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CLERK U.S. DISTRICT COURT
CENTRAL DIST. OF CALIF.
LOS ANGELES

BY: _____

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24 UNITED STATES OF AMERICA

25 UNITED STATES DISTRICT COURT

26 FOR THE CENTRAL DISTRICT OF CALIFORNIA

27 UNITED STATES OF AMERICA,

) No. CR

CR 13 00498

28 Plaintiff,

) PLEA AGREEMENT FOR DEFENDANT

) AARON COHEN

29 v.

30 AARON COHEN,

31 Defendant.

32
33 1. This constitutes the plea agreement between AARON
34 COHEN ("defendant") and the United States Attorney's Office for
35 the Central District of California and the U.S. Department of
36 Justice, Tax Division (collectively the "USAO") in the above-

1 captioned case. This agreement is limited to the USAO and cannot
2 bind any other federal, state or local prosecuting,
3 administrative or regulatory authorities and is subject to the
4 approval of the Department of Justice, Tax Division.

5
6 DEFENDANT'S OBLIGATIONS

7 2. Defendant agrees to:

8 a) Give up the right to indictment by a grand jury and
9 at the earliest opportunity requested by the USAO and provided by
10 the Court, to appear and plead guilty to a one count Information
11 charging a violation of 18 U.S.C. § 371 in the form attached to
12 this agreement or a substantially similar form.

13 b) Not to contest facts agreed to in this agreement.

14 c) Abide by all agreements regarding sentencing factors
15 contained in this agreement.

16 d) Appear for all court appearances, surrender as
17 ordered for service of sentence, obey all conditions of any bond,
18 and obey any other ongoing court order in this matter.

19 e) Not commit any crime; however, offenses which would
20 be excluded for sentencing purposes under U.S.S.G. § 4A1.2(c) are
21 not within the scope of this agreement.

22 f) Be truthful at all times with Pretrial Services, the
23 U.S. Probation Office, and the Court.

24 g) Pay the applicable special assessment at or before
25 the time of sentencing unless defendant lacks the ability to pay
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1 and submits a completed financial statement (form OBD-5000) to
2 the USAO prior to sentencing.

3 h) Not seek the discharge of any restitution
4 obligation, in whole or in part, in any present or future
5 bankruptcy proceeding.
6

7 3. Defendant further agrees to cooperate fully with the
8 USAO, the Internal Revenue Service, and, as directed by the USAO,
9 any other federal, state, local, or foreign prosecuting,
10 enforcement, administrative, or regulatory authority. This
11 cooperation requires defendant to:

12 a) Respond truthfully and completely to all questions
13 that may be put to defendant, whether in interviews, before a
14 grand jury, or at any trial or other court proceeding.
15

16 b) Attend all meetings, grand jury sessions, trials or
17 other proceedings at which defendant's presence is requested by
18 the USAO or compelled by subpoena or court order.

19 c) Produce voluntarily all documents, records, or other
20 tangible evidence relating to matters about which the USAO, or
21 its designee, inquires.
22

23 4. For purposes of this agreement: (1) "Cooperation
24 Information" shall mean any statements made, or documents,
25 records, tangible evidence, or other information provided, by
26 defendant pursuant to defendant's cooperation under this
27 agreement; and (2) "Plea Information" shall mean any statements
28

1 made by defendant, under oath, at the guilty plea hearing and the
2 agreed to factual basis statement in this agreement.

3 DEFENDANT'S OTHER OBLIGATIONS

4 5. Defendant also agrees:

5 a) To cooperate with the IRS in the civil examination,
6 determination, assessment and collection of income taxes related
7 to defendant's 2006 through 2011 income tax returns and any
8 related corporate/entity tax returns, and further agrees not to
9 conceal, transfer, or dissipate funds or property that could be
10 used to satisfy such taxes, penalties and interest.
11

12 b) To sign Closing Agreements with the IRS prior to the
13 time of sentencing for the years 2006 through 2011, correctly
14 reporting income and deductions for these years. Further, if
15 requested to do so by the IRS, provide the IRS with information
16 regarding the years covered by the Closing Agreements, and will
17 make his best efforts to promptly pay all additional taxes,
18 penalties and interest assessed by the IRS as well as any
19 additional amounts determined by the IRS to be owing.
20

21 c) That defendant is liable for the penalty imposed by
22 the Internal Revenue Code, 26 U.S.C. § 6663, on the taxes set
23 forth in paragraph 18, plus on the tax on the net income on all
24 funds held in foreign bank accounts for the calendar years 2006,
25 2007, 2008, 2009, 2010 and 2011. Defendant agrees that a civil
26 penalty under 26 U.S.C. § 6663 may be assessed against him.
27
28

1 d) To give up any and all objections that could be
2 asserted to the Examination Division of the IRS receiving
3 materials or information obtained during the criminal
4 investigation of this matter, including materials and information
5 obtained through grand jury subpoenas.
6

