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 United States of America

14  
 15 UNITED STATES DISTRICT COURT  
 16 FOR THE CENTRAL DISTRICT OF CALIFORNIA  
 17 SOUTHERN DIVISION

18 UNITED STATES OF AMERICA, ) SA CR No. 09-00077-JVS  
 )  
 19 Plaintiff, ) PLEA AGREEMENT FOR DEFENDANT  
 ) FLAVIO RICOTTI  
 20 v. )  
 )  
 21 FLAVIO RICOTTI, )  
 )  
 22 Defendant. )  
 )  
 23 )  
 )  
 24 \_\_\_\_\_ )

25 1. This constitutes the plea agreement between FLAVIO  
 26 RICOTTI ("defendant") and the United States Attorney's Office for  
 27 the Central District of California ("the USAO") and the United  
 28 States Department of Justice, Criminal Division, Fraud Section

1 ("the Fraud Section") (the USAO and the Fraud Section are,  
2 collectively, referred to as "the Department of Justice") in the  
3 above-captioned case. This agreement is limited to the  
4 Department of Justice and cannot bind any other federal, state,  
5 local, or foreign prosecuting, enforcement, administrative, or  
6 regulatory authorities.

7 DEFENDANT'S OBLIGATIONS

8 2. Defendant agrees to:

9 a) Give up the right to indictment by a grand jury  
10 and, at the earliest opportunity requested by the Department of  
11 Justice and provided by the Court, appear and plead guilty to a  
12 one-count superseding information in the form attached to this  
13 agreement as Exhibit A or a substantially similar form.

14 b) Not contest facts agreed to in this agreement.

15 c) Abide by all agreements regarding sentencing  
16 factors contained in this agreement.

17 d) Appear for all court appearances, surrender as  
18 ordered for service of sentence, obey all conditions of any bond,  
19 and obey any other ongoing court order in this matter.

20 e) Not commit any crime; however, offenses that would  
21 be excluded for sentencing purposes under United States  
22 Sentencing Guidelines ("U.S.S.G." or "Sentencing Guidelines")  
23 § 4A1.2(c) are not within the scope of this agreement.

24 f) Be truthful at all times with Pretrial Services,  
25 the United States Probation Office, and the Court.

26 g) Pay the applicable special assessment at or before  
27 the time of sentencing unless defendant lacks the ability to pay  
28 and submits a completed financial statement (form OBD-500) to the

1 Department of Justice prior to sentencing.

2 3. Defendant further agrees to cooperate fully with the  
3 Department of Justice, the Federal Bureau of Investigation  
4 ("FBI"), and, as directed by the Department of Justice, any other  
5 federal, state, local, or foreign prosecuting, enforcement,  
6 administrative, or regulatory authority. This cooperation  
7 requires defendant to:

8 a) Respond truthfully and completely to all questions  
9 that may be put to defendant, whether in interviews, before a  
10 grand jury, or at any trial or other court proceeding.

11 b) Attend all meetings, grand jury sessions, trials  
12 or other proceedings at which defendant's presence is requested  
13 by the Department of Justice or compelled by subpoena or court  
14 order.

15 c) Produce voluntarily all documents, records, or  
16 other tangible evidence relating to matters about which the  
17 Department of Justice, or its designee, inquires.

18 4. For purposes of this agreement: (1) "Cooperation  
19 Information" shall mean any statements made, or documents,  
20 records, tangible evidence, or other information provided, by  
21 defendant pursuant to defendant's cooperation under this  
22 agreement or pursuant to the letter agreement previously entered  
23 into by the parties dated March 1, 2011 ("the Letter Agreement");  
24 and (2) "Plea Information" shall mean any statements made by  
25 defendant, under oath, at the guilty plea hearing and the agreed  
26 to factual basis statement in this agreement.

27 THE DEPARTMENT OF JUSTICE'S OBLIGATIONS

28 5. The Department of Justice agrees to:

1 a) Not contest facts agreed to in this agreement.

2 b) Abide by all agreements regarding sentencing  
3 factors and recommendations contained in this agreement.

4 c) At the time of sentencing, move to dismiss the  
5 underlying indictment.

6 d) At the time of sentencing, provided that defendant  
7 demonstrates, in the exclusive and unreviewable determination of  
8 the Department of Justice, an acceptance of responsibility for  
9 the offense up to and including the time of sentencing, recommend  
10 a two-level reduction in the applicable Sentencing Guidelines  
11 offense level, pursuant to U.S.S.G. § 3E1.1, and recommend and,  
12 if necessary, move for an additional one-level reduction if  
13 available under that section.

