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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

FILED
DEC 26 2018
JUDGE JOHN J. THARP, JR.
UNITED STATES DISTRICT COURT

UNITED STATES OF AMERICA

v.

JIONGSHENG ("JIM") ZHAO

CASE NUMBER: 18 CR 24

PLEA AGREEMENT

1. This Plea Agreement between the Fraud Section, Criminal Division, United States Department of Justice (the "government") and defendant JIONGSHENG ("JIM") ZHAO, and his attorney, Theodore T. Poulos, of Cotsirilos, Tighe, Streicker, Poulos & Campbell, Ltd., is made pursuant to Rule 11 of the Federal Rules of Criminal Procedure. The parties to this Plea Agreement have agreed upon the following:

Charges in This Case

2. The Information in this case charges the defendant with one count of spoofing, in violation of Title 7, United States Code, Sections 6c(a)(5)(C) and 13(a)(2).

3. The defendant has read the charges against him contained in the Information, and those charges have been fully explained to him by his attorney.

4. The defendant fully understands the nature and elements of the crimes with which he has been charged.

Charge to Which Defendant Is Pleading Guilty

5. By this Plea Agreement, the defendant agrees to enter a voluntary plea of guilty to Count One of the Information, which charges the defendant with one count of spoofing, in violation of Title 7, United States Code, Sections 6c(a)(5)(C) and 13(a)(2).

Factual Basis

6. The defendant will plead guilty because he is in fact guilty of the charges contained in Count One of the Information. In pleading guilty, the defendant admits the facts alleged in Count One of the Information as well as the facts set forth in Paragraph 7 of this Plea Agreement (collectively, the “Facts”). The defendant further admits that the Facts establish his guilt beyond a reasonable doubt.

7. At all relevant times, ZHAO was employed as a trader at Trading Firm A that was headquartered in Sydney, Australia. ZHAO resided and worked in Australia. When trading, ZHAO placed orders manually, meaning he physically clicked his computer mouse or hit keyboard keys to place each order, and physically clicked his mouse or hit keyboard keys to cancel an order. Among other things, ZHAO traded E-mini S&P 500 futures contracts on the Chicago Mercantile Exchange (“CME”), which is a commodities exchange operated by the CME Group Inc., a commodities marketplace located in Chicago, Illinois, with its servers located in the Northern District of Illinois. At all relevant times, the CME was a registered entity, operating as a Designated Contract Market, and subject to regulation by the U.S. Commodity Futures Trading Commission. Market participants trading on the CME were subject to its rules.

Spoof Orders

From approximately July 2012 and continuing through approximately March 2016 (the “Relevant Period”), ZHAO placed thousands of orders on the CME for E-mini S&P 500 futures contracts that, at the time ZHAO placed the orders, he intended to cancel before execution (the “Spoof Orders”). Typically, ZHAO engaged in this trading strategy when ZHAO already had an order for E-mini S&P 500 futures contracts pending in the market that ZHAO did want to execute, but was not being filled (the “Primary Order”). ZHAO would place the Spoof Orders on the opposite side of the

market from the Primary Order with the goal to induce other market participants to trade against ZHAO's Primary Order. At times, ZHAO's Spoof Orders did, in fact, cause other market participants to react and to trade at prices, quantities, and times that they likely otherwise would not have traded, but for ZHAO's Spoof Orders, and which resulted in ZHAO's Primary Order being filled. Frequently, once ZHAO's Spoof Orders served their purpose and his Primary Order was filled, ZHAO quickly cancelled the Spoof Orders. ZHAO's trading strategy was intended to, and did, transmit materially false and misleading liquidity and price information and otherwise deceive other market participants about the existence of supply and demand for E-mini S&P 500 futures contracts. The Spoof Orders were designed to, and did, artificially move the price of E-mini S&P 500 futures contracts in a direction that was favorable to ZHAO, and to the detriment of other market participants.

