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 UNITED STATES OF AMERICA
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 11 UNITED STATES DISTRICT COURT
 12 FOR THE CENTRAL DISTRICT OF CALIFORNIA

13 UNITED STATES OF AMERICA,) SA CR No. 09-246-CJC
 14)
 Plaintiff,) PLEA AGREEMENT FOR DEFENDANT
 15) CHANT VARTANIAN
 v.)
 16)
 CHANT VARTANIAN,)
 17)
 Defendant.)
 18)
 19)

20 1. This constitutes the plea agreement between CHANT
 21 VARTANIAN ("defendant") and the United States Attorney's Office
 22 for the Central District of California ("the USAO") in the above-
 23 captioned case. This agreement is limited to the USAO and cannot
 24 bind any other federal, state, local, or foreign prosecuting,
 25 enforcement, administrative, or regulatory authorities.
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DEFENDANT'S OBLIGATIONS

2. Defendant agrees to:

a) At the earliest opportunity requested by the USAO and provided by the Court, appear and plead guilty to count one of the indictment in United States v. Chant Vartanian, SA CR No. 09-246-CJC, which charges defendant with wire fraud, in violation of Title 18, United States Code, Section 1343.

b) Not contest facts agreed to in this agreement.

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

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

e) Not commit any crime; however, offenses that would be excluded for sentencing purposes under United States Sentencing Guidelines ("U.S.S.G." or "Sentencing Guidelines") § 4A1.2(c) are not within the scope of this agreement.

f) Be truthful at all times with Pretrial Services, the United States Probation Office, and the Court.

g) Pay the applicable special assessment at or before the time of sentencing unless defendant lacks the ability to pay and submits a completed financial statement (form OBD-500) to the USAO prior to sentencing.

THE USAO'S OBLIGATIONS

3. The USAO agrees to:

a) Not contest facts agreed to in this agreement.

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

3 c) At the time of sentencing, move to dismiss the
4 remaining counts of the indictment as against defendant.
5 Defendant agrees, however, that at the time of sentencing the
6 Court may consider any dismissed charges in determining the
7 applicable Sentencing Guidelines range, the propriety and extent
8 of any departure from that range, and the sentence to be imposed.

9 d) At the time of sentencing, provided that defendant
10 demonstrates an acceptance of responsibility for the offense up
11 to and including the time of sentencing, recommend a two-level
12 reduction in the applicable Sentencing Guidelines offense level,
13 pursuant to U.S.S.G. § 3E1.1, and recommend and, if necessary,
14 move for an additional one-level reduction if available under
15 that section.

16 e) Recommend that defendant be sentenced to a term of
17 imprisonment no higher than the low end of the applicable
18 Sentencing Guidelines range.

19 NATURE OF THE OFFENSE

20 4. Defendant understands that for defendant to be guilty of
21 the crime charged in count one (violation of Title 18, United
22 States Code, Section 1343), the following must be true:

23 (1) the defendant knowingly devised or participated in a scheme
24 to defraud; (2) the statements made or facts omitted as part of
25 the scheme were material, that is, they had a natural tendency to
26 influence, or were capable of influencing, a person to part with
27 money and property; (3) the defendant acted with the intent to
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1 defraud, that is, the intent to deceive or cheat; and (4) the
2 defendant used an interstate wire to carry out or to attempt to
3 carry out an essential part of the scheme. Defendant admits that
4 defendant is, in fact, guilty of the offense as described in
5 count one of the indictment.

6 PENALTIES

7 5. Defendant understands that the statutory maximum
8 sentence that the Court can impose for a violation of Title 18,
9 United States Code, Section 1343 is: 20 years imprisonment; a
10 fine of \$250,000 or twice the gross gain or gross loss resulting
11 from the offense, whichever is greatest; a 3-year period of
12 supervised release; and a mandatory special assessment of \$100.

13 6. Defendant understands that supervised release is a
14 period of time following imprisonment during which defendant will
15 be subject to various restrictions and requirements. Defendant
16 understands that if defendant violates one or more of the
17 conditions of any supervised release imposed, defendant may be
18 returned to prison for all or part of the term of supervised
19 release authorized by statute for the offense that resulted in
20 the term of supervised release, which could result in defendant
21 serving a total term of imprisonment greater than the statutory
22 maximum stated above.

23 7. Defendant understands that, by pleading guilty,
24 defendant may be giving up valuable government benefits and
25 valuable civic rights, such as the right to vote, the right to
26 possess a firearm, the right to hold office, and the right to
27 serve on a jury. Defendant understands that once the court
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1 accepts defendant's guilty plea, it will be a federal felony for
2 defendant to possess a firearm or ammunition. Defendant
3 understands that the conviction in this case may also subject
4 defendant to various other collateral consequences, including but
5 not limited to revocation of probation, parole, or supervised
6 release in another case and suspension or revocation of a
7 professional license. Defendant understands that unanticipated
8 collateral consequences will not serve as grounds to withdraw
9 defendant's guilty plea.