14 6. The Department of Justice further agrees:

15 a) Not to offer any Cooperation Information as  
16 evidence in its case-in-chief in the above-captioned case or any  
17 other criminal prosecution that may be brought against defendant  
18 by the Department of Justice, or in connection with any  
19 sentencing proceeding in any criminal case that may be brought  
20 against defendant by the Department of Justice. Defendant  
21 agrees, however, that the Department of Justice may use both  
22 Cooperation Information and Plea Information: (1) to obtain and  
23 pursue leads to other evidence, which evidence may be used for  
24 any purpose, including any criminal prosecution of defendant; (2)  
25 to cross-examine defendant should defendant testify, or to  
26 provide as substantive evidence in order to rebut any evidence  
27 offered, or argument or representation made, by defendant,  
28 defendant's counsel, or a witness called by defendant in any

1 trial, sentencing hearing, or other court proceeding; and (3) in  
2 any criminal prosecution of defendant for false statement,  
3 obstruction of justice, or perjury.

4           b) Not to use Cooperation Information against  
5 defendant at sentencing for the purpose of determining the  
6 applicable guideline range, including the appropriateness of an  
7 upward departure, or the sentence to be imposed, and to recommend  
8 to the Court that Cooperation Information not be used in  
9 determining the applicable guideline range or the sentence to be  
10 imposed. Defendant understands, however, that Cooperation  
11 Information will be disclosed to the probation office and the  
12 Court, and that the Court may use Cooperation Information for the  
13 purposes set forth in U.S.S.G § 1B1.8(b) and for determining the  
14 sentence to be imposed.

15           c) In connection with defendant's sentencing, to  
16 bring to the Court's attention the nature and extent of  
17 defendant's cooperation.

18           d) If the Department of Justice determines, in its  
19 exclusive and unreviewable judgment, that defendant has both  
20 complied with defendant's obligations under paragraphs 2 and 3  
21 above and provided substantial assistance to law enforcement in  
22 the prosecution or investigation of another ("substantial  
23 assistance"), the Department of Justice agrees to do the  
24 following:

25           i. Move the Court pursuant to U.S.S.G. § 5K1.1  
26 to fix an offense level and corresponding guideline range below  
27 that otherwise dictated by the sentencing guidelines;

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1           ii. So move the Court to fix an offense level and  
2 corresponding guidelines range at which the low-end of the  
3 guidelines range would be equal to or less than the term of  
4 imprisonment served by defendant at the time of sentencing; and

5           iii. Recommend a term of imprisonment within this  
6 reduced range of no greater than the term of imprisonment served  
7 by defendant at the time of sentencing.

8           DEFENDANT'S UNDERSTANDINGS REGARDING COOPERATION

9           7. Defendant understands the following:

10           a) Any knowingly false or misleading statement by  
11 defendant may subject defendant to prosecution for false  
12 statement, obstruction of justice, and perjury and will  
13 constitute a breach by defendant of this agreement.

14           b) Nothing in this agreement requires the Department  
15 of Justice or any other prosecuting, enforcement, administrative,  
16 or regulatory authority to accept any cooperation or assistance  
17 that defendant may offer, or to use it in any particular way.

18           c) Defendant cannot withdraw defendant's guilty plea  
19 if the Department of Justice does not make a motion pursuant to  
20 U.S.S.G. § 5K1.1 for a reduced guideline range or if the  
21 Department of Justice makes such a motion and the Court does not  
22 grant it or if the Court grants such a Department of Justice  
23 motion but elects to sentence above the reduced range.

24           d) At this time the Department of Justice makes no  
25 agreement or representation as to whether any cooperation that  
26 defendant has provided or intends to provide constitutes or will  
27 constitute substantial assistance. The decision whether  
28 defendant has provided substantial assistance will rest solely

1 within the exclusive and unreviewable judgment of the Department  
2 of Justice.

3 e) The Department of Justice's determination whether  
4 defendant has provided substantial assistance will not depend in  
5 any way on whether the government prevails at any trial or court  
6 hearing in which defendant testifies or in which the government  
7 otherwise presents information resulting from defendant's  
8 cooperation.

9 NATURE OF THE OFFENSE

10 8. Defendant understands that for defendant to be guilty  
11 of the crime charged in count one of the superseding information  
12 (a violation of Title 18, United States Code, Section 371), the  
13 following must be true: (1) the defendant and at least one other  
14 person agreed with each other to commit an offense as charged in  
15 the superseding information; (2) the defendant became a member of  
16 the conspiracy knowing of at least one of its objects and  
17 intending to help accomplish it; and (3) one of the members of  
18 the conspiracy performed at least one overt act for the purpose  
19 of carrying out the conspiracy. Defendant admits that defendant  
20 is, in fact, guilty of this offense as described in count one of  
21 the superseding information.

22 PENALTIES

23 9. Defendant understands that the statutory maximum  
24 sentence that the Court can impose for a violation of Title 18,  
25 United States Code, Section 371, is: five years imprisonment; a  
26 three-year period of supervised release; a fine of \$250,000 or  
27 twice the gross gain or gross loss resulting from the offense,  
28 whichever is greater; and a mandatory special assessment of \$100.