ZHAO placed the Spoof Orders in order to generate profits (or mitigate losses) for himself and Trading Firm A. ZHAO personally benefited from using Spoof Orders in numerous ways, including by way of continued employment and compensation from Trading Firm A, which compensation was based in part on his trading profits. As part of ZHAO's employment contract with Trading Firm A, during the Relevant Period, Trading Firm A kept a percentage of ZHAO's trading profits, ranging at various times from 20% to 50%. During the Relevant Period, when placing the Spoof Orders, ZHAO (i) was an employee of Trading Firm A, (ii) acted with the intent, at least in part, to benefit Trading Firm A, and (iii) acted within the scope of his authority and employment at Trading Firm A. ZHAO agrees that the United States has calculated that Spoof Orders ZHAO himself placed generated trading gains to himself and Trading Firm A of approximately \$21,000 and caused market losses of approximately \$464,000. ZHAO acted knowingly and willfully in submitting Spoof Orders.

The Spoof Orders constituted foreign and interstate wire communications because ZHAO electronically placed, and caused to be placed, the orders onto the CME from computers at his home or Trading Firm A's offices in Sydney, Australia.

The Spoof Orders included, but were not limited to:

Approx. Date	Approx. Time (Central Time)	Side	Approx. Price	Approx. Number of Contracts in Spoof Order	Approx. Total Value of Spoof Order	Approx. Period of Time Spoof Order Was Active
June 30, 2013	09:37:18.600 PM	Sell	\$1,595.50	151	\$12,046,025.00	0.814 secs
July 12, 2013	02:09:53.733 AM	Buy	\$1,667.25	151	\$12,587,737.50	0.719 secs
July 12, 2013	02:10:06.251 AM	Sell	\$1,667.50	151	\$12,589,625.00	0.826 secs
July 29, 2013	08:33:59.830 PM	Buy	\$1,685.25	201	\$16,936,762.50	0.671 secs
July 29, 2013	08:34:29.003 PM	Sell	\$1,685.50	201	\$16,939,275.00	0.689 secs
August 26, 2013	09:54:50.629 PM	Sell	\$1,652.00	201	\$16,602,600.00	0.752 secs
August 26, 2013	09:54:57.019 PM	Sell	\$1,652.00	201	\$16,602,600.00	0.799 secs
August 27, 2013	11:39:37.772 PM	Buy	\$1,629.00	201	\$16,371,450.00	0.687 secs
August 27, 2013	11:39:57.927 PM	Sell	\$1,629.25	201	\$16,373,962.50	0.705 secs
March 12, 2014	10:52:22.441 PM	Buy	\$1,873.25	201	\$18,826,162.50	0.591 secs
March 24, 2014	12:10:09.804 AM	Buy	\$1,857.00	201	\$18,662,850.00	0.579 secs
March 24, 2014	12:11:01.303 AM	Sell	\$1,857.25	201	\$18,665,362.50	0.623 secs
March 26, 2014	11:55:53.892 PM	Buy	\$1,845.25	201	\$18,544,762.50	0.640 secs
December 7, 2015	03:15:57.994 AM	Sell	\$2,094.25	101	\$10,575,962.50	0.663 secs
December 7, 2015	03:16:03.202 AM	Sell	\$2,094.25	151	\$15,811,587.50	0.675 secs
December 22, 2015	03:45:43.179 AM	Buy	\$2,008.00	152	\$15,250,800.00	0.880 secs
December 22, 2015	06:45:46.640 AM	Buy	\$2,008.25	152	\$15,262,700.00	0.705 secs
January 15, 2016	06:08:59.223 AM	Sell	\$1,885.00	152	\$14,326,000.00	0.727 secs
January 26, 2016	01:08:59.811 AM	Sell	\$1,862.75	152	\$14,156,900.00	0.688 secs

Approx. Date	Approx. Time (Central Time)	Side	Approx. Price	Approx. Number of Contracts in Spoof Order	Approx. Total Value of Spoof Order	Approx. Period of Time Spoof Order Was Active
February 10, 2016	05:29:54.776 AM	Sell	\$1,867.75	151	\$14,101,512.50	0.720 secs
March 2, 2016	04:30:49.701 AM	Buy	\$1,973.25	162	\$15,983,325.00	0.671 secs
March 7, 2016	03:45:10.792 AM	Sell	\$2,026.75	152	\$15,403,300.00	0.778 secs

