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6  
7 **UNITED STATES DISTRICT COURT**  
8 **DISTRICT OF NEVADA**

9 -oOo-

10 UNITED STATES OF AMERICA, )

11 Plaintiff, )

12 v. )

13 PAUL CITELLI, )

14 Defendant. )

CASE NO.

**PLEA MEMORANDUM**

15  
16 The United States of America, by and through Charles G. La Bella, Deputy Chief, and  
17 Mary Ann McCarthy, Trial Attorney, U.S. Department of Justice, Criminal Division, Fraud  
18 Section, the defendant, PAUL CITELLI, and the defendant's attorney, David Brown, submit this  
19 plea memorandum. The United States and the defendant have reached the following plea  
20 agreement, which is not binding on the court:

21 **I. GROUP PLEA/PACKAGE PLEA AGREEMENT**

22 This agreement is contingent on at least five (5) of the thirteen (13) co-defendants,  
23 **ROSALIO ALCANTAR, PATRICK BERGSRUD, ROBERT BOLTEN, GLENN BROWN,**  
24 **MICHELLE DELUCA, CHARLES HAWKINS, SAMI ROBERT HINDIYEH, BRIAN**  
25 **JONES, LISA KIM, MORRIS MATTINGLY, ARNOLD MYERS, ANTHONY ROY**  
26 **WILSON, and JEANNE WINKLER** successfully entering their guilty pleas together with  
27 Defendant **PAUL CITELLI**, and that all pleas are accepted by the Court.

1 **A. The Plea**

2 1. Defendant will plead guilty to Count One of the information, charging Defendant  
3 with conspiracy to commit wire and mail fraud, in violation of Title 18, United States Code,  
4 Section 1349. Defendant also agrees to pay restitution and to the forfeiture of the property set forth  
5 in this Plea Memorandum.

6 **B. Additional Charges**

7 2. The United States Department of Justice, Criminal Division, Fraud Section agrees  
8 to bring no additional criminal charges in the District of Nevada against the defendant relating to or  
9 arising from the offense charged in the information, except for any crime of violence and any crime  
10 unknown to the Fraud Section before the time the parties sign this Plea Memorandum.

11 **C. Sentencing Guideline Calculations**

12 3. Defendant understands that the Court is required to consider the United States  
13 Sentencing Guidelines (“U.S.S.G.” or “Sentencing Guidelines”) among other factors in  
14 determining the defendant’s sentence. Defendant understands that the Sentencing Guidelines are  
15 advisory, and that after considering the Sentencing Guidelines, the Court may be free to exercise its  
16 discretion to impose any reasonable sentence up to the maximum set by statute for the crime of  
17 conviction.

18 4. The parties agree that the following calculations of the United States Sentencing  
19 Guidelines (2010) apply for the group:

20

Base Offense Level (U.S.S.G. §2B1.1(a)):	7
Sophisticated Means (U.S.S.G. §2B1.1(b)(9)(c)):	2

21  
22

23 The parties agree that the loss calculation will be calculated on an individual basis, with  
24

25 INTENTIONALLY LEFT BLANK  
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27

1 Defendant CITELLI's loss calculated as follows:

2	Loss Amount of \$120,000 to \$200,000	
3	(U.S.S.G. §2B1.1(b)(1)(F)):	10
4	TOTAL	19

5 5. Acceptance of Responsibility: Pursuant to U.S.S.G. §3E1.1(a), the United States  
6 will recommend that the defendant receive a two (2) level adjustment for acceptance of  
7 responsibility unless defendant (a) fails to make a complete factual basis for the guilty plea at the  
8 time it is entered; (b) is untruthful with the Court or probation officers in any respect, including  
9 without limitation, financial information; (c) denies involvement in the offense or provides  
10 conflicting statements regarding defendant's involvement; (d) attempts to withdraw the guilty plea;  
11 (e) engages in criminal conduct; (f) fails to appear in court; or (g) violates the conditions of  
12 defendant's pretrial release conditions.