1           10. Defendant understands that supervised release is a  
2 period of time following imprisonment during which defendant will  
3 be subject to various restrictions and requirements. Defendant  
4 understands that if defendant violates one or more of the  
5 conditions of any supervised release imposed, defendant may be  
6 returned to prison for all or part of the term of supervised  
7 release authorized by statute for the offense that resulted in  
8 the term of supervised release, which could result in defendant  
9 serving a total term of imprisonment greater than the statutory  
10 maximum stated above.

11           11. Defendant understands that, by pleading guilty,  
12 defendant may be giving up valuable government benefits and  
13 valuable civic rights, such as the right to vote, the right to  
14 possess a firearm, the right to hold office, and the right to  
15 serve on a jury. Defendant understands that once the court  
16 accepts defendant's guilty plea, it will be a federal felony for  
17 defendant to possess a firearm or ammunition. Defendant  
18 understands that the conviction in this case may also subject  
19 defendant to various other collateral consequences, including but  
20 not limited to revocation of probation, parole, or supervised  
21 release in another case and suspension or revocation of a  
22 professional license. Defendant understands that unanticipated  
23 collateral consequences will not serve as grounds to withdraw  
24 defendant's guilty plea.

25           12. Defendant understands that, if defendant is not a  
26 United States citizen, the felony conviction in this case may  
27 subject defendant to removal, also known as deportation, which  
28 may, under some circumstances, be mandatory. The court cannot,



1 and defendant's attorney also may not be able to, advise  
2 defendant fully regarding the immigration consequences of the  
3 felony conviction in this case. Defendant understands that by  
4 entering a guilty plea defendant waives any claim that unexpected  
5 immigration consequences may render defendant's guilty plea  
6 invalid.

7 FACTUAL BASIS

8 13. Defendant and the Department of Justice agree to the  
9 statement of facts provided below. Defendant and the Department  
10 of Justice agree that this statement of facts is sufficient to  
11 support a plea of guilty to the charge described in this  
12 agreement and to establish the Sentencing Guidelines factors set  
13 forth in paragraph 15 below but is not meant to be a complete  
14 recitation of all facts relevant to the underlying criminal  
15 conduct or all facts known to either party that relate to that  
16 conduct.

17 Control Components, Inc. ("CCI") was a Delaware  
18 corporation headquartered in Rancho Santa Margarita,  
19 California, that designed and manufactured service  
20 control valves for use in the nuclear, oil and gas, and  
21 power generation industries worldwide. CCI sold its  
22 products to both state-owned enterprises and private  
23 companies in approximately thirty countries around the  
24 world. As a company organized under the laws of a  
25 state of the United States and with its principal place  
26 of business in the United States, CCI was a "domestic  
27 concern" as that term is defined in the Foreign Corrupt  
28 Practices Act ("FCPA"), Title 15, United States Code,

1 Section 78dd-2(h)(1)(B).

2 Defendant was CCI's Vice-President of Sales for  
3 Europe, Africa, and the Middle East ("EAME") from July  
4 2006 through in or around 2007. Prior to assuming this  
5 position, defendant was CCI's Director of Sales for  
6 EAME from approximately 2001 to July 2006. Prior to  
7 that position, defendant was CCI's Director of Power  
8 Business for the United States and Europe from 2000 to  
9 2001. As Director and then Vice-President of Sales for  
10 EAME, defendant was responsible for overseeing the  
11 marketing and sales of CCI's products to oil and gas,  
12 nuclear, and power plant customers in the EAME region.  
13 Defendant is a citizen of Italy. From 2001 through  
14 2007, defendant was an employee of STI, a company owned  
15 by IMI Inc. and located in Italy. During that time,  
16 defendant served as an agent of CCI and thus was an  
17 agent of a "domestic concern" within the meaning of the  
18 FCPA, Title 15, United States Code, Section 78dd-2(a).

19 When defendant assumed his position as Director of  
20 Sales for EAME, one of CCI's long-standing customers  
21 was Saudi Aramco, the state-owned national oil company  
22 of the Kingdom of Saudi Arabia. As a state-owned  
23 entity, Saudi Aramco was a department, agency, and  
24 instrumentality of a foreign government, within the  
25 meaning of the FCPA, Title 15, United States Code,  
26 Section 78dd-2(h)(2)(A). The officers and employees of  
27 Saudi Aramco, including its Vice-Presidents,  
28 Engineering Managers, General Managers, Procurement

1 Managers, and Purchasing Officers, were "foreign  
2 officials" within the meaning of the FCPA, Title 15,  
3 United States Code, Section 78dd-2(h)(2)(A).

