

1 THOMAS P. O'BRIEN
United States Attorney
2 ROBB C. ADKINS
Chief, Santa Ana Office
3 DOUGLAS F. McCORMICK (180415)
Assistant United States Attorney
4 411 West Fourth Street, Suite 8000
Santa Ana, California 92701
5 Telephone: (714) 338-3541
Facsimile: (714) 338-3564
6 E-mail: doug.mccormick@usdoj.gov

7 STEVEN A. TYRRELL, Chief
MARK F. MENDELSON, Deputy Chief
8 HANK BOND WALTHER, Assistant Chief
ANDREW GENTIN, Trial Attorney
9 Fraud Section
Criminal Division, U.S. Department of Justice
10 1400 New York Avenue, N.W.
Washington, DC 20005
11 Telephone: (202) 353-3551
Facsimile: (202) 514-0152
12 E-mail: andrew.gentin@usdoj.gov

13 Attorneys for Plaintiff
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. 08-336
)
19 Plaintiff,) PLEA AGREEMENT FOR
) DEFENDANT MARIO COVINO
20 v.)
)
21 MARIO COVINO,)
)
22 Defendant.)
)

23
24
25 1. This constitutes the plea agreement between MARIO
26 COVINO (the "defendant") and the United States Attorney's Office
27 for the Central District of California ("the USAO") and the
28 United States Department of Justice, Criminal Division, Fraud

1 Section ("the Fraud Section") (the USAO and the Fraud Section
2 are, together, 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 or
5 local prosecuting, administrative or regulatory authorities.

6 PLEA

7 2. The defendant gives up the right to indictment by a
8 grand jury and agrees to plead guilty to an information charging
9 the defendant with one count of conspiracy to violate the laws of
10 the United States in violation of Title 18, United States Code,
11 Section 371, that is, to violate the Foreign Corrupt Practices
12 Act ("FCPA") (Title 15, United States Code, Section 78dd-2).

13 THE OFFENSE

14 3. In order for the defendant to be guilty of a violation
15 of Title 18, United States Code, Section 371, the following must
16 be true: (1) the defendant and at least one other person agreed
17 with each other to commit an offense as charged in the
18 Information; (2) the defendant became a member of the conspiracy
19 knowing of at least one of its objects and intending to help
20 accomplish it; and (3) one of the members of the conspiracy
21 performed at least one overt act for the purpose of carrying out
22 the conspiracy.

23 PENALTIES AND RESTITUTION

24 4. The statutory maximum sentence that the Court can
25 impose for a violation of Title 18, United States Code, Section
26 371 is five years' imprisonment; a three-year period of
27

1 supervised release; a fine of \$250,000 or twice the pecuniary
2 gain or loss resulting from the offense, whichever is greater;
3 and a mandatory special assessment of \$100.

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

12 6. The defendant also understands that, by pleading
13 guilty, he may be giving up valuable government benefits and
14 valuable civil rights, such as the right to vote, the right to
15 possess a firearm, the right to hold office, and the right to
16 serve on a jury.

17 7. The defendant further understands that his conviction
18 in this case may subject him to various collateral consequences,
19 including but not limited to, deportation, revocation of
20 probation, parole, or supervised release in another case, and
21 suspension or revocation of a professional license. The
22 defendant understands that unanticipated collateral consequences
23 will not serve as grounds to withdraw his guilty plea.

24 8. The defendant understands that he may be required to
25 pay restitution to the victims of the offense. The defendant
26 agrees that the amount of restitution ordered, if any, is not
27

1 restricted to the amounts alleged in the count to which he is
2 pleading guilty and may include losses arising from all relevant
3 conduct in connection with this count. The defendant further
4 agrees that he will not seek the discharge of any restitution
5 obligation, in whole or in part, in any present or future
6 bankruptcy proceeding.

