

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

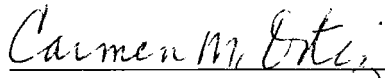
UNITED STATES OF AMERICA)	
)	
v.)	CR. NO. 07-10072-PBS
)	
BUFORD GEORGE PETERSON,)	
Defendant.)	


DISMISSAL OF BUFORD GEORGE PETERSON FROM THE INDICTMENT

Pursuant to FRCP 48(a), the United States Attorney for the District of Massachusetts, Carmen M. Ortiz, hereby dismisses Buford George Peterson ("Peterson") from Count Six of the Indictment in this matter, charging him with making a false statement on a loan application in violation of 18 U.S.C. §1014. In support of this dismissal, the government states that Peterson has entered into a cooperation agreement with the United States and has signed a Stipulation of Facts that is attached hereto, and the dismissal is in the interests of justice.

Respectfully submitted,

4/30/12
Date


CARMEN M. ORTIZ
United States Attorney


B. STEPHANIE SIEGMANN
JEFFREY AUERHAHN
Assistant U.S. Attorneys

Leave to File Granted:

PATTI B. SARIS
United States District Judge

UNITED STATES DISTRICT COURT
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v.)	CRIMINAL ACTION NO. 07-10072-PBS
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BUFORD GEORGE PETERSON,)	
Defendant.)	

DEFENDANT PETERSON'S STIPULATION OF FACTS

The Defendant Buford George Peterson, pursuant to a cooperation agreement entered into by the parties in this case, stipulates that the following facts are true and accurate:

1. Buford George Peterson ("Peterson") was Chief Financial Officer ("CFO") and Vice President of Corporate Development for Ptech from approximately March 2001 to August 2002. Peterson also served temporarily for a period of several months as the Chief Operating Officer ("COO"). At all times, Ptech's Chief Executive Officer ("CEO") and President was Oussama Ziade ("Ziade"). After Peterson left Ptech, through the fall of 2002, Peterson continued in his efforts to help Ptech raise capital; Ptech owed him money in loans and deferred compensation.

2. Shortly after being hired at Ptech, Peterson learned that the company had severe financial difficulties. The situation was so serious that the company was unable to pay salaries, and officers, including Peterson, made loans to the company to allow the company to continue operating. Ptech's financial condition only grew worse during Peterson's employment. By 2002, Ptech was forced to lay off employees. Indeed, Peterson was laid off in August 2002.

3. Peterson worked directly for, and reported to, Ziade. Ziade closely controlled Ptech, maintained Ptech's shareholder records, knew the identities of all of Ptech's shareholders,

and often communicated with the major shareholders. In explaining Ptech's shareholder equity, Ziade told Peterson that Ptech was originally funded by a few "high net worth" individuals from the Middle East, who invested approximately \$20 million. Ziade also told Peterson that 90% of the money came from three individuals. During Peterson's fund raising activities, he expressed an interest to Ziade to contact the original investors for additional funds. In response, Ziade advised Peterson that the original investors were unwilling and/or unable to provide any additional money to Ptech.

4. While employed at Ptech, Ziade often provided to Peterson a list of email addresses to include in certain correspondence. On a few occasions while employed at Ptech, at Ziade's direction, Peterson copied Yassin, a person he now believes to be Yassin Kadi, on e-mails relating to shareholder and other management information regarding Ptech. For example, at Ziade's direction, Peterson included "Yassin"¹ at "Caravan Group" as a recipient to an email dated May 9, 2001 entitled "Ptech Capitalization Table," which pertained to actions taken by Ptech's Board of Directors and stockholder matters. Peterson attached to this e-mail "three spreadsheets": (1) Ptech's then current summary "cap table" (Ptech's capitalization table); (2) a spreadsheet containing "Details of investor shares purchased"; and (3) a spreadsheet containing "Details of stock options granted and exercised." Similarly, in the summer of 2001, at Ziade's direction, Peterson sent an e-mail to Saied Basamh and Yassin Kadi to update them on Ptech's fund raising activities and merger negotiations with Roger Burlton. Among other things, Peterson stated in this e-mail:

¹In that particular email, Peterson misspelled Yassin; this error was corrected in later emails.

Oussama is in Lebanon and is having some difficulty with Internet access. For this reason he asked me to forward on to you an update on our progress at Ptech. He also asked me to ensure that Yassin also receives this information.

Peterson attached to this e-mail five confidential Ptech documents, including its executive summary of its business plan and documents relating to a potential joint venture with IBM.

Peterson concluded his e-mail to Basamh and Yassin: "we all appreciate your continuing interest in and support for Ptech."

5. Peterson was also copied on several e-mails Ziade sent to Yassin Kadi between May 2001 and August 2001 regarding Ptech's business activities, fund raising plans, and management issues.

