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FILED

DEC 17 2007

CLERK, U.S. DISTRICT COURT
EASTERN DISTRICT OF CALIFORNIA
BY [Signature]
DEPUTY CLERK

7 IN THE UNITED STATES DISTRICT COURT
8 FOR THE EASTERN DISTRICT OF CALIFORNIA

10 UNITED STATES OF AMERICA,) CR. No. 2:07-CR-545 WBS
11)
11 Plaintiff,) PLEA AGREEMENT
12)
12 v.)
13)
13 JOHN NGO,)
14)
14 Defendant.) DATE: December 17, 2007
15) TIME: 8:30 a.m.
15) COURT: No. 5

17 I.

18 INTRODUCTION

19 A. **Scope of Agreement:** The information in this case charges
20 the defendant with a single count of making a false declaration
21 before the Grand Jury in violation of 18 U.S.C. § 1623. This
22 document contains the complete Plea Agreement between the United
23 States Attorney's Office for the Eastern District of California (the
24 "government") and the defendant regarding this case. This Plea
25 Agreement is limited to the United States Attorney's Office for the
26 Eastern District of California and cannot bind any other federal,
27 state, or local prosecuting, administrative, or regulatory
28 authorities.

1 voidable by the government if he fails to pay the assessment prior
2 to that hearing. If the defendant is unable to pay the special
3 assessment at the time of sentencing, he agrees to earn the money to
4 pay the assessment, if necessary by participating in the Inmate
5 Financial Responsibility Program.

6 **C. Agreement to Cooperate:** The defendant agrees to cooperate
7 fully with the government and any other federal, state, or local law
8 enforcement agency, as directed by the government. As used in this
9 Plea Agreement, "cooperation" requires the defendant: (1) to
10 respond truthfully and completely to all questions, whether in
11 interviews, in correspondence, telephone conversations, before a
12 grand jury, or at any trial or other court proceeding; (2) to attend
13 all meetings, grand jury sessions, trials, and other proceedings at
14 which the defendant's presence is requested by the government or
15 compelled by subpoena or court order; (3) to produce voluntarily any
16 and all documents, records, or other tangible evidence requested by
17 the government; (4) not to participate in any criminal activity
18 while cooperating with the government; and (5) to disclose to the
19 government the existence and status of all money, property, or
20 assets, of any kind, derived from or acquired as a result of, or
21 used to facilitate the commission of, the defendant's illegal
22 activities or the illegal activities of any conspirators.

23 If the defendant commits any crimes or if any of the
24 defendant's statements or testimony prove to be knowingly false,
25 misleading, or materially incomplete, or if the defendant otherwise
26 violates this Plea Agreement in any way, the government will no
27 longer be bound by its representations to the defendant concerning
28 the limits on criminal prosecution and sentencing as set forth

1 herein. The determination whether the defendant has violated the
2 Plea Agreement will be under a probable cause standard. If the
3 defendant violates the Plea Agreement, he shall thereafter be
4 subject to prosecution for any federal criminal violation of which
5 the government has knowledge, including but not limited to perjury,
6 false statements, and obstruction of justice. Because disclosures
7 pursuant to this Plea Agreement will constitute a waiver of the
8 Fifth Amendment privilege against compulsory self-incrimination, any
9 such prosecution may be premised on statements and/or information
10 provided by the defendant. Moreover, any prosecutions that are not
11 time-barred by the applicable statute of limitations as of the date
12 of this Plea Agreement may be commenced in accordance with this
13 paragraph, notwithstanding the expiration of the statute of
14 limitations between the signing of this Plea Agreement and the
15 commencement of any such prosecutions. The defendant agrees to
16 waive all defenses based on the statute of limitations or delay of
17 prosecution with respect to any prosecutions that are not time-
18 barred as of the date of this Plea Agreement.

19 If it is determined that the defendant has violated any
20 provision of this Plea Agreement or if the defendant successfully
21 moves to withdraw his plea: (1) all statements made by the
22 defendant to the government or other designated law enforcement
23 agents, or any testimony given by the defendant before a grand jury
24 or other tribunal, whether before or after this Plea Agreement,
25 shall be admissible in evidence in any criminal, civil, or
26 administrative proceedings hereafter brought against the defendant;
27 and (2) the defendant shall assert no claim under the United States
28 Constitution, any statute, Rule 11(f) of the Federal Rules of

1 Criminal Procedure, Rule 410 of the Federal Rules of Evidence, or
2 any other federal rule, that statements made by the defendant before
3 or after this Plea Agreement, or any leads derived therefrom, should
4 be suppressed. By signing this Plea Agreement, the defendant waives
5 any and all rights in the foregoing respects.

6 **III.**

7 **THE GOVERNMENT'S OBLIGATIONS**

8 **A. Recommendations:**

9 **1. Incarceration Range:** The government will recommend
10 that the defendant be sentenced no higher than the low end of the
11 applicable guideline range for his offense as determined by the
12 United States Probation Office.

13 **2. Acceptance of Responsibility:** If the United States
14 Probation Office determines that a three-level reduction in
15 defendant's offense level for his full and clear demonstration of
16 acceptance of responsibility is appropriate under U.S.S.G. § 3E1.1,
17 the government will not oppose such a reduction and will so move
18 under §3E1.1(b), so long as the defendant pleads guilty, meets with
19 and assists the probation officer in the preparation of the pre-
20 sentence report, is truthful and candid with the probation officer,
21 and does not otherwise engage in conduct that constitutes
22 obstruction of justice within the meaning of U.S.S.G § 3C1.1, either
23 in the preparation of the pre-sentence report or during the
24 sentencing proceeding.

