

**IN THE UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF ILLINOIS
ROCK ISLAND DIVISION**

06/14/06

FILED

JUN 23 2006

JOHN M. WATERS, Clerk
U.S. DISTRICT COURT
CENTRAL DISTRICT OF ILLINOIS

UNITED STATES OF AMERICA,)
)
Plaintiff,)
)
v.)
)
MOHAMMAD SHABBIR KHAN, a/k/a)
SHABBIR KHAN,)
)
Defendant.)

Case No. 06-40055

PLEA AGREEMENT AND STIPULATION OF FACTS

Pursuant to Rule 11(c) of the Federal Rules of Criminal Procedure, the United States of America, by Rodger A. Heaton, United States Attorney for the Central District of Illinois, and Gregory R. Walters and Jeffrey B. Lang, Assistant United States Attorneys, and the defendant, Mohammad Shabbir Khan, a/k/a Shabbir Khan, personally and by the defendant's attorney, James B. Koch, hereby enter into this Plea Agreement.

1. This document contains the complete and only Plea Agreement between the United States Attorney for the Central District of Illinois and the defendant. This Agreement supersedes and replaces any and all prior formal and informal, written and oral, express and implied, plea agreements between the parties. No other agreement, understanding, promise, or condition between the

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United States Attorney for the Central District of Illinois and the defendant exists, except as set forth in this Plea Agreement.

2. This Plea Agreement is binding only upon the United States Attorney for the Central District of Illinois and the defendant. It does not bind any United States Attorney outside the Central District of Illinois, nor does it bind any state or local prosecutor. In addition, the Plea Agreement does not bind the Tax Division of the United States Department of Justice or the Internal Revenue Service of the United States Department of the Treasury.

3. This Agreement is made pursuant to Federal Rule of Criminal Procedure 11(c)(1)(A) and (B), and therefore if the Court does not accept the recommendations of the parties, the defendant does not have the right to withdraw his pleas of guilty.

CHARGES, ELEMENTS, AND PENALTIES

4. The defendant will plead guilty to Counts One through Twelve of the Indictment, each of which charges the defendant with Wire Fraud in violation of Title 18, United States Code, Section 1343; Count Fifteen, which charges the defendant with Conspiracy to Launder Money in violation of Title 18, United States Code, Section 1956(h); and Count 16, which charges the defendant with Making a False Statement in violation of Title 18, United States Code, Section 1001(a)(2).

5. The defendant has read the charges to which the defendant is pleading guilty, and the charges have been explained to the defendant by the defendant's attorney. Furthermore, the defendant fully understands the nature and elements of the crimes to which the defendant is pleading guilty. To sustain the charge of Wire Fraud in violation of Title 18, United States Code, Section 1343, as charged in each of Counts One through Twelve, the United States must prove the following propositions beyond a reasonable doubt:

First, that the defendant knowingly devised or participated in the scheme to defraud or to obtain money or property by means of materially false pretenses, representations, or promises, as described in Counts One through Twelve of the Indictment;

Second, that the defendant did so knowingly and with the intent to defraud; and

Third, that for the purpose of carrying out the scheme or attempting to do so, the defendant caused interstate or foreign wire communications to take place in the manner charged in Counts One through Twelve of the Indictment.

To sustain the charge of Conspiracy to Launder Money in violation of Title 18, United States Code, Section 1956(h), as charged in Count Fifteen, the United States must prove the following propositions beyond a reasonable doubt:

First, that the conspiracy as charged in Count Fifteen existed; and

Second, that the defendant knowingly became a member of the conspiracy with an intention to further the conspiracy.

To sustain the charge of Making a False Statement in violation of Title 18, United States Code, Section 1001(a)(2), as charged in Count Sixteen, the United States must prove the following propositions beyond a reasonable doubt:

First, that the defendant made a false statement;

Second, that the statement was material;

Third, that the statement was made knowingly and willfully; and

Fourth, that the statement was made in a matter within the jurisdiction of the executive branch of the government of the United States.

6. The defendant understands and agrees that the each of the counts to which he shall plead guilty carry the following potential penalties:

Counts One through Twelve - Wire Fraud, 18 U.S.C. § 1343

- up to 20 years in prison;
- up to a \$250,000 fine;
- up to 5 years of supervised release; and
- a \$100 special assessment.

Count Fifteen - Conspiracy to Launder Money, 18 U.S.C. § 1956(h)

- up to 20 years in prison;
- up to a \$500,000 fine;
- up to 5 years of supervised release; and
- a \$100 mandatory special assessment.

Count Sixteen - Making a False Statement, 18 U.S.C. § 1001(a)(2)

- up to 5 years in prison;
- up to a \$250,000 fine;
- up to 3 years of supervised release; and
- a \$100 mandatory special assessment.

7. The defendant understands that the sentences on each count to which he is pleading guilty may be ordered to be served consecutively (in addition to each other). Consequently, the maximum possible sentence which could be imposed on the combined counts is:

- up to 265 years in prison
- up to a \$3,750,000 fine;
- up to 68 years of supervised release; and
- a \$1,400 mandatory special assessment.

8. The defendant further understands that upon violation of any of the terms of the defendant's supervised release, the supervised release may be revoked and the defendant may be imprisoned for all or part of the supervised release period without credit for time previously served.

9. The defendant understands and agrees that the Court may be required to order the defendant to pay restitution. The parties to this Agreement have not reached a determination on the issue of restitution. Restitution may include the cost of incarceration and supervision. The parties acknowledge that the Court may order restitution in whatever amount it deems proper.