4 CCI's Payment Offer to a Saudi Aramco Employee

5 In 2003, CCI bid on a contract for the sale of 34  
6 Khuff choke valves to Saudi Aramco. At the time this  
7 bid was made, defendant knew that CCI had a pre-  
8 existing relationship with an employee at Saudi Aramco.  
9 Defendant further knew that this relationship included  
10 the payment of commissions for influence in CCI's favor  
11 in the awarding of contracts and/or the setting of  
12 technical specifications for contracts. Others at CCI,  
13 including Stuart Carson and Paul Cosgrove, were aware  
14 of the existence and nature of CCI's relationship with  
15 this Saudi Aramco employee. Defendant agreed and  
16 conspired with these other CCI employees to use the  
17 employee at Saudi Aramco to assist in obtaining  
18 business for CCI with Saudi Aramco.

19 During the bidding process for the Khuff choke  
20 valve contract, defendant was informed by a CCI  
21 employee that the employee at Saudi Aramco would expect  
22 a 3% commission (approximately \$43,645) from CCI if CCI  
23 was awarded the contract. Defendant agreed that the  
24 commission should be offered to the Saudi Aramco  
25 employee and urged a CCI employee to be sure that the  
26 Saudi Aramco employee provided the anticipated  
27 assistance in obtaining the contract for CCI. At the  
28 time defendant did so, he knew that making such a

1 payment to an employee of Saudi Aramco for the purpose  
2 of obtaining Saudi Aramco's business was unlawful.

3 CCI's Offer and Payment to an Employee of Company 5

4 In 2002, CCI bid on a contract for the sale of  
5 choke valves to Company 5, a private company, for the  
6 Ras Laffan project in Qatar. During the bidding  
7 process, one of defendant's subordinates informed  
8 defendant that a Company 5 employee, referred to by CCI  
9 employees as "Mr. X," was willing to provide CCI  
10 confidential information about the bids of CCI's  
11 competitors and to exercise influence in CCI's favor in  
12 the awarding of the contract in exchange for a 1.5%  
13 commission. In or around January 2002, defendant  
14 assisted in offering the commission to Mr. X by asking  
15 another CCI employee to confirm with Mr. X that his  
16 commission would be 1.5%. At the time defendant made  
17 this request, he knew that offering such a payment to a  
18 Company 5 employee for the purpose of obtaining Company  
19 5's business was unlawful. In making this request,  
20 defendant agreed and conspired with other employees of  
21 CCI to pay Mr. X a commission so that Mr. X would  
22 assist in obtaining business for CCI with Company 5.

23 After CCI successfully obtained a contract from  
24 Company 5 to supply choke valves for the Ras Laffan  
25 project, on or about February 28, 2005, CCI paid Mr. X  
26 a portion of the promised commission by wire  
27 transferring \$11,800 from CCI's bank account in  
28 California to an account at Qatar National Bank.

1 In reference to the transactions and conduct  
2 described above, defendant did not personally gain any  
3 profit or other advantage. Moreover, defendant did not  
4 conceal anything from or mislead anyone at CCI. The  
5 practice of offering commissions such as those  
6 described above was open and transparent at CCI and  
7 encouraged by CCI management. Defendant believed that  
8 it was necessary to offer such commissions to ensure  
9 that CCI, instead of its competitors, obtained  
10 contracts. Defendant also believed that it was widely  
11 known in the industry that CCI and its competitors  
12 offered such payments to obtain contracts.

13 SENTENCING FACTORS

14 14. Defendant understands that in determining defendant's  
15 sentence the Court is required to consider the factors set forth  
16 in 18 U.S.C. § 3553(a)(1)-(7), including the kinds of sentence  
17 and sentencing range established under the Sentencing Guidelines.  
18 Defendant understands that the Sentencing Guidelines are advisory  
19 only, that defendant cannot have any expectation of receiving a  
20 sentence within the Sentencing Guidelines range, and that after  
21 considering the Sentencing Guidelines and the other § 3553(a)  
22 factors, the Court will be free to exercise its discretion to  
23 impose any sentence it finds appropriate up to the maximum set by  
24 statute for the crime of conviction.

25 ///

26 ///

27 ///

28 15. Defendant and the Department of Justice agree to the

1 following applicable Sentencing Guidelines factors:<sup>1</sup>

2 **FCPA Conspiracy**

3 Base Offense Level : 12 U.S.S.G. § 2C1.1(a)(2)

4 Specific Offense  
Characteristics--

5 Value/Benefit : +6 U.S.S.G. § 2C1.1(b)(2)<sup>2</sup>  
6

7 FCPA Conspiracy  
Offense Level : 18  
8

9 **Travel Act Conspiracy**

10 Base Offense Level : 8 U.S.S.G. § 2B4.1(a)

11 Specific Offense  
Characteristics--

12 Value/Benefit : +14 U.S.S.G. § 2B4.1(b)(1)<sup>3</sup>  
13  
14

15 Travel Act Conspiracy  
Offense Level : 22  
16

17 **Combined Offense**

18 <sup>1</sup> Pursuant to U.S.S.G. § 1B1.2(d), the parties agree that  
19 the Court should treat defendant's conviction on count one of the  
20 superseding information as if the defendant had been convicted of  
separate counts of conspiracy to violate the FCPA and the Travel  
Act.