10 8. Defendant understands that, if defendant is not a
11 United States citizen, the felony conviction in this case may
12 subject defendant to removal, also known as deportation, which
13 may, under some circumstances, be mandatory. The court cannot,
14 and defendant's attorney also may not be able to, advise
15 defendant fully regarding the immigration consequences of the
16 felony conviction in this case. Defendant understands that by
17 entering a guilty plea defendant waives any claim that unexpected
18 immigration consequences may render defendant's guilty plea
19 invalid.

20 FACTUAL BASIS

21 9. Defendant and the USAO agree to the statement of facts
22 provided below. Defendant and the USAO agree that this statement
23 of facts is sufficient to support a plea of guilty to the charge
24 described in this agreement and to establish the Sentencing
25 Guidelines factors set forth in paragraph 11 below but is not
26 meant to be a complete recitation of all facts relevant to the
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1 underlying criminal conduct or all facts known to either party
2 that relate to that conduct.

3 Defendant owned and operated I-Systems Technologies &
4 Solutions ("I-Systems"), a purported equipment vendor, located in
5 Los Angeles, California. Defendant partnered with Capitalwerks
6 ("Capitalwerks") located in Orange County, California.

7 Beginning in or around 2001 and continuing until at least
8 2006, in Orange and Los Angeles Counties, within the Central
9 District of California, and elsewhere, defendant knowingly and
10 with the intent to defraud, devised, executed, and participated
11 in a scheme to defraud funding sources as to material matters,
12 and to obtain money from funding sources by means of materially
13 false and fraudulent pretenses, representations, and promises,
14 and the non-disclosure and concealment of material facts, in
15 connection with a fraudulent equipment lease scheme.

16 Capitalwerks advertised working capital loans to small
17 businesses who could not qualify for such loans through financial
18 institutions. Capitalwerks communicated with clients who
19 responded to the advertising, and reiterated that Capitalwerks
20 could obtain working capital loans for them. Capitalwerks told
21 clients that they would get a loan, but would sometimes have to
22 accept some computer equipment with which the clients were free
23 to do with it what they wished.

24 Once the clients agreed to Capitalwerks' assistance,
25 Capitalwerks would refer the transactions to defendant at I-
26 Systems. Defendant used false statements and promises to induce
27 funding sources to provide equipment leases to the clients.

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1 At the direction of defendant, I-Systems caused false and
2 misleading invoices to be submitted to funding sources to make it
3 appear as though the lessees were receiving computer equipment
4 worth a substantial amount of money. These invoices were
5 designed to cause the funding sources into paying for non-
6 existent and over-valued equipment. I-Systems would, in turn,
7 provide the lessees computers that were worth substantially less
8 than what was represented to the funding source, and in some
9 instances, I-Systems would not provide all the equipment
10 represented in its invoices.

11 Based upon the false invoices provided by defendant, the
12 funding sources forwarded funds to I-Systems for the purported
13 equipment leases.

14 Rather than using the funds to solely acquire the equipment
15 as promised, defendant took the money received from the funding
16 sources, used a small portion to pay for equipment in some cases,
17 kept a commission for himself, and caused the remainder to be
18 paid to accounts controlled by Capitalwerks who sent the majority
19 of the money to the lessees as a cash loan.

20 By devising, executing, and participating in the fraudulent
21 equipment lease scheme, defendant caused funding sources to lose
22 \$728,619.

23 In furtherance of the above scheme, defendant caused a
24 \$53,282.96 payment to be wired from Hudson United Bank in New
25 Jersey to I-Systems located in the Central District of
26 California.

SENTENCING FACTORS

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2 10. Defendant understands that in determining defendant's
3 sentence the Court is required to consider the factors set forth
4 in 18 U.S.C. § 3553(a)(1)-(7), including the kinds of sentence
5 and sentencing range established under the Sentencing Guidelines.
6 Defendant understands that the Sentencing Guidelines are advisory
7 only, that defendant cannot have any expectation of receiving a
8 sentence within the Sentencing Guidelines range, and that after
9 considering the Sentencing Guidelines and the other § 3553(a)
10 factors, the Court will be free to exercise its discretion to
11 impose any sentence it finds appropriate up to the maximum set by
12 statute for the crime of conviction.

