

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF OHIO
WESTERN DIVISION

FILED
KENNETH J. MURPHY
CLERK
94 JUL 18 PM 4:25

UNITED STATES OF AMERICA, :
 :
Plaintiff, : CR 1-94-29
 :
vs. :
 :
HERBERT B. STEINDLER, : J. Rubin
RAMI DOTAN and :
HAROLD KATZ, :
 :
Defendants. :
 :

CLERK
SOUTHERN DISTRICT OF OHIO
COURT

PLEA AGREEMENT

Pursuant to Rule 11(e)(1)(B) of the Federal Rules of Criminal Procedure, the United States, by its undersigned counsel, and the defendant HERBERT B. STEINDLER ("STEINDLER"), by his undersigned counsel, have engaged in plea discussions and have agreed as follows:

1. STEINDLER will plead guilty to the following counts of the Indictment:

Count 1, charging him with violating Title 18, United States Code, Section 371 (conspiracy to commit offenses against the United States);

Count 23, charging him with violating Title 18, United States Code, Sections 1343 and 2 (wire fraud); and

Count 47, charging him with violating Title 18, United States Code, Sections 1956(a)(1)(B)(i) and 2 (money laundering).

2. STEINDLER will waive indictment and plead guilty to a separate one count Information charging him with violating Title 18, United States Code, Sections 1952 and 2 (use of the mail in aid of racketeering). A copy of the Information is appended as Attachment A.

3. Pursuant to Rule 11(e)(1)(B) of the Federal Rules of Criminal Procedure, the United States and STEINDLER recommend the following sentence as the appropriate disposition for the offenses to which STEINDLER is pleading guilty but this recommendation is not binding on the Court:

a. a sentence to a term of imprisonment of 84 months, which the parties believe is within the applicable sentencing guideline range of 78 to 97 months;

b. no separate term of supervised release;

c. a forfeiture judgment against him in the amount of \$1,741,453;

d. no additional fines or restitution in view of STEINDLER's agreement to forfeiture and his agreement to surrender his interest in certain assets, as set forth in paragraph 8; and

e. a requirement that, prior to or at the time of sentencing, STEINDLER pay to the U.S. Department of Justice a special assessment in the amount of \$200 as required in Title 18, United States Code, Section 3013.

4. A copy of the Statement of Facts of the United States is appended as Attachment B.

5. STEINDLER agrees to cooperate fully with the United States' investigation of allegations of wrongdoing described in the Indictment, Information and Statement of Facts filed herein, the Information and Statement of Facts filed in United States v. General Electric Company, CR-1-92-87 (U.S.D.C. S.D. OH), and the complaints in United States ex. rel. Taxpayers Against Fraud, a nonprofit corporation, and Chester L. Walsh v. General Electric Company, a New York corporation, Civil Action No. C-1-90-792 (U.S.D.C. S.D. OH), and regarding, relating to or arising from STEINDLER's employment with General Electric Company ("General Electric"); with the United States' related investigation involving Engineering Support Associates, Inc.; and in all other investigations now being conducted by the United States or which may arise or result from the aforementioned cooperation provided by STEINDLER. It is understood that STEINDLER's obligation to cooperate with respect to these investigations is a continuing one but in no event will his duty to cooperate or assist the United States in its investigations last longer than the term of incarceration served by STEINDLER.

a. Such cooperation shall include, among other things, truthful testimony in grand juries, at trials and/or in any judicial or administrative proceedings and production of all information, including production of any and all books, papers, documents and other objects in his custody, possession and control as requested by the United States. STEINDLER further agrees to fully disclose any information in his possession concerning the

activities of Rami Dotan, Harold Katz and all persons acting in concert with them, including their participation in any and all criminal activities, wherever committed, and the location of all assets owned or controlled by these persons.

b. Such cooperation shall also include identifying and assisting the United States in the recovery and return to the United States of any assets, either domestic or foreign, which have been acquired either directly or indirectly through the conspiracy set forth in the Indictment, including assisting the United States in the preparation and execution of any necessary waivers, releases or other documents required for such recovery and return of assets. STEINDLER further agrees to fully disclose the location of all his assets and the sources of these assets.

c. Such cooperation shall also include STEINDLER's cooperation with any investigations and prosecutions conducted by the Government of Israel, as requested by the United States, but STEINDLER may condition such cooperation on the negotiation of a separate immunity agreement with the Government of Israel.

d. Such cooperation shall also include STEINDLER's production of documents and all other information in his possession or under his control deemed necessary by the Internal Revenue Service for its review to determine whether any additional tax liability and/or civil tax penalties may be due and owing by STEINDLER to the Internal Revenue Service for the tax years 1984 through 1990, inclusive. However, by agreeing to produce such documents and information, STEINDLER does not waive any statute of

limitations applicable to the review and audit of his federal tax returns.