The CME Investigation

In approximately March 2016, the CME began an investigation into ZHAO's trading activity in connection with the E-mini S&P 500 futures contracts. As part of that investigation, ZHAO submitted to an interview with the CME, and provided written responses, to explain his trading activity. ZHAO knew that he was obligated to be truthful in his interview with, and written response to, the CME, and knew the CME was acting in furtherance of its official duties under Title 7, United States Code, Chapter 1 during its investigation. ZHAO responded to the CME (i) as an employee of Trading Firm A, (ii) acting with the intent, at least in part, to benefit Trading Firm A, and (iii) acting within the scope of his authority and employment at Trading Firm A.

As part of its investigation, the CME identified three specific examples of ZHAO's trading activity that occurred on December 7 and 22, 2015, and March 7, 2016. In a written response submitted to the CME, ZHAO stated that all of the orders identified in the three examples were part of either a "scalping" or spread trading strategy and were placed with the intention to execute. In truth and in fact, however, when providing this response to the CME, ZHAO well knew that, for certain large orders identified in each example, he had placed these large orders with the intent, at the time they were placed, to cancel them before execution. That is, these large orders were Spoof Orders. ZHAO's statement that he placed these large orders with the intention that they be filled was false and misleading,

and it was material to the CME's investigation into ZHAO's trading activity. ZHAO made this false statement knowingly and willfully, in order to falsify, conceal, and cover up his spoofing conduct. ZHAO retained counsel to represent him in connection with the CME investigation, and ZHAO knowingly used his counsel as a conduit to convey this same false and misleading information to the CME.

8. The foregoing Facts are set forth solely to assist the Court in determining whether a factual basis exists for the defendant's plea of guilty, and are not intended to be a complete or comprehensive statement of all the facts within the defendant's personal knowledge regarding the charged crime and related conduct.

Maximum Statutory Penalties

9. The defendant understands that the charge to which he is pleading guilty carries the following statutory penalty:

a. A maximum sentence of ten years' imprisonment. The statutory maximum period of imprisonment for Count One (spoofing) is ten years. The defendant further understands that the Court also may impose a term of supervised release of not more than three years for this offense.

b. A criminal fine of \$1,000,000, or twice the gross gain or gross loss resulting from the offense, whichever is greater.

c. The defendant further understands that, pursuant to Title 18, United States Code, Section 3663A, the Court must order restitution for persons directly and proximately harmed as a result of the defendant's violation of Count One (spoofing), in an amount determined by the Court.

d. In accord with Title 18, United States Code, Section 3013, the defendant must pay a mandatory special assessment of \$100 (\$100 on each count to which he has pleaded guilty), in addition to any other penalty, forfeiture, or restitution imposed.

Sentencing Guidelines Calculations

10. The defendant understands that in imposing sentence the Court will be guided by the United States Sentencing Guidelines. The defendant understands that the Sentencing Guidelines are advisory, not mandatory, but that the Court must calculate the applicable Sentencing Guidelines range, and to consider that range, possible departures under the Sentencing Guidelines, and other sentencing factors under 18 U.S.C. § 3553(a), which include: (i) the nature and circumstances of the offense and the history and characteristics of the defendant; (ii) the need for the sentence imposed to reflect the seriousness of the offense, promote respect for the law, and provide just punishment for the offense, afford adequate deterrence to criminal conduct, protect the public from further crimes of the defendant, and provide the defendant with needed educational or vocational training, medical care, or other correctional treatment in the most effective manner; (iii) the kinds of sentences available; (iv) the need to avoid unwarranted sentence disparities among defendants with similar records who have been found guilty of similar conduct; and (v) the need to provide restitution to any victim of the offense.