13 11. Defendant and the USAO agree to the following
14 applicable Sentencing Guidelines factors:

15 Base Offense Level : 7 [U.S.S.G. § 2B1.1(a)(1)]

16 Specific Offense
17 Characteristics

18 Loss Over \$400,000: +14 [U.S.S.G. § 2B1.1(b)(1)(H)]

19 Defendant reserves the right to argue that additional
20 specific offense characteristics, adjustments, and departures
21 under the Sentencing Guidelines are appropriate.

22 12. Defendant understands that there is no agreement as to
23 defendant's criminal history or criminal history category.

24 13. Defendant reserves the right to argue for a sentence
25 outside the sentencing range established by the Sentencing
26 Guidelines based on the factors set forth in 18 U.S.C. §
27 3553(a)(1), (a)(2), (a)(3), (a)(6), and (a)(7).

1 WAIVER OF CONSTITUTIONAL RIGHTS

2 14. Defendant understands that by pleading guilty,
3 defendant gives up the following 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 an attorney at trial,
7 including the right to have the Court appoint an attorney to
8 represent defendant at trial. Defendant understands, however,
9 that, despite defendant's guilty plea, defendant retains the
10 right to be represented by an attorney -- and, if necessary, to
11 have the Court appoint an attorney if defendant cannot afford one
12 -- at every other stage of the proceeding.

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

18 f) The right to testify on defendant's own behalf and
19 present evidence in opposition to the charges, including calling
20 witnesses and subpoenaing those witnesses to testify.

21 g) The right not to be compelled to testify, and, if
22 defendant chose not to testify or present evidence, to have that
23 choice not be used against defendant.

24 h) Any and all rights to pursue any affirmative
25 defenses, Fourth Amendment or Fifth Amendment claims, and other
26 pretrial motions that have been filed or could be filed.

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1 WAIVER OF APPEAL OF CONVICTION

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

7 LIMITED MUTUAL WAIVER OF APPEAL OF SENTENCE

8 16. Defendant agrees that, provided the Court imposes a
9 term of imprisonment within or below the range corresponding to
10 an offense level of 18 and the criminal history category
11 calculated by the Court, defendant gives up the right to appeal
12 all of the following: (a) the procedures and calculations used to
13 determine and impose any portion of the sentence; (b) the term of
14 imprisonment imposed by the Court; (c) the fine imposed by the
15 court, provided it is within the statutory maximum; (d) the term
16 of probation or supervised release imposed by the Court, provided
17 it is within the statutory maximum; and (e) any of the following
18 conditions of probation or supervised release imposed by the
19 Court: the standard conditions set forth in General Orders 318,
20 01-05, and/or 05-02 of this Court; the drug testing conditions
21 mandated by 18 U.S.C. §§ 3563(a)(5) and 3583(d); and the alcohol
22 and drug use conditions authorized by 18 U.S.C. § 3563(b)(7).

23 17. The USAO agrees that, provided (a) all portions of the
24 sentence are at or below the statutory maximum specified above
25 and (b) the Court imposes a term of imprisonment within or below
26 the range corresponding to an offense level of 18 and the

1 criminal history category calculated by the Court, the USAO gives
2 up its right to appeal any portion of the sentence.

3 RESULT OF WITHDRAWAL OF GUILTY PLEA

4 18. Defendant agrees that if, after entering a guilty plea
5 pursuant to this agreement, defendant seeks to withdraw and
6 succeeds in withdrawing defendant's guilty plea on any basis
7 other than a claim and finding that entry into this plea
8 agreement was involuntary, then (a) the USAO will be relieved of
9 all of its obligations under this agreement; and (b) should the
10 USAO choose to pursue any charge that was not filed as a result
11 of this agreement, then (i) any applicable statute of limitations
12 will be tolled between the date of defendant's signing of this
13 agreement and the filing commencing any such action; and (ii)
14 defendant waives and gives up all defenses based on the statute
15 of limitations, any claim of pre-indictment delay, or any speedy
16 trial claim with respect to any such action, except to the extent
17 that such defenses existed as of the date of defendant's signing
18 this agreement.

19 EFFECTIVE DATE OF AGREEMENT

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

23 BREACH OF AGREEMENT

24 20. 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 perform any of defendant's obligations under this agreement ("a

1 breach"), the USAO may declare this agreement breached. All of
2 defendant's obligations are material, a single breach of this
3 agreement is sufficient for the USAO to declare a breach, and
4 defendant shall not be deemed to have cured a breach without the
5 express agreement of the USAO in writing. If the USAO declares
6 this agreement breached, and the Court finds such a breach to
7 have occurred, then: (a) if defendant has previously entered a
8 guilty plea pursuant to this agreement, defendant will not be
9 able to withdraw the guilty plea, and (b) the USAO will be
10 relieved of all its obligations under this agreement.