7 e) That nothing in this agreement shall preclude or bar
8 the IRS from the assessment and/or collection of any additional
9 tax liability, including interest and penalties, determined to be
10 due and owing from defendant by the IRS for 2006, 2007, 2008,
11 2009, 2010 and 2011.
12

13 f) That, in order to resolve defendant's civil
14 liability for failing to file Reports of Foreign Bank and
15 Financial Accounts, Forms TD F 90-22.1, and other foreign
16 information reporting obligations under United States law, for
17 tax years 2006 through 2011, defendant will pay a fifty percent
18 penalty with respect to his portion of the funds held in
19 undeclared offshore accounts for the one year with the highest
20 aggregate balance in the accounts for calendar years 2006 through
21 2011, and agrees to pay this sum of money prior to sentencing to
22 the United States Treasury, through the U.S. Department of
23 Justice, Tax Division. The parties agree that defendant and
24 Isaac Cohen each had a fifty percent interest in the funds held
25 in the undeclared offshore accounts described in the statement of
26 facts provided in Attachment A.
27
28

THE USAO'S OBLIGATIONS

6. The USAO agrees to:

a) Not contest facts agreed to in this agreement.

b) Abide by all agreements regarding sentencing factors contained in this agreement.

c) At the time of sentencing, provided that defendant demonstrates an acceptance of responsibility for the offense up to and including the time of sentencing, to recommend a two-level reduction in the applicable sentencing guideline offense level, pursuant to U.S.S.G. § 3E1.1, and an additional one-level reduction if available under that section.

d) Not further criminally prosecute defendant for any additional violations known to the USAO at the time of the plea, arising out of the information provided by the defendant, and defendant's conduct (i) described in the Information or (ii) described in the statement of facts provided in Attachment A. Defendant understands that the USAO is free to prosecute defendant for any other unlawful past conduct or any unlawful conduct that occurs after the date of this agreement. Defendant understands that at the time of sentencing the Court may consider any relevant conduct related to the crime(s) set forth herein in determining the applicable Sentencing Guidelines range, the propriety and extent of any departure from that range, and the sentence to be imposed after consideration of the Sentencing

1 Guidelines and all other relevant factors under 18 U.S.C. §
2 3553(a).

3 e) Not prosecute Isaac Cohen for any violation known to
4 the USAO at the time of this plea arising out of the information
5 proved by the defendant, and defendant's conduct (i) described in
6 the Information or (ii) described in the statement of facts
7 provided in Attachment A. Defendant understands that the USAO is
8 free to prosecute Isaac Cohen for any other unlawful past conduct
9 or any unlawful conduct that occurs after the date of this
10 agreement.
11

12 7. The USAO further agrees:

13 a) Not to offer as evidence in its case-in-chief in the
14 above-captioned case or any other prosecution that may be brought
15 against defendant by the USAO, or in connection with any
16 sentencing proceeding in any case that may be brought against
17 defendant by the USAO, any Cooperation Information. Defendant
18 agrees, however, that the USAO may use both Cooperation
19 Information and Plea Information: (1) to obtain and pursue leads
20 to other evidence, which evidence may be used for any purpose,
21 including any prosecution of defendant, (2) to cross-examine
22 defendant should defendant testify, or to rebut any evidence,
23 argument or representations made by defendant or a witness called
24 by defendant in any trial, sentencing hearing, or other court
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1 proceeding, and (3) in any criminal prosecution of defendant for
2 false statement, obstruction of justice, or perjury.

3 b) Not to use Cooperation Information against defendant
4 at sentencing for the purpose of determining the applicable
5 guideline range including the appropriateness of an upward
6 departure, or the sentence to be imposed, and to recommend to the
7 Court that Cooperation Information not be used in determining the
8 applicable guideline range or the sentence to be imposed.

9 Defendant understands, however, that Cooperation Information will
10 be disclosed to the probation office and the Court, and that the
11 Court may use this information for the purposes set forth in
12 U.S.S.G. § 1B1.8(b) and for determining the sentence to be
13 imposed.
14

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

19 d) If the USAO determines, in its exclusive judgment,
20 that defendant has both complied with defendant's obligations
21 under this agreement and provided substantial assistance to law
22 enforcement in the prosecution or investigation of another
23 ("substantial assistance"), to move the Court pursuant to
24 U.S.S.G. § 5K1.1 to fix an offense level and corresponding
25 guideline range below that otherwise dictated by the sentencing
26 guidelines, and to recommend a sentence within this reduced
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1 range. Defendant understands that he cannot withdraw his plea of
2 guilty if this Office does not file a motion for a downward
3 departure. Defendant further understands that this Office has
4 not made a determination as of this date whether the facts of
5 this case presents circumstances deserving of a downward
6 departure.
7

8 DEFENDANT'S UNDERSTANDINGS REGARDING SUBSTANTIAL ASSISTANCE

9 8. Defendant understands the following:

10 a) Any knowingly false or misleading statement by
11 defendant will subject defendant to prosecution for false
12 statement, obstruction of justice, and perjury and will
13 constitute a breach by defendant of this agreement.
14

15 b) Nothing in this agreement requires the USAO or any
16 other prosecuting or law enforcement agency to accept any
17 cooperation or assistance that defendant may offer, or to use it
18 in any particular way.