11. For purposes of calculating the Sentencing Guidelines, the parties agree on the following points:

a. **Applicable Guidelines.** The Sentencing Guidelines to be considered in this case are those in effect at the time of sentencing. The following statements regarding the calculation of the Sentencing Guidelines are based on the Guidelines Manual currently in effect, namely the November 1, 2018 Guidelines Manual.

b. **Offense Level Calculations.**

- i. For Count One, the base offense level is 6, pursuant to Guideline § 2B1.1(a)(2).
- ii. The parties agree that, pursuant to Guideline § 2B1.1(b)(1), a loss assessment is appropriate.
- iii. Pursuant to Guideline § 2B1.1(b)(2)(A)(i), defendant's offense level is increased by 2 levels because the offense involved 10 or more victims.
- iv. Pursuant to Guideline §§ 2B1.1(b)(10), defendant's offense level is increased by 2 levels because the offense involved sophisticated means.
- v. Defendant has clearly demonstrated a recognition and affirmative acceptance of personal responsibility for his criminal conduct. If the government does not receive additional evidence in conflict with this provision, and if defendant continues to accept responsibility for his actions within the meaning of Guideline § 3E1.1(a), including by furnishing the Fraud Section and the Probation Office with all requested financial information relevant to his ability to satisfy any fine, forfeiture, or restitution that may be imposed in this case, a two-level reduction in the offense level is appropriate.
- vi. In accord with Guideline § 3E1.1(b), defendant has timely notified the government of his intention to enter a plea of guilty, thereby permitting the government to avoid preparing for trial and permitting the Court to allocate its resources efficiently. Therefore, as provided by Guideline § 3E1.1(b), if the Court determines the offense level to be 16 or greater prior to determining that defendant is entitled to a two-level reduction for acceptance of responsibility, the government will move for an additional one-level reduction in the offense level.

c. **Criminal History Category.** With regard to determining the defendant's criminal history points and criminal history category, based on the facts now known to the government, defendant's criminal history points equal zero and the defendant's criminal history category is I.

d. **Joint Sentencing Recommendation.** The government and the defendant agree to jointly recommend that the defendant be sentenced to a period of one year and one day (12 months plus one day) imprisonment, with credit for time already served in United States and Australian facilities.

e. Defendant and his attorney and the government acknowledge that the above guidelines calculations are preliminary in nature, and are non-binding predictions upon which neither party is entitled to rely. Defendant understands that further review of the facts or applicable legal principles may lead the government to conclude that different or additional guidelines provisions apply in this case. Defendant understands that the Probation Office will conduct its own investigation and that the Court ultimately determines the facts and law relevant to sentencing, and that the Court's determinations govern the final guideline calculation. Accordingly, the validity of this Plea Agreement is not contingent upon the probation officer's or the Court's concurrence with the above calculations, and defendant shall not have a right to withdraw his plea on the basis of the Court's rejection of these calculations.

f. Both parties expressly acknowledge that this Plea Agreement is not governed by Fed. R. Crim. P. 11(c)(1)(B), and that errors in applying or interpreting any of the Sentencing Guidelines may be corrected by either party prior to sentencing. The parties may correct these errors either by stipulation or by a statement to the Probation Office or the Court, setting forth the disagreement regarding the applicable provisions of the guidelines. The validity of this Plea Agreement will not be affected by

such corrections, and the defendant shall not have a right to withdraw his plea, nor the government the right to vacate this Plea Agreement, on the basis of such corrections.

Cooperation

12. The defendant agrees he will fully and truthfully cooperate in any matter in which he is called upon to cooperate by a representative of the Fraud Section. This cooperation shall include making himself physically available in Washington, D.C. or the Northern District of Illinois for, and providing complete and truthful information during, any investigation and pre-trial preparation and complete and truthful testimony in any criminal, civil, or administrative proceeding. The defendant agrees to the postponement of his sentencing until after the conclusion of his cooperation. The defendant further agrees to make himself available by telephone within seven (7) calendar days of any request by the Fraud Section.