13 6. Pursuant to U.S.S.G. §3E1.1(b), the United States will, in its sole discretion, make  
14 a motion for an additional one-level adjustment for acceptance of responsibility prior to sentencing  
15 if the defendant timely notifies the United States of the defendant's intention to plead guilty,  
16 thereby permitting the United States to avoid preparing for trial and allowing for the efficient  
17 allocation of resources.

18 7. The United States will make a recommendation that the defendant receive a 1-  
19 level downward adjustment from the defendant's base offense level for Defendant PAUL CITELLI  
20 and at least four (4) other co-defendants' group plea pursuant to Title 18, United States Code,  
21 Section 3553(b), on the condition that the co-defendants' change of pleas are entered and  
22 conditionally accepted by the Court on or before the defendant's sentencing hearing. If less than  
23 five (5) defendants enter guilty pleas, the Government will not make any motion for a group plea  
24 downward departure.

25 8. The United States will make a recommendation that the defendant receive a 2-  
26 level downward adjustment from the defendant's base offense level for Defendant PAUL CITELLI  
27 and at least eleven (11) other co-defendants' group plea pursuant to Title 18, United States Code,

1 Section 3553(b), on the condition that the co-defendants' change of pleas are entered and  
2 conditionally accepted by the Court on or before the defendant's sentencing hearing.

3 9. The United States will make a recommendation that the defendant receive a 3-  
4 level downward adjustment from the defendant's base offense level for Defendant PAUL CITELLI  
5 and at least seventeen (17) other co-defendants' group plea pursuant to Title 18, United States  
6 Code, Section 3553(b), on the condition that the co-defendants' change of pleas are entered and  
7 conditionally accepted by the Court on or before the defendant's sentencing hearing. The  
8 defendant acknowledges that no more than a total of 3-levels will be recommended for a group  
9 plea reduction.

10 10. Defendant's Criminal History Category will be determined by the court.

11 **D. Other Sentencing Matters**

12 11. The parties agree that the Sentencing Guideline calculations are based on  
13 information now known and could change upon investigation by the United States Probation  
14 Office. It is possible that factors unknown or unforeseen by the parties to the Plea Memorandum  
15 may be considered in determining the offense level, specific offense characteristics, and other  
16 related factors. In that event, the defendant will not withdraw his plea of guilty. Both the  
17 defendant and the United States are free to: (a) supplement the facts by supplying relevant  
18 information to the United States Probation Office and the Court, and (b) correct any and all factual  
19 inaccuracies relating to the calculation of the sentence.

20 12. The stipulations in this Plea Memorandum do not bind either the United States  
21 Probation Office or the Court. Both Defendant and the United States are free to: (a) supplement  
22 the facts by supplying relevant information to the United States Probation Office and the Court,  
23 and (b) correct any and all factual inaccuracies relating to the calculation of the sentence.

24 **E. Fines and Special Assessment**

25 13. Defendant agrees that the Court may impose a fine due and payable immediately  
26 upon sentencing.

1           14. Defendant will pay the special assessment of \$100 per count of conviction at the  
2 time of sentencing.

3 **F. Restitution**

4           15. Defendant agrees to make full restitution to the victims of the offense, in this case  
5 the Jasmine and Mission Pointe homeowners' associations, described below in Section IV.  
6 Defendant understands and agrees that this amount could be as much as \$173,331.35, which is the  
7 total purchase price for the property at Jasmine, less down payments and mortgage payments made  
8 before the foreclosure of the property and by the amount of the sale of the property at foreclosure,  
9 plus the amount of monies he was paid by co-conspirators for his participation in the scheme.  
10 Defendant understands that any restitution imposed by the Court may not be discharged in whole  
11 or in part in any present or future bankruptcy proceeding.

