



**U.S. Department of Justice**

*United States Attorney  
Southern District of New York*

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*The Silvio J. Mollo Building  
One Saint Andrew's Plaza  
New York, New York 10007*

March 7, 2003

Stephen A. Best, Esq.  
Coudert Brothers LLP  
1627 I Street, N.W.  
Washington, D.C. 20006

Re: Thomas Farrell

Dear Mr. Best:

On the understandings specified below, the Office of the United States Attorney for the Southern District of New York ("this Office") will accept a guilty plea from THOMAS FARRELL to a two-count criminal information. Count One charges THOMAS FARRELL with conspiracy from July 1997 to January 1999 to make corrupt payments to Azeri officials in exchange for interests in privatized assets in Azerbaijan in violation of the Foreign Corrupt Practices Act of 1977, in violation of Title 18, United States Code, Section 371. Count Two charges THOMAS FARRELL on March 20, 1998 with violating the Foreign Corrupt Practices Act of 1977, Title 15, United States Code, §§ 78dd-2(a)(1) and 78dd-2(g)(2)(A), in connection with the offer and payment of millions of dollars in bribes to Azeri officials in exchange for interests in privatized assets in Azerbaijan.

Count One carries a maximum sentence of five years' imprisonment, a maximum term of three years' supervised release, a maximum fine, pursuant to Title 18, United States Code, § 3571 of the greatest of \$250,000, twice the gross pecuniary gain derived from the offense, or twice the gross pecuniary loss to a person other than the defendant as a result of the offense, and a mandatory \$100 special assessment.

Count Two carries a maximum sentence of five years' imprisonment, a maximum term of three years' supervised release, a maximum fine, pursuant to Title 18, United States Code § 3571 of the greatest of \$250,000, twice the gross pecuniary gain derived from the offense, or twice the gross pecuniary loss to a person other than the defendant as a result of the offense, and a mandatory \$100 special assessment.

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The total maximum term of imprisonment for Counts One and Two is ten years.

It is further understood that prior to the date of sentencing THOMAS FARRELL shall file an accurate amended tax return for the year 1999, and will pay, or will enter into an agreement to pay, past taxes due and owing by him to the Internal Revenue Service, including applicable penalties, if any, on such terms and conditions as will be agreed upon between him and the Internal Revenue Service.

It is understood that THOMAS FARRELL (a) shall truthfully and completely disclose all information with respect to the activities of himself and others concerning all matters about which this Office inquires of him, which information can be used for any purpose; (b) shall cooperate fully with this Office, the Federal Bureau of Investigation, and any other law enforcement agency designated by this Office; (c) shall attend all meetings at which this Office requests his presence; (d) shall provide to this Office, upon request, any document, record, or other tangible evidence relating to matters about which this Office or any designated law enforcement agency inquires of him; (e) shall truthfully testify before the grand jury and at any trial and other court proceeding with respect to any matters about which this Office may request his testimony; (f) shall bring to this Office's attention all crimes which he has committed, and all administrative, civil, or criminal proceedings, investigations, or prosecutions in which he has been or is a subject, target, party, or witness; and, (g) shall commit no further crimes whatsoever. Moreover, any assistance THOMAS FARRELL may provide to federal criminal investigators shall be pursuant to the specific instructions and control of this Office and designated investigators.

It is understood that this Office cannot, and does not, agree not to prosecute THOMAS FARRELL for criminal tax violations. However, if THOMAS FARRELL fully complies with the understandings specified in this Agreement, no testimony or other information given by him (or any other information directly or indirectly derived therefrom) will be used against him in any criminal tax prosecution. Moreover, if THOMAS FARRELL fully complies with the understandings specified in this Agreement, he will not be further prosecuted criminally by this Office for any crimes related to an investment from 1997 to 1999 by Viktor Kozeny, Oily Rock Group Ltd. ("Oily Rock"), The Minaret Group

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Ltd., Oily Rock shareholders and co-investors, and others, in Azeri privatization vouchers and options and/or the acquisition of privatized assets, particularly the State Oil Company of the Azerbaijan Republic ("SOCAR"), including but not limited to the making or offering of corrupt payments to the following government officials of the Republic of Azerbaijan: (1) a senior official of the Government of the Republic of Azerbaijan; (2) a senior official of the State Oil Company of the Azerbaijan Republic ("SOCAR"); and (3) two senior officials of the State Property Committee ("SPC"); to the extent that THOMAS FARRELL has disclosed such participation to this Office as of the date of this Agreement. This Agreement does not provide any protection against prosecution for any crimes except as set forth above.

It is understood that THOMAS FARRELL's truthful cooperation with this Office is likely to reveal activities of individuals who might use violence, force, and intimidation against THOMAS FARRELL, his family, and loved ones. Should THOMAS FARRELL's cooperation present a significant risk of physical harm, this Office, upon the written request of THOMAS FARRELL, will take steps that it determines to be reasonable and necessary to attempt to ensure his safety and that of his family and loved ones. These steps may include application to the Witness Security Program of the United States Marshal's Service, whereby THOMAS FARRELL, his family, and loved ones, if approved, could be relocated under a new identity. It is understood, however, that the Witness Security Program is under the direction and control of the United States Marshal's Service and not of this Office.

It is understood that this Agreement does not bind any federal, state, or local prosecuting authority other than this Office. This Office will, however, bring the cooperation of THOMAS FARRELL to the attention of other prosecuting offices, if requested by him.