Agreements Relating to Sentencing

13. The parties agree that, on January 29, 2018, the defendant was arrested by the Australian Federal Police and remanded into custody pending extradition to the United States. Pursuant to 18 U.S.C. § 3585(b), the defendant shall be given credit for the time that the defendant has spent in custody toward the service of any term of imprisonment imposed for the offense that the defendant is pleading guilty to in Count One of the Information. The parties agree that upon entry of a guilty plea in open court, the parties will jointly move the Court to order the Bureau of Prisons prior to sentencing to calculate the duration of time that the defendant has already served in custody.

14. At the time of sentencing, the government shall make known to the sentencing judge the extent of the defendant's cooperation. If the government determines, in its sole discretion, that the defendant has provided full and truthful cooperation as required by this Plea Agreement, and has rendered substantial assistance, then the government shall move the Court, pursuant to Guideline

§ 5K1.1, to depart downward from the low end of the applicable guideline range. The defendant understands that the decision to depart from the applicable guideline range rests solely with the Court.

15. If the government does not move the Court, pursuant to Guideline § 5K1.1, to depart from the applicable Guideline range, as set forth above, the preceding paragraph of this Plea Agreement will be inoperative, both parties shall be bound to request a sentence as set forth in Paragraph 13, and the Court shall impose a sentence taking into consideration the factors set forth in 18 U.S.C. § 3553(a) as well as the Sentencing Guidelines without any downward departure for cooperation pursuant to § 5K1.1. The defendant may not withdraw his plea of guilty because the government has failed to make a motion pursuant to Guideline § 5K1.1.

16. It is understood by the parties that the sentencing judge is neither a party to nor bound by this Plea Agreement and may impose a sentence up to the maximum penalties as set forth above. The defendant further acknowledges that if the Court does not accept the sentencing recommendation of the parties, the defendant will have no right to withdraw his guilty plea.

17. The defendant agrees to pay the special assessment of \$100 at the time of sentencing with a cashier's check or money order payable to the Clerk of the U.S. District Court.

18. If the Court should order restitution, the defendant agrees to the entry of a Restitution Order for the full amount of the victims' losses as determined by the Court. Pursuant to 18 U.S.C. § 3663A(c)(2), the defendant agrees that an offense listed in 18 U.S.C. § 3663A(c)(1) gave rise to this Plea Agreement and as such, victims of the conduct described in the Information, Factual Basis, or any related or similar conduct shall be entitled to restitution. The parties further acknowledge, however, that pursuant to 18 U.S.C. § 3663A(c)(3), and based on information currently available to the government: (i) determining complex issues of fact relating to the amount of the victims' losses would

complicate or prolong the sentencing process to a degree that the need to provide restitution to any victim may be outweighed by the burden on the sentencing process; and (ii) the number of identifiable victims may be so large as to make restitution impracticable. To that end, the defendant agrees, pursuant to 18 U.S.C. § 3664(d)(5), that the court may defer the imposition of restitution, if any, until after the sentencing; however, defendant specifically waives the 90-day provision found at 18 U.S.C. § 3664(d)(5). The defendant also consents to the government filing a motion with the Court seeking authorization to use alternative victim notification procedures pursuant to 18 U.S.C. § 3771(d)(2). Defendant further acknowledges that, pursuant to 18 U.S.C. § 3664(k), he is required to notify the Court and the Fraud Section of any material change in economic circumstances that might affect his ability to pay restitution.

19. The defendant agrees to disgorge proceeds he earned from the criminal conduct which is the subject of this Plea Agreement. The government has calculated such proceeds to be approximately \$21,000, and the defendant reserves the right to present evidence that reduces the appropriate amount of disgorgement. Any such evidence must be provided to the government no later than forty-five (45) days prior to sentencing. The defendant shall not be required to disgorge the proceeds of identical conduct for which he is ordered to disgorge proceeds in a parallel civil or regulatory proceeding before the U.S. Commodity Futures Trading Commission.

Acknowledgments and Waivers Regarding Plea of Guilty

Nature of Agreement

20. This Plea Agreement is entirely voluntary and represents the entire agreement between the Fraud Section and the defendant regarding defendant's criminal liability in case 18 CR 24.