STATUTORY AND APPEAL WAIVERS

Waiver of Right of Appeal from Conviction and Sentence

10. The defendant is aware that federal law, specifically, Title 28, United States Code, Section 1291, affords a defendant a right to appeal a final decision of the

district court and that federal law, specifically, Title 18, United States Code, Section 3742, affords a defendant a right to appeal the conviction and/or sentence imposed. Understanding those rights, and having thoroughly discussed those rights with the defendant's attorney, the defendant knowingly and voluntarily waives the right to appeal any and all issues relating to this Plea Agreement and conviction and to the sentence, including any fine or restitution, within the maximums provided in the statutes of conviction, and the manner in which the sentence, including any fine or restitution, was determined, on any ground whatever, in exchange for the concessions made by the United States in this Plea Agreement, unless otherwise stated in this paragraph.

Waiver of Right to Collateral Attack

11. The defendant also understands that he has a right to attack the conviction and/or sentence imposed collaterally on the grounds that it was imposed in violation of the Constitution or laws of the United States; that he received ineffective assistance from his attorney; that the Court was without proper jurisdiction; or that the conviction and/or sentence was otherwise subject to collateral attack. The defendant understands such an attack is usually brought through a motion pursuant to Title 28, United States Code, Section 2255. The defendant and the defendant's attorney have reviewed Section 2255, and the defendant understands his rights under the statute. Understanding those rights,

and having thoroughly discussed those rights with the defendant's attorney, the defendant knowingly and voluntarily waives his right to collaterally attack the conviction and/or sentence. The defendant's attorney has fully discussed and explained the defendant's right to attack the conviction and/or sentence collaterally with the defendant. The defendant specifically acknowledges that the decision to waive the right to challenge any later claim of the ineffectiveness of the defendant's counsel was made by the defendant alone notwithstanding any advice the defendant may or may not have received from the defendant's attorney regarding this right. Regardless of any advice the defendant's attorney may have given the defendant, in exchange for the concessions made by the United States in this Plea Agreement, the defendant hereby knowingly and voluntarily waives his right to collaterally attack the conviction and/or sentence. The rights waived by the defendant include his right to challenge the amount of any fine or restitution, in any collateral attack, including, but not limited to, a motion brought under Title 28, United States Code, Section 2255.

ADVISORY SENTENCING GUIDELINES

12. The defendant understands that the Court will calculate the defendant's offense level and criminal history category under the United States Sentencing Guidelines, and that the Court will use those calculations to arrive at an advisory sentencing range under the Guidelines. The defendant understands that the Court

must consider the advisory Sentencing Guidelines range when imposing sentence. The Court shall also consider the other factors listed under Title 18, United States Code, Section 3553(a) in determining the specific sentence to be imposed. The defendant understands that although the Sentencing Guidelines are advisory, the Court may choose to impose sentence in accordance with the Sentencing Guidelines.

13. Based on the information currently available, the defendant and the United States agree on the following points regarding the application of the Sentencing Guidelines to the offense to which the defendant is pleading guilty:

a. The parties agree, based upon facts currently known by the United States, that the defendant demonstrates a recognition and affirmative acceptance of personal responsibility for the defendant's criminal conduct in accordance with Section 3E1.1 of the United States Sentencing Guidelines and, in that case, a two-level reduction in the offense level would be appropriate. Acceptance of personal responsibility shall include cooperating fully with the United States Probation Office in the preparation of a presentence report and not committing any bond violations while on pretrial release, including but not limited to the commission of any local, state or federal offenses. This Agreement does not preclude the United States from changing its position if new evidence to the

contrary is discovered or if the defendant later demonstrates a lack of acceptance of personal responsibility for the defendant's criminal conduct.

b. The parties further agree that since the defendant's offense level (including adjustments for Specific Offense Characteristics and other provisions) will be 16 or higher, the defendant qualifies for an additional one-level reduction in the defendant's offense level pursuant to United States Sentencing Guidelines Section 3E1.1(b)(2) because the defendant timely notified the United States Attorney's Office of the defendant's intention to enter pleas of guilty, thereby permitting the United States to avoid trial preparation and permitting the Court to allocate its resources efficiently.

c. The parties further agree that a substantial part of the wire fraud scheme alleged in Counts One through Twelve was committed from outside the United States, and that an upward adjustment of the defendant's offense level is therefore warranted under Section 2B1.1(b)(9)(B) of the United States Sentencing Guidelines.

d. The parties further agree that the money laundering conspiracy alleged in Count Fifteen involved sophisticated laundering, and that an upward adjustment of the defendant's offense level is therefore warranted under Section 2S1.1(b)(3) of the United States Sentencing Guidelines.

e. The parties further agree that the defendant was an organizer, leader, manager, and supervisor in the wire fraud scheme as alleged in Counts One through Twelve and the money laundering conspiracy alleged in Count Fifteen, and that an upward adjustment of the defendant's offense level is therefore warranted under Section 3B1.1 of the United States Sentencing Guidelines.

f. The parties further agree that the defendant willfully obstructed and impeded, and attempted to obstruct and impede, the administration of justice during the course of the investigation and prosecution of the wire fraud scheme as alleged in Counts One through Twelve and the money laundering conspiracy alleged in Count Fifteen, and that an upward adjustment of the defendant's offense level is therefore warranted under Section 2C1.1 of the United States Sentencing Guidelines.

g. The parties have not reached any agreements with respect to the application of other potential adjustments under the Sentencing Guidelines.

14. The defendant and the United States agree that the above statements regarding Sentencing Guidelines calculations are not binding on the Court, and relate only to the positions the parties take regarding the applicable advisory Sentencing Guidelines range based upon the information of which they are currently aware. The Court will remain free to make its own independent determination of

the applicable advisory Sentencing Guidelines range. The defendant and the United States agree that if the sentence imposed by the Court falls within the applicable advisory Sentencing Guidelines range, such a sentence is reasonable, and the defendant agrees not to challenge the sentence on the basis that it is unreasonable.

