IN THE UNITED STA 9 2008 IDENTIFICATION: FOR THE DISTRI 0 9 2008 Baltimo EVIDENCE: UNITED STATES OF AMERICA Criminal No. WMN-08-00 ٧. Dated: May -, 2007 MATTHEW W. BITTENBENDER. Violation: 18 U.S.C. § 371 Defendant. 18 U.S.C. § 1343, 1346, 1349

18 U.S.C. § 1832

PLEA AGREEMENT

The United States of America and Matthew W. Bittenbender ("defendant") hereby enter into the following Plea Agreement pursuant to Rule 11(c)(1)(B) of the Federal Rules of Criminal Procedure ("Fed. R. Crim. P."):

RIGHTS OF DEFENDANT

- 1. The defendant understands his rights:
 - (a) to be represented by an attorney;
 - (b) to be charged by Indictment;
 - (c) to plead not guilty to any criminal charge brought against him;
- (d) to have a trial by jury, at which he would be presumed not guilty of the charge and the United States would have to prove every essential element of the charged offense beyond a reasonable doubt for him to be found guilty;
- (e) to confront and cross-examine witnesses against him and to subpoena witnesses in his defense at trial;
 - (f) not to be compelled to incriminate himself;

By U. Jann D.

- (g) to appeal his conviction, if he is found guilty; and
- (h) to appeal the imposition of sentence against him.

AGREEMENT TO PLEAD GUILTY AND WAIVE CERTAIN RIGHTS

2. The defendant knowingly and voluntarily waives the rights set out in paragraph 1(b)-(g) above, including all jurisdictional defenses to the prosecution of this case, and agrees voluntarily to consent to the jurisdiction of the United States to prosecute this case against him in the United States District Court for the District of Maryland. The defendant also knowingly and voluntarily waives the right to file any appeal, including but not limited to an appeal under 18 U.S.C. § 3742, unless the sentence imposed by the Court constitutes an upward departure from the guideline range deemed applicable by the Court, as described in paragraph 9, in which case defendant's appeal will be expressly limited to contesting the upward departure. This agreement does not affect the rights or obligations of the United States as set forth in 18 U.S.C. § 3742(b). Pursuant to Fed. R. Crim. P. 7(b), defendant will waive indictment and plead guilty at arraignment to a three-count Information to be filed in the United States District Court for the District of Maryland charging the defendant with conspiracy to defraud the United States, in violation of Title 18, United States Code, Section 371; conspiracy to commit wire fraud, to wit, to defraud his employer of its confidential business information by materially false and fraudulent pretenses, representations and promises and to defraud his employer of the intangible right to his honest services by materially false and fraudulent pretenses, representations and promises in violation of Title 18, United States Code, Section 1349; and conspiracy to steal trade secrets in violation of Title 18, United States Code, Section 1832(a)(5). The elements of these

offenses to which the defendant has agreed to plead guilty, and which the Government would prove if the case went to trial are as follows. As to 18 U.S.C. § 371: (1) the existence of an agreement; (2) an overt act by one of the conspirators in furtherance of the objects of the conspiracy; and (3) an intent on the part of the conspirators to agree as well as to defraud the United States. As to 18 U.S.C. § 1349: (1) that defendant conspired to commit wire fraud in violation of 18 U.S.C. §§ 1343 and 1343, 1346 by (i) devising a scheme and artifice to defraud by materially false and fraudulent pretenses, representations and promises and (ii) using the interstate and foreign wires for the purpose of executing such a scheme; and (2) one of the participants took an overt act in furtherance of the objects of the conspiracy. As to 18 U.S.C. § 1832(a)(5): (1) that defendant conspired with one or more persons to knowingly steal and without authorization appropriate, take, and carry away a trade secret (i) with intent to convert a trade secret related to a product placed in interstate and foreign commerce; (ii) to the economic benefit of anyone other than its owner; (iii) intending and knowing that the offense will injure the owner of the trade secret; and (2) one of the participants took an overt act in furtherance of the objects of the conspiracy. Defendant understands the elements of these offenses, admits that he is guilty of these offenses, and will so advise the Court.

3. The defendant, pursuant to the terms of this Plea Agreement, will plead guilty to the criminal charges described in paragraph 2 above and will make a factual admission of guilt to the Court in accordance with Fed. R. Crim. P. 11, set forth in paragraph 4. The defendant agrees those facts establish his guilt beyond a reasonable doubt.