21. Except as set forth in this Plea Agreement, the Fraud Section agrees that it will not initiate further criminal charges against the defendant based on conduct set forth in the criminal information and this agreement.

22. This Plea Agreement concerns criminal liability only. Except as expressly set forth in this Plea Agreement, nothing herein shall constitute a limitation, waiver, or release by the United States or any of its agencies of any administrative or judicial civil claim, demand, or cause of action it may have against the defendant or any other person or entity. The obligations of this Plea Agreement are limited to the Fraud Section and cannot bind any other federal, state, or local prosecuting, administrative, or regulatory authorities, except as expressly set forth in this Plea Agreement.

Waiver of Rights

23. The defendant understands that by pleading guilty he surrenders certain rights, including the following:

a. **Trial rights.** The defendant has the right to persist in a plea of not guilty to the charges against him, and if he does, he would have the right to a public and speedy trial.

i. The trial could be either a jury trial or a trial by the judge sitting without a jury. However, in order that the trial be conducted by the judge sitting without jury, the defendant, the government, and the judge all must agree that the trial be conducted by the judge without a jury.

ii. If the trial is a jury trial, the jury would be composed of twelve citizens from the district, selected at random. The defendant and his attorney would participate in choosing the jury by requesting that the Court remove prospective jurors for cause where actual bias or other disqualification is shown, or by removing prospective jurors without cause by exercising peremptory challenges.

iii. If the trial is a jury trial, the jury would be instructed that the defendant is presumed innocent, that the government has the burden of proving the defendant guilty beyond a reasonable doubt, and that the jury could not convict him unless, after hearing all the evidence, it was persuaded of his guilt beyond a reasonable doubt. The jury would have to agree unanimously before it could return a verdict of guilty or not guilty.

iv. If the trial is held by the judge without a jury, the judge would find the facts and determine, after hearing all the evidence, whether or not the judge was persuaded that the government had established the defendant's guilt beyond a reasonable doubt.

v. At a trial, whether by a jury or a judge, the government would be required to present its witnesses and other evidence against the defendant. The defendant would be able to confront those government witnesses and his attorney would be able to cross-examine them.

vi. At a trial, the defendant could present witnesses and other evidence on his own behalf. If the witnesses for the defendant would not appear voluntarily, he could require their attendance through the subpoena power of the Court. A defendant is not required to present any evidence.

vii. At a trial, the defendant would have a privilege against self-incrimination so that he could decline to testify, and no inference of guilt could be drawn from his refusal to testify. If the defendant desired to do so, he could testify on his own behalf.

24. **Waiver of appellate and collateral rights.** The defendant further understands he is waiving all appellate issues that might have been available if he had exercised his right to trial. The defendant is aware that Title 28, United States Code, Section 1291, and Title 18, United States Code, Section 3742, afford a defendant the right to appeal his conviction and the sentence imposed.

Acknowledging this, the defendant knowingly waives the right to appeal his conviction, pre-trial rulings by the Court, and his right to challenge his sentence, and the manner in which the sentence was determined, including any term of imprisonment and fine within the maximums provided by law, and including any order of restitution and forfeiture, and (in any case in which the term of imprisonment and fine are within the maximums provided by statute) his attorney's alleged failure or refusal to file a notice of appeal, in any collateral attack or future challenge, including but not limited to a motion brought under Title 28, United States Code, Section 2255, in exchange for the concessions made by the government in this Agreement. This includes a waiver of right to challenge the constitutionality, whether facially or as applied, of statutes to which the defendant is pleading guilty. The waiver in this paragraph does not apply to a claim of involuntariness, or ineffective assistance of counsel, which relates directly to this agreement or to its negotiation, nor does it prohibit the defendant from seeking a reduction of sentence based directly on a change in the law that is applicable to the defendant and that, prior to the filing of defendant's request for relief, has been expressly made retroactive by an Act of Congress, the Supreme Court, or the United States Sentencing Commission.