6. In June 2001, Roger Burlton, with whom Ptech was discussing a possible merger, was going to Saudi Arabia. Peterson was handling many aspects of the merger discussions on Ptech's behalf. While in Saudi Arabia, Burlton met with Saied Basamh and Yassin Kadi to discuss the terms of the merger with Ptech without Peterson's advance knowledge. Afterwards, during a telephone conversation with Peterson and Ziade on or about June 8, 2001, Basamh reviewed his notes of the merger discussions between himself, Kadi, and Burlton, and advised Ziade and Peterson how he and Kadi would like the negotiations between Burlton and Ptech to proceed. The major points of the discussion during this telephone conversation were confirmed in an e-mail also dated June 8, 2001.

7. In January 2002, Ptech submitted a loan application to the Small Business Administration ("SBA") for \$650,000 under the Expanded Economic Injury Disaster Loan Program, a program created to help small businesses economically harmed by "the destruction of the World Trade Center or damage to the Pentagon on September 11, 2001" ("9/11 disaster

loan”). Ptech’s controller, Jeffrey Bennett was responsible for putting together the application and gathering attachments. Peterson was aware, based upon conversations with Bennett and his own review of the SBA loan application, that Ptech was required, in its SBA loan application, to provide the names of any individual or entity that owned 20% or more of Ptech stock. The instructions provided with the SBA’s loan application for the 9/11 disaster loan indicated that every applicant was required to identify by name each “stockholder owning 20% or more voting stock” and file “for each owner having a 20% or more interest, . . . a current . . . personal financial statement . . . , a complete copy, including all schedules, of the most recent Federal Tax Return, and a complete and signed IRS Form 8821 [tax information authorization].”

8. Because Ziade was responsible for issuing stock certificates, preserving all of the stockholder records, and maintaining the stock ownership table (cap table), which identified all of Ptech’s shareholders and the amount of shares owned by each shareholder, Ziade prepared the cap table that was included with the SBA loan application. Ziade e-mailed it to Bennett on January 15, 2002 for inclusion in the application. Peterson was copied on this e-mail in which Ziade stated “[t]his is what I come up with as Cap Table.” Rather than verifying the accuracy of this table, Peterson relied on Ziade to provide a completely accurate, truthful, and then current ownership table to the SBA. In comparison to Ziade, who was responsible for maintaining an accurate capitalization or ownership table for Ptech, Peterson was responsible for amending and updating the second page of Ptech’s capitalization table, which listed outstanding unexercised stock options.

9. On January 21, 2002, Peterson signed Ptech’s SBA loan application and certified the accuracy of the application and its attachments. On January 23, 2002, Ziade signed Ptech’s

SBA loan application and certified the accuracy of the application and its attachments. By signing the application, both Peterson and Ziade certified that

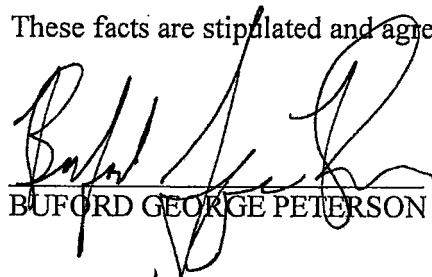
All information in this application is true and complete to the best of my knowledge. All financial statements submitted with this application fully and accurately present the financial position of the business. I have not omitted any disclosures in these financial statements. This certification also applies to any financial statements submitted after this date. I understand that false statements may result in the forfeiture of benefits and possible prosecution by the U.S. Attorney General (reference 18 U.S.C. § 1001 and/or 15 U.S.C. § 645).

Peterson would not have signed this application had he known that Ziade had falsified Ptech's Ownership Table provided to the SBA. Before signing the SBA application and certifying its accuracy, Peterson did not review the Cap Table Ziade drafted and provided to Bennett for inclusion in the SBA loan application. Peterson has since compared the SBA Cap Table Ziade directed Bennett to use for SBA loan application with the then current Ptech Cap Tables. Based on this comparison, Peterson stipulates that the SBA cap table was false in several material respects and misrepresented the shareholder percentages of Ptech.

10. In the fall of 2002, during a management meeting, Jeff Goins ("Goins") raised concerns about Yassin Kadi, who was identified by the United States as a Specially Designated Global Terrorist and, according to Goins, was an investor in Ptech. At this meeting, which several officers and employees attended including Peterson, Goins stated that Kadi was a major shareholder in Ptech and that Kadi had visited the Ptech offices. In addition, several employees expressed a concern that the media would "connect the dots" and link a designated terrorist to Ptech. At this meeting, Ziade stated that Kadi was not a (then) current investor in Ptech; Ziade assured Peterson that Kadi had sold his shares in Ptech in 1999. Ziade also told Peterson that Kadi had lost approximately \$100 million dollars in around 1997-1999 in Malaysia or Indonesia

and, therefore, was not in a position to invest more money in Ptech. However, Ziade had previously told Peterson that Ziade always hoped Kadi would assist in finding other investors for Ptech.

These facts are stipulated and agreed to by:



Handwritten signature of Buford George Peterson in black ink, written over a horizontal line.

BUFORD GEORGE PETERSON

4/18/12

Date