19 c) Defendant cannot withdraw defendant's guilty plea if
20 the USAO does not make a motion pursuant to U.S.S.G. § 5K1.1 for
21 a reduced guideline range or if the USAO makes such a motion and
22 the Court does not grant it or if the Court grants such a USAO
23 motion but elects to sentence above the reduced range.
24

25 d) At this time the USAO makes no agreement or
26 representation as to whether any cooperation that defendant has
27 provided or intends to provide constitutes substantial
28

1 assistance. The decision whether defendant has provided
2 substantial assistance will rest solely within the exclusive
3 judgment of the USAO.

4 e) The USAO's determination of whether defendant has
5 provided substantial assistance will not depend in any way on
6 whether the government prevails at any trial or court hearing in
7 which defendant testifies or in which the government otherwise
8 presents information resulting from defendant's cooperation.
9

10 NATURE OF THE OFFENSE

11 9. Defendant understands that for defendant to be guilty
12 of the crime charged in count One, (a violation of Title 18,
13 United States Code, Section 371) the following must be true:
14

15 a) Beginning in or about the 1990s and continuing
16 through in or about 2011, there was an agreement between two or
17 more persons to defraud the United States by impeding, impairing,
18 obstructing, and defeating the lawful functions and duties of the
19 Internal Revenue Service ("IRS"), through deceitful and dishonest
20 means;

21 b) Defendant became a member of the conspiracy knowing
22 its object and intending to help accomplish it; and
23

24 c) One of the members of the conspiracy performed at
25 least one overt act for the purpose of carrying out the
26 conspiracy.
27
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1 Defendant admits that defendant is, in fact, guilty of this
2 offense as described in Count One of the Information.

3 PENALTIES AND RESTITUTION

4 10. Defendant understands that the statutory maximum
5 sentence that the Court can impose for a violation of Title 18,
6 United States Code, Section 371 is: five years imprisonment; a
7 three year period of supervised release; a fine of \$250,000 or
8 twice the amount of gross gain or gross loss resulting from the
9 offense, whichever is greater; and a mandatory special assessment
10 of \$100. Defendant agrees to pay the special assessment at or
11 before the time of sentencing.
12

13 11. Defendant understands and agrees that the Court: (a)
14 may order defendant to pay restitution in the form of any
15 additional taxes, interest and penalties that defendant owes to
16 the United States based upon the count of conviction and any
17 relevant conduct; (b) may order defendant to pay any additional
18 fines that defendant owes to the United States; and (c) must
19 order defendant to pay the costs of prosecution, which may be in
20 addition to the statutory maximum fine stated above. The parties
21 agree that the restitution that should be ordered is \$66,660.
22

23 12. The parties further agree that the tax loss determined
24 for criminal purposes is not binding for civil purposes and is
25 exclusive of civil penalties and interest.
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1 13. Defendant understands that supervised release is a
2 period of time following imprisonment during which defendant will
3 be subject to various restrictions and requirements. Defendant
4 understands that if defendant violates one or more of the
5 conditions of any supervised release imposed, defendant may be
6 returned to prison for all or part of the term of supervised
7 release, which could result in defendant serving a total term of
8 imprisonment greater than the statutory maximum stated above.
9

10 14. Defendant also understands that, by pleading guilty,
11 defendant may be giving up valuable government benefits and
12 valuable civic rights, such as the right to vote, the right to
13 possess a firearm, the right to hold office, and the right to
14 serve on a jury. Defendant further understands that the
15 conviction in this case may subject defendant to various
16 collateral consequences, including but not limited to,
17 deportation, revocation of probation, parole, or supervised
18 release in another case, and suspension or revocation of a
19 professional license. Defendant understands that unanticipated
20 collateral consequences will not serve as grounds to withdraw
21 defendant's guilty plea.
22
23

24 15. Defendant understands that, if defendant is not a
25 United States citizen, the felony conviction in this case may
26 subject defendant to removal, also known as deportation, which
27 may, under some circumstances, be mandatory. The Court cannot,
28

1 and defendant's attorney also may not be able to, advise
2 defendant fully regarding the immigration consequences of the
3 felony conviction in this case. Defendant understands that by
4 entering a guilty plea defendant waives any claim that unexpected
5 immigration consequences may render defendant's guilty plea
6 invalid.
7