21 <sup>2</sup> The parties agree that the value of the proposed payment  
22 (\$43,645) contemplated in connection with the FCPA violation  
described in the superseding information is the most appropriate  
23 amount to be considered under U.S.S.G. § 2C1.1(b)(2).

24 <sup>3</sup> The parties agree that, for purposes of evaluating the  
improper benefit to CCI from defendant's conduct, the Court  
25 should consider only the transaction with Company 5 referenced in  
this plea agreement and the transaction with Company 4 referenced  
26 in Count 13 of the underlying Indictment in this matter  
(hereafter "Company 4"). The parties further agree that the  
27 total benefit conferred on CCI as a result of CCI's payments to  
employees of Companies 4 and 5 for these transactions is more  
28 than \$400,000, but less than \$1,000,000, resulting in a 14-level  
increase in the offense level pursuant to U.S.S.G. § 2B1.4(b)(1).



1 taking into account the factors listed in 18 U.S.C. § 3553(a)(1)-  
2 (7), the relevant Sentencing Guidelines effective on November 1,  
3 2010 represent a reasonable basis for the Court to determine  
4 defendant's sentence in this case, and that defendant should be  
5 sentenced in accordance with the Sentencing Guidelines.

6 Therefore, subject to paragraph 29 below, defendant and the  
7 Department of Justice agree not to argue, either orally or in  
8 writing, that the Court (a) not follow the Sentencing Guidelines  
9 in imposing sentence; (b) impose a sentence not in accordance  
10 with the Sentencing Guidelines; or (c) impose a term of  
11 imprisonment outside the Sentencing Guidelines range, as adjusted  
12 by any downward departure of no greater than recommended by the  
13 Department of Justice pursuant to U.S.S.G. § 5K1.1.

14 WAIVER OF CONSTITUTIONAL RIGHTS

15 18. Defendant understands that by pleading guilty,  
16 defendant gives up the following rights:

- 17 a) The right to persist in a plea of not guilty.  
18 b) The right to a speedy and public trial by jury.  
19 c) The right to the assistance of an attorney at  
20 trial, including the right to have the Court appoint an attorney  
21 to represent defendant at trial. Defendant understands, however,  
22 that, despite defendant's guilty plea, defendant retains the  
23 right to be represented by an attorney -- and, if necessary, to  
24 have the Court appoint an attorney if defendant cannot afford one  
25 -- at every other stage of the proceeding.  
26 d) The right to be presumed innocent and to have the  
27 burden of proof placed on the government to prove defendant  
28 guilty beyond a reasonable doubt.



1 e) The right to confront and cross-examine witnesses  
2 against defendant.

3 f) The right to testify on defendant's own behalf and  
4 present evidence in opposition to the charges, including calling  
5 witnesses and subpoenaing those witnesses to testify.

6 g) The right not to be compelled to testify, and, if  
7 defendant chose not to testify or present evidence, to have that  
8 choice not be used against defendant.

9 h) Any and all rights to pursue any affirmative  
10 defenses, Fourth Amendment or Fifth Amendment claims, and other  
11 pretrial motions that have been filed or could be filed.

12 WAIVER OF JURISDICTION

13 19. As to the transactions with Companies 4 and 5  
14 referenced in this plea agreement, defendant has been fully  
15 advised by defendant's attorney regarding applicable  
16 jurisdictional requirements imposed by California Penal Code §§  
17 27, 778, 778a, and 778b, and hereby knowingly, voluntarily, and  
18 intelligently waives, relinquishes, and gives up: (a) any right  
19 that defendant might have not to be convicted of violating 18  
20 U.S.C. § 1952, based on the transaction involving Company 5, or  
21 to exclude the transaction involving Company 4 from relevant  
22 conduct for sentencing purposes due to a lack of California  
23 jurisdiction over such conduct; and (b) any defense, claim, or  
24 argument defendant could raise or assert that conviction or  
25 sentencing based on these two transactions is barred due to a  
26 lack of California jurisdiction

27 WAIVER OF STATUTE OF LIMITATIONS

28 20. Having been fully advised by defendant's attorney

1 regarding application of the statute of limitations to the  
2 offense to which defendant is pleading guilty, defendant hereby  
3 knowingly, voluntarily, and intelligently waives, relinquishes,  
4 and gives up: (a) any right that defendant might have not to be  
5 prosecuted for the offense to which defendant is pleading guilty  
6 because of the expiration of the statute of limitations for those  
7 offenses prior to the filing of the superseding information  
8 alleging those offenses; and (b) any defense, claim, or argument  
9 defendant could raise or assert that prosecution of the offenses  
10 to which defendant is pleading guilty is barred by the expiration  
11 of the applicable statute of limitations, pre-indictment delay,  
12 or any speedy trial violation.