12 **G. Forfeiture**

13           16. The parties agree that the government will not request that the Court require  
14 Defendant to pay forfeiture in addition to restitution. However, should the Court nevertheless  
15 order that Defendant shall pay forfeiture, the government agrees that such amount shall be the total  
16 purchase price for the property at Jasmine, less down payments and mortgage payments made  
17 before the foreclosure of the property and by the amount of the sale of the property at foreclosure,  
18 plus the amount of monies he was paid by co-conspirators for his participation in the scheme, and  
19 in no event more than \$173,331.35. In the event of any order by the Court that Defendant shall pay  
20 forfeiture, the Defendant knowingly and voluntarily agrees to the following:

- 21           a. to abandon or to forfeit the property to the United States;  
22           b. to relinquish all right, title, and interest in the property;  
23           c. to waive his right to any abandonment proceedings, any civil administrative  
24 forfeiture proceedings, any civil judicial forfeiture proceedings, or any criminal forfeiture  
25 proceedings ("proceedings") of the property;  
26           d. to waive service of process of any and all documents filed in this action or any  
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1 proceedings concerning the property arising from the facts and circumstances of this case;

2 e. to waive any further notice to the defendant, the defendant's agents, or the  
3 defendant's attorney regarding the abandonment or the forfeiture and disposition of the property;

4 f. not to file any claim, answer, petition, or other documents in any proceedings  
5 concerning the property;

6 g. to waive the statute of limitations, the CAFRA requirements, Fed. R. Crim. P.  
7 7(c)(2), 32.2(a), and 32.2(b)(3), and the constitutional due process requirements of any  
8 abandonment proceeding or any forfeiture proceeding concerning the property;

9 h. to waive the defendant's right to a jury trial on the forfeiture of the property;

10 i. to waive (a) all constitutional, legal, and equitable defenses to, (b) any  
11 constitutional or statutory double jeopardy defense or claim concerning, and (c) any claim or  
12 defense under the Eighth Amendment to the United States Constitution, including, but not limited  
13 to, any claim or defense of excessive fine in any proceedings concerning the property; and

14 j. to the entry of an Order of Forfeiture of the property to the United States.

15 17. Defendant knowingly and voluntarily agrees and understands the abandonment,  
16 the civil administrative forfeiture, the civil judicial forfeiture, or the criminal forfeiture of the  
17 property shall not be treated as satisfaction of any assessment, fine, restitution, cost of  
18 imprisonment, or any other penalty this Court may impose upon the Defendant in addition to the  
19 abandonment or the forfeiture.

20 **H. Waiver of Appeal**

21 18. In exchange for the concessions made by the United States in this Plea  
22 Memorandum, Defendant knowingly and expressly waives the right to appeal any sentence that is  
23 imposed within the applicable Sentencing Guideline range as calculated by the Court, further  
24 waives the right to appeal the manner in which that sentence was determined on the grounds set  
25 forth in Title 18, United States Code, Section 3742, and further waives the right to appeal any other  
26 aspect of the conviction or sentence, including any order of restitution and forfeiture. Defendant  
27

1 reserves only the right to appeal any portion of the sentence that is an upward departure from the  
2 applicable Sentencing Guideline range calculated by the Court.

3 19. Defendant also waives all collateral challenges, including any claims under 28  
4 U.S.C. § 2255, to the Defendant's conviction, sentence and the procedure by which the Court  
5 adjudicated guilt and imposed sentence, except non-waivable claims of ineffective assistance of  
6 counsel.

7 **I. Additional Promises, Agreements, and Conditions**

8 20. In exchange for the United States entering into this Plea Memorandum, Defendant  
9 agrees that (a) the facts set forth in Section IV of this Plea Memorandum shall be admissible  
10 against the Defendant under Fed. R. Evid. 801(d)(2)(A) in the following circumstances: (i) for any  
11 purpose at sentencing; and (ii) in any subsequent proceeding, including a trial in the event the  
12 Defendant does not plead guilty or withdraws the Defendant's guilty plea, to impeach or rebut any  
13 evidence, argument or representation offered by or on the Defendant's behalf; and (b) the  
14 Defendant expressly waives any and all rights under Fed. R. Criminal P. 11(f) and Fed. R. Evid.  
15 410 with regard to the facts set forth in Section IV of the Plea Memorandum to the extent set forth  
16 above.