25. The defendant hereby waives any and all objections, motions, and defenses based upon the Statute of Limitations or venue in the Northern District of Illinois.

26. The defendant understands that by pleading guilty he is waiving all the rights set forth in the prior paragraphs. The defendant's attorney has explained those rights to him, and the consequences of his waiver of those rights.

Presentence Investigation Report/Post-Sentence Supervision

27. The defendant understands that the Fraud Section, in its submission to the Probation Office as part of the Pre-Sentence Report and at sentencing, shall fully apprise the District Court and

the Probation Office of the nature, scope, and extent of the defendant's conduct regarding the charge against him, and related matters. The government will make known all matters in aggravation and mitigation relevant to sentencing, including the nature and extent of the defendant's cooperation.

28. The defendant agrees to truthfully and completely execute a Financial Statement (with supporting documentation) prior to sentencing, to be provided to and shared among the Court, the Probation Office, and the Fraud Section, regarding all details of his financial circumstances, including his recent income tax returns as specified by the probation officer. The defendant understands that providing false or incomplete information, or refusing to provide this information, may be used as a basis for denial of a reduction for acceptance of responsibility pursuant to Guideline § 3E1.1 and enhancement of his sentence for obstruction of justice under Guideline § 3C1.1, and may be prosecuted as a violation of Title 18, United States Code, Section 1001 or as a contempt of the Court.

29. For the purpose of monitoring the defendant's compliance with his obligations to pay a fine and restitution during any term of supervised release or probation to which the defendant is sentenced, the defendant further consents to the disclosure of his tax returns (together with extensions, correspondence, and other tax information) and related tax filings and materials to the Probation Office and the Fraud Section filed subsequent to the defendant's sentencing, to and including the final year of any period of supervised release or probation to which the defendant is sentenced.

Other Terms

30. The defendant agrees to cooperate with the Fraud Section in collecting any unpaid fine and restitution for which the defendant is liable, including, upon request, providing financial statements under oath or affirmation and supporting records and submitting to interviews by the United States and the U.S. Probation Office regarding the defendant's capacity to satisfy any fines or restitution.

31. The defendant understands that any person convicted of a felony under Title 7, United States Code, Section 13 shall be suspended from registration under that chapter and shall be denied registration or re-registration for five years or such longer period as the CFTC may determine, and barred from using, or participating in any manner in, any market regulated by the CFTC for five years or such longer period as the CFTC shall determine, on such terms and conditions as the CFTC may prescribe, unless the CFTC determines otherwise. The defendant understands that nothing in this agreement alters the CFTC's statutory authority or discretion to effect any such suspension, denial, or bar against him, or otherwise binds the CFTC in any way. The defendant nevertheless affirms that defendant wants to plead guilty regardless of any collateral consequences that the defendant's plea may entail under Title 7, United States Code, Section 13, or other applicable laws relating to the CFTC's authority over the defendant.

32. The defendant understands that, when convicted, a defendant who is not a United States citizen may be removed from the United States, denied citizenship, and denied admission to the United States in the future. Under federal law, a broad range of crimes are removable offenses, including the offense to which the defendant is pleading guilty. Because removal and other immigration consequences are the subjects of a separate proceeding, the defendant understands that no one, including the defendant's attorney or the Court, can predict to a certainty the effect of the defendant's conviction on the defendant's immigration status. The defendant nevertheless affirms that defendant wants to plead guilty regardless of any immigration consequences that the defendant's plea may entail, even if the consequence is the defendant's automatic removal from the United States. The parties agree that the United States will not oppose a request by the defendant to obtain his passport, leave the United States, and return to Australia, provided that, until the defendant is sentenced, any travel outside the United

States and Australia shall require the consent of the government. The United States also will not oppose a request by the defendant that he be permitted to serve in Australia any period of probation or supervised release that the Court imposes as part of the sentence in this case.

Conclusion

33. The defendant understands that this Plea Agreement will be filed with the Court, will become a matter of public record, and may be disclosed to any person.