13 WAIVER OF APPEAL OF CONVICTION

14 21. Defendant understands that, with the exception of an  
15 appeal based on a claim that defendant's guilty plea was  
16 involuntary, by pleading guilty defendant is waiving and giving  
17 up any right to appeal defendant's conviction on the offense to  
18 which defendant is pleading guilty.

19 LIMITED MUTUAL WAIVER OF APPEAL OF SENTENCE

20 22. Defendant agrees that, provided the Court imposes a  
21 term of imprisonment within or below the range corresponding to  
22 an offense level of 19 and the criminal history category  
23 calculated by the Court, defendant gives up the right to appeal  
24 all of the following: (a) the procedures and calculations used to  
25 determine and impose any portion of the sentence; (b) the term of  
26 imprisonment imposed by the Court; (c) the fine imposed by the  
27 court, provided it is within the statutory maximum; (d) the term  
28 of probation or supervised release imposed by the Court, provided

1 it is within the statutory maximum; and (e) any of the following  
2 conditions of probation or supervised release imposed by the  
3 Court: the standard conditions set forth in General Orders 318,  
4 01-05, and/or 05-02 of this Court; the drug testing conditions  
5 mandated by 18 U.S.C. §§ 3563(a)(5) and 3583(d); and the alcohol  
6 and drug use conditions authorized by 18 U.S.C. § 3563(b)(7).

7 23. The Department of Justice agrees that, provided (a) all  
8 portions of the sentence are at or below the statutory maximum  
9 specified above, (b) the Court calculates the offense level to be  
10 used for selecting a sentencing range under the Sentencing  
11 Guidelines to be 19 or above prior to any departure under  
12 U.S.S.G. § 5K1.1, and (c) the Court imposes a term of  
13 imprisonment within or above the range corresponding to the  
14 offense level calculated after any downward departure under  
15 U.S.S.G. § 5K1.1 and the criminal history category calculated by  
16 the Court, the Department of Justice gives up its right to appeal  
17 any portion of the sentence.

18 RESULT OF WITHDRAWAL OF GUILTY PLEA

19 24. Defendant agrees that if, after entering a guilty plea  
20 pursuant to this agreement, defendant seeks to withdraw and  
21 succeeds in withdrawing defendant's guilty plea on any basis  
22 other than a claim and finding that entry into this plea  
23 agreement was involuntary, then (a) the Department of Justice  
24 will be relieved of all of its obligations under this agreement,  
25 including in particular its obligations regarding the use of  
26 Cooperation Information; (b) in any investigation, criminal  
27 prosecution, or civil, administrative, or regulatory action,  
28 defendant agrees that any Cooperation Information and any

1 evidence derived from any Cooperation Information shall be  
2 admissible against defendant, and defendant will not assert, and  
3 hereby waives and gives up, any claim under the United States  
4 Constitution, any statute, or any federal rule, that any  
5 Cooperation Information or any evidence derived from any  
6 Cooperation Information should be suppressed or is inadmissible;  
7 and (c) should the Department of Justice choose to pursue any  
8 charge that was either dismissed or not filed as a result of this  
9 agreement, then (i) any applicable statute of limitations will be  
10 tolled between the date of defendant's signing of this agreement  
11 and the filing commencing any such action; and (ii) defendant  
12 waives and gives up all defenses based on the statute of  
13 limitations, any claim of pre-indictment delay, or any speedy  
14 trial claim with respect to any such action, except to the extent  
15 that such defenses existed as of the date of defendant's signing  
16 this agreement.

17 RESULT OF VACATUR, REVERSAL OR SET-ASIDE

18 25. Defendant agrees that if the count of conviction is  
19 vacated, reversed, or set aside, both the Department of Justice  
20 and defendant will be released from all their obligations under  
21 this agreement.

22 EFFECTIVE DATE OF AGREEMENT

23 26. This agreement is effective upon signature and  
24 execution of all required certifications by defendant,  
25 defendant's counsel, and an attorney for the Department of  
26 Justice.

27 BREACH OF AGREEMENT

28 27. Defendant agrees that if defendant, at any time after

1 the signature of this agreement and execution of all required  
2 certifications by defendant, defendant's counsel, and an  
3 Assistant United States Attorney, knowingly violates or fails to  
4 perform any of defendant's obligations under this agreement ("a  
5 breach"), the Department of Justice may declare this agreement  
6 breached. For example, if defendant knowingly, in an interview,  
7 before a grand jury, or at trial, falsely accuses another person  
8 of criminal conduct or falsely minimizes defendant's own role, or  
9 the role of another, in criminal conduct, defendant will have  
10 breached this agreement. All of defendant's obligations are  
11 material, a single breach of this agreement is sufficient for the  
12 Department of Justice to declare a breach, and defendant shall  
13 not be deemed to have cured a breach without the express  
14 agreement of the Department of Justice in writing. If the  
15 Department of Justice declares this agreement breached, and the  
16 Court finds such a breach to have occurred, then:

17 a) If defendant has previously entered a guilty plea  
18 pursuant to this agreement, defendant will not be able to  
19 withdraw the guilty plea.