17 21. The parties agree that no promises, agreements, and conditions have been entered  
18 into other than those set forth in this plea memorandum, and will not be entered into unless in  
19 writing and signed by all parties.

20 **J. Limitations**

21 22. This Plea Memorandum is limited to the Criminal Division of the United States  
22 Department of Justice and cannot bind any other federal, state or local prosecuting, administrative,  
23 or regulatory authority. But, this Plea Memorandum does not prohibit the United States through  
24 any agency thereof, the Criminal Division of the United States Department of Justice, or any third  
25 party from initiating or prosecuting any civil proceeding directly or indirectly involving the  
26 Defendant, including but not limited to, proceedings under the False Claims Act relating to  
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1 potential civil monetary liability or by the Internal Revenue Service relating to potential tax  
2 liability.

3 **K. Cooperation**

4 23. Defendant agrees, if requested by the United States, to provide complete and  
5 truthful information and testimony concerning Defendant's knowledge of all other persons who are  
6 committing or have committed offenses against the United States or any state, and agrees to  
7 cooperate fully with the United States in the investigation and prosecution of such persons.

8 24. In the event the government decides in its sole discretion that the assistance  
9 provided by Defendant amounts to "substantial assistance" pursuant to U.S.S.G. § 5K1.1, the  
10 United States will timely file a motion for downward departure from the applicable Sentencing  
11 Guideline calculation. The Court has the sole discretion to grant such a motion.

12 25. Defendant agrees that a motion for downward departure based on substantial  
13 assistance shall not be made under any circumstances unless Defendant's cooperation is deemed to  
14 be substantial assistance by the government. The United States has made no promise, implied or  
15 otherwise, that Defendant will be granted a departure for substantial assistance. Further, no  
16 promise has been made that such a motion will be made even if Defendant complies with the terms  
17 of this Plea Memorandum in all respects but has been unable to provide substantial assistance as  
18 determined in the sole discretion of the government.

19 26. The United States agrees to consider the totality of the circumstances, including  
20 but not limited to, the following factors, in determining whether, in the sole discretion of the  
21 government, Defendant has provided substantial assistance which would merit a motion by the  
22 United States for a downward departure from the applicable Guideline:

23 a. The United States' evaluation of the significance and usefulness of Defendant's  
24 assistance;

25 b. The truthfulness, completeness, and reliability of any information or testimony  
26 provided by Defendant;

27



- 1 c. The nature and extent of Defendant's assistance;
- 2 d. The truthfulness and completeness in disclosing and bringing to the attention of  
3 the Government all crimes which Defendant has committed and all administrative, civil, or  
4 criminal proceedings, investigations, and prosecutions in which he has been or is a subject, target,  
5 party, or witness;
- 6 e. The truthfulness and completeness in disclosing and providing to the Government,  
7 upon request, any document, record, or other evidence relating to matters about which the  
8 Government or any designated law enforcement agency inquires, including but not limited to,  
9 Defendant's personal finances;
- 10 f. Any injury suffered, or any danger or risk of injury to Defendant or Defendant's  
11 family resulting from defendant's assistance; and,
- 12 g. The timeliness of Defendant's assistance.

13 27. Defendant agrees that in the event the United States files a downward departure  
14 motion based upon Defendant's substantial assistance, the United States reserves the right to make  
15 a specific recommendation to the Court regarding the extent of such a departure. Defendant  
16 understands and agrees that the final decision as to how much of a departure, if any, is warranted  
17 rests solely with the Court.

18 **L. Breach**

19 28. Defendant agrees that if Defendant, at any time after the signature of this Plea  
20 Memorandum and execution of all required certifications by Defendant, Defendant's counsel, and  
21 for the government, knowingly violates or fails to perform any of Defendant's obligations under  
22 this Memorandum ("a breach"), the government may declare this Memorandum breached. All of  
23 Defendant's obligations are material, a single breach of this is sufficient for the government to  
24 declare a breach, and Defendant shall not be deemed to have cured a breach without the express  
25 agreement of the government in writing. If the government declares this Memorandum breached,  
26 and the Court finds such a breach to have occurred, then: (a) if Defendant has previously entered a  
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1 guilty plea pursuant to this Memorandum, Defendant will not be able to withdraw the guilty plea,  
2 and (b) the government will be relieved of all its obligations under this agreement.