8 FACTUAL BASIS

9 16. Defendant and the USAO agree and stipulate to the
10 statement of facts provided in Attachment A which is attached
11 hereto and incorporated by reference herein. The statement of
12 facts includes facts sufficient to support a plea of guilty to
13 the charge described in this plea agreement. It is not meant to
14 be a complete recitation of all facts relevant to the underlying
15 criminal conduct or all facts known to defendant that relate to
16 that conduct. The parties stipulate that the conduct of
17 defendant referred to in Attachment A hereto violated 18 U.S.C.
18 § 371 as charged in Count One of the Information.
19

20 SENTENCING FACTORS

21 17. Defendant understands in determining defendant's
22 sentence the Court is required to consider the factors set forth
23 in 18 U.S.C. § 3553(a)(1)-(7), including the kinds of sentence
24 and sentencing range established under the United States
25 Sentencing Guidelines ("U.S.S.G." or "Sentencing Guidelines").
26 Defendant understands that the Sentencing Guidelines are only
27
28

1 advisory, that defendant cannot have any expectation of receiving
2 a sentence within the Sentencing Guideline range, and that after
3 considering the Sentencing Guidelines and the other § 3553(a)
4 factors, the Court will be free to exercise its discretion to
5 impose any sentence it finds appropriate up to the maximum set by
6 statute for the crime of conviction.
7

8 18. Defendant and the USAO agree and stipulate to the
9 following applicable sentencing guideline factors under the
10 November 2012 Guideline Sentencing Manual and the Supreme Court
11 holding in United States v. Booker:

12 a) Tax Loss: The relevant actual, probable, or
13 intended tax loss under Section 2T1.1 of the
14 Sentencing Guidelines resulting from the offense
15 committed in this case and all relevant conduct is
16 the tax loss associated with defendant's
17 undeclared accounts at Bank A in Israel. The
18 parties agree that the tax loss is more than
19 \$30,000, but less than \$80,000 (exclusive of
20 interest and penalties) for an Offense Level of
21 14. See U.S.S.G. §§ 2T1.1 and 2T4.1.
22

23 b) Sophisticated Means: The offense involved
24 sophisticated means, which results in a two-level
25 offense increase. See U.S.S.G. § 2T1.1(b)(2).
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1 The parties agree that the adjustments for "aggravating
2 role" and "mitigating role" under U.S.S.G. §§ 3B1.1 and 3B1.2 are
3 not applicable. Defendant and the USAO reserve the right to
4 argue that additional specific offense characteristics,
5 adjustments, and departures under the Sentencing Guidelines are
6 appropriate.
7

8 19. Defendant understands that there is no agreement as to
9 defendant's criminal history or criminal history category.

10 20. The stipulations in this agreement do not bind either
11 the United States Probation Office or the Court. The Court will
12 determine the facts and calculations relevant to sentencing.
13 Both defendant and the USAO are free to: (a) supplement the facts
14 stipulated to in this agreement by supplying relevant information
15 to the United States Probation Office and the Court, (b) correct
16 any and all factual misstatements relating to the calculation of
17 the sentence, and (c) argue on appeal and collateral review that
18 the Court's sentencing calculations are not error, although each
19 party agrees to maintain its view that the calculations in
20 paragraph 18 are consistent with the facts of this case.
21

22 21. Defendant understands that if the Court finds facts or
23 reaches conclusions different from those in any stipulation
24 contained in this agreement, defendant cannot, for that reason
25 alone, withdraw defendant's guilty plea.
26
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WAIVER OF CONSTITUTIONAL RIGHTS

1
2 22. By pleading guilty, defendant gives up the following
3 rights:

4 a) The right to persist in a plea of not guilty.

5 b) The right to a speedy and public trial by jury.

6 c) The right to the assistance of counsel at trial,
7 including, if defendant could not afford an attorney, the right
8 to have the Court appoint one for defendant. In this regard,
9 defendant understands that, despite his plea of guilty, he
10 retains the right to be represented by counsel at every other
11 stage of the proceedings.
12

13 d) The right to be presumed innocent and to have the
14 burden of proof placed on the government to prove defendant
15 guilty beyond a reasonable doubt.
16

17 e) The right to confront and cross-examine witnesses
18 against defendant.

19 f) The right, if defendant wished, to testify on
20 defendant's own behalf and present evidence in opposition to the
21 charges, including the right to call witnesses and to subpoena
22 those witnesses to testify.
23

24 g) The right not to be compelled to testify, and, if
25 defendant chose not to testify or present evidence, to have that
26 choice not be used against defendant.
27
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1 h) Any and all rights to pursue any affirmative
2 defenses, Fourth Amendment or Fifth Amendment claims, and other
3 pretrial motions that have been filed or could be filed.

4 WAIVER OF APPEAL OF CONVICTION

5
6 23. Defendant understands that, with the exception of an
7 appeal based on a claim that defendant's guilty plea was
8 involuntary, by pleading guilty defendant is waiving and giving
9 up any right to appeal defendant's conviction on the offense to
10 which defendant is pleading guilty.

