



May 29, 2008

**PARKER MAN FOUND GUILTY OF DEFRAUDING INVESTORS AND U.S. GOVERNMENT
IN CONNECTION WITH FUEL ADDITIVE**

DENVER – After five days of deliberation, late yesterday a federal jury found William C. Orr, age 56, of Parker, Colorado, guilty of mail, wire fraud, false statements, and failure to file tax return charges related to defrauding investors and the United States government concerning Orr’s proposed alternative fuel additive, the Department of Justice announced. The 30-day jury trial was before U.S. District Court Judge Lewis T. Babcock. The jury could not reach consensus on charges of tax evasion. Judge Babcock is scheduled to hold a scheduling conference on October 3, 2008, at which point he’ll announce a sentencing hearing date. Orr was indicted by a federal grand jury on May 18, 2006.

According to the indictment, as well as the facts presented during the trial, William C. Orr was the founder, President and a Member of the Board of Directors for Octane International, Ltd., a Colorado corporation whose primary business 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 the scheme to defraud, the defendant also prepared periodic newsletters that were sent to past and potential Octane investors, in which Orr falsely represented the results of scientific testing regarding VPC, and falsely represented that companies like Exxon, Enron, and Prudential were interested in making substantial investments in VPC or entering a partnership with Octane. During the period of January 1998 through December 2004, more than 43 people invested approximately \$559,200 in Octane, based on fraudulent pretenses, representations and promises made by Orr. Orr caused the investors’ checks to be deposited into Octane’s checking account, and then transferred virtually all investment monies into his personal bank account, which he spent for his personal expenses and certain business expenses.

Orr also successfully lobbied members of Congress and other employees of the United States government, and thereby obtained a \$3.6 million earmark to be used for further testing on VPC. Orr created the National Alternative Fuels Foundation (“NAFF”) as a non-profit entity, to utilize the money from the earmarked grant. The grant was administered by the Environmental Protection Agency (EPA). To obtain the grant funds, Orr caused a grant proposal and other documents to be submitted to the EPA, which he knew contained material falsities, including the false scientific test results for VPC. Between late December 2001 and later December 2004, the EPA disbursed approximately \$2,073,420 in funds to NAFF.

“With increased focus on alternative fuels, this conviction is a reminder: Always check under the hood,” said U.S. Attorney Troy Eid.

“People who create elaborate schemes to deceive investors and defraud the IRS run a high risk of prosecution,” said Eileen Mayer, Chief of IRS Criminal Investigation.

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Investigations and Audits to fight fraud, waste, and abuse where it exists. With the assistance from multiple law enforcement agencies, Mr. Orr's years of committing fraud against the government has been exposed and halted and should act as a deterrent to other would-be criminals," said Bill Roderick, EPA Deputy Inspector General.

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William Orr was convicted of ten counts of mail fraud, and four counts of wire fraud, each of which carry a penalty of not more than 20 years in federal prison, and up to a \$250,000 fine, as well as restitution. He was also convicted on three counts of making false statements, each count of which carry a penalty of not more than 5 years' incarceration, and not more than a \$250,000 fine. He was also convicted of six counts of failure to file tax returns, each of which carry a penalty of not more than 1 year incarceration, and not more than a \$100,000 fine. The jury could not reach a decision on four counts of tax evasion.

This case was investigated by the Environmental Protection Agency Office of the Inspector General, the Internal Revenue Service-Criminal Investigation Division, and the U.S. Postal Inspection Service.

The trial was handled by Assistant United States Attorneys Patricia Davies and Tom O'Rourke.

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