## 3 **II. PENALTY**

4 29. The maximum penalty for a violation of Title 18, United States Code, Section  
5 1349, is imprisonment for not more than thirty (30) years, a \$1,000,000 fine, or both. Defendant is  
6 also subject to supervised release for a term of not greater than five (5) years.

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

12 31. Defendant is required to pay for the costs of imprisonment, probation, and  
13 supervised release, unless the Defendant establishes that the Defendant does not have the ability to  
14 pay such costs, in which case the court may impose an alternative sanction such as community  
15 service.

## 16 **III. ELEMENTS**

17 32. The essential elements for the offense of conspiracy to commit wire and mail  
18 fraud, in violation of 18 U.S.C. § 1349, are as follows:

19 a. First, from as early as in or about August 2003 through at least in or about  
20 February 2009, there was an agreement between two or more persons to commit mail fraud and  
21 wire fraud; and

22 b. Second, the defendant was a party to or a member of that agreement; and,

23 c. Third, the defendant became a member of the conspiracy knowing of at least one  
24 of its objects and intending to help accomplish it.

## 25 **IV. FACTS**

26 33. Defendant is pleading guilty because Defendant is guilty of the charged offenses.  
27

1           34. Defendant specifically admits and declares under penalty of perjury that all of the  
2 facts set forth below are true and correct:

3           35. From as early as in or around October 2005 through at least in or around February  
4 2009, Defendant knowingly participated in a scheme to control various Homeowners' Association  
5 (HOA) Boards of Directors so that the HOA boards would award the handling of construction  
6 defect lawsuits and remedial construction contracts to a law firm and construction company  
7 designated by Defendant's co-conspirators.

8           36. In order to accomplish this scheme, co-conspirators would identify HOA's which  
9 potentially could bring construction defect cases, and once identified would enlist real estate  
10 brokers to identify condominium units within those HOA communities for purchase.

11           37. Co-conspirators would then enlist individuals as straw purchasers to apply for  
12 and complete mortgage loans using their own name and credit for the purchase of properties within  
13 the HOA communities on behalf of the beneficial owners. The co-conspirators arranged for the  
14 straw purchasers to get the necessary funding for the mortgages by assisting them with the loan  
15 applications and closing documents, which included false and fraudulent statements that involved  
16 concealing the identity and financial interest of the true beneficial owners of the properties from  
17 banks, mortgage companies, HOAs, and bona fide homeowners. The co-conspirator real estate  
18 broker arranged for the down payments to be funded by a co-conspirator and arranged for the  
19 money to be transferred to the escrow accounts.

20           38. Once the straw purchases were complete, the beneficial owners and co-  
21 conspirators often found tenants to rent the units. The beneficial owners received the rental  
22 payments and continued to pay the mortgages and various expenses associated with the straw  
23 purchase.

24           39. In order to further this scheme, Defendant CITELLI agreed to act as a straw  
25 purchaser at a Nevada HOA community called Jasmine (formerly called Jasmine Ranch).

26           40. On or about October 31, 2005, Defendant purchased a unit at Jasmine from  
27 another co-conspirator. Although Defendant lived in the unit at Jasmine, he paid to his co-

1 conspirators who arranged his purchase of the unit less than the total due in monthly mortgage  
2 payments and HOA dues. Defendant's co-conspirators provided the down payment, the rest of the  
3 monthly mortgage payments, and the HOA dues, and were the true owners of the property.  
4 Defendant signed and submitted false and fraudulent loan applications and closing documents to  
5 the financial institution in order to finance and close on the property on behalf of his co-  
6 conspirators.

7 41. On several occasions, instead of making a straw purchase, the co-conspirators  
8 transferred a partial interest in a unit to another co-conspirator for the purpose of making it appear  
9 as if the co-conspirator was a bona fide homeowner. The co-conspirator real estate broker would  
10 assist with the paperwork involved in such transfers and arranged for the completion of the  
11 paperwork.