11 LIMITED MUTUAL WAIVER OF APPEAL AND COLLATERAL ATTACK

12
13 24. Defendant agrees that, provided the Court determines
14 that the total offense level is 13 or below, after making
15 adjustments for acceptance of responsibility under U.S.S.G. §
16 3E1.1, but prior to any departure under U.S.S.G. § 5K1.1, and
17 imposes a sentence within or below the range corresponding to the
18 determined total offense level and the criminal history category
19 calculated by the Court, defendant gives up the right to appeal
20 all of the following: (a) the procedures and calculations used to
21 determine and impose any portion of the sentence; (b) the term of
22 imprisonment imposed by the Court; (c) the fine imposed by the
23 court, provided it is within the statutory maximum; (d) the
24 amount and terms of any restitution order, provided it requires
25 payment of no more than \$66,660; (e) the term of probation or
26 supervised release imposed by the Court, provided it is within
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1 the statutory maximum; and (f) any of the following conditions of
2 probation or supervised release imposed by the Court: the
3 standard conditions set forth in General Orders 318, 01-05,
4 and/or 05-02 of this Court; the drug testing conditions mandated
5 by 18 U.S.C. §§ 3563(a)(5) and 3583(d); and the alcohol and drug
6 use conditions authorized by 18 U.S.C. § 3563(b)(7).
7

8 25. The USAO agrees that, provided (a) all portions of the
9 sentence are at or below the statutory maximum specified above,
10 (b) the Court calculates the offense level to be used for
11 selecting a sentencing range under the Sentencing Guidelines to
12 be 13 or above prior to any departure under U.S.S.G. § 5K1.1, and
13 (c) the Court imposes a term of imprisonment within or above the
14 range corresponding to the offense level calculated after any
15 downward departure under U.S.S.G. § 5K1.1 and the criminal
16 history category calculated by the Court, the USAO gives up its
17 right to appeal any portion of the sentence, with the exception
18 that the USAO reserves the right to appeal the amount of
19 restitution ordered if that amount is less than \$66,660.
20
21

22 RESULT OF WITHDRAWAL OF GUILTY PLEA

23 26. Defendant agrees that if, after entering guilty pleas
24 pursuant to this agreement, defendant seeks to withdraw and
25 succeeds in withdrawing defendant's guilty pleas on any basis
26 other than a claim and finding that entry into this plea
27 agreement was involuntary, then (a) the USAO will be relieved of
28

1 all of its obligations under this agreement; and (b) should the
2 USAO choose to pursue any charge or any civil, administrative, or
3 regulatory action that was either dismissed or not filed as a
4 result of this agreement, then (i) any applicable statute of
5 limitations will be tolled between the date of defendant's
6 signing of this agreement and the filing commencing any such
7 action; and (ii) defendant waives and gives up all defenses based
8 on the statute of limitations, any claim of pre-indictment delay,
9 or any speedy trial claim with respect to any such action, except
10 to the extent that such defenses existed as of the date of
11 defendant's signing this agreement.
12

13 RESULT OF VACATUR, REVERSAL OR SET-ASIDE

14
15 27. Defendant agrees that if the count of conviction is
16 vacated, reversed, or set aside, both the USAO and defendant will
17 be released from all their obligations under this agreement.

18 EFFECTIVE DATE OF AGREEMENT

19 28. This agreement is effective upon signature and
20 execution by defendant, defendant's counsel, and an Assistant
21 United States Attorney.
22

23 BREACH OF AGREEMENT

24 29. Defendant agrees that if defendant, at any time after
25 the signature of this agreement and execution of all required
26 certifications by defendant, defendant's counsel, and an
27 Assistant United States Attorney, knowingly violates or fails to
28

1 perform any of defendant's obligations under this agreement ("a
2 breach"), the USAO may declare this agreement breached. For
3 example, if defendant knowingly, in an interview, before a grand
4 jury, or at trial, falsely accuses another person of criminal
5 conduct or falsely minimizes defendant's own role, or the role of
6 another, in criminal conduct, defendant will have breached this
7 agreement. All of defendant's obligations are material, a single
8 breach of this agreement is sufficient for the USAO to declare a
9 breach, and defendant shall not be deemed to have cured a breach
10 without the express agreement of the USAO in writing. If the
11 USAO declares this agreement breached, and the Court finds such a
12 breach to have occurred, then:
13
14

15 a) If defendant has previously entered a guilty plea
16 pursuant to this agreement, defendant will not be able to
17 withdraw the guilty plea.