20 b) The Department of Justice will be relieved of all  
21 its obligations under this agreement; in particular, the  
22 Department of Justice: (i) will no longer be bound by any  
23 agreements concerning sentencing and will be free to seek any  
24 sentence up to the statutory maximum for the crime to which  
25 defendant has pleaded guilty; (ii) will no longer be bound by any  
26 agreements regarding criminal prosecution, and will be free to  
27 criminally prosecute defendant for any crime, including charges  
28 that the Department of Justice would otherwise have been

1 obligated to dismiss pursuant to this agreement; and (iii) will  
2 no longer be bound by any agreement regarding the use of  
3 Cooperation Information and will be free to use any Cooperation  
4 Information in any way in any investigation, criminal  
5 prosecution, or civil, administrative, or regulatory action.

6 c) The Department of Justice will be free to  
7 criminally prosecute defendant for false statements, obstruction  
8 of justice, and perjury based on any knowingly false or  
9 misleading statement by defendant.

10 d) In any investigation, criminal prosecution, or  
11 civil, administrative, or regulatory action: (i) defendant will  
12 not assert, and hereby waives and gives up, any claim that any  
13 Cooperation Information was obtained in violation of the Fifth  
14 Amendment privilege against compelled self-incrimination; and  
15 (ii) defendant agrees that any Cooperation Information and any  
16 Plea Information, as well as any evidence derived from any  
17 Cooperation Information or any Plea Information, shall be  
18 admissible against defendant, and defendant will not assert, and  
19 hereby waives and gives up, any claim under the United States  
20 Constitution, any statute, Rule 410 of the Federal Rules of  
21 Evidence, Rule 11(f) of the Federal Rules of Criminal Procedure,  
22 or any other federal rule, that any Cooperation Information, any  
23 Plea Information, or any evidence derived from any Cooperation  
24 Information or any Plea Information should be suppressed or is  
25 inadmissible.

26 28. Following the Court's finding of a knowing breach of  
27 this agreement by defendant, should the Department of Justice  
28 choose to pursue any charge that was either dismissed or not

1 filed as a result of this agreement, then:

2 a) Defendant agrees that any applicable statute of  
3 limitations is tolled between the date of defendant's signing of  
4 this agreement and the filing commencing any such action.

5 b) Defendant waives and gives up all defenses based  
6 on the statute of limitations, any claim of pre-indictment delay,  
7 or any speedy trial claim with respect to any such action, except  
8 to the extent that such defenses existed as of the date of  
9 defendant's signing this agreement.

10 COURT AND PROBATION OFFICE NOT PARTIES

11 29. Defendant understands that the Court and the United  
12 States Probation Office are not parties to this agreement and  
13 need not accept any of the Department of Justice's sentencing  
14 recommendations or the parties' agreements to facts or sentencing  
15 factors.

16 30. Defendant understands that both defendant and the  
17 Department of Justice are free to: (a) supplement the facts by  
18 supplying relevant information to the United States Probation  
19 Office and the Court, (b) correct any and all factual  
20 misstatements relating to the Court's Sentencing Guidelines  
21 calculations, and (c) argue on appeal and collateral review that  
22 the Court's Sentencing Guidelines calculations are not error,  
23 although each party agrees to maintain its view that the  
24 calculations in paragraph 15 are consistent with the facts of  
25 this case. While this paragraph permits both the Department of  
26 Justice and defendant to submit full and complete factual  
27 information to the United States Probation Office and the Court,  
28 even if that factual information may be viewed as inconsistent

1 with the facts agreed to in this agreement, this paragraph does  
2 not affect defendant's and the Department of Justice's  
3 obligations not to contest the facts agreed to in this agreement.

4 31. Defendant understands that even if the Court ignores  
5 any sentencing recommendation, finds facts or reaches conclusions  
6 different from those agreed to, and/or imposes any sentence up to  
7 the maximum established by statute, defendant cannot, for that  
8 reason, withdraw defendant's guilty plea, and defendant will  
9 remain bound to fulfill all defendant's obligations under this  
10 agreement. Defendant understands that no one -- not the  
11 prosecutor, defendant's attorney, or the Court -- can make a  
12 binding prediction or promise regarding the sentence defendant  
13 will receive, except that it will be within the statutory  
14 maximum.

15 NO ADDITIONAL AGREEMENTS

16 32. Defendant understands that, except as set forth herein,  
17 there are no promises, understandings, or agreements between the  
18 Department of Justice and defendant or defendant's attorney, and  
19 that no additional promise, understanding, or agreement may be  
20 entered into unless in a writing signed by all parties or on the  
21 record in court.

22 PLEA AGREEMENT PART OF THE GUILTY PLEA HEARING

23 33. The parties agree that this agreement will be  
24 considered part of the record of defendant's guilty plea hearing

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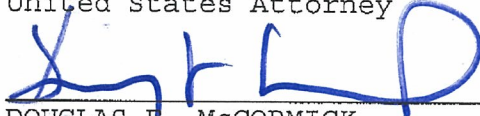


1 as if the entire agreement had been read into the record of the  
2 proceeding.