15. The defendant agrees that at the time of sentencing, the Court will not be bound by any recommendation made by any party, and that the Court will be free to impose whatever sentence it deems appropriate under the law, including, if appropriate, up to the statutory maximums. The defendant agrees and understands that the defendant will not be allowed to withdraw the defendant's guilty pleas because of an objection to the calculation of the Sentencing Guidelines, or to the Court's sentencing findings or rulings, or because the defendant receives a sentence higher than that suggested through application of the individual Sentencing Guidelines terms agreed upon in this Plea Agreement.

16. The United States reserves the right, in its sole discretion, to make a motion at the time of sentencing for a downward departure from the advisory Sentencing Guideline range pursuant to United States Sentencing Guidelines Section 5K1.1 if the defendant provides substantial assistance in the investigation or prosecution of other criminal offenses. The extent of any such recommended departure will depend solely upon the United States' evaluation of the nature,

extent, and value of the defendant's assistance, including the defendant's truthfulness.

DEFENDANT'S OBLIGATIONS

17. As a condition of this entire Plea Agreement, the defendant will cooperate fully with law enforcement officials, as agreed in the cooperation agreement letter dated March 22, 2006, from Assistant United States Attorney Jeffrey B. Lang to James B. Koch, Esq., and executed by the parties that same date. A copy of the cooperation agreement is appended hereto as Exhibit A and incorporated herein by reference.

18. The defendant agrees to and waives any rights the defendant may have under the Speedy Trial Act, and the defendant understands that his sentencing may be delayed until his cooperation has been completed so that at sentencing the court will have the benefit of all relevant information.

19. The defendant and his attorney acknowledge that they have reviewed, and the defendant understands, the possible application of Title 18, United States Code, Section 3553(e). They further acknowledge, consistent with Application Note 3 to United States Sentencing Guidelines Section 5K1.1, that the United States is in the best position to assess the value of the defendant's cooperation to the United States and its law enforcement efforts. In return for receiving the opportunity to cooperate with the government and for the opportunity to be considered by the

government for a motion and recommendation for a downward departure pursuant to Section 5K1.1, the defendant and his attorney agree to limit any argument regarding the extent of a downward departure for substantial assistance to the government to only those grounds specifically set forth in Section 5K1.1 and its application notes.

20. The defendant further understands and agrees to pay the mandatory \$1,400 Special Assessment for the offenses to which the defendant is entering pleas of guilty, as is required under Title 18, United States Code, Section 3013. The defendant agrees to pay this mandatory special assessment at the time of sentencing by delivering a check or money order made payable to the United States District Court and understands that he will be required to do so as a condition of this Plea Agreement. The failure to comply with this requirement, however, will not constitute grounds for the defendant to withdraw any pleas of guilty.

21. As a further condition of this entire Plea Agreement, the defendant agrees that he will make all possible efforts, and take any and all steps necessary, to transfer each of the assets valued at US\$5,000 or more that he owns or otherwise controls which are located outside the United States to the United States and into the trust, custody, and control of his undersigned attorney, James B. Koch, including, but not limited to, deposits in bank accounts at Dubai in the United Arab Emirates.

The defendant further agrees to take no steps or actions which would have the effect of delaying or interfering in any manner with the transfer of his foreign assets to the custody of his attorney. The defendant further agrees that he will make all possible efforts and take any and all steps necessary to ensure that each of his assets valued at US\$5,000 or more located outside the United States are not transferred, disposed of, or diminished in value prior to their transfer to the custody of his attorney. In addition, the defendant hereby agrees that prior to the date of his entry of his guilty plea pursuant to this Plea Agreement, he will provide to the United States Attorney's Office for the Central District of Illinois an inventory (identifying by description, location, and value) each of his assets valued at US\$5,000 or more located both within and outside the United States.

THE UNITED STATES ATTORNEY'S OBLIGATIONS

22. The United States Attorney for the Central District of Illinois agrees that at the time of sentencing, the United States will move to dismiss the remaining two counts of the Indictment, namely Count Thirteen, which charges the defendant with Conspiracy to Tamper with a Witness in violation of Title 18, United States Code, Section 1512(k), and Count Fourteen which charges the defendant with Witness Tampering in violation of Title 18, United States Code, Section 1512(b)(3). The defendant acknowledges that the counts that the United States agrees to dismiss

were brought in good faith and not for any vexatious or frivolous reason on the part of the United States.

23. The United States Attorney for the Central District of Illinois agrees to bring no additional criminal charges in the Central District of Illinois against the defendant relating to or arising from the offenses charged in this Indictment, except for any crime of violence and any crime unknown to the United States Attorney for the Central District of Illinois prior to the time this Plea Agreement is signed by the parties.

24. The United States agrees that at the time of sentencing it will fully inform the Court of the nature, extent, and value of any cooperation rendered by the defendant.

25. The United States agrees with its obligations as set forth in the cooperation agreement letter dated March 22, 2006, which is appended hereto as Exhibit A.

FACTUAL BASIS

26. The defendant will plead guilty because the defendant is in fact guilty of the charges contained in the Indictment. In pleading guilty to these charges, the defendant stipulates to and admits to the following facts:

Background

27. During the period of at least October 2002 through March 2006, the defendant, MOHAMMAD SHABBIR KHAN ("KHAN"), was a citizen of the United States and a management-level employee of the Saudi Arabian company known as Tamimi Global Company, Ltd. ("Tamimi"). KHAN's duties included managing various business operations for Tamimi.