18 b) The USAO will be relieved of all its obligations
19 under this agreement; in particular, the USAO: (i) will no longer
20 be bound by any agreements concerning sentencing and will be free
21 to seek any sentence up to the statutory maximum for the crime to
22 which defendant has pleaded guilty; (ii) will no longer be bound
23 by any agreements regarding criminal prosecution, and will be
24 free to criminally prosecute defendant for any crime, including
25 charges that the USAO would otherwise have been obligated not to
26 criminally prosecute pursuant to this agreement; and (iii) will
27
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1 no longer be bound by any agreement regarding the use of
2 Cooperation Information and will be free to use any Cooperation
3 Information in any way in any investigation, criminal
4 prosecution, or civil, administrative, or regulatory action.

5
6 c) The USAO will be free to criminally prosecute
7 defendant for false statement, obstruction of justice, and
8 perjury based on any knowingly false or misleading statement by
9 defendant.

10 d) In any investigation, criminal prosecution, or
11 civil, administrative, or regulatory action: (i) defendant will
12 not assert, and hereby waives and gives up, any claim that any
13 Cooperation Information was obtained in violation of the Fifth
14 Amendment privilege against compelled self-incrimination; and
15 (ii) defendant agrees that any Cooperation Information and any
16 Plea Information, as well as any evidence derived from any
17 Cooperation Information or any Plea Information, shall be
18 admissible against defendant, and defendant will not assert, and
19 hereby waives and gives up, any claim under the United States
20 Constitution, any statute, Rule 410 of the Federal Rules of
21 Evidence, Rule 11(f) of the Federal Rules of Criminal Procedure,
22 or any other federal rule, that any Cooperation Information, any
23 Plea Information, or any evidence derived from any Cooperation
24 Information or any Plea Information should be suppressed or is
25 inadmissible.
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1 30. Following the Court's finding of a knowing breach of
2 this agreement by defendant, should the USAO choose to pursue any
3 charge or any civil, administrative, or regulatory action that
4 was either dismissed or not filed as a result of this agreement,
5 then:
6

7 a) Defendant agrees that any applicable statute of
8 limitations is tolled between the date of defendant's signing of
9 this agreement and the filing commencing any such action.

10 b) Defendant waives and gives up all defenses based on
11 the statute of limitations, any claim of pre-indictment delay, or
12 any speedy trial claim with respect to any such action, except to
13 the extent that such defenses existed as of the date of
14 defendant's signing this agreement.
15

16 COURT AND PROBATION OFFICE NOT PARTIES

17 31. Defendant understands that the Court and the United
18 States Probation Office are not parties to this agreement and
19 need not accept any of the USAO's sentencing recommendations or
20 the parties' agreements to facts or sentencing factors.
21

22 32. Defendant understands that both defendant and the USAO
23 are free to: (a) supplement the facts by supplying relevant
24 information to the United States Probation Office and the Court,
25 (b) correct any and all factual misstatements relating to the
26 Court's Sentencing Guidelines calculations, and (c) argue on
27 appeal and collateral review that the Court's Sentencing
28

1 Guidelines calculations are not in error, although each party
2 agrees to maintain its views that the calculations in paragraph
3 18 are consistent with the facts of this case. While this
4 paragraph permits both the USAO and defendant to submit full and
5 complete factual information to the United States Probation
6 Office and the Court, even if that factual information may be
7 viewed as inconsistent with the facts agreed to in this
8 agreement, this paragraph does not affect defendant's and the
9 USAO's obligations not to contest the facts agreed to in this
10 agreement.
11

12 33. Defendant understands that even if the Court ignores
13 any sentencing recommendation, finds facts or reaches conclusions
14 different from those agreed to, and/or imposes any sentence up to
15 the maximum established by statute, defendant cannot, for that
16 reason, withdraw defendant's guilty plea, and defendant will
17 remain bound to fulfill all defendant's obligations under this
18 agreement. Defendant understands that no one - not the
19 prosecutor, defendant's attorney, or the Court - can make a
20 binding prediction or promise regarding the sentence defendant
21 will receive, except that it will be within the statutory
22 maximum.
23
24

25 NO ADDITIONAL AGREEMENTS

26 34. Defendant understands that, except as set forth herein,
27 there are no promises, understandings, or agreements between the
28

1 USAO and defendant or defendant's attorney, and that no
2 additional promise, understanding, or agreement may be entered
3 into unless in a writing signed by all parties or on the record
4 in court.


5
6 PLEA AGREEMENT PART OF THE GUILTY PLEA HEARING

7 35. The parties agree that this agreement will be
8 considered part of the record of defendant's guilty plea hearing
9 as if the entire agreement had been read into the record of the
10 proceeding.