3 AGREED AND ACCEPTED

4 UNITED STATES ATTORNEY'S OFFICE  
5 FOR THE CENTRAL DISTRICT OF CALIFORNIA

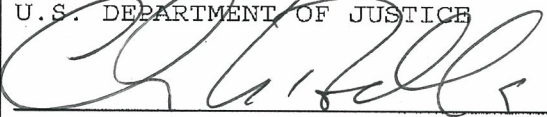
6 ANDRÉ BIROTTE JR.  
7 United States Attorney



8 DOUGLAS F. McCORMICK  
9 Assistant United States Attorney

4/28/2011  
Date

10 FRAUD SECTION, CRIMINAL DIVISION  
11 U.S. DEPARTMENT OF JUSTICE



12 CHARLES G. LA BELLA  
13 Deputy Chief

4/28/2011  
Date

14   
15 ANDREW GENTIN  
16 Trial Attorney

4/28/11  
Date

17 FLAVIO RICOTTI  
18 Defendant

\_\_\_\_\_  
Date

19 MARC S. HARRIS  
20 JEAN M. NELSON  
21 Attorneys for Defendant  
22 FLAVIO RICOTTI

\_\_\_\_\_  
Date

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1 as if the entire agreement had been read into the record of the  
2 proceeding.

3 AGREED AND ACCEPTED

4 UNITED STATES ATTORNEY'S OFFICE  
FOR THE CENTRAL DISTRICT OF CALIFORNIA

5 ANDRÉ BIROTTE JR.  
6 United States Attorney

7

8 \_\_\_\_\_  
DOUGLAS F. McCORMICK  
Assistant United States Attorney

\_\_\_\_\_ Date

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10 FRAUD SECTION, CRIMINAL DIVISION  
U.S. DEPARTMENT OF JUSTICE

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12 \_\_\_\_\_  
CHARLES G. LA BELLA  
Deputy Chief

\_\_\_\_\_ Date

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14

15 \_\_\_\_\_  
ANDREW GENTIN  
Trial Attorney

\_\_\_\_\_ Date

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17 *Flavio Ricotti*

*April 28, 2011*

18 \_\_\_\_\_  
FLAVIO RICOTTI  
Defendant

\_\_\_\_\_ Date

19

20 *Jean M. Nelson*

*April 28, 2011*

21 \_\_\_\_\_  
MARC S. HARRIS  
JEAN M. NELSON  
Attorneys for Defendant  
22 FLAVIO RICOTTI  
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CERTIFICATION OF DEFENDANT

I have read this agreement in its entirety. This agreement has been read to me in Italian, the language I understand best. I have had enough time to review and consider this agreement, and I have carefully and thoroughly discussed every part of it with my attorney. I understand the terms of this agreement, and I voluntarily agree to those terms. I have discussed the evidence with my attorney, and my attorney has advised me of my rights, of possible pretrial motions that might be filed, of possible defenses that might be asserted either prior to or at trial, of the sentencing factors set forth in 18 U.S.C. § 3553(a), of relevant Sentencing Guidelines provisions, and of the consequences of entering into this agreement. No promises, inducements, or representations of any kind have been made to me other than those contained in this agreement. No one has threatened or forced me in any way to enter into this agreement. I am satisfied with the representation of my attorney in this matter, and I am pleading guilty because I am guilty of the charges and wish to take advantage of the promises set forth in this agreement, and not for any other reason.

  
\_\_\_\_\_  
FLAVIO RICOTTI  
Defendant

  
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CERTIFICATION OF INTERPRETER


I, \_\_\_\_\_, am fluent in the written and spoken English and Italian languages. I accurately translated this entire agreement from English into Italian to defendant FLAVIO RICOTTI on this date.

Nancy Gilman  
Interpreter

4-28-11  
Date

CERTIFICATION OF DEFENDANT'S ATTORNEY

I am Flavio Ricotti's attorney. I have carefully and thoroughly discussed every part of this agreement with my client. Further, I have fully advised my client of his rights, of possible pretrial motions that might be filed, of possible defenses that might be asserted either prior to or at trial, of the sentencing factors set forth in 18 U.S.C. § 3553(a), of relevant Sentencing Guidelines provisions, and of the consequences of entering into this agreement. To my knowledge: no promises, inducements, or representations of any kind have been made to my client other than those contained in this agreement; no one has threatened or forced my client in any way to enter into this agreement; my client's decision to enter into this agreement is an informed and voluntary one; and the factual basis set forth in this agreement is sufficient to support my client's entry of a guilty plea pursuant to this agreement.

  
MARC S. HARRIS  
JEAN M. NELSON  
Attorney for Defendant  
FLAVIO RICOTTI

  
Date