FACTUAL BASIS FOR OFFENSE CHARGED

4. Had this case gone to trial, the United States would have presented

evidence sufficient to prove the following facts:

- (a) The "relevant period" is from in or about February 2005 until in or about July 2006. From February 2005 until December 2005, during the relevant period, Matthew W. Bittenbender worked as the Senior Contract Fuel Manager for Avcard, a division of Kropp Holdings, LLC, and as an employee, he owed Avcard a fiduciary duty.
- (b) During the relevant period, Bittenbender conspired with others to devise a scheme and artifice to defraud Avcard of its property for the pecuniary benefit of himself and his individual and corporate co-conspirators by materially false and fraudulent pretenses, representations and promises. This property consisted of Avcard's confidential bid information and the data underlying that bid information. Avcard intended to submit this information to the Defense Energy Support Center ("DESC"), a primary field-level activity of the Defense Logistics Agency ("DLA"), within the United States Department of Defense, in response to DESC's various requests for proposals to provide into-plane and PC&S fuel supply services at multiple locations around the world. This scheme and artifice also deprived Avcard of its intangible right to Bittenbender's honest services. As part of the conspiracy, Bittenbender intentionally breached his fiduciary duty to Avcard, knowing and intending that such a breach would cause Avcard significant financial loss.
- (c) During the relevant period, Bittenbender provided Avcard's confidential bid information and data underlying that bid information to his co-conspirators in return for a flat fee, plus either ten percent of any profit his co-conspirators earned from their use of Avcard's confidential bid information, or a percentage of the co-conspirators' fuel sales, depending on the type of contract. Using the confidential bid information and the

data underlying that bid information misappropriated from Avcard, Bittenbender's coconspirators were able to underbid Avcard at every location where they both submitted bids to DESC. As a result, Avcard lost every DESC contract at locations where it and Bittenbender's co-conspirators both submitted bids to DESC.

- (d) During the relevant period, Bittenbender and his co-conspirators used the interstate and foreign wires for the purpose of executing this scheme and artifice to defraud Avcard of its property, i.e. its confidential bid information and the underlying data, and to defraud Avcard of its intangible right to Bittenbender's honest services.
- (e) The conspiracy among Bittenbender and his co-conspirators and their acts in furtherance thereof effectively impeded, obstructed and impaired the honest administration of DESC's full and open multi-stage competitive procurement process for fuel supply contracts and thereby defrauded the United States.
- (f) The conspiracy among Bittenbender and his co-conspirators and their acts in furtherance thereof converted for their own economic benefit Avcard's trade secrets, namely, its confidential bid information and data underlying that information, which were related to a product, namely fuel supply services, placed in interstate and foreign commerce, by knowingly stealing and without authorization carrying away and concealing those trade secrets to the substantial detriment of Avcard.
- (g) Aveard's trade secrets derive independent economic value, both actual and potential, from not being generally known to the public. Aveard took reasonable steps to protect and keep private these trade secrets, including maintaining the physical security of its building, limiting access to the information to essential personnel, implementing data

security policies, and informing employees of their obligation to protect such information.

- (h) Bittenbender abused the position of trust conferred upon him by Avcard in a manner that significantly facilitated the conspiracy.
- (i) A substantial part of this fraudulent scheme was committed from outside the United States, including from the Czech Republic, where Bittenbender's individual co-conspirators live and where Bittenbender's corporate co-conspirators operate.
- (j) The intended loss occasioned by Bittenbender's and his co-conspirators' conduct was at least \$2.5 million, including substantial losses to Avcard and additional substantial losses to the United States.
- (k) Activities in furtherance of the conspiracy were carried out and took place in the District of Maryland within five years preceding the date of this Plea Agreement.

POSSIBLE MAXIMUM SENTENCE

- 5. The defendant understands that the statutory maximum penalty which may be imposed against him upon conviction for a violation of 18 U.S.C. § 371 is:
 - (a) a term of imprisonment for five (5) years (18 U.S.C. § 371);
 - (b) a fine in an amount equal to the greatest of (1) \$250,000; or (2) twice the gross pecuniary gain the conspirators derived from the crime; or (3) twice the gross pecuniary loss caused to the victims of the crime by the conspirators; and
 - (c) a term of supervised release of not more than three years following any term of imprisonment. If the defendant violates any condition of supervised release, the defendant could be imprisoned for up to two (2) years (18 U.S.C. § 3559(a)(4); 18 U.S.C. § 3583(b)(2) and (e)(3); and United States Sentencing Guidelines ("U.S.S.G."

