

17. On January 15, 2009, SA Harker, SA Thomas Breeden and I spoke with CW-2, who advised that, earlier that day, Sheriff Morris had called him/her into his office and said that he wanted to explain the two reasons why he was having CW-2 run OCSO funds through his/her account. First, Morris stated that he knew that CW-2 needed the money. Second, Morris advised that he was trying to get CW-2's "top five" [annual salary amounts] up for the purpose of his/her retirement calculation. Morris then added something to the effect that "Listen, I want you to get that money first thing tomorrow morning."

18. On January 16, 2009, and pursuant to Sheriff Morris' prior instructions, CW-2 traveled to his/her bank and purchased a cashier's check for \$12,000.00, which he/she then took to the OCSO Administrative Offices and delivered to Terry Adams as previously instructed. Prior to that, however, he/she informed the Sheriff that he/she had obtained the check. During this time, CW-2 was outfitted with an audio/video recording device provided by the FBI, and consensually monitored and recorded each of the

aforementioned conversations. I have subsequently reviewed that digital recording of those conversations, the pertinent portions of which are transcribed below:

Entering Sheriff Charlie Morris' Office

CW-2: Mornin' Sheriff.

SHERIFF: Hey [CW-2].

CW-2: I just want to let you know I took care of the, uh, banking this morning.

SHERIFF: Oh, thanks. 'Preciate that. [Unintelligible]

CW-2: And I'm going to see Terry now.

SHERIFF: OK -- take care. Thanks.

CW-2: Yes, sir.

Entering Director of Administration Terry Adams' Office

CW-2: [Knocking]

ADAMS: Come in.

CW-2: Good morning, Ma'am.

ADAMS: How are you?

CW-2: Doing fine.

[Closes Door]

ADAMS: [unintelligible] Cold?

CW-2: Yes, Ma'am.

[CW-2 hands check to Adams]

ADAMS: The Sheriff thanks you. [Unintelligible]

CW-2: Yeah, I just told him that I went to the bank and took care of the check and it's made payable to you.

ADAMS: [Unintelligible]. He's helping somebody else but I [fades off - unintelligible]

CW-2: I'm sorry?

ADAMS: We're helping somebody, you know. He already told you that, right?

CW-2: Yes.

ADAMS: But I can't let him do it and ask [unintelligible] I just don't like -- being the middle. You know what I mean?

CW-2: I - I understand.

ADAMS: But it has to be. So we're going to take care of him.

CW-2: OK.

ADAMS: He takes care of us. We'll take care of him, won't we?

CW-2: Yes, yes, yes, Ma'am. We'll - do what we can.

ADAMS: Do what we have to. OK [sighing] [Yawning]

CW-2: I'm gonna go get busy.

ADAMS: I've got to go get busy now.

CW-2: Thank you Ma'am.

ADAMS: Thank you, [CW-2]. The Sheriff thanks you.

CW-2: Yes, yes Ma'am.

19. On January 20, 2009, CW-5 appeared at the Fort Walton Beach office of the FBI with CW-2. CW-5 is employed at the OCSO in an administrative capacity. CW-

5 then advised SA Harker and I that on Friday, January 16, 2009, Sheriff Morris invited him/her into his office and told CW-5 to shut the door. He then told CW-5 words to the effect, "I have something for you. We have put some money in your account and I'm going to need you to do me a favor. I want you to keep \$2,000.00 of the money and bring me back \$1,000.00 in cash." CW-5 then told Sheriff Morris that he/she did not want the \$2,000.00, but he again told CW-5 to keep it. Morris also added that the funds would not be available until Tuesday, January 20, 2009. Sheriff Morris then handed CW-5 the OCSO paystub for the \$3,000.00 and reiterated that the money would not be in CW-5's account until the next Tuesday.

20. On the morning of Tuesday, January 20, 2009, CW-5 went to his/her bank and withdrew \$1,000.00 in cash. Upon walking into the OCSO Administration Building, CW-5 ran into Sheriff Morris in the hallway and told him "I was going to put it in an envelope." [The money had actually been placed in a currency sleeve commonly utilized by banks in cash transactions with customers]. The Sheriff then glanced about and responded, "There's nobody around, so it's ok." CW-5 then handed Sheriff Morris \$1,000.00 in \$100.00 bills.

21 On January 21, 2009, the Alabama/Florida Regional Security Manager for CW-2's bank provided, in response to a prior subpoena request, records pertaining to CW-2's financial transactions on January 16, 2009. Included in the records provided by CW-2's bank was an image of the front and back of the check for \$12,000.00 which CW-2 had utilized on January 16, 2009 to purchase the aforementioned cashier's check. On

the back of the check was printed, inter alia, the name of CW-2's bank, as well as the date of January 16, 2009 and the words "Birmingham, Al." I am aware from prior training and experience, as well as my involvement in previous financial institution fraud investigations, that the printing of "Birmingham, Al" on the back of the check indicated that CW-2's bank processed this financial transaction by making a computer entry which caused an interstate transmission of wire communications notifying the proofing center located in Birmingham, Alabama, to expect an impending paper transaction. As such, it is my belief that Sheriff Morris caused CW-2 to effect an interstate wire transaction when he directed CW-2 to purchase a cashier's check in lieu of providing a kickback to the Sheriff in cash.

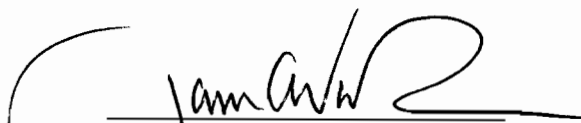
22. I am aware that the Okaloosa County Sheriff's Office is a component agency of Okaloosa County, Florida and that it is funded by Okaloosa County, Florida through the Okaloosa County Board of County Commissioners. I am also aware that Okaloosa County receives significant federal funding. On January 29 and 30, 2009, SA Harker engaged in an e-mail exchange with Gary Stanford, who is currently employed as a Finance Officer/Deputy Clerk with Okaloosa County, Florida. At that time Stanford forwarded to SA Harker an unaudited "final draft" of the county's 2008 federal and state grant schedule. SA Harker subsequently reviewed that document, noting that in calendar year 2008, the County of Okaloosa, Florida, received millions of dollars in federal funding. As merely one example, Okaloosa County received a Federal Aviation

Administration Airport Development Grant in the amount of \$1,138,571 during that time frame.

23. On February 9, 2009, I reviewed the pay stubs and bank account statements previously provided by CW-2, CW-3 and CW-5. At that time I observed that these records confirmed that a number of extraordinary payments had in fact been made by the OCSO to CW-2, CW-3 and CW-5 and that the net (i.e., after-tax) payment amounts totaled over \$40,000.00.

24. Based upon the foregoing, I believe there is probable cause to believe that Charles W. Morris and Terry Adams have committed violations of Title 18, United States Code, Sections 666 (Theft or Bribery Concerning Programs Receiving Federal Funds); 1343 (Wire Fraud), 1346 (Deprivation of Right to Honest Services); 1957 (Engaging in Monetary Transactions in Property Derived From Specified Unlawful Activity); and 371 (Conspiracy to Commit the Aforementioned Offenses).

The above information is true and correct to the best of my knowledge and belief.



JAMES A. VAN PELT
Special Agent
Federal Bureau of Investigation

Subscribed and sworn to before me this 25th day of February, 2009 in Pensacola, Florida.



UNITED STATES MAGISTRATE JUDGE