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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 01/25/2005

JENNIFER S. STEPHENS (STEPHENS), a white female, born on March 12, 1963, employed as the Branch Manager of SPHERION, 1901 North Union Boulevard, Suite 105, Colorado Springs, Colorado, telephone number 719/636-1606, was interviewed in her office of employment. After being advised of the identity of the interviewing Agent and the nature of the interview, STEPHENS provided the following information:

In April 2004, STEPHENS received a phone call from SYLVIA (phonetic) MCGHEE (MCGHEE) representing IRP SOLUTIONS (IRP). MCGHEE asked STEPHENS if SPHERION would be interested in entering into a relationship with IRP in which SPHERION would hire administrative and clerical employee and place them in work positions at IRP. SPHERION would pay the employees and then invoice IRP to recover their cost. STEPHENS advised that this is referred to, in the staffing industry, as a payrolling relationship. The phone call ended with STEPHENS agreeing to meet with DAVID BANKS (BANKS), of IRP, to discuss the arrangement.

A few days after the phone call with MCGHEE, STEPHENS traveled to the IRP office at 7350 Campus Drive, Suite 200, Colorado Springs, Colorado in order to meet with BANKS. BANKS informed STEPHENS that the product that IRP was developing was a software application for inputting and tracking crimes and the end user would be law enforcement officers. BANKS then informed STEPHENS that IRP is trying to secure a large contract with the New York Police Department (NYPD) and is interested in entering into the payrolling relationship in anticipation of securing the in-progress NYPD contract. STEPHENS estimates that the meeting lasted approximately forty minutes and ended with a general understanding that SPHERION would enter into a relationship with IRP. STEPHENS added that IRP occupies the entire second floor of the office building.

During the first part of May 2004, SPHERION started the process of payrolling employees for IRP. At the beginning, only one female was pay rolled by SPHERION and placed at IRP. Subsequently, STEPHENS was again contacted by MCGHEE who was inquiring as to if SPHERION would be interested in payrolling additional employees to be placed at IRP. STEPHENS agreed to payroll additional employees and traveled to the IRP office and

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meet with MCGHEE and two black males that were to be added to the SPHERION payroll. STEPHENS agreed to payroll the two black males.

During June 2004, STEPHENS was informed that IRP had not paid any of the invoices SPHERION had sent to IRP. On June 23, 2004, STEPHENS traveled to the IRP office to attempt to meet with BANKS to inquire why the invoices had not been paid. When she arrived at the IRP office, security guards, located in the reception area, would not allow her to speak with BANKS or the SPHERION employees hired on behalf of IRP. STEPHENS returned to her office and called all of the SPHERION employees placed at IRP and released them from their assignments at IRP. Subsequently, STEPHENS received a call on her mobile phone from BANKS. BANKS promised STEPHENS that the SPHERION invoices would be paid. STEPHENS responded by informing BANKS that she had no choice but to pull the SPHERION consultants from positions at IRP.

STEPHENS has attempted to call BANKS numerous times and has left several voice mail messages regarding outstanding invoices. In addition, STEPHENS has attempted to physically collect on the invoices several times and was not allowed access into the IRP workspace by the security guards.

During her initial meeting with BANKS, STEPHENS was informed that IRP would also be interested in hiring employees with Information Technology backgrounds. STEPHENS informed BANKS that SPHERION has a separate Information Technology division and referred BANKS to LARRY MILLS, an employee with SPHERION's Information Technology division. Subsequently, MILLS entered into a relationship with IRP solutions and experienced problems similar to those experienced by STEPHENS.

STEPHENS estimates that SPHERION's administrative and clerical division lost approximately \$27,000 to IRP. STEPHENS estimates that SPHERION's Information Technology division lost significantly more money to IRP. In addition, STEPHENS has not heard of a company doing business as DKH ENTERPRISES. STEPHENS advised that SPHERION would prepare a packet, containing documentation of their relationship with IRP, and send the packet to the author.