12 42. The co-conspirators transferred a 1% interest in the defendant's unit at Jasmine to  
13 another co-conspirator. In addition, on or about July 31, 2008, Defendant signed a quit-claim deed  
14 that resulted in Defendant's 50% ownership interest in a Mission Pointe unit, making it appear that  
15 he was a legitimate owner in that community, and that he was qualified to run for a position on the  
16 Mission Pointe HOA Board of Directors.

17 43. Co-conspirators were hired to manage and operate the payments associated with  
18 maintaining these straw properties. The co-conspirators called this business of funding these  
19 properties the "Bill Pay Program." The co-conspirators involved in running the Bill Pay Program  
20 maintained several limited liability companies, at the direction of the co-conspirator construction  
21 company owner and others, for the purpose of opening bank accounts and concealing the Bill Pay  
22 Program funds. Many of the payments on these properties were wired or caused to be wired from  
23 California to Nevada. Defendant called the co-conspirator running this Bill Pay Program to  
24 arrange to receive the "supplement" checks that he used to pay his monthly mortgage for the  
25 Jasmine unit. On other occasions, Defendant received the "supplement" checks from a co-  
26 conspirator in Nevada, but knew they were funded by the co-conspirators.

27 44. Many of the straw purchasers and those who acquired a transferred interest in the

1 properties agreed with co-conspirators to run for election to the respective HOA Board of  
2 Directors. Defendant understood that the co-conspirators intended to use his ownership interests at  
3 Jasmine and Mission Pointe to nominate and elect him to the HOA boards and to further the  
4 objects of the conspiracy. The co-conspirators filled out his board nomination form and his  
5 fiduciary duty statement, and he intended to run for election at Mission Pointe on or about  
6 September 25, 2008, but was prevented from doing so by law enforcement.

7 45. In order to ensure the co-conspirators running for election to the HOA would win,  
8 other co-conspirators at times employed deceitful tactics, such as creating false phone surveys to  
9 gather information about homeowners' voting intentions, using mailing lists to vote on behalf of  
10 out-of-town homeowners unlikely to participate in the elections, and submitting fake and forged  
11 ballots. Co-conspirators also hired private investigators to uncover negative information on the  
12 bona fide candidates in order to create smear campaigns.

13 46. Another tactic the co-conspirators used to rig certain HOA board elections was  
14 to prepare forged ballots for out-of-town homeowners and either cause them to be transported or  
15 mailed to California and thereafter to have the ballots mailed back to Las Vegas from various  
16 locations around California so as to make it appear that the ballots were completed and mailed by  
17 bona fide homeowners residing outside Nevada. For instance, on or about April 15, 2008 and on  
18 or about April 21, 2008, a co-conspirator mailed ballots from several mail boxes in California back  
19 to Nevada in order to assist in the rigging of an election at Park Avenue.

20 47. On several occasions, co-conspirators attempted to create the appearance that  
21 the elections were legitimate by hiring "independent" attorneys to run the HOA board elections.  
22 These "special election masters" were to: (i) contact the bona fide homeowners to inform them of  
23 the election; (ii) mail the bona fide homeowners election ballots and voting instructions; (iii)  
24 collect and secure those election ballots returned by mail until the date of the election; and (iv)  
25 preside over the HOA board election, including supervising the counting of ballots. However, in  
26 truth and fact, the "special election masters" were selected by the co-conspirators and paid in cash,  
27 check, or promised things of value, by or on behalf of the co-conspirator construction company and

1 its owner, for their assistance in rigging the elections. In particular, the “special election masters”  
2 allowed the co-conspirators to access the ballots for the purpose of opening the ballots and pre-  
3 counting the votes entered for each candidate to then know the number of fake ballots which  
4 needed to be created to ensure the co-conspirator up for election won the seat on the HOA board.  
5 These attorneys would run the board election knowing the co-conspirators had access to the ballots  
6 and concealed their relationship with the co-conspirators from the bona fide homeowners.