28. Stephen Lowell Seamans ("Seamans") was employed by the company now known as Kellogg Brown & Root Services, Inc. ("KBR") from approximately March 1999 through approximately May 2003. From approximately October 2002 through November 2002 and from approximately March 2003 through May 2003, Seamans worked for KBR in Kuwait as a Procurement Materials and Property Manager. His duties as a Procurement Materials and Property Manager included the negotiation and awarding of government subcontracts under the government prime contract called "LOGCAP III."

29. From at least April 2005 through March 22, 2006, the person referred to herein as "Z.K." was a management level employee of Tamimi residing in the Middle East. Z.K.'s duties included managing various business operations for Tamimi.

The LOGCAP III Prime Contract

30. In December 2001, the United States Army Operations Support Command located at the Rock Island Arsenal, Rock Island, Illinois, within the Central District of Illinois, awarded a prime contract known as Logistics and Civil Augmentation Program III ("LOGCAP III") to KBR. The Army Field Support Command, also located at the Rock Island Arsenal, was the procurement command for LOGCAP III. As the procurement command for LOGCAP III, the Army Field Support Command obligated and committed the funding for the prime contract.

31. Under LOGCAP III, KBR provided goods and services to the Army at Kuwait and other locations around the world. KBR performed specific requirements under LOGCAP III pursuant to task orders the Army issued.

32. KBR commonly used subcontractors to fulfill its obligations under LOGCAP III. These subcontractors invoiced KBR for their work, and KBR was responsible for paying the subcontractors. KBR thereafter invoiced the government for the cost of the work done by the subcontractors plus KBR's allowable fees.

33. In or about October 2002, a LOGCAP III task order required KBR to establish of a military dining facility at Camp Arifjan in Kuwait. On or about October 14, 2002, KBR awarded the Camp Arifjan dining facility subcontract to Tamimi. KBR designated the subcontract as subcontract no. GU49-KU-S0001 ("Subcontract 0001").

34. In or about April 2003, a LOGCAP III task order required KBR to establish a military dining facility at a palace in Baghdad, Iraq. On or about April 14, 2003, KBR awarded the palace dining facility subcontract to Tamimi. KBR designated the subcontract as subcontract no. GU68-OR-S00018 ("Subcontract 00018").

Factual Basis for Counts One through Twelve

35. On or about October 9, 2002, KHAN hosted a birthday party for Seamans. At the party, KHAN provided Seamans with the services of a prostitute. When KHAN drove Seamans back to his quarters following the party, KHAN offered to pay Seamans a kickback in connection with Subcontract 0001. Seamans accepted KHAN's offer.

36. On or about October 13, 2002, Seamans sent an e-mail to certain KBR procurement personnel requesting their approval to award Subcontract 0001 to Tamimi. Included in the e-mail were documents and information Seamans represented as the "essential documents" for the KBR procurement personnel's decision-making process. Seamans omitted from his e-mail that KHAN had offered to pay kickbacks in connection with the subcontract and that Seamans had accepted the offer.

37. On or about October 14, 2002, Seamans awarded Subcontract 0001 to Tamimi in the not-to-exceed amount of US\$14,398,505 for dining facility services at

Camp Arifjan, Kuwait, for a one-year period. Seamans executed the subcontract on behalf of KBR, and KHAN executed the subcontract on behalf of Tamimi.

38. In or about April 2003, Seamans provided KHAN with bid information pertaining to Subcontract 00018. Seamans, knowing the amount of the bid submitted by another bidder, provided KHAN with the price Tamimi needed to bid to secure the award of Subcontract 00018.

39. On or about April 14, 2003, Seamans awarded Subcontract 00018 to Tamimi in the not-to-exceed amount of US\$2,000,000 for dining facility services at a palace in Baghdad, Iraq. Seamans awarded the subcontract by way of a document entitled "Letter Subcontract Anticipating a Fixed Price Type of Subcontract," which provided for the parties to enter into negotiations for a firm-fixed-price subcontract by April 24, 2003. Seamans executed the letter subcontract on behalf of KBR, and KHAN executed the letter subcontract on behalf of Tamimi.

40. On or about May 21, 2003, Seamans awarded to Tamimi a change order to Subcontract 00018 that increased the amount of the subcontract from US\$2,000,000 to US\$7,381,725.90 and specified the period of performance as six months from April 14, 2003, or through October 13, 2003. Seamans executed the change order on behalf of KBR, and KHAN executed the change order on behalf of Tamimi.

41. On or about May 21, 2003, Seamans sent an electronic mail message to certain KBR personnel requesting a requisition signed by a military representative for the increased price of Subcontract 00018. Seamans omitted from his e-mail that KHAN had previously offered to pay kickbacks to Seamans and, as of May 21, 2003, had paid Seamans approximately US\$124,000 in kickbacks.

42. From in or about October 2002 through in or about October 2003, in connection with Subcontracts 0001 and 00018, KHAN paid kickbacks and caused kickbacks to be paid to Seamans and to another individual and entities on Seamans' behalf. The kickbacks were in the amount of approximately US\$133,000 and were in the form of U.S. currency and wire transfers, as summarized in the following chart:

| <u>On or About Date</u> | <u>Payment Method & Amount</u> | <u>Where Received</u> |
|-------------------------|--|---|
| 10/02 through 11/02 | Cash payments in the amount not less than US\$30,000 | Seamans |
| 10/29/02 | Wire transfer of US\$2,965 from Kuwait | A bank account in Maryland of the person referred to herein as "M.S." 30 min |
| 11/25/02 | Wire transfer of US\$20,965 from Kuwait | Seamans's automobile loan account in Georgia (U.S.A.) |
| 4/17/03 | Wire transfer of US\$8,000 from Bahrain | Seamans's bank account in Maryland |
| 4/18/03 | Wire transfer of US\$9,465 from Kuwait | Seamans's bank account in Maryland |
| 4/23/03 | Wire transfer of US\$9,000 from Bahrain | Seamans's bank account in Maryland |