It is understood that the sentence to be imposed upon THOMAS FARRELL is within the sole discretion of the Court. This Office cannot, and does not, make any promise or representation as to what sentence THOMAS FARRELL will receive, and will not recommend any specific sentence to the Court. However, this Office will inform the Probation Department and the Court of (a) this Agreement; (b) the nature and extent of THOMAS FARRELL's activities with respect to this case and all other activities of THOMAS FARRELL which this Office deems relevant to sentencing; and (c) the nature and extent of THOMAS FARRELL's cooperation

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with this Office. In so doing, this Office may use any information it deems relevant, including information provided by THOMAS FARRELL both prior to and subsequent to the signing of this Agreement. In addition, if this Office determines that THOMAS FARRELL has provided substantial assistance in an investigation or prosecution, and if he has fully complied with the understandings specified in this Agreement, this Office will file a motion, pursuant to Section 5K1.1 of the Sentencing Guidelines, requesting the Court to sentence THOMAS FARRELL in light of the factors set forth in Section 5K1.1(a)(1)-(5). It is understood that, even if such a motion is filed, the sentence to be imposed on THOMAS FARRELL remains within the sole discretion of the Court. Moreover, nothing in this Agreement limits this Office's right to present any facts and make any arguments relevant to sentencing to the Probation Department and the Court, or to take any position on post-sentencing motions. THOMAS FARRELL hereby consents to such adjournments of his sentence as may be requested by this Office.

It is understood that, should this Office determine either that THOMAS FARRELL has not provided substantial assistance in an investigation or prosecution, or that THOMAS FARRELL has violated any provision of this Agreement, such a determination will release this Office from any obligation to file a motion pursuant to Section 5K1.1 of the Sentencing Guidelines, but will not entitle THOMAS FARRELL to withdraw his guilty plea once it has been entered.

It is understood that, should this Office determine, subsequent to the filing of a motion pursuant to Section 5K1.1 of the Sentencing Guidelines that THOMAS FARRELL has violated any provision of this Agreement, this Office shall have the right to withdraw such motion.

It is understood that, should THOMAS FARRELL commit any further crimes or should it be determined that he has given false, incomplete, or misleading testimony or information, or should he otherwise violate any provision of this Agreement, THOMAS FARRELL shall thereafter be subject to prosecution for any federal criminal violation of which this Office has knowledge, including perjury and obstruction of justice. Any such prosecution that is not time-barred by the applicable statute of limitations on the date of the signing of this Agreement may be commenced against THOMAS FARRELL, notwithstanding the expiration

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of the statute of limitations between the signing of this Agreement and the commencement of such prosecution. It is the intent of this Agreement to waive all defenses based on the statute of limitations with respect to any prosecution that is not time-barred on the date that this Agreement is signed.

It is understood that in the event that it is determined that THOMAS FARRELL has committed any further crimes, given false, incomplete, or misleading testimony or information, or otherwise violated any provision of this Agreement, (a) all statements made by THOMAS FARRELL to this Office or other designated law enforcement agents, and any testimony given by THOMAS FARRELL before a grand jury or other tribunal, whether prior to or subsequent to the signing of this Agreement, and any leads from such statements or testimony shall be admissible in evidence in any criminal proceeding brought against THOMAS FARRELL; and (b) THOMAS FARRELL shall assert no claim under the United States Constitution, any statute, Rule 11(e)(6) of the Federal Rules of Criminal Procedure, Rule 410 of the Federal Rules of Evidence, or any other federal rule that such statements or any leads therefrom should be suppressed. It is the intent of this Agreement to waive all rights in the foregoing respects.

It is further understood that this Office will not object to the defendant's release on the following bail conditions, and adherence to all other standard conditions of release: (1) that the defendant execute a \$500,000 personal recognize bond; (2) that the defendant's travel be restricted to the Eastern District of Virginia, the District of Columbia, the Southern District of New York, the Russian Federation (where the defendant has been residing and working since approximately early 1999), and to the areas through which the defendant must travel in order to reach the foregoing locations; and (3) that the defendant be subject to regular pretrial supervision in the discretion of the Pretrial Services Office. It is understood that, notwithstanding any other terms or conditions in this Agreement, this Office reserves the right to move without notice to the defendant for a revocation or modification of any bail conditions set should it determine that THOMAS FARRELL has violated any provision of this Agreement or condition of his release, or should it determine, in its sole discretion, that such a revocation or modification is otherwise appropriate. The defendant hereby consents to any such revocation or modification, and waives his right to contest such revocation or modification. Nothing in this Agreement limits the right of the Court sua sponte or otherwise to revoke or modify

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the defendant's bail conditions or otherwise impose bail restrictions as the Court deems appropriate.

This Agreement supersedes any prior understandings, promises, or conditions between this Office and THOMAS FARRELL. No additional understandings, promises, or conditions have been entered into other than those set forth in this Agreement, and none will be entered into unless in writing and signed by all parties.

Very truly yours,

JAMES B. COMEY  
United States Attorney

By: Mark F. Mendelsohn  
MARK F. MENDELSON  
Assistant United States Attorney  
(212) 637-2487

APPROVED:

Karen Patton Seymour  
KAREN PATTON SEYMOUR  
Chief, Criminal Division

AGREED AND CONSENTED TO:

Thomas Farrell  
THOMAS FARRELL

3-10-03  
DATE

APPROVED:

Stephen A. Best, Esq.  
STEPHEN A. BEST, ESQ.  
Attorney for THOMAS FARRELL

3/10/2003  
DATE