"Sentencing Guidelines," or "Guidelines") § 5D1.2(a)(2)).

- 6. The defendant understands that the statutory maximum penalty which may be imposed against him upon conviction for a violation of 18 U.S.C. § 1349 is:
 - (a) a term of imprisonment for twenty (20) years (18 U.S.C. § 1349);
 - (b) a fine in an amount equal to the greatest of (1) \$250,000; or (2) twice the gross pecuniary gain the conspirators derived from the crime; or (3) twice the gross pecuniary loss caused to the victims of the crime by the conspirators; and
 - (c) a term of supervised release of not more than three years following any term of imprisonment. If the defendant violates any condition of supervised release, the defendant could be imprisoned for up to two (2) years (18 U.S.C. § 3559(a)(3); 18 U.S.C. § 3583(b)(2) and (e)(3); U.S.S.G. § 5D1.2(a)(2)).
- 7. The defendant further understands that the statutory maximum penalty which may be imposed against him upon conviction for a violation of 18 U.S.C. § 1832 is:
 - (a) a term of imprisonment for ten (10) years (18 U.S.C. § 1832(a));
 - (b) a fine in an amount equal to the greatest of (1) \$250,000; or (2) twice the gross pecuniary gain the conspirators derived from the crime; or (3) twice the gross pecuniary loss caused to the victims of the crime by the conspirators; and
 - (c) a term of supervised release of not more than three years following any term of imprisonment. If the defendant violates any condition of supervised release, the defendant could be imprisoned for up to two (2) years (18 U.S.C. § 3559(a)(3); 18 U.S.C. § 3583(b)(2) and (e)(3); U.S.S.G. § 5D1.2(a)(2)).
 - 8. In addition, the defendant understands that:

- (a) pursuant to U.S.S.G. § 5E1.1 or 18 U.S.C. § 3663A(c)(1)(A)(ii), the Court shall order him to pay restitution to the victims of the offenses; and
- (b) pursuant to 18 U.S.C. § 3013(a)(2)(A), the Court is required to order the defendant to pay a \$300.00 special assessment upon conviction for the charged crimes.

SENTENCING GUIDELINES

9. The defendant understands that the Sentencing Guidelines are advisory, not mandatory, and that the Court must consider the Guidelines in effect on the day of sentencing, along with the other factors set forth in 18 U.S.C. § 3553(a), in determining and imposing sentence. The defendant understands that the Guidelines determinations will be made by the Court by a preponderance of the evidence standard. The defendant understands that although the Court is not ultimately bound to impose a sentence within the applicable Guidelines range, its sentence must be reasonable based upon consideration of all relevant sentencing factors set forth in 18 U.S.C. § 3553(a). The defendant agrees that this plea agreement, along with the record that will be created by the United States and the defendant at the plea hearing will provide sufficient information concerning the defendant, the crimes charged, and the defendant's role in the crimes to enable the meaningful exercise of the Court's sentencing authority under 18 U.S.C. § 3553.

SENTENCING AGREEMENT

- 10. The United States and the defendant understand, agree and stipulate to the following applicable Sentencing Guidelines considerations and factors:
 - (a) The November 1, 2006 edition of the Guidelines applies;
 - (b) Counts 1, 2, and 3 group pursuant to U.S.S.G. § 3D1.2(d), and the controlling Guideline applicable to Counts 1, 2, and 3 is U.S.S.G. § 2B1.1;

