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Patent Law Analysis by Dennis Crouch

Aug 19, 2009

Proof of Actual Fraud on the Patent Office

US v. Reid, 09-cr-00320-CMH (E.D. Va. 2009)

Michael Reid has pled guilty to conspiracy to commit wire fraud with a maximum penalty of 20 years imprisonment after being caught stealing almost \$500,000 from the US Patent & Trademark Office (USPTO). Reid has agreed to cooperate in the investigation of his former USPTO employee accomplice – known in the pleadings as Ms. K.L.P. and identified as a financial analyst in charge of the customer deposit funds. K.L.P. has apparently not yet been charged.

According to the stipulated facts, the pair raided dormant PTO deposit accounts of customers who had not responded to PTO inquiries.

K.L.P. engaged in 32 fraudulent transfers, 27 in which the defendant received funds. The total amount of the 32 transactions was \$534,338.55. The total amount for the 27 transactions involving the defendant was \$451,252.17.

The fraudulent transfers apparently occurred from 1998 through September 2005 when K.L.P. left the PTO. Reid is the minister of music at a Maryland church. The court has not yet scheduled sentencing.

Notes:

- [File Attachment: Reid.Facts.pdf \(132 KB\)](#)
- [File Attachment: Reid.Release.pdf \(97 KB\)](#)
- [Washington Examiner Article](#) by Freeman Klopott
- The photo (right) is taken from Reid's [MySpace page](#).

Posted on Aug 19, 2009 at 03:25 PM | [Permalink](#)

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Comments



This is seriously inequitable conduct.

Posted by: Andrew Dhuey | [Aug 19, 2009 at 04:24 PM](#)

Way to scoop Above the Law!

Posted by: ESC | [Aug 19, 2009 at 04:32 PM](#)

Strangely, I have more sympathy for this man than I do any lawyer engaging in IC before the office and yet this man faces the tougher rap.

Posted by: 6 | [Aug 19, 2009 at 04:56 PM](#)

6,

How do you have more sympathy for this guy? Lawyers engaging in IC were too overzealous in representing their client. This guy is a MINISTER at a church stealing money from deposit accounts.

Posted by: Jay | [Aug 19, 2009 at 05:25 PM](#)

The nature of and frequency of the crime. This crime is against the PO, and while we call IC against the PO, what it really leads to is fraud against one of the patentee's fellow americans whom he decides to sue with an illicit patent. The PO, while important, just doesn't strike a sympathetic cord with me, the guy who is getting sued on the other hand does. What it boils down to is "harm". You might look into it sometime if you're a lawyer.

Plus, guys like this get caught and you don't hear about it for another 50 years or whatever. IC happens and all too often is never found out, and even if it is, can't be proved sufficiently.

That said, I would like to have that 500k back. After all, we need 5 more spes.

I also think that guys like this who can't pay the money back should be forced to, in lieu of jailtime, until it is paid back, then serve some jail time. But I doubt that the laws are setup to make that happen.

Posted by: 6 | [Aug 19, 2009 at 06:20 PM](#)

Instead of "inequitable conduct" on the PTO, how about "mischievous behavior"?

Posted by: Roger Karp | [Aug 19, 2009 at 07:26 PM](#)

Well, it looks like he may have cut a deal by turning in his accomplice. It will be interesting to see if any other criminal activity was going on.

Posted by: [John C. Thomas III](#) | [Aug 19, 2009 at 08:23 PM](#)

"K.L.P. engaged in 32 fraudulent transfers, 27 in which the defendant received funds. The total amount of the 32 transactions was \$534,338.55."

That's about \$15K per transaction.

Bold.

Posted by: Malcolm Mooney | [Aug 19, 2009 at 08:38 PM](#)

"Well, it looks like he may have cut a deal by turning in his accomplice. It will be interesting to see if any other criminal activity was going on. "

Wouldn't it be hilarious if the PO actually would have had plenty of money, but so much was stolen that we're now in financial troubles? LOLLOLOLOL I would just about die laughing.

Posted by: 6 | [Aug 19, 2009 at 08:58 PM](#)

This reminds me of the property tax revenue robberies here in my hometown of DC. They got away with it for years and spent over \$50M.

Highly likely there were more than only these two people involved in the PTO thefts.

Posted by: appealho | [Aug 19, 2009 at 10:19 PM](#)

which is worse? the money this guy apparently stole from the USPTO, the money the USPTO steals from applicants for RCEs and shoddy examination, or the money churches steal via the collection plate?

tough call

Posted by: anon | [Aug 19, 2009 at 10:39 PM](#)

"which is worse? the money this guy apparently stole from the USPTO, the money the USPTO steals from applicants for RCEs and shoddy examination, or the money churches steal via the collection plate?"

Easy...the church.

Posted by: jesus christ | [Aug 19, 2009 at 11:54 PM](#)

Is anti-religious rhetoric really appropriate on this blog?

Posted by: breadcrumbs | [Aug 20, 2009 at 06:19 AM](#)

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