11 AGREED AND ACCEPTED

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

14
15 ANDRÉ BYROTTE, JR.
United States Attorney

16
17 
18 SANDRA R. BROWN
Assistant United States Attorney
19 Chief, Tax Division

20
21 7/17/13
Date

22 UNITED STATES DEPARTMENT OF JUSTICE
23 TAX DIVISION

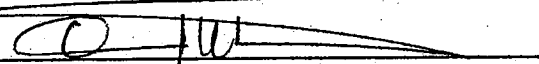
24
25 KATHRYN KENEALLY
Assistant Attorney General

26
27 JOHN E. SULLIVAN
Senior Litigation Counsel
28 ELIZABETH C. HADDEN
Assistant Chief

Date

CERTIFICATION OF DEFENDANT

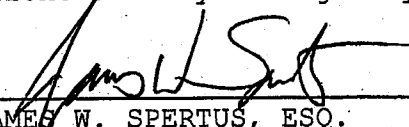
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2 I have read this agreement in its entirety. I have had
3 enough time to review and consider this agreement, and I have
4 carefully and thoroughly discussed every part of it with my
5 attorney. I understand the terms of this agreement, and I
6 voluntarily agree to those terms. I have discussed the evidence
7 with my attorney, and my attorney has advised me of my rights, of
8 possible pretrial motions that might be filed, of possible
9 defenses that might be asserted either prior to or at trial, of
10 the sentencing factors set forth in 18 U.S.C. § 3553(a), of
11 relevant Sentencing Guidelines provisions, and of the
12 consequences of entering into this agreement. No promises,
13 inducements, or representations of any kind have been made to me
14 other than those contained in this agreement. No one has
15 threatened or forced me in any way to enter into this agreement.
16 I am satisfied with the representation of my attorney in this
17 matter, and I am pleading guilty because I am guilty of the
18 charge and wish to take advantage of the promises set forth in
19 this agreement, and not for any other reason.
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21
22

23 
24 AARON COHEN
Defendant

July-1-2013
Date

CERTIFICATION OF DEFENDANT'S ATTORNEY

1
2 I am AARON COHEN's attorney. I have carefully and
3 thoroughly discussed every part of this agreement with my client.
4 Further, I have fully advised my client of his rights, of
5 possible pretrial motions that might be filed, of possible
6 defenses that might be asserted either prior to or at trial, of
7 the sentencing factors set forth in 18 U.S.C. § 3553(a), of
8 relevant Sentencing Guidelines provisions, and of the
9 consequences of entering into this agreement. To my knowledge:
10 no promises, inducements, or representations of any kind have
11 been made to my client other than those contained in this
12 agreement; no one has threatened or forced my client in any way
13 to enter into this agreement; my client's decision to enter into
14 this agreement is an informed and voluntary one; and the factual
15 basis set forth in this agreement is sufficient to support my
16 client's entry of a guilty plea pursuant to this agreement.
17
18

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21 _____
22 JAMES W. SPERTUS, ESQ.
23 Counsel for Defendant
24 AARON COHEN
25
26
27
28


Date

1 ATTACHMENT A

2 STATEMENT OF FACTS

3 Defendant AARON COHEN ("COHEN") was born in BUENOS Aires,
4 Argentina in 1954. In 1972, after graduating from high school,
5 COHEN moved to Israel, where he resided until he moved to Mexico
6 in 1981. In 1983, COHEN moved to Los Angeles, California, where
7 he currently resides. COHEN has been a United States citizen for
8 approximately twenty years.

9 During the relevant time period, COHEN and his brother each
10 owned 50% of a company that imported brand name perfumes and
11 cosmetics, which were then sold to retailers and distributors in
12 the United States and Mexico.

13 Sometime in the late 1980s or early 1990s, while on a
14 business trip to Mexico, COHEN was introduced to a banker at a
15 branch of Bank A in Mexico City, Mexico. This banker offered to
16 open a personal account for COHEN at Bank A in Mexico, and COHEN
17 opened an individual account at Bank A in Mexico through this
18 banker. COHEN opened this individual account with \$700,000,
19 which was money owned by COHEN, his brother, their father, and
20 other family members.

21 In or about 1994, the banker at Bank A in Mexico told COHEN
22 that if he had an account located in the Virgin Islands, COHEN
23 could then borrow money from Bank A in Los Angeles using the
24 funds in the Virgin Islands as collateral. COHEN's business was
25 growing and he thought he could use extra working capital, and

1 responded that he wanted to borrow money from Bank A in Los
2 Angeles. In 1995, COHEN signed paperwork prepared by Bank A that
3 created an entity in the British Virgin Islands called Fluvia
4 Holdings Ltd. ("Fluvia Holdings"), and opened a bank account at
5 Bank A in the Cayman Islands. All of the paperwork to create
6 Fluvia Holdings and open the account was prepared by Bank A.
7 COHEN signed some of the documents to open the account in Los
8 Angeles, California. After opening the account, COHEN dealt with
9 bankers at Bank A in Tel Aviv, Israel, to manage the account.

10 Over the years, COHEN deposited additional funds into the
11 Fluvia Holdings account that belonged to COHEN and his brother,
12 and both COHEN and his brother each owned 50% of the additional
13 funds deposited into the Fluvia Holdings bank account.