6. STEINDLER has represented to the United States that, as of this date and through to the date of his sentencing, the only assets or property interests in his name or over which he exercises control, valued in excess of \$5,000, are those funds in account number [REDACTED] in STEINDLER's name at Merrill Lynch, Pierce, Fenner & Smith, Inc. and in account number [REDACTED] at Transamerica Life Insurance & Annuity Company, and an interest in real property located at [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] ("the Harrisburg property"). The total amount of funds on deposit in the two accounts is approximately \$339,000. As a condition of this Plea Agreement, STEINDLER warrants that his interest in the Harrisburg property is a joint tenancy with a right of survivorship; this property interest was acquired in 1982; and the total value of this interest is under \$10,000.

7. Notwithstanding STEINDLER's representation in paragraph 10 below that none of the assets or property interests identified in items 2 through 6 in paragraph 61 of Count 89 of the Indictment in this case returned on March 17, 1994 -- which assets or property interests are in the name of Concetta Spinetti Steindler -- constitute or are traceable to funds diverted from contracts between General Electric Company and the Government of Israel or constitute or are traceable to funds involved in the transactions described in overt acts 46 through 48, 72 through 92 and 123

through 127 in Count One of the Indictment, STEINDLER has agreed to surrender his interests in these assets as set forth in the following paragraph.

8. Of a total of \$10,740,428 that was transmitted to European bank accounts pursuant to the diversion scheme described in the appended Statement of Facts the United States has recovered, to date, a total of \$8,998,975 traceable to that diversion scheme. The difference between those figures is \$1,741,453. STEINDLER agrees that as part of his conviction the court shall enter a forfeiture judgment against him in the amount of \$1,741,453. STEINDLER further agrees to surrender and assign to the United States any and all of his right, title and interest in the substitute assets identified in paragraph 61 of Count 89 of the Indictment and any funds obtained by judgment against or consent from his wife, Concetta Steindler. The United States agrees to apply to the \$1,741,453 forfeiture judgment those funds in account number [REDACTED] in STEINDLER's name at Merrill Lynch, Pierce, Fenner & Smith, Inc. and in account number [REDACTED] at Transamerica Life Insurance & Annuity Company. The United States further agrees that, so long as STEINDLER abides by the terms of this Plea Agreement, the United States will not seek to satisfy the forfeiture judgment with any other right, title or interest in any lawfully obtained property that STEINDLER acquires during or after serving his term of imprisonment. The United States' basis for satisfying the forfeiture judgment in this fashion is set forth in paragraphs 49 through 51 of the appended Statement of Facts.

9. As a condition of this Plea Agreement, STEINDLER warrants that all assets or property interests, valued in excess of \$5,000, that are presently in his name or over which he presently has any right, title, interest or control, were disclosed to the United States before the execution of this Plea Agreement. In the event that it shall be established that STEINDLER has assets which he did not disclose to the United States prior to the execution of this Plea Agreement, STEINDLER waives all right, title and interest in such assets and agrees to assist the United States in the preparation and execution of any necessary waivers, releases or other documents required for such recovery and transfer of assets to the United States to satisfy the forfeiture judgment imposed by the court in this case.

10. As a further condition of this Plea Agreement, STEINDLER warrants that, other than the use of some of these funds for remodeling and furnishings for an apartment in Rome, Italy, none of the following assets or property interests constitute or are traceable to funds diverted from contracts between General Electric Company and the Government of Israel or constitute or are traceable to funds involved in the transactions described in overt acts 46 through 48, 72 through 92 and 123 through 127 in Count One of the Indictment:

a. the assets identified in items 1 through 6 in paragraph 61 of Count 89 of the Indictment in this case returned on March 17, 1994;

b. the funds in account number [REDACTED] at Transamerica Life Insurance & Annuity Company;

c. any other funds in accounts with financial institutions in the United States or property in the United States in which STEINDLER, his wife or members of his family have an interest, including but not limited to the Harrisburg property; and

d. any funds, accounts or assets in the names of STEINDLER's children.