| | | |
|--------------|--|------------------------------------|
| 4/28/03 | Wire transfer of US\$8,500 from Bahrain | Seamans's bank account in Maryland |
| 5/12/03 | Wire transfer of US\$9,500 from Bahrain | Seamans's bank account in Maryland |
| 5/15/03 | Wire transfer of US\$8,500 from Bahrain | Seamans's bank account in Maryland |
| 5/16/03 | Wire transfer of US\$7,500 from Bahrain | Seamans's bank account in Maryland |
| 5/19/03 | Wire transfer of US\$6,500 from Bahrain | Seamans's bank account in Maryland |
| 5/21/03 | Wire transfer of US\$3,000 from Saudi Arabia | Seamans's bank account in Maryland |
| 10/02/03 | Wire transfer of US\$9,965 from Kuwait | Seamans's bank account in Maryland |
| Total | At least US\$133,860 | |

43. Between in or about October 2002 through at least in or about October 2003, KHAN and Seamans failed to inform KBR that KHAN had offered to pay and had paid kickbacks to Seamans, thereby causing KBR to fail to inform the Department of Defense Office of Inspector General or United States Department of Justice of the offer and payment of kickbacks and depriving the LOGCAP III Contracting Officer the ability to offset monies owed by the United States to KBR under the LOGCAP III contract by at least the amount of the kickbacks.

44. By executing Subcontracts 0001 and 00018 on behalf of KBR on or about October 14, 2002, and April 14, 2003, respectively, Seamans represented that he was

not receiving any kickback from Tamimi or its representatives in connection with his award of these subcontracts to Tamimi.

45. By executing Subcontracts 0001 and 00018 on behalf of Tamimi on or about October 14, 2002 and April 14, 2003, respectively, KHAN represented that neither he nor Tamimi had offered to pay and was not paying kickbacks to Seamans in connection with Seamans' awarding these subcontracts to Tamimi.

46. From in or about October 2002 through at least in or about October 2003, KHAN and Seamans induced the Army Field Support Command to obligate funding toward the task orders for Subcontracts 0001 and 00018 on the basis of the false premise represented by KHAN's and Seamans' execution of Subcontracts 0001 and 00018 that Seamans had not been offered and was not receiving kickbacks on these subcontracts and their failure to disclose the offer of kickbacks and the payment of kickbacks by KHAN to Seamans in connection with these subcontracts.

Factual Basis for Count Fifteen

47. In or about April 2005, KHAN spoke with and otherwise communicated with Seamans, who was in the United States at the time, informing Seamans that an attache from the embassy or consulate in Bahrain had recently inquired into the source of wire transfers that Tamimi or one or more of its managers had paid to Seamans as kickbacks in the spring of 2003. KHAN told Seamans that if Seamans were to have a business deal with Z.K., whereby the deal was for Seamans and Z.K.

to jointly purchase a vehicle in the United States for sale in the Middle East, this would make the wire transfers the authorities inquired about appear to be a legitimate business investment by Z.K.

48. In or about April 2005, KHAN provided Seamans with contact information for Z.K.

49. On or about April 11, 2005, Z.K. sent an e-mail Seamans in the United States, stating:

"This refers to our telephonic conversation in regards with the craven [sic] to be purchased ,

"would you pls send me all the details and when you can shift it to me."

50. On or about April 15, 2005, Z.K. sent an e-mail to the Seamans in the United States, stating:

"Thanks for your mail and it is ok if it didn't work this time.

"I feel comfortable when you said you are going to wire transfer my fund, though it didn't work this time but I will be more than happy to have business in future with an honest person like you."

In the same e-mail, Z.K. provided Seamans with information pertaining to a bank account in the Middle East.

51. On or about April 15, 2005, in the United States, Seamans transferred more than US\$60,000 from his investment account to his bank account in

preparation for wire transferring the money to Z.K. in the Middle East as part of the cover-up.

52. On or about April 18, 2005, Seamans sent an e-mail from the United States to Z.K. in the Middle East stating that he (Seamans) had the funds available to wire transfer to Z.K. but that it appeared to Seamans as if Z.K. had provided Seamans with incomplete banking information to complete the transfer.

53. On or about April 22, 2005, in the United States, Seamans attempted, unsuccessfully, to electronically transfer more than US\$60,000 to Z.K. in the Middle East.

54. On or about May 11, 2005, Z.K. sent an e-mail to Seamans in the United States, stating:

“I am back to my station from my little R & R, though it was short but a good one. I checked with the Bank of Baghdad and it was told to me that any money transfer to Iraq should be through the bank outside Iraq and I have been given that name and swift # of two banks”

In this same e-mail, Z.K. provided Seamans with information pertaining to two bank accounts in the Middle East.

55. On or about August 28, 2005, in Kuwait, federal law enforcement agents interviewed Z.K. During the interview, Z.K. falsely told the agents:

(a) Z.K. and Seamans agreed in February or March 2003 to enter into a business venture to purchase armor plated, United States-made vehicles for sale in Iraq;

(b) Z.K. had another Tamimi employee, referred to herein as "M.M.," wire transfer more than US\$60,000 to Seamans as Z.K.'s investment in the business venture;

(c) The armored vehicle deal with Seamans fell through; and

(d) Following the armored vehicle deal, Z.K. tried to get Seamans to purchase a recreational vehicle ("RV") or caravan in the United States to sell in the Middle East, but the RV deal also fell through.