7 FACTUAL BASIS

8 9. The defendant and the Department of Justice agree and
9 stipulate to the statement of facts in the attached Exhibit A.
10 This statement of facts includes facts sufficient to support a
11 plea of guilty to the charge described in this agreement and to
12 establish the sentencing guideline factors set forth in paragraph
13 12 below. It is not meant to be a complete recitation of all
14 facts relevant to the underlying criminal conduct or all facts
15 known to the defendant that relate to that conduct.

16 WAIVER OF CONSTITUTIONAL RIGHTS

17 10. By pleading guilty, the defendant gives up the
18 following rights:

- 19 a) The right to persist in a plea of not guilty.
20 b) The right to a speedy and public trial by jury.
21 c) The right to the assistance of legal counsel at
22 trial and at every other stage of the proceeding, including, if
23 the defendant could not afford an attorney, the right to have the
24 Court appoint one for him.
25 d) The right to be presumed innocent and to have the
26 burden of proof placed on the government to prove the defendant
27
28

1 guilty beyond a reasonable doubt.

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

4 f) The right, if the defendant wished, to testify on
5 the defendant's own behalf and present evidence in opposition to
6 the charges, including the right to call witnesses and to
7 subpoena those witnesses to testify.

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

11 By pleading guilty, the defendant also gives up any and all
12 rights to pursue any defenses to the charge the defendant is
13 pleading guilty to, including affirmative defenses, Fourth
14 Amendment or Fifth Amendment claims, and other pretrial motions
15 that have been filed or could be filed.

16 SENTENCING FACTORS

17 11. The defendant understands that the Court is required to
18 consider the United States Sentencing Guidelines ("U.S.S.G." or
19 "Sentencing Guidelines"), among other factors, in determining the
20 defendant's sentence. The defendant understands, however, that
21 the Sentencing Guidelines are only advisory, and that after
22 considering the Sentencing Guidelines, the Court is free to
23 exercise its discretion to impose any reasonable sentence up to
24 the maximum set by statute for the crimes of conviction. The
25 defendant and the Department of Justice agree, pursuant to United
26 States v. Booker, that they will not seek any departures from the

27

28

1 applicable Sentencing Guidelines range other than a reduction for
 2 acceptance of responsibility or via a motion for substantial
 3 assistance brought in the sole discretion of the Department of
 4 Justice, as described in paragraph 18.

5 12. The defendant and the Department of Justice agree and
 6 stipulate that the 2007 Sentencing Guidelines apply in this case
 7 and that they will jointly recommend that the following
 8 applicable sentencing guideline factors apply:

9	Base Offense Level	12	U.S.S.G. § 2C1.1(a)(2)
10	More than one bribe	2	U.S.S.G. § 2C1.1(b)(1)
11	Net value of benefit to company is more than \$2,500,000 but less than \$7,000,000	18	U.S.S.G. §§ 2C1.1(b)(2), 2B1.1(b)(1)(J)
12			
13	Manager or Supervisor of criminal activity involving 5 or more participants and activity that was otherwise extensive	3	U.S.S.G. § 3B1.1(b)
14			
15			
16			
17	Acceptance of Responsibility	-3	U.S.S.G. § 3E1.1
18			
19	TOTAL OFFENSE LEVEL	32	

20 13. Based on a total offense level of 32, the applicable
 21 guidelines range (assuming a Criminal History Category of I) is
 22 121-151 months. Section 5G1.1(a) of the U.S.S.G. states that
 23 where the statutorily authorized maximum sentence is less than
 24 the minimum of the applicable guideline range, the statutorily
 25 authorized maximum sentence shall be the guideline sentence.
 26 Because the statutory maximum sentence that the Court can impose

27
 28

1 for a violation of Title 18, United States Code, Section 371, is
2 five years' imprisonment and is less than the bottom of the
3 applicable guideline range, the defendant and the Department of
4 Justice agree that the U.S.S.G. sentence is five years'
5 imprisonment.

6 14. There is no agreement as to the defendant's criminal
7 history or criminal history category.