11. In the event the Internal Revenue Service refunds to STEINDLER any portion of funds withheld pursuant to 26 U.S.C. § 3405(c)(1) from the balances in the individual retirement accounts surrendered to the United States pursuant to paragraph 8 above, STEINDLER will immediately forward this refund to the United States.

12. STEINDLER agrees to give up any right, title, and interest he may have in the following accounts and any funds in those accounts and agrees that he will not, directly or indirectly, receive funds from those accounts in the future:

a. any accounts in the name of Engineering Support Associates, Inc. at The Chase Manhattan Bank, N.A., New York, New York; and

b. any accounts in the names of Leonard Gappleberg, Jane Gappleberg (aka Jane Smith) or Howard Smith at Fidelity Investments.

13. STEINDLER agrees not to contest any action brought by the United States to forfeit any of the following funds or assets:

a. all funds that are or were on deposit in account number [REDACTED] in the name of "Rome" at Banque Indosuez, Zurich, Switzerland;

b. all funds that are or were on deposit in account number [REDACTED] in the name of "Kingstree Finance Corp." at Union Bank of Switzerland, Zurich, Switzerland;

c. all funds that are or were on deposit in account number [REDACTED] in the name of "Hal" at Banque Indosuez, Zurich, Switzerland;

d. all funds that are or were on deposit in accounts in the name of Engineering Support Associates, Inc. at The Chase Manhattan Bank, N.A., New York, New York; and

e. all funds that are or were on deposit in accounts in the names of Leonard Gappleberg, Jane Gappleberg (aka Jane Smith) or Howard Smith at Fidelity Investments.

14. STEINDLER understands that his failure to comply with the requirements and conditions of paragraphs 5 through 13, including the truthfulness of the representations required by certain of those paragraphs, will be a breach of this Plea Agreement and will empower the United States to set aside this Plea Agreement and to pursue all possible federal violations against him -- including all forfeiture claims -- notwithstanding paragraph 16 below. However, if such failure is one which may be cured, STEINDLER shall have a reasonable opportunity to do so. If STEINDLER fails to comply with any of the terms of this Plea Agreement or attempts to withdraw his guilty plea other than as provided by this Plea Agreement,

STEINDLER agrees that with respect to any statements, documents or information provided by him to the U.S. Department of Justice, to other federal agencies or to the Government of Israel pursuant to this Plea Agreement or in the course of the investigation of this case: (1) there will be no limitations on the right of the United States to make derivative use of the information provided by STEINDLER; and (2) in the event STEINDLER is, at any time, a witness at any trial, civil or criminal, any grand jury or any other proceeding, and offers testimony different from any statement made or other information provided pursuant to this plea agreement, the United States may use any statements provided by STEINDLER, or any information, derived directly or indirectly or from these statements for impeachment, cross-examination and rebuttal. STEINDLER also understands that this Plea Agreement will not prevent or preclude the United States from presenting: (a) charges of perjury against him in the event that, while in a grand jury, trial or other proceeding, he knowingly gives any testimony which is materially false or inconsistent with other statements made by him; or (b) charges of false statements under 18 U.S.C. § 1001 if he knowingly makes statements or conceals material information.

15. The United States, upon acceptance of this Plea Agreement and sentencing, agrees to move to dismiss Counts 2 through 22, 24 through 46, 48 through 89 as against STEINDLER only.

16. The United States agrees not to prosecute STEINDLER for other possible federal criminal violations, including criminal violations of Title 26 of the United States Code, regarding the

allegations of wrongdoing described in the Indictment, Information and Statement of Facts filed herein, the Information and Statement of Facts filed in United States v. General Electric Company, CR-1-92-87 (U.S.D.C. S.D. OH), and the complaints in United States ex. rel. Taxpayers Against Fraud, a nonprofit corporation, and Chester L. Walsh v. General Electric Company, a New York corporation, Civil Action No. C-1-90-792 (U.S.D.C. S.D. OH), regarding all proposed or final General Electric Company contracts in which STEINDLER was involved, and regarding matters relating to Engineering Support Associates, Inc., which STEINDLER has fully and truthfully disclosed to the United States. This Plea Agreement, however, does not prohibit agencies or departments of the United States from pursuing any and all available administrative and/or civil remedies against STEINDLER in connection with the matters described herein.