56. On or about August 26 and 28, 2005, federal law enforcement agents interviewed KHAN. During the interview, KHAN told the agents:

(a) KHAN thought certain wire transfers of money that persons affiliated with Tamimi made to Seamans were for a business venture between Z.K. and Seamans for the purchase of armored cars or hardened vehicles in the United States for sale in the Middle East for profit; and

(b) KHAN was unaware of any kickbacks made to Seamans by Tamimi personnel.

57. During the interview in Kuwait, KHAN provided federal law enforcement agents with false and misleading documents to support his and Z.K.'s fictitious story about a business venture between Z.K. and Seamans. These documents included a document KHAN represented as an April 10, 2003, memorandum from Z.K. to KHAN in which Z.K. requested that KHAN advise the Tamimi finance department to give US\$67,000 of Z.K.'s year 2002 bonus to M.M. These documents also included a document KHAN represented as an April 13, 2003, memorandum between Tamimi finance employees stating that the Operation Manager of Tamimi had approved Z.K.'s April 10, 2003, request.

58. On or about August 30, 2005, Z.K. sent an e-mail to Seamans in the United States, stating:

"What is going on man,I am still waiting for the transfer .

"Pls contact me by phone or mail so we can close this chapter once for all. Last time I sent you my account number and the swift number but I can't see the money transfer. Pls let me know when are you going to transfer the money back.

"Once again I am giving you my acct number and swift #.so you can send my money back. Expecting you to rreply [sic] ASAP."

In the e-mail, Z.K. provided Seamans with information pertaining to a bank account in the Middle East to which Seamans was to wire transfer the money.

59. On or about September 5, 2005, Z.K. sent an e-mail to Seamans in the United States, stating:

"I am still waiting for your reply about my money to be transferred back. It has been long time and it is of no use for you to keep my money with you where you already agreed to send my money back long time ago. Pls reply so I will know when I can have my money transferred back to me."

60. On or about the dates below, in an effort to support the fictitious business venture story, KHAN and Z.K. caused the Rock Island Division of the United States Attorney's Office, Central District of Illinois, to receive by mail false or misleading documents:

(a) September 12, 2005: documents relating to wire transfers made to Seamans by one or more Tamimi representatives in the spring of 2003; and

(b) September 16, 2005: e-mails between Z.K. and Seamans concerning the fictitious business venture.

61. On or about September 14, 2005, Z.K. spoke by telephone with Seamans, who was in the United States, and told Seamans the fictitious story Z.K. told the federal law enforcement agents in Kuwait in August 2005.

62. On or about October 3, 2005, Z.K. spoke by telephone with Seamans, who was in the United States, and asked Seamans to meet him in London, England.

63. On or about October 23, 2005, Z.K. spoke by telephone with Seamans, who was in the United States, and told Seamans that he would send Seamans an electronic plane ticket so that Seamans could meet him in London.

64. On or about October 24, 2005, Z.K. sent an electronic plane ticket to Seamans for his flight to London.

65. On or about October 25, 2005, Z.K. spoke by telephone with Seamans, who was in the United States, and confirmed that he (Seamans) had received the electronic plane ticket.

66. On or about October 28, 2005, KHAN and Z.K. met with Seamans in London, England. During the meeting:

(a) Z.K. explained to Seamans the fictitious story he (Z.K.) told federal law enforcement agents that interviewed him and KHAN in Kuwait in August 2005;

(b) Z.K. instructed Seamans that this was the story Seamans was to tell federal law enforcement agents when they questioned him concerning wire transfers from Tamimi and its representatives;

(c) KHAN and Z.K. told Seamans that they needed documentation showing that Seamans had wired approximately US\$65,000 back to Z.K.'s bank account;

(d) KHAN and Z.K. further instructed Seamans to wire transfer a sum of money to Z.K.'s bank account, that they would transfer the same sum of money back to Seamans, and that this process was to continue until Seamans sent a total of US\$65,000 to Z.K.'s bank account and Seamans received a total of US\$65,000 in return;

67. On or about November 4, 2005, Z.K. sent and caused to be sent an e-mail to Seamans in the United States, stating:

"Thanks for your mail and I am glad to have an honest friend like you which is very rare.

"It is Eid holidays in this part of the world, after the holidays I will check with my bank and I will come back to you with all the correct information you need from my side. No problem for the failure of our plan but there is always a next time to do some business.

"Pls be in touch and take care."

Factual Basis for Count Sixteen

68. On March 22, 2006, federal law enforcement agents from the Federal Bureau of Investigation and the Army Criminal Investigation Command interviewed KHAN in Rock Island, Illinois. During the interview, KHAN told the federal agents:

(a) In 2003, Z.K. had a private side business deal with Seamans for the purchase of an armored vehicle in the United States for resale in the Middle East;

(b) To obtain money for Z.K.'s investment in the armored car deal with Seamans, Z.K. asked Tamimi to give US\$67,000 of his year 2002 bonus to M.M., a Tamimi manager in Bahrain;

(c) None of the money provided to Seamans by M.M. had anything to do with Tamimi's business with KBR;

(d) The armored vehicle deal with Seamans fell through;

(e) Neither Z.K., KHAN, nor Tamimi intended to pay kickbacks or bribes to Seamans through the payments made to Seamans;

(f) The payments made to Seamans were not made because Seamans had involvement in awarding or administering any subcontracts between KBR and Tamimi;

(g) The last time KHAN spoke with Seamans was in 2003; and

(h) The last place KHAN saw Seamans was in KHAN's office in Kuwait in 2003.

69. KHAN well knew when he made each of the above statements that each was false, fictitious, and fraudulent.

70. KHAN knew that his conduct in paying kickbacks for the awarding of KBR subcontracts as charged in Counts One through Twelve, conspiring to launder

money as charged in Count Fifteen, and making a false statement as charged in Count Sixteen, constituted crimes against the United States.

