

Company President Found Guilty of Defrauding Investors and U.S. Government

On May 28, 2008, in U.S. District Court for the District of Colorado, a Federal jury found William C. Orr guilty of mail fraud, wire fraud, false statements, and failure to file tax return charges. These charges were related to defrauding investors and the U.S. Government concerning Orr's proposed alternative fuel additive. Orr, of Parker, Colorado, is the founder, President, and a member of the Board of Directors for Octane International, Ltd. Sentencing is pending in this matter.

Through Octane, Orr was raising money for and purportedly developing an alternative fuel additive called "vapor phase combustion (VPC)." Orr solicited money from investors, making a variety of claims regarding the proven efficacy of VPC. As part of his scheme, Orr also prepared and sent periodic newsletters to past and potential investors in which he falsely represented the results of scientific testing regarding VPC, and falsely represented that major oil companies were interested in making substantial investments in VPC. From January 1998 through December 2004, more than 43 people invested approximately \$559,200 in Octane, based on the fraudulent pretenses, representations, and promises made by Orr. Orr used this money to pay for personal expenses and some business expenses.

Orr also successfully lobbied members of Congress and obtained a \$3.6-million earmark grant for further testing of VPC. Orr created the National Alternative Fuels Foundation as a non-profit entity to obtain and use the money. Orr submitted a grant proposal and other documents to EPA, which he knew contained material falsities, including the false scientific test results for VPC. The National Alternative Fuels Foundation actually received approximately \$2 million of the earmarked grant money from EPA.

Subsequent to Orr's conviction, Scott Shires, the National Alternative Fuels Foundation's Treasurer, agreed to plead guilty to three counts of knowingly failing to file tax returns for Octane for 1999, 2000, and 2001. Shires was involved with Octane, acting at various times as its registered agent, bookkeeper, Chief of Staff, Corporate Secretary, and Treasurer. On June 23, 2008, Shires was sentenced to 12 months probation, a \$3,450 fine, and a \$75 special assessment.

This case is being conducted with the Internal Revenue Service Criminal Investigation Division and the U.S. Postal Inspection Service. (Case Cost: \$673,426)