8 15. The stipulations in this agreement do not bind either
9 the United States Probation Office or the Court. Both the
10 defendant and the Department of Justice are free to: (a)
11 supplement the facts by supplying relevant information to the
12 United States Probation Office and the Court; (b) correct any and
13 all factual misstatements relating to the calculation of the
14 sentence; and (c) argue on appeal and collateral review that the
15 Court's sentencing guidelines calculations are in error, although
16 each party agrees to maintain its view that the calculations in
17 paragraph 12 are correct and consistent with the facts of this
18 case.

19 THE DEFENDANT'S OBLIGATIONS

20 16. The defendant agrees that he will:

- 21 a) Plead guilty as set forth in this agreement.
22 b) Abide by all sentencing stipulations contained in
23 this agreement.
24 c) Appear as ordered for all court appearances,
25 surrender as ordered for service of sentence, obey all conditions
26 of bond, and obey any other ongoing court order in this matter.

1 circumstances surrounding the relevant offense and the
2 defendant's present financial condition.

3 THE DEPARTMENT OF JUSTICE'S OBLIGATIONS

4 18. If the defendant complies fully with all his
5 obligations under this agreement, the Department of Justice
6 agrees:

7 a) To abide by all sentencing stipulations contained
8 in this agreement.

9 b) At the time of sentencing, provided that the
10 defendant demonstrates an acceptance of responsibility for the
11 offense up to and including at the time of sentencing, to
12 recommend a two-level reduction in the applicable sentencing
13 guideline offense level, pursuant to U.S.S.G. § 3E1.1, and to
14 recommend and, if necessary, move for an additional one-level
15 reduction if available under that section.

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

19 d) If the Department of Justice determines, in its
20 sole and exclusive judgment, that the defendant has provided
21 substantial assistance to law enforcement in the prosecution or
22 investigation of others ("substantial assistance"), to move the
23 Court pursuant to U.S.S.G. § 5K1.1 or Rule 35 of the Federal
24 Rules of Criminal Procedure to impose a sentence below the
25 sentencing range otherwise dictated by the sentencing guidelines,
26 provided that the defendant complies with all his obligations

1 under this agreement. The defendant acknowledges and agrees,
2 however, that nothing in this agreement may be construed to
3 require the Department of Justice to file such a motion and that
4 the Department of Justice's assessment of the nature, value,
5 truthfulness, completeness, and accuracy of the defendant's
6 cooperation shall be binding on the defendant.

7 e) Except for criminal tax violations (including
8 conspiracy to commit such violations chargeable under 18 U.S.C.
9 § 371), not to further prosecute defendant for violations arising
10 out of and relating to the defendant's conduct described in the
11 stipulated statement of facts set forth in Exhibit A. The
12 defendant understands that the Department of Justice is free to
13 prosecute the defendant, however, for any other unlawful past
14 conduct, any unlawful conduct that occurs after the date of this
15 agreement, or any unlawful conduct that arose during the period
16 referenced in the stipulated statement of facts if such conduct
17 was not disclosed by the defendant to the Department of Justice
18 prior to the date of this agreement. The defendant agrees that
19 at the time of sentencing the Court may consider the uncharged
20 conduct in determining the applicable Sentencing Guidelines
21 range, where the sentence should fall within that range, the
22 propriety and extent of any departure from that range, and the
23 sentence to be imposed after consideration of the Sentencing
24 Guidelines and all other relevant factors.

25 THE DEFENDANT'S UNDERSTANDINGS REGARDING SUBSTANTIAL ASSISTANCE

26 19. The defendant understands the following:
27
28

1 a) Any knowingly false or misleading statement by the
2 defendant will subject him to prosecution for false statement,
3 obstruction of justice, and perjury and will constitute a breach
4 by defendant of this agreement.

5 b) Nothing in this agreement requires the Department
6 of Justice or any other prosecuting or law enforcement agency to
7 accept any cooperation or assistance that the defendant may
8 offer, or to use it in any particular way.