17. The United States and STEINDLER believe that a sentence to a term of imprisonment of 84 months is within the range provided by the Sentencing Guidelines ("S.G.") based on the following:

a. The maximum statutory penalty for the violations of 18 U.S.C. §§ 371, 1343 and 1952 is five years imprisonment, three years supervised release, restitution and a fine of the greater of twice the gross pecuniary gain or twice the gross pecuniary loss as set forth in Title 18, United States Code, Section 3571(d), which in this case could yield a maximum fine of approximately \$30 million. The maximum statutory penalty for the violation of 18 U.S.C. § 1956(a)(1)(B)(i) is 20 years imprisonment, three years supervised release, restitution and a fine of twice the value of

the funds involved in the transfers, which in this case could yield a maximum fine of approximately \$22 million.

b. Pursuant to S.G. § 6B1.4, the appended Statement of Facts sets forth the relevant facts and circumstances of the actual offense conduct and offender characteristics.

c. STEINDLER's maximum base offense level is 20. [S.G. §§ 2S1.1(a) and 3D1.2(d)]. His offense level is increased 9 levels because the value of the laundered funds exceeded \$10 million. [S.G. § 2S1.1(b)(2)]. His offense level is increased 2 levels because he was an organizer or leader of a criminal activity that did not involve five or more criminally responsible participants or was otherwise extensive in a manner that is not otherwise addressed in other Sentencing Guideline provisions. [S.G. § 3B1.1(c)]. His offense level is decreased by 3 levels for acceptance of responsibility and timely notification of his intent to enter a plea of guilty. [S.G. § 3E1.1(b)(2)].

d. STEINDLER understands that his Criminal History Category will be determined by the U.S. Probation Department and the Court after the presentence investigation. However, STEINDLER understands that his Criminal History Category is I and that his resulting sentencing guideline range is 78 to 97 months.

e. STEINDLER understands that, pursuant to S.G. §§ 6B1.1(c) and 6B1.2(c), the Court may refer this matter to the U.S. Probation Department for preparation of a pre-sentence report.

f. It is understood by the parties that the Court is neither a party to nor bound by this Plea Agreement and is not

bound by the Sentencing Guideline calculations herein. [S.G. § 6B1.4(d)] After the pre-sentence investigation and review, the Court may determine that a different guideline range is applicable or that a departure from said guideline range is appropriate. In that event, STEINDLER understands that he shall not have a right to withdraw his guilty plea. Both parties understand that, under 18 U.S.C. § 3742, they have the right to appeal any resulting sentence that was imposed in violation of law, through an incorrect application of the Sentencing Guidelines or outside the range of the applicable guideline.

g. STEINDLER understands that the United States, in its sole discretion, may file a motion requesting a downward departure if STEINDLER provides substantial assistance in the investigation or prosecution of another person who has committed an offense. [S.G. § 5K1.1] In exercising its discretion of whether to file a 5K motion, the United States will consider among other factors: the significance and usefulness of STEINDLER's assistance; the truthfulness, completeness and reliability of any information and testimony provided by STEINDLER; the nature and extent of STEINDLER's assistance; the danger or risk to STEINDLER resulting from STEINDLER's assistance; and the timeliness of STEINDLER's assistance.

18. STEINDLER understands that the United States will fully inform the U.S. Probation Department and respond to whatever requests for information the U.S. Probation Department and the

Court may make concerning his activities, including activities not described in the Indictment, Information and Statement of Facts.

19. STEINDLER is pleading guilty because he is guilty of the crimes charged in counts 1, 23 and 47 of the Indictment and Count 1 of the Information.

20. This writing contains the entire Plea Agreement between STEINDLER and the United States with respect to his plea of guilty. No additional promises, representations or inducements other than those referenced in this Plea Agreement have been made to STEINDLER or to his attorneys with regard to this Plea, and none will be made or entered into unless in writing and signed by all parties.

Dated this 18th day of July, 1994.

EDMUND A. SARGUS, JR.
United States Attorney
Southern District of Ohio

Herbert B. Steindler
HERBERT B. STEINDLER

By: Chris Barnes
Christopher K. Barnes
Assistant U.S. Attorney

Mark B. Weisser
Mark B. Weisser
Counsel for
HERBERT B. STEINDLER

THEODORE S. GREENBERG
Chief, Money Laundering Section
Criminal Division
Department of Justice

Arnold Morelli
Arnold Morelli
Counsel for
HERBERT B. STEINDLER

By: Thomas A. Colthurst
Thomas A. Colthurst
Trial Attorney
Money Laundering Section

GERALD E. McDOWELL
Chief, Fraud Section
Criminal Division

By: James A. Baker by Chris Baine
James A. Baker
Trial Attorney
Fraud Section