14 In or about 2000, COHEN began using the funds in the
15 undeclared accounts in the Cayman Islands as collateral for
16 "back-to-back" loans obtained from the Los Angeles branch of Bank
17 A. COHEN's ownership of the funds in the Cayman Islands accounts
18 was not identified in the loan records maintained at the Los
19 Angeles branch of Bank A, thus concealing the fact that he was
20 "borrowing" his own money, paying tax-deductible interest on the
21 loans, and not reporting the interest income he was earning on
22 the offshore funds.

23 In late 2003 or early 2004, bankers at Bank A in Israel
24 advised COHEN to transfer the funds from the Fluvia Holdings
25 account to a new account in the name of a new entity. COHEN had

1 visited Bank A in Israel while traveling in Israel for personal
2 reasons, and during this visit bankers at Bank A told COHEN that
3 it was "about time to close Fluvia and open a new entity." The
4 bankers said that it was dangerous at the time to have an account
5 in the name of a British Virgin Islands company and that
6 converting the account to a new account would be safer. COHEN
7 agreed to close the Fluvia account and use a new entity because
8 he wanted his offshore accounts to remain secret from the U.S.
9 Government.

10 Bank A then arranged for the preparation of the paperwork
11 necessary to create a new company and a new account, and
12 presented it to COHEN, which he signed on February 28, 2003. The
13 new company was a Turks and Caicos Islands entity called
14 Cambridge Development Ltd. ("Cambridge Development"), and the new
15 account was opened at Bank A in the Cayman Islands. The
16 paperwork included placing a mail hold on the account, which
17 bankers at Bank A said was customary and recommended, and which
18 further ensured that the account would remain secret from the
19 U.S. Government.

20 During 2002 through 2007, COHEN would receive unannounced
21 visits from Banker 1, an international accounts manager with Bank
22 A in Israel, once or twice every year at COHEN's office in Los
23 Angeles, California. During these visits, Banker 1 would show
24 COHEN bank statements for the Fluvia Holdings and Cambridge
25 Development accounts.

1 In or about 2008, COHEN was informed that the Los Angeles
2 branch of Bank A would not renew COHEN's back-to-back loans, and
3 that the loans needed to be paid back. After negotiating an
4 extension of time, COHEN and his brother paid back the loans in
5 or about September 2008.

6 For many years, COHEN and his brother had maintained a
7 commercial line of credit from a second Israeli bank, Bank B,
8 that was secured by accounts receivable and inventory from their
9 business in Los Angeles. In or about April 2009, COHEN and his
10 brother transferred approximately \$2 million from the Cambridge
11 Development account at Bank A in the Cayman Islands to a new
12 offshore account at Bank B in Israel. After transferring the
13 offshore funds from Bank A to Bank B, COHEN and his brother used
14 the funds as collateral to obtain a back-to-back loan from the
15 Los Angeles branch of Bank B, which was provided to the COHENS as
16 an increase in their line of credit.

17 During the relevant time period, COHEN knew that he was
18 earning interest on the funds in the foreign accounts at Bank A,
19 and then Bank B, and that this interest income should be declared
20 on his United States tax returns. COHEN and his brother failed
21 to report this interest income on their Forms 1040, U.S.
22 Individual Income Tax Returns, which were filed with the IRS.
23 For tax years 2006 through 2009, COHEN failed to report \$238,072
24 of interest income, resulting in a tax loss of \$66,660. During
25 the years 2006 through 2011, the highest aggregate balance

1 belonging to COHEN and his brother in the undeclared accounts at
2 Bank A and Bank B in the names of Fluvia Holdings and Cambridge
3 Development was at least \$3,450,000.

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PROOF OF SERVICE BY MAILING

I am over the age of 18 and not a party to the within action. I am employed by the Office of the United States Attorney, Central District of California. My business address is 300 North Los Angeles Street, Suite 7211, Los Angeles, California 90012.

On July 22, 2013, I served

PLEA AGREEMENT FOR DEFENDANT AARON COHEN

on each person or entity name below by enclosing a copy in an envelope addressed as shown below and placing the envelope for collection and mailing on the date and at the place shown below following our ordinary office practices. I am readily familiar with the practice of this office for collection and processing correspondence for mailing. On the same day that correspondence is placed for collection and mailing, it is deposited in the ordinary course of business with the United States Postal Service in a sealed envelope with postage fully prepaid. Date of mailing: July 22, 2013

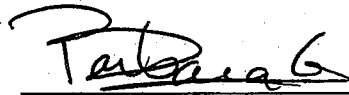
Place of mailing: Los Angeles, California

See attached list

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

I declare that I am employed in the office of a member of the bar of this court at whose direction the service was made.

Executed on: July 22, 2013, Los Angeles, California.



Barbara Le

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RE: UNITED STATES OF AMERICA v. AARON COHEN

Service List

James W. Spertus
Spertus, Landes & Umhofer, LLP
1990 South Bundy Drive, Suite 705
Los Angeles, CA 90025