9 c) The defendant cannot withdraw his guilty plea if
10 the Department of Justice does not make a motion pursuant to
11 U.S.S.G. § 5K1.1 or Rule 35 of the Federal Rules of Criminal
12 Procedure for a reduced sentence or if the Department of Justice
13 makes such a motion and the Court does not grant it.

14 d) At this time, the Department of Justice makes no
15 agreement or representation as to whether any cooperation that
16 the defendant has provided or intends to provide constitutes
17 substantial assistance. The decision whether the defendant has
18 provided substantial assistance rests solely within the
19 discretion of the Department of Justice.

20 e) The Department of Justice's determination of
21 whether the defendant has provided substantial assistance will
22 not depend in any way on whether the government prevails at any
23 trial or court hearing in which the defendant testifies.

24 f) The Court is under no obligation to grant a motion
25 by the Department of Justice pursuant to U.S.S.G. § 5K1.1 or Rule
26 35 should the Department of Justice exercise its discretion to
27

1 file such a motion.

2 BREACH OF AGREEMENT

3 20. If the defendant, at any time between the execution of
4 this agreement and the defendant's sentencing on a non-custodial
5 sentence or surrender for service on a custodial sentence,
6 knowingly violates or fails to perform any of his obligations
7 under this agreement ("a breach"), the Department of Justice may
8 declare this agreement breached. If the Department of Justice
9 declares this agreement breached, the defendant will not be able
10 to withdraw his guilty plea, and the Department of Justice will
11 be relieved of all of its obligations under this agreement.

12 21. Following a breach of this agreement by the defendant,
13 should the Department of Justice elect to pursue any charge that
14 was either dismissed or not filed as a result of this agreement,
15 then:

16 a) The defendant agrees that any applicable statute of
17 limitations is tolled between the date of the defendant's signing
18 of this agreement and the commencement of any such prosecution or
19 action.

20 b) The defendant gives up all defenses based on the
21 statute of limitations, any claim of preindictment delay, or any
22 speedy trial claim with respect to any such prosecution, except
23 to the extent that such defenses existed as of the date of the
24 defendant's signing of this agreement.

25 c) The defendant agrees that all prior statements made
26 by the defendant, including but not limited to the stipulated
27

1 statement of facts attached to this agreement, and all evidence
2 derived from these statements are admissible against the
3 defendant in any future prosecution of the defendant, and the
4 defendant shall assert no claim under the United States
5 Constitution, any statute, Rule 410 of the Federal Rules of
6 Evidence, Rule 11(f) of the Federal Rules of Criminal Procedure,
7 or any other federal rule, that the statements or any evidence
8 derived from any statements should be suppressed or are
9 inadmissible.

10 LIMITED MUTUAL WAIVER OF APPEAL

11 22. The defendant gives up the right to appeal any sentence
12 imposed by the Court, and the manner in which the sentence is
13 determined, provided that the sentence is within the statutory
14 maximum specified above and the Court imposes a sentence within
15 or below the range corresponding to the agreed determined total
16 offense level and criminal history category. Notwithstanding the
17 foregoing, the defendant retains the ability to appeal the
18 conditions of supervised release imposed by the court, with the
19 exception of the following: standard conditions set forth in
20 district court General Orders 318 and 01-05; the drug testing
21 conditions mandated by 18 U.S.C. §§ 3563(a)(5) and 3583(d); and
22 the alcohol and drug use conditions authorized by 18 U.S.C. §
23 3563(b)(7).

24 23. The Department of Justice gives up its right to appeal
25 the sentence, provided that the Court imposes a sentence within
26 or above the range corresponding to the agreed determined total
27

1 offense level.