- (c) Pursuant to the Guidelines § 2B1.1(a)(1), the base offense level is 7;
- (d) The loss intended by the offenses was at least \$2.5 million, and therefore an eighteen-level increase is appropriate pursuant to U.S.S.G. § 2B1.1(b)(1)(J);
- (e) A substantial part of the fraudulent scheme was committed from outside the United States, and therefore, an additional two-level increase is appropriate pursuant to U.S.S.G. § 2B1.1(b)(9)(B);
- (f) The defendant abused a position of private trust in a manner that significantly facilitated the commission of the offense, and therefore pursuant to U.S.S.G. § 3B1.3 an additional two-level increase is appropriate; and
- (g) The resulting Total Offense Level is 29.
- (h) The parties agree that there exists no aggravating or mitigating circumstance of a kind, or to a degree, not adequately taken into consideration by the United States Sentencing Commission in formulating the Guidelines justifying a departure pursuant to U.S.S.G. §5K2.0. The defendant is free, however, to ask the Court to consider the factors set forth in 18 U.S.C. 3553(a) in determining and imposing sentence; the defendant understands that the United States may oppose the defendant's sentencing recommendation based on those factors.
- The United States does not oppose a two-level reduction in the defendant's adjusted offense level, based upon the defendant's apparent prompt recognition and affirmative acceptance of personal responsibility for his criminal conduct. The United States agrees to make a motion pursuant to U.S.S.G. § 3E1.1(b) for an additional one-level decrease in recognition of the defendant's timely notification of his intention to plead guilty. The United States may oppose

any adjustment for acceptance of responsibility if the defendant (a) fails to admit each and every item in the factual stipulation; (b) denies involvement in the offense; (c) gives conflicting statements about his involvement in the offense; (d) is untruthful with the Court, this Office, or the United States Probation Office; (e) obstructs or attempts to obstruct justice prior to sentencing; (f) engages in any criminal conduct between the date of this agreement and the date of sentencing; or (g) attempts to withdraw his plea of guilty.

- 12. The defendant understands that there is no agreement as to his criminal history or criminal history category, and that his criminal history or criminal history category could alter his offense level, if he is a career offender or if the instant offense was a part of a pattern of criminal conduct from which he derived a substantial portion of his income.
- assistance in an investigation or prosecution of others, and if he has fully complied with all of his obligations under this agreement, the United States will make a motion, pursuant to U.S.S.G. § 5K1.1, requesting the Court to sentence the defendant in light of the advisory factors set forth in § 5K1.1(a)(1)-(5) and requesting a downward departure of up to five levels. The United States shall have sole discretion in determining whether the defendant has provided such substantial assistance and, therefore, whether any motion pursuant to § 5K1.1 should be made. The United States' determination of whether the defendant has provided substantial assistance will not depend in any way on the outcome of any trial or other proceeding at which the defendant testifies. If the United States makes such a motion, the defendant is bound by the departure level recommended by the United States. It is understood that should the United States determine that the defendant has not provided substantial assistance in an investigation or prosecution, such a

determination will release the United States from any obligation to make a motion pursuant to § 5K1.1, but will not entitle the defendant to withdraw his guilty plea once it has been entered. It is understood that, even if such a motion is made, the sentence to be imposed on the defendant remains within the sole discretion of the Court.

- 14. The United States and the defendant agree that with respect to the calculation of the advisory Guidelines range, no other offense characteristics, sentencing guidelines factors, potential departures or adjustments as set forth in Chapters 2, 3, 4, or 5 of the Sentencing Guidelines will be raised, argued, or are in dispute.
- 15. Subject to the ongoing, full, and truthful cooperation of the defendant described in paragraph 18 of this Plea Agreement, and before sentencing in the case, the United States will fully advise the Court and the Probation Office of the fact, manner, and extent of the defendant's cooperation and his commitment to prospective cooperation with the United States investigation and prosecutions, all material facts relating to the defendant's involvement in the charged offense, and all other relevant*conduct. To enable the Court to have the benefit of all relevant sentencing information, the United States may request, and the defendant will not oppose, that sentencing be postponed until his cooperation is complete.
- 16. The United States and the defendant understand that the Court retains complete discretion to accept or reject the Guidelines calculations provided for in paragraph 10 of this Plea Agreement. The defendant understands that, as provided in Fed. R. Crim. P. 11(c)(3)(B), if the Court does not impose a sentence consistent with the recommended Guidelines calculation contained in this Agreement, he nevertheless has no right to withdraw his guilty plea.