11 21. Following the Court's finding of a knowing breach of
12 this agreement by defendant, should the USAO choose to pursue any
13 charge that was not filed as a result of this agreement, then:

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

17 b) Defendant waives and gives up all defenses based on
18 the statute of limitations, any claim of pre-indictment delay, or
19 any speedy trial claim with respect to any such action, except to
20 the extent that such defenses existed as of the date of
21 defendant's signing this agreement.

22 c) Defendant agrees that: (i) any statements made by
23 defendant, under oath, at the guilty plea hearing (if such a
24 hearing occurred prior to the breach); (ii) the agreed to factual
25 basis statement in this agreement; and (iii) any evidence derived
26 from such statements, shall be admissible against defendant in
27 any such action against defendant, and defendant waives and gives
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1 up any claim under the United States Constitution, any statute,
2 Rule 410 of the Federal Rules of Evidence, Rule 11(f) of the
3 Federal Rules of Criminal Procedure, or any other federal rule,
4 that the statements or any evidence derived from the statements
5 should be suppressed or are inadmissible.

6 COURT AND PROBATION OFFICE NOT PARTIES

7 22. Defendant understands that the Court and the United
8 States Probation Office are not parties to this agreement and
9 need not accept any of the USAO's sentencing recommendations or
10 the parties' agreements to facts or sentencing factors.

11 23. Defendant understands that both defendant and the USAO
12 are free to: (a) supplement the facts by supplying relevant
13 information to the United States Probation Office and the Court,
14 (b) correct any and all factual misstatements relating to the
15 Court's Sentencing Guidelines calculations, and (c) argue on
16 appeal and collateral review that the Court's Sentencing
17 Guidelines calculations are not error, although each party agrees
18 to maintain its view that the calculations in paragraph 11 are
19 consistent with the facts of this case. While this paragraph
20 permits both the USAO and defendant to submit full and complete
21 factual information to the United States Probation Office and the
22 Court, even if that factual information may be viewed as
23 inconsistent with the facts agreed to in this agreement, this
24 paragraph does not affect defendant's and the USAO's obligations
25 not to contest the facts agreed to in this agreement.

26 24. Defendant understands that even if the Court ignores
27 any sentencing recommendation, finds facts or reaches conclusions
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1 different from those agreed to, and/or imposes any sentence up to
2 the maximum established by statute, defendant cannot, for that
3 reason, withdraw defendant's guilty plea, and defendant will
4 remain bound to fulfill all defendant's obligations under this
5 agreement. Defendant understands that no one -- not the
6 prosecutor, defendant's attorney, or the Court -- can make a
7 binding prediction or promise regarding the sentence defendant
8 will receive, except that it will be within the statutory
9 maximum.

10 NO ADDITIONAL AGREEMENTS

11 25. Defendant understands that, except as set forth herein,
12 there are no promises, understandings, or agreements between the
13 USAO and defendant or defendant's attorney, and that no
14 additional promise, understanding, or agreement may be entered
15 into unless in a writing signed by all parties or on the record
16 in court.

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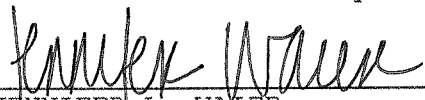
PLEA AGREEMENT PART OF THE GUILTY PLEA HEARING

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

AGREED AND ACCEPTED

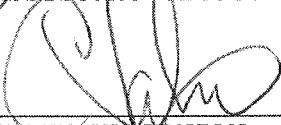
UNITED STATES ATTORNEY'S OFFICE
FOR THE CENTRAL DISTRICT OF CALIFORNIA

ANDRÉ BIROTTE JR.
United States Attorney



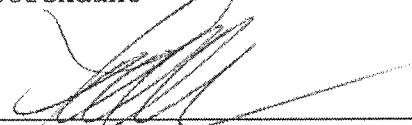
JENNIFER L. WAIER
Assistant United States Attorney

5/18/12
Date



CHANT VARTANIAN
Defendant

5/17/2012
Date



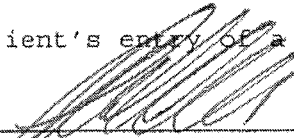
FRED G. MINASSIAN
Attorney for Defendant
CHANT VARTANIAN

5/18/2012
Date

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CERTIFICATION OF DEFENDANT'S ATTORNEY

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



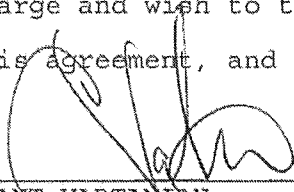
FRED G. MINASSIAN
Attorney for Defendant
CHANT VARTANIAN

5.17.12
Date

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CERTIFICATION OF DEFENDANT

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



CHANT VARTANIAN
Defendant

5/17/12
Date