2 COURT NOT A PARTY

3 24. The Court is not a party to this agreement and need not
4 accept any of the Department of Justice's sentencing
5 recommendations or the parties' stipulations. Even if the Court
6 ignores any sentencing recommendation, finds facts or reaches
7 conclusions different from any stipulation, and/or imposes any
8 sentence up to the maximum established by statute, the defendant
9 cannot, for that reason, withdraw his guilty plea, and the
10 defendant will remain bound to fulfill all the defendant's
11 obligations under this agreement. No one - not the prosecutor,
12 the defendant's attorney, or the Court - can make a binding
13 prediction or promise regarding the sentence the defendant will
14 receive, except that it will be within the statutory maximum.

15 NO ADDITIONAL AGREEMENTS

16 25. Except as set forth herein, there are no promises,
17 understandings or agreements between the Department of Justice
18 and the defendant or his counsel. Nor may any additional
19 agreement, understanding or condition be entered into unless in a
20 writing signed by all parties or on the record in court.

21 PLEA AGREEMENT PART OF THE GUILTY PLEA HEARING

22 26. The parties agree and stipulate that this Agreement
23 will be considered part of the record of the defendant's guilty
24 plea hearing as if the entire Agreement had been read into the
25 record of the proceeding.


EFFECTIVE DATE

27. This Agreement is effective upon signature by the defendant, his attorney, an Assistant United States Attorney with the USAO, and a Trial Attorney with the Fraud Section.

AGREED AND ACCEPTED

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

THOMAS P. O'BRIEN
United States Attorney



DOUGLAS F. McCORMICK
Assistant United States Attorney

12/17/08

Date

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

STEVEN A. TYRRELL
Chief

H. Walther/gg

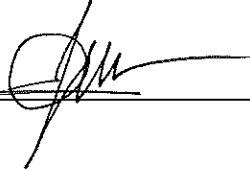
HANK BOND WALTHER
Assistant Chief

12/17/08

Date

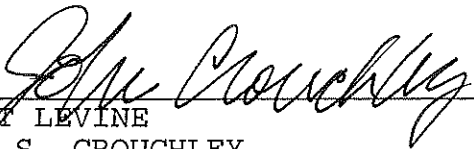
ANDREW GENTIN
Trial Attorney

1 I have read this agreement and carefully discussed every
2 part of it with my attorney. I understand the terms of this
3 agreement, and I voluntarily agree to those terms. My attorney
4 has advised me of my rights, of possible defenses, of the
5 Sentencing Guidelines' provisions, and of the consequences of
6 entering into this agreement. No promises or inducements have
7 been made to me other than those contained in this agreement. No
8 one has threatened or forced me in any way to enter into this
9 agreement. Finally, I am satisfied with the representation of my
10 attorney in this matter.

11
12 
13 _____
MARIO COVINO
14 Defendant

12 12/17/08
13 _____
Date

15 I am Mario Covino's attorney. I have carefully discussed
16 every part of this agreement with my client. Further, I have
17 fully advised my client of his rights, of possible defenses, of
18 the Sentencing Guidelines' provisions, and of the consequences of
19 entering into this agreement. To my knowledge, my client's
20 decision to enter into this agreement is an informed and
21 voluntary one.

22
23 
24 _____
JANET LEVINE
25 JOHN S. CROUCHLEY
Counsel for Defendant MARIO COVINO

23 12-17-08
24 _____
Date

EXHIBIT A - STATEMENT OF FACTS

1
2 1. Defendant MARIO COVINO ("COVINO") served as Director of
3 Worldwide Factory Sales for an unnamed co-conspirator company,
4 hereinafter referred to as Company A, from in or around March
5 2003 through in or around 2007. In this capacity, he was
6 responsible for overseeing Company A's new construction projects
7 and the replacement of existing valves made by other companies
8 and installed at Company A's customer's plants. Approximately
9 ten Company A employees reported to defendant COVINO during this
10 time. Defendant COVINO was a resident of the United States and
11 thus was a "domestic concern" as that term is defined in the
12 Foreign Corrupt Practices Act ("FCPA"), Title 15, United States
13 Code, Section 78dd-2(h)(1)(A).