7 48. Once elected, the straw purchaser board members would meet with the co-  
8 conspirators in order to manipulate board votes, including the selection of property managers,  
9 contractors, general counsel and attorneys to represent the HOA. The Defendant understood and  
10 agreed that once he obtained his seat on the Mission Pointe board that he would take instruction  
11 from the co-conspirators to use his vote to further the objects of the conspiracy, and that he would  
12 ultimately vote to award the construction contract and construction defect litigation contract to the  
13 co-conspirators.

14 49. At times the co-conspirators created and submitted fake bids for “competitors”  
15 to make the process appear to be legitimate while ensuring co-conspirators were awarded the  
16 contract. Once hired, co-conspirators, including property managers and general counsel, would  
17 then recommend that the HOA board hire the co-conspirator construction company for remediation  
18 and construction defect repairs and the co-conspirator law firm to handle the construction defect  
19 litigation. In addition, the co-conspirator construction company’s initial contract for emergency  
20 remediation repairs contained a “right of first refusal” clause to ensure the co-conspirator  
21 construction company was awarded the construction repair contracts following the construction  
22 defect litigation.

23 50. Co-conspirators used this process because it created the appearance of legitimacy  
24 since bona fide homeowners believed the elected board members and other hired third parties  
25 were, as fiduciaries, acting in their best interest rather than to advance the financial interests of co-  
26 conspirators. In fact, Defendant CITELLI and others were paid or received things of value by or on  
27 behalf of their co-conspirators for their assistance in purchasing the properties, obtaining HOA

1 membership status, rigging elections, using their positions to manipulate the HOA's business and  
2 to further the goals of the conspiracy, and to enrich the co-conspirators at the expense of the HOA  
3 and the bona fide homeowners.

#### 4 V. ACKNOWLEDGMENT

5 51. Defendant acknowledges by the Defendant's signature below that Defendant has  
6 read this Plea Memorandum, that Defendant understands the terms and conditions and the factual  
7 basis set forth herein, that Defendant has discussed these matters with Defendant's attorney, and  
8 that the matters set forth in this memorandum, including the facts set forth in Part IV above, are  
9 true and correct.

10 52. Defendant acknowledges that Defendant has been advised, and understands, that  
11 by entering a plea of guilty the Defendant is waiving, that is, giving up, certain rights guaranteed  
12 to the Defendant by law and by the Constitution of the United States. Specifically, Defendant is  
13 giving up:

14 a. The right to proceed to trial by jury on the original charges, or to a trial by  
15 a judge if Defendant and the United States both agree;

16 b. The right to confront the witnesses against the Defendant at such a trial, and to  
17 cross-examine them;

18 c. The right to remain silent at such trial, with such silence not to be used against  
19 Defendant in any way;

20 d. The right, should Defendant so choose, to testify in Defendant's own behalf at  
21 such a trial;

22 e. The right to compel witnesses to appear at such a trial, and to testify in  
23 Defendant's behalf; and,

24 f. The right to have the assistance of an attorney at all stages of such proceedings.

25 53. Defendant acknowledges that Defendant is, in all respects, satisfied by the  
26 representation provided by Defendant's attorney and that Defendant's attorney has discussed with  
27 the defendant the burdens and benefits of this agreement and the rights he waives herein.

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54. Defendant, Defendant's attorney, and the attorney for the United States acknowledge that this Plea Memorandum contains the entire negotiated and agreed to by and between the parties, and that no other promise has been made or implied by either the Defendant, Defendant's attorney, or the attorney for the United States.

DENIS J. McINERNEY  
Chief  
United States Department of Justice,  
Criminal Division, Fraud Section

2/16/2012  
DATED

CHARLES LA BELLA  
Deputy Chief

Mary Ann McCarthy  
MARY ANN McCARTHY  
Trial Attorney  
United States Department of Justice  
Criminal Division, Fraud Section

2-21-12  
DATED

Paul Citelli  
PAUL CITELLI  
Defendant

2-22-12  
DATED

David Brown  
DAVID BROWN  
Defense Counsel