EFFECT OF VIOLATION OF AGREEMENT

71. The defendant agrees that if the defendant violates the terms of this Plea Agreement, the United States has the option to declare the Plea Agreement null and void. In the event the United States exercises its option to declare the Plea Agreement null and void, the United States will be completely released from all of its obligations under this Plea Agreement and the United States will be free to seek to vacate the defendant's conviction and/sentence, and to reinstate any previously dismissed charges against the defendant or to seek the defendant's resentencing. However, in the event the United States exercises its option to declare the Plea Agreement null and void, the defendant will not be allowed to withdraw from any previously accepted guilty plea. The defendant also agrees to waive any and all double jeopardy rights, and the applicable statute of limitations, should the United States seek to reinstate any charges against the defendant or seek to have the defendant resentenced.

72. Whether or not the defendant has violated the terms of the Plea Agreement shall be determined by the Court. The burden of proof shall rest with the United States to establish by a preponderance of the evidence that the defendant violated the terms of the Plea Agreement.

WAIVER OF CONSTITUTIONAL RIGHTS

73. The defendant understands that by pleading guilty the defendant surrenders the following rights, among others:

a. The right to plead not guilty or persist in the plea of not guilty if already made. If the defendant persisted in a plea of not guilty to the charges the defendant would have the right to a public and speedy trial.

b. The right to a trial by jury. The defendant has an absolute right to a jury trial. The jury would be composed of twelve persons selected at random. The jury would have to agree unanimously before it could return a verdict of either guilty or not guilty. The jury would be instructed that the defendant is presumed innocent, and that it could not convict the defendant unless, after hearing all the evidence, it was persuaded that the United States had met its burden of proving the defendant guilty beyond a reasonable doubt. The defendant could also ask for a trial by the Judge instead of a trial by a jury.

c. The right to confront and cross-examine adverse witnesses. At a trial, the United States would be required to present its witnesses and other evidence against the defendant. The defendant would be able to see and hear those government witnesses and the defendant's attorney would be able to cross-examine them. In turn, the defendant's counsel could present witnesses and other evidence on the defendant's behalf. If the witnesses for the defendant refused to appear

voluntarily, their attendance could be required through the subpoena power of the Court.

d. The right against compelled self-incrimination. At a trial, the defendant would have a privilege against self-incrimination so that the defendant could decline to testify, and no inference of guilt could be drawn from the defendant's refusal to testify. If the defendant desired to do so, the defendant could testify on the defendant's own behalf.

e. Venue. To the extent that any venue issue may exist with respect to Counts One through Twelve, Fifteen, or Sixteen of the Indictment, the defendant hereby knowingly and specifically waives any and all rights to challenge his prosecution in the Central District of Illinois on Counts One through Twelve, Fifteen, and Sixteen on the basis of venue, that is, that the charges against him were unconstitutionally or otherwise improperly brought in the Central District of Illinois instead of being filed in another federal district. The defendant hereby acknowledges and understands that absent this waiver, he might have the right to challenge his prosecution on Counts One through Twelve, Fifteen, or Sixteen on the basis of venue. The defendant understands that Article III, Section 2, Clause 3 of the United States Constitution provides that "Trial of all Crimes . . . shall be held in the State where the said Crimes shall have been committed"; that the Sixth Amendment

calls for trial "by an impartial jury of the State and district wherein the crime shall have been committed;" and that Rule 18 of the Federal Rules of Criminal Procedure establishes that "prosecution shall be had in a district in which the offense was committed." Recognizing all of the foregoing, the defendant hereby knowingly and voluntarily waives venue with respect to Counts One through Twelve, Fifteen, and Sixteen of the Indictment.

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

AGREED:

Defendant's Attorney:

75. I have discussed this Plea Agreement fully with my client, and I am satisfied that my client fully understands its contents and terms. No threats, promises, or representations have been made, nor agreements reached, express or implied, to induce my client to plead guilty other than those stated in this written Plea Agreement. I have reviewed with my client United States Sentencing Guidelines Sections 1B1.3 and 1B1.4 (relevant conduct).

Date:

June 20, 2006

S/James B. Koch


JAMES B. KOCH

Attorney for Mohammad Shabbir Khan

Defendant:

76. I have read this entire Plea Agreement carefully and have discussed it fully with my attorney. I fully understand this Agreement, and I agree to it voluntarily and of my own free will. I am pleading guilty because I am in fact guilty, and I agree that the facts stated in this Agreement about my criminal conduct are true. No threats, promises, or commitments have been made to me or to anyone else, and no agreements have been reached, expressed or implied, to influence me to plead guilty other than those stated in this written Plea Agreement. I am satisfied with the legal services provided by my attorney. I understand that by signing below I am stating I agree with everything stated in this paragraph, and I am accepting and entering into this Plea Agreement.