14 2. Company A was a Delaware corporation headquartered in
15 Rancho Santa Margarita ("RSM"), California, that designed and
16 manufactured service control valves for use in the nuclear, oil
17 and gas, and power generation industries worldwide. Company A
18 sold its products to both state-owned enterprises and private
19 companies in approximately thirty countries around the world.
20 Because Company A was organized under the laws of a State of the
21 United States and had its principal place of business in the
22 United States, it was a "domestic concern" as that term is
23 defined in the FCPA, Title 15, United States Code, Section 78dd-
24 2(h)(1)(B).

25 3. Company A's state-owned customers included, but were
26 not limited to, Petrobras (Brazil), Dingzhou Power (China),
27
28

1 Datang Power (China), China Petroleum, China Resources Power,
2 China National Offshore Oil Company, PetroChina, Maharashtra
3 State Electricity Board (India), Korea Hydro and Nuclear Power
4 ("KHNP") (Korea), Petronas (Malaysia), Dolphin Energy (United
5 Arab Emirates ("UAE")), and Abu Dhabi Company for Oil Operations
6 (UAE). Each of these state-owned entities was a department,
7 agency, and instrumentality of a foreign government, within the
8 meaning of the FCPA, Title 15, United States Code, Section 78dd-
9 2(h)(2)(A). The officers and employees of these entities,
10 including their Vice-Presidents, Engineering Managers, General
11 Managers, Procurement Managers, and Purchasing Officers, were
12 "foreign officials" within the meaning of the FCPA, Title 15,
13 United States Code, Section 78dd-2(h)(2)(A).

14 4. During his tenure as Director of Worldwide Factory
15 Sales, defendant COVINO caused Company A employees and agents
16 to make corrupt payments to foreign officials employed at state-
17 owned enterprises through the payment of "commissions" to
18 "friends-in-camp" ("FICs") who successfully assisted Company A in
19 obtaining and retaining business. The majority of FICs were
20 employees of Company A's state-owned customers and either had
21 direct power to award contracts or had the power to influence the
22 technical specifications of an order in a manner that would favor
23 Company A.

24 5. From in or about March 2003 through in or about 2007,
25 defendant COVINO caused Company A employees and agents to make
26 corrupt payments totaling approximately \$1 million to foreign
27
28

1 officials employed at state-owned companies in order to assist in
2 obtaining and retaining business for Company A, and Company A
3 earned approximately \$5 million in profits from the contracts
4 that it obtained as a result of these corrupt payments. The
5 corrupt payments were made to foreign officials at state-owned
6 entities including, but not limited to, Petrobras (Brazil),
7 Dingzhou Power (China), Datang Power (China), China Petroleum,
8 China Resources Power, China National Offshore Oil Company,
9 PetroChina, Maharashtra State Electricity Board (India), KHNP
10 (Korea), Petronas (Malaysia), Dolphin Energy (UAE), and Abu Dhabi
11 Company for Oil Operations (UAE).

12 6. On or about March 24, 2004, defendant COVINO approved
13 the payment of \$15,000 from Company A to an official of
14 PetroChina, a Chinese state-owned oil and gas company, for the
15 purpose of assisting in the obtaining of PetroChina's business.

16 7. On or about April 13, 2004, defendant COVINO caused
17 Company A to wire a commission payment of \$15,000 from its bank
18 account in California to an account at Bank of China for the
19 purpose of making a corrupt payment to a PetroChina official.

20 8. In or about August 2004, during an internal audit of
21 Company A's commission payments, defendant COVINO falsely denied
22 knowing that improper payments had been made to officials of
23 state-owned companies and provided false and misleading responses
24 to the internal auditors.

25 9. In or about August 2004, defendant COVINO deleted e-
26 mails and instructed others to delete e-mails that referred to
27

1 corrupt payments, for the purpose of obstructing the internal
2 audit into Company A's commission payments.

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28