RESTITUTION

- 17. The defendant agrees to the entry of a restitution order for the full amount of the victims' losses pursuant to 18 U.S.C. §§ 3556, 3663A(c)(1)(A)(ii), and 3664(f)(1)(A). The defendant agrees that his restitution obligation shall be joint and several with any other defendants ultimately convicted in this matter, if any, but that the Court may apportion liability among defendants, pursuant to the procedures set forth in 18 U.S.C. § 3664, to reflect the level of contribution to the victims' losses and economic circumstances of each defendant. The United States agrees not to oppose the imposition of a reasonable payment schedule, as directed by the Court after its review of the factors enumerated in 18 U.S.C. § 3664. The defendant further agrees that the Court shall maintain continuing supervisory authority over the restitution owed to the victims in this matter and, pursuant to 18 U.S.C. § 3664(k), the Court may adjust the payment schedule or apportionment of that restitution obligation in order to account for a material change in the defendant's economic circumstances or to ensure repayment of the victims' losses. The United States and the defendant agree that, at this time, they are aware of restitution owed for the following actual losses to these victims of the offenses:
 - A. \$522,078 to Avcard, a division of Kropp Holdings, Inc.; and
 - B. \$174,305 to DESC and the United States Department of Defense.

DEFENDANT'S COOPERATION

18. The defendant will cooperate fully and truthfully with the United States in the prosecution of this case and the investigation of any conspiracy to defraud Avcard or defeat the administration of DESC's fuel supply program through the misappropriation of Avcard's confidential business information or trade secrets, any other federal investigation resulting

therefrom, and any litigation or other proceedings arising or resulting from any such investigation to which the United States is a party ("Federal Proceeding"). The ongoing, full, and truthful cooperation of the defendant shall include, but not be limited to:

- (a) producing all non-privileged documents, including claimed personal documents, and other materials, wherever located, in the possession, custody, or control of the defendant, requested by attorneys and agents of the United States;
- (b) making himself available for interviews, not at the expense of the United States, upon the request of attorneys and agents of the United States;
- (c) responding fully and truthfully to all inquiries of the United

 States in connection with any Federal Proceeding, without falsely implicating any person or intentionally withholding any information, subject to the penalties of making false statements (18 U.S.C. § 1001) and obstruction of justice (18 U.S.C. § 1503 et seq.);
- (d) otherwise voluntarily providing the United States with any non-privileged material or information, not requested in (a) (c) of this paragraph, that he may have that is related to any Federal Proceeding; and
- (e) when called upon to do so by the United States in connection with any Federal Proceeding, testifying in the grand jury, trial, and other judicial proceedings, fully, truthfully, and under oath, subject to the penalties of perjury (18 U.S.C. § 1621), false statements or declarations in grand jury or court proceedings (18 U.S.C. § 1623), contempt (18 U.S.C. §§ 401-02), and obstruction of justice (18 U.S.C. § 1503 et seq.).
- 19. The defendant agrees that the United States may meet with and de-brief him without the presence of his attorney, unless the defendant specifically requests his attorney's

presence at such de-briefings and meetings. Upon request of the defendant, the United States will endeavor to provide advance notice to counsel of the date, place and time of meetings and de-briefings, it being understood that the United States' ability to provide such notice may vary according to time constraints and other circumstances. The United States may accommodate requests to alter the time and place of such de-briefings. The defendant understands, however, that any cancellations or rescheduling of de-briefings or meetings requested by the defendant that hinder the United States' ability to prepare for trials, hearings or other proceedings may adversely affect the defendant's ability to provide substantial assistance. Matters occurring at any meeting or de-briefing may be considered by the United States in its determination of whether the defendant has provided substantial assistance or otherwise complied with the letter and spirit of this Plea Agreement, and may be considered by the Court in imposing sentence regardless of whether counsel was present at the meeting or debriefing.

GOVERNMENT'S AGREEMENT

20. Subject to the full, truthful, and continuing cooperation of the defendant, as described in paragraph 18 of this Plea Agreement, and upon the Court's acceptance of the guilty plea called for by this Plea Agreement and the imposition of the recommended sentence, the United States will not bring further criminal charges against the defendant for any act or offense committed before the date of this Plea Agreement that was undertaken in furtherance of any conspiracy to defraud Avcard or defeat the administration of DESC's fuel supply program, through the misappropriation of Avcard's confidential business information or trade secrets ("Relevant Offense"). The nonprosecution terms of this paragraph do not apply to civil matters of any kind, to any violation of the federal tax or securities laws, or to any crime of violence.

