

DATE OF INDICTMENT  
January 28, 2005

CAUSE NO. \_\_\_\_\_

THE STATE OF TEXAS

VS.

KENNETH SHOQUIST  
(WM) (DOB: 6-09-1952)  
SSN  
TEXAS DL  
2122 HILTON HEAD  
ROUND ROCK, TEXAS 78664

OFFENSE  
ENGAGING IN ORGANIZED  
CRIMINAL ACTIVITY  
TPC 71.02(a)(8)  
3<sup>rd</sup> Degree Felony  
COMMERCIAL BRIBERY  
TPC 32.43 (b)

---

## INDICTMENT

---

IN THE NAME AND BY THE AUTHORITY OF THE STATE OF TEXAS:

THE GRAND JURORS for Williamson County, Texas, duly organized as such at the July Term, A.D., 2004, of the 395<sup>th</sup> District Court of Williamson County, Texas, upon oath in said Court present that in Williamson County, Texas, **KENNETH SHOQUIST**, hereafter styled the Defendant, did unlawfully with intent to establish, maintain, and participate in a combination and in the profits of a combination, said combination consisting of the **DEFENDANT, STEPHEN C. WALLACE AND DSS GROUP**, commit the felony offense of Commercial Bribery, and in furtherance of said combination, said **DEFENDANT**, heretofore on or about and between March 13, 2003 and April 1, 2004, pursuant to one scheme and continuing course of conduct, did then and there, while he was a fiduciary, without the effective consent of the Electric Reliability Council of Texas (ERCOT), the Defendant's beneficiary, intentionally and knowingly accept a benefit, to-wit: money, from Stephen C. Wallace, on agreement or understanding that the benefit would influence the conduct of the defendant in relation to the affairs of ERCOT, to-wit: on behalf of ERCOT, Defendant signed and approved contracts with DSS Group that allowed DSS Group to receive monies from ERCOT.

AGAINST THE PEACE AND DIGNITY OF THE STATE.

---

FOREMAN OF THE GRAND JURY

Grand Jury Witnesses:

Margaret Pemberton  
Errin O'Connor  
Ralph Disher  
Mike Stanford - Sergeant DPS Special Crimes  
John Neal - Assistant Attorney General  
David Glickler - Assistant Attorney General  
Raphael Guerrero - Assistant Attorney General  
Harry E. White - Assistant Attorney General

DATE OF INDICTMENT  
January 28, 2005

CAUSE NO. \_\_\_\_\_

**THE STATE OF TEXAS**

VS.

**KENNETH SHOQUIST  
(WM) (DOB: 6-09-1952)  
SSN  
TEXAS DL  
2122 HILTON HEAD  
ROUND ROCK, TEXAS 78664**

**OFFENSE  
Ct. 1: ENGAGING IN ORGANIZED  
CRIMINAL ACTIVITY  
TPC 71.02(8)  
1<sup>ST</sup> Degree Felony  
MISAPPLICATION OF FIDUCIARY  
PROPERTY  
TPC 32.45(b)  
Ct. 2: CRIMINAL CONSPIRACY  
TPC 15.02(a)  
2<sup>nd</sup> Degree Felony  
MISAPPLICATION OF  
FIDUCIARY PROPERTY  
TPC 32.45(b)**

---

## INDICTMENT

---

**IN THE NAME AND BY THE AUTHORITY OF THE STATE OF TEXAS:**

THE GRAND JURORS for Williamson County, Texas, duly organized as such at the July Term, A.D., 2004, of the 395<sup>th</sup> District Court of Williamson County, Texas, upon oath in said Court present that before the presentment of this indictment:

### COUNT I

in Williamson County, Texas, **KENNETH SHOQUIST**, hereafter styled the Defendant, did unlawfully with intent to establish, maintain, and participate in a combination and in the profits of a combination, said combination consisting of the **DEFENDANT, STEPHEN C. WALLACE AND DSS GROUP**, commit the felony offense of Misapplication of Fiduciary Property, and in furtherance of said combination, said **DEFENDANT**, heretofore on or about and between February 15, 2003 and May 31, 2004, pursuant to one scheme and continuing course of conduct, did then and there intentionally, knowingly and recklessly misapply property, to-wit: money, of a value of \$100,000 or more, that said defendant held as a fiduciary or as a person acting in a fiduciary capacity contrary to an agreement under which the person holds the property in a manner that involved substantial risk of loss of the property to the Electric Reliability Council of Texas (ERCOT), the owner of said property, and the person for whose benefit the property was held, by signing and approving a contract and amendments to said contract between ERCOT and DSS GROUP, and by signing and approving invoices from DSS GROUP,

**COUNT II**

The Grand Jury further presents that on or about and between February 15, 2003 and May 31, 2004, in Williamson County, Texas, **KENNETH SHOQUIST**, hereafter styled the Defendant, did then and there, with the intent that Misapplication of Fiduciary Property, a felony, be committed, agree with **STEPHEN C. WALLACE AND DSS GROUP** that one of them would engage in conduct that would constitute said offense, to-wit: intentionally, knowingly and recklessly misapply property, to-wit: money, of a value of \$200,000 or more, that said Defendant held as a fiduciary, or as a person acting in a fiduciary capacity, contrary to an agreement under which the said Defendant held the property, in a manner that involved substantial risk of loss of the property to the Electric Reliability Council of Texas, ("ERCOT"), the owner of said property, and the person for whose benefit the property was held, and the said defendant performed an overt act in pursuance of said agreement, to-wit: signing or having someone sign a contract and amendments to said contract between ERCOT and DSS Group, and by signing and approving invoices from DSS Group to ERCOT, and by receiving monies paid by ERCOT to DSS Group,

**AGAINST THE PEACE AND DIGNITY OF THE STATE.**

---

FOREMAN OF THE GRAND JURY

WITNESSES:      Assistant Attorney Generals John Neal, David Glickler,  
                         Ralph Guerrero and Harry White  
                         Margaret Pemberton  
                         Errin O'Connor  
                         DPS Special Crimes Sgt. Mike Stanford  
                         Ralph Disher