Date: 6/20/06


s/Mohammed Shabbir Khan


MOHAMMAD SHABBIR KHAN
Defendant

United States:

77. On behalf of the United States of America, I accept and agree to this
Plea Agreement.

RODGER A. HEATON
UNITED STATES ATTORNEY

Date: 6/23/06


s/Greggory R. Walters

by:



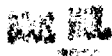
GREGGORY R. WALTERS
Assistant United States Attorney
One Technology Plaza
211 Fulton Street, Suite 400
Peoria, Illinois 61602
Tel: (309) 671-7050
Fax: (309) 671-7259

Date: 6/23/06

s/Jeffrey B. Lang

by:

JEFFREY B. LANG
Supervisory Assistant United States Attorney
1830 Second Avenue, Suite 320
Rock Island, Illinois 61201
Tel: (309) 793-5884
Fax: (309) 793-5895





U.S. Department of Justice

United States Attorney
Central District of Illinois
Headquarters Office
Springfield, Illinois

Rodger A. Heaton
United States Attorney

Reply to:
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1830 Second Avenue, Suite 320
Rock Island, Illinois 61201
(309)793-5884
FAX: (309)793-5895

March 22, 2006

James B. Koch
Gardiner Koch & Weisberg
53 W. Jackson Boulevard, Suite 950
Chicago, Illinois 60604

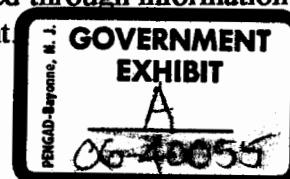
Re: Cooperation Agreement for
Muhammad Shabbir Khan

Dear Mr. Koch:

It is my understanding that your client, Muhammad Shabbir Khan, desires to cooperate with the government in its efforts to enforce federal law on the condition that his statements are protected by a grant of use immunity by the federal government. This letter is intended as a grant of conditional use immunity.

To avoid any misunderstanding, the specific terms of this grant of immunity are as follows:

1. The federal government agrees that no statement made or information provided pursuant to this agreement will be directly used as material evidence against your client in any federal criminal case, except for (1) prosecutions for making false statements or perjury during statements made pursuant to this agreement; (2) prosecutions for felony offenses involving the actual or threatened use of violence, and attempts and conspiracies to commit such, (3) use as impeachment or rebuttal evidence should your client subsequently testify or take a factual position contrary to the information that he provides pursuant to this agreement, (4) forfeiture proceedings, and (5) supervision revocation proceedings. The government will remain free to discharge its duty to the court, if such duty exists under the circumstances, by informing the court of any information that your client provides. The court will also be notified that such information was obtained pursuant to this grant of use immunity.
2. Your client agrees that any statement made or information provided pursuant to this agreement may be directly or indirectly used to obtain leads to other evidence, which evidence may be used against him in any criminal, civil, forfeiture, or administrative hearing, trial or other proceeding, including the sentencing hearing. It is intended by the government and acknowledged by your client that this provision eliminates the need for a Kastigar hearing wherein, absent this provision, the government would be required to prove that evidence being offered was not obtained through information provided by your client while cooperating with the government.



3. Your client agrees that he will provide complete and truthful information to law enforcement officials regarding everything he knows or has reason to believe about the criminal conduct of himself, if any, and that of other persons. Your client also agrees to produce any and all documents and physical evidence of any kind in his possession or under his control which relate to the information that he provides.
4. Your client agrees to provide complete and truthful testimony to any grand jury, trial jury, or judge in any proceeding in which he may be called to testify by the government.
5. You and your client further acknowledge and agree that the federal government's grant of use immunity herein is entirely conditioned upon your client's complete compliance with each and every term of this agreement. Should your client knowingly make any materially false statement or omission in providing information or testimony under this agreement, the federal government will be entitled to use his statements and evidence that he provides to institute and support a criminal prosecution for any offense as well as a prosecution for giving false statements and perjury.
6. For instance, your client must neither conceal or minimize his own actions or involvement in any offense, nor conceal, minimize, fabricate, or exaggerate anyone else's actions or involvement in any offense. He must be completely truthful about the facts whatever those may be.
7. Your client understands that the offenses of giving false statements and of perjury are felonies, each instance of which is punishable by up to five years in prison plus a \$250,000 fine.
8. Your client hereby agrees to undergo a polygraph examination to confirm any or all of the information that he provides pursuant to this cooperation agreement.
9. Any material breach of any provision of this agreement by your client will void this agreement in its entirety and will release the federal government from any obligation under this agreement. Any controversy concerning whether your client has knowingly made any materially false statement or omission during his cooperation, or has otherwise materially breached this cooperation agreement, shall be brought to the attention of, and determined by, the U.S. District Court.
10. At this time the government is not making, and has not made, any promise or commitment of any kind to your client regarding the prosecution of any offense or the sentence in any case.
11. This agreement is limited to the statements made and given by your client after the execution of this cooperation agreement and does not apply to statements, if any, given by him prior thereto.

12. This letter embodies the entirety of the federal government's immunity agreement with your client. No other promise or agreement exists between your client and the federal government regarding such immunity.

Very truly yours,

RODGER A. HEATON
UNITED STATES ATTORNEY

By

s/Jeffrey B. Lang

JEFFREY B. LANG
SUPERVISORY ASSISTANT U.S. ATTORNEY

We have read this letter entirely, and we understand and completely agree to the above terms. No promises have been made other than those stated in this letter regarding cooperation and use immunity.

s/Mohammed Shabbir Khan

Muhammad Shabbir Khan

Date: March 22, 2006

s/James B. Koch

James B. Koch
Attorney for Muhammad Shabbir Khan

Date: March 22, 2006



U.S. Department of Justice

*United States Attorney
Central District of Illinois
Headquarters Office
Springfield, Illinois*

*Rodger A. Heaton
United States Attorney*

*Reply to:
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FAX: (309)793-5895*

March 22, 2006

James B. Koch
Gardiner Koch & Weisberg
53 W. Jackson Boulevard, Suite 950
Chicago, Illinois 60604

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UNITED STATES ATTORNEY

By: s/Jeffrey B. Lang

JEFFREY B. LANG
SUPERVISORY ASSISTANT U.S. ATTORNEY

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s/Mohammed Shabbir Khan

Muhammad Shabbir Khan

Date: March 22, 2006

s/James B. Koch

James B. Koch
Attorney for Muhammad Shabbir Khan

Date: March 22, 2006