21. The defendant understands that he may be subject to administrative action by federal or state agencies other than the Department of Justice, Antitrust Division, based upon the conviction resulting from this Plea Agreement, and that this Plea Agreement in no way controls whatever action, if any, other agencies may take. However, the United States agrees that, if requested, it will advise the appropriate officials of any governmental agency considering such administrative action of the fact, manner, and extent of the cooperation of the defendant as a matter for that agency to consider before determining what administrative action, if any, to take.

REPRESENTATION BY COUNSEL

22. The defendant has reviewed all legal and factual aspects of this case with his attorney and is fully satisfied with his attorney's legal representation. The defendant has thoroughly reviewed this Plea Agreement with his attorney and has received satisfactory explanations from his attorney concerning each paragraph of this Plea Agreement and alternatives available to the defendant other than entering into this Plea Agreement. After conferring with his attorney and considering all available alternatives, the defendant has made a knowing and voluntary decision to enter into this Plea Agreement.

VOLUNTARY PLEA

23. The defendant's decision to enter into this Plea Agreement and to tender a plea of guilty is freely and voluntarily made and is not the result of force, threats, assurances, promises, or representations other than the representations contained in this Plea Agreement. The United States has made no promises or representations to the defendant as to whether the Court will accept or reject the recommendations contained within this Plea Agreement.

VIOLATION OF PLEA AGREEMENT

- 24. The defendant agrees that, should the United States determine in good faith, during the period that any Federal Proceeding is pending, that the defendant has failed to provide full and truthful cooperation, as described in paragraph 18 of this Plea Agreement, or has otherwise violated any provision of this Plea Agreement, the United States will notify the defendant or his counsel in writing by personal or overnight delivery or facsimile transmission and may also notify his counsel by telephone of its intention to void any of its obligations under this Plea Agreement (except its obligations under this paragraph), and the defendant shall be subject to prosecution for any federal crime of which the United States has knowledge including, but not limited to, the substantive offenses relating to the investigation resulting in this Plea Agreement. The defendant may seek Court review of any determination made by the United States under this paragraph to void any of its obligations under the Plea Agreement. The defendant agrees that, in the event that the United States is released from its obligations under this Plea Agreement and brings criminal charges against the defendant for any Relevant Offense, the statute of limitations period for such offense will be tolled for the period between the date of the signing of this Plea Agreement and six (6) months after the date the United States gave notice of its intent to void its obligations under this Plea Agreement.
- 25. The defendant understands and agrees that in any further prosecution of him resulting from the release of the United States from its obligations under this Plea Agreement based on the defendant's violation of the Plea Agreement, any documents, statements, information, testimony, or evidence provided by him to attorneys or agents of the United States, federal grand juries, or courts, and any leads derived therefrom, may be used against him in any such further prosecution. In addition, the defendant unconditionally waives his right to challenge

the use of such evidence in any such further prosecution, notwithstanding Fed. R. Evid. 410.

ENTIRETY OF AGREEMENT

- 26. This Plea Agreement constitutes the entire agreement between the United States and the defendant concerning the disposition of the criminal charges in this case. This Plea Agreement cannot be modified except in writing, signed by the United States and the defendant.
- 27. The undersigned attorneys for the United States have been authorized by the Attorney General of the United States to enter this Plea Agreement on behalf of the United States.

28. A facsimile signature shall be deemed an original signature for the purpose of executing this Plea Agreement. Multiple signature pages are authorized for the purpose of executing this Plea Agreement.

By:

Mark W. Pletcher
Patrick Egan
Portia R. Brown
Trial Attorneys
United States Department of Justice
Antitrust Division, Criminal Enforcement Section

I have read this agreement and carefully reviewed every part of it with my attorney. I understand it, and I voluntarily agree to it. Specifically, I have reviewed the Factual and Advisory Guidelines Stipulation with my attorney, and I do not wish to change any part of it. I understand this Plea Agreement, and I voluntarily agree to it. I am completely satisfied with the representation of my attorney.

Date

Matthew W. Bittenbender

I am Matthew W. Bittenbender's attorney. I have carefully reviewed every part of this agreement with him. To my knowledge, his decision to enter into this agreement is an informed

and yoluntary one.

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Robert W. Biddle, Esq.