34. The defendant understands that his compliance with each part of this Plea Agreement extends throughout the period of his sentence, and failure to abide by any term of the Plea Agreement is a violation of the Plea Agreement. The defendant further understands that in the event he violates this Plea Agreement, the government, at its option, may move to vacate the Plea Agreement, rendering it null and void, and thereafter prosecute defendant not subject to any of the limits set forth in this Plea Agreement, or may move to resentence the defendant or require defendant's specific performance of this Plea Agreement. The defendant understands and agrees that in the event that the Court permits the defendant to withdraw from this Plea Agreement, or the defendant breaches any of its terms and the government elects to void the Plea Agreement and prosecute the defendant, any prosecutions that are not time-barred by the applicable statute of limitations on the date of the signing of this Plea Agreement may be commenced against the defendant in accordance with this paragraph, notwithstanding the expiration of the statute of limitations between the signing of this Plea Agreement and the commencement of such prosecutions. The defendant further understands that should he fail to appear at sentencing or any other proceeding in this matter without the consent of the government, the government will request that the Court sentence the defendant *in absentia* and deem the sentencing provisions in this Plea Agreement null and void.

35. The defendant further agrees and understands that, should the defendant violate any of the conditions of this Plea Agreement, or move to withdraw his plea of guilty:

a. the "Factual Basis" set forth in this Plea Agreement shall be admissible as substantive evidence in any criminal or civil proceeding brought against the defendant;

b. all (i) statements made by the defendant to the Fraud Section or other designated law enforcement agents, and (ii) testimony given by the defendant before a grand jury or other tribunal, whether prior to or subsequent to the signing of this Plea Agreement, and any leads from such statements or testimony, shall be admissible in evidence in any criminal or civil proceeding brought against the defendant; and

c. the defendant shall assert no claim under the United States Constitution, the United States Sentencing Guidelines, any statute, Rule 410 of the Federal Rules of Evidence, Rule 11(f) of the Federal Rules of Criminal Procedure, or any other federal rule that the Factual Basis or any statements made by the defendant or any leads derived from such statements should be suppressed or are otherwise inadmissible. It is the intent of this Plea Agreement to waive all rights in the foregoing respects.


36. Should the judge refuse to accept the defendant's plea of guilty, this Plea Agreement shall become null and void and neither party will be bound to it.

37. The defendant and his attorney acknowledge that no threats, promises, or representations have been made, nor agreements reached, other than those set forth in this Plea Agreement, to cause the defendant to plead guilty.

38. The defendant acknowledges that he has read this Plea Agreement and carefully reviewed each provision with his attorney. The defendant further acknowledges that he understands and voluntarily accepts each and every term and condition of this Plea Agreement.

AGREED THIS DATE: Dec. 18, 2018


JIONGSHENG ("JIM") ZHAO
Defendant


THEODORE T. POULOS
Attorney for Defendant

SANDRA MOSER
Acting Chief, Fraud Section
U.S. Department of Justice

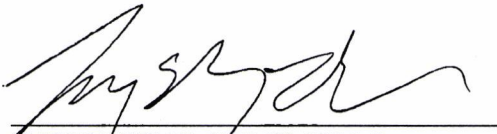
By: _____
MATTHEW F. SULLIVAN
Trial Attorney
JUSTIN D. WEITZ
Assistant Chief


Approved by:

BRIAN KIDD
Acting Chief
Securities & Financial Fraud Unit


38. The defendant acknowledges that he has read this Plea Agreement and carefully reviewed each provision with his attorney. The defendant further acknowledges that he understands and voluntarily accepts each and every term and condition of this Plea Agreement.

AGREED THIS DATE: Dec. 18, 2018



JIONGSHENG ("JIM") ZHAO
Defendant


THEODORE T. POULOS
Attorney for Defendant

SANDRA MOSER
Acting Chief, Fraud Section
U.S. Department of Justice

By: 
MATTHEW F. SULLIVAN
Trial Attorney
JUSTIN D. WEITZ
Assistant Chief

Approved by:


BRIAN KIDD
Acting Chief
Securities & Financial Fraud Unit