25 **3. Reduction of Sentence for Cooperation:** The government
26 agrees to recommend at the time of sentencing that the defendant's
27 sentence of imprisonment be reduced by up to 50% of the applicable
28 guideline sentence, pursuant to U.S.S.G. § 5K1.1. The defendant

1 understands that he must comply with paragraph II(c) of this Plea
2 Agreement. The defendant understands that the government may
3 recommend a reduction in his sentence of less than 50%, depending
4 upon the level of assistance the government determines that the
5 defendant has provided. The defendant further understands that a
6 motion pursuant to U.S.S.G. § 5K1.1 is only a recommendation and is
7 not binding on the Court.

8 Other than as set forth above, the government agrees that any
9 incriminating information provided by the defendant during his
10 cooperation will not be used in determining the applicable guideline
11 range, pursuant to U.S.S.G. § 1B1.8.

12 **IV.**

13 **ELEMENTS OF THE OFFENSE**

14 **A. Elements of the Offense:** At a trial, the government would
15 have to prove beyond a reasonable doubt the following elements of
16 the offense to which the defendant is pleading guilty, making a
17 false declaration before the Grand Jury in violation of 18 U.S.C. §
18 1623: (1) the defendant testified under oath before a Grand Jury;
19 (2) the testimony was false; and (3) the defendant knew that the
20 testimony was false and material to the matters before the Grand
21 Jury.

22 **V.**

23 **MAXIMUM SENTENCE**

24 **A. Maximum Penalty:** The maximum sentence that the Court can
25 impose is five years of incarceration, a fine of \$ 250,000, a three-
26 year period of supervised release, and a special assessment of
27 \$100.00.

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1 **B. Stipulations Affecting Guidelines Calculation.**

2 **1. Applicable Guideline Manual:** Pursuant to USSG §
3 1B1.11(b) (1), and based upon the fact that the offense of conviction
4 occurred in September 2007, the parties stipulate and agree that the
5 applicable Sentencing Guidelines are those in effect as of November
6 1, 2006.

7 **2. Applicable Guideline Section:** The government and the
8 defendant stipulate and agree that the applicable Chapter 2 (offense
9 conduct) guideline is USSG § 2J1.3. The government and the
10 defendant further stipulate and agree that the facts support the
11 finding that the defendant's offense involved perjury in respect to
12 a criminal offense, and thus the Court should apply § 2X3.1
13 (Accessory After the Fact) in respect to that criminal offense, if
14 the resulting offense level is greater than an offense level 14.
15 See USSG § 2J1.3(c) (1); see also *United States v. Leon-Reyes*, 177
16 F.3d 816 (9th Cir. 1999) ("Perjury is in respect to a criminal
17 offense where "the defendant knew or had reason to know, at the time
18 of his perjury, that his testimony concerned such a criminal
19 offense").

20 The government and the defendant further agree that under
21 Section 2X3.1 the base offense level is six levels lower than the
22 offense level for the underlying offense, and that the underlying
23 offense is mail fraud in violation of 18 U.S.C. §§ 1341 and 1346
24 premised on both a direct theory of mail fraud and an honest
25 services theory. The offense conduct guideline section applicable
26 to a mail fraud offense is USSG § 2B1.1.

27 **3. Base Offense Level:** The government and the defendant
28 stipulate and agree pursuant to USSG § 2B1.1, the base offense level

1 is 6 plus the number of offense levels corresponding to the amount
2 of the loss. The government and the defendant stipulate and agree
3 that the defendant's conduct caused a loss to his former employer,
4 Long Beach Mortgage, but the loss cannot reasonably be determined
5 for several reasons. First, the calculation of the loss to Long
6 Beach Mortgage is difficult because it is tied to the value of
7 numerous fraudulently obtained loans, the total value of which may
8 be difficult to identify given the large number of the loans that
9 the defendant handled while employed by Long Beach Mortgage.
10 Second, the computation of loss may require the Court to evaluate
11 the value of the pledged collateral for each loan - a calculation
12 that would be unduly complicated because (a) so many properties
13 would require valuation; and (b) the value of many of those
14 properties may be fluctuating at the present time, may have changed
15 since the date of the fraud, or the valuation process may be
16 complicated by the fact that some of the properties may default in
17 the future because of the fraud. In contrast, gain is a reasonable
18 alternative measure because the amount of the gain is tied directly
19 to income that the defendant and others received from the fraudulent
20 activity, and that amount, even if not fully known at the present
21 time, can be determined by the date of sentencing. Gain to the
22 defendant is therefore an appropriate alternative measure of loss
23 under the circumstances of this case. USSG § 2B1.1, comment
24 (n.3(B)).

25 Using gain as an alternative measure, the government and the
26 defendant stipulate and agree that for purposes of Section 2B1.1 the
27 "gain" - consisting of illicit payments to NGO, and payments to
28 other participants in the scheme which were reasonably foreseeable

1 to him - is at the very least greater than \$1,000,000. The
2 government and the defendant further stipulate and agree that when
3 fully computed, the "gain" may exceed \$2,500,000, but will not be
4 more than \$7,000,000. Accordingly, the offense level under USSG §
5 2X3.1, and therefore the offense level under § 2J1.3(c)(ii), is at
6 least sixteen (16) (twenty-two (22) minus six (6)), and may be as
7 high as 18 (twenty-four (24) minus six (6)).

8 **4. Departures or Other Enhancements or Reductions:** The
9 parties stipulate and agree that they will not seek or argue in
10 support of any other specific offense characteristics, Chapter Three
11 adjustments (other than the decrease for "Acceptance of
12 Responsibility"), or cross-references. Both parties stipulate and
13 agree not to move for, or argue in support of, any departure from
14 the Sentencing Guidelines, or any deviance or variance from the
15 Sentencing Guidelines under United States v. Booker, 543 U.S. 220,
16 125 S. Ct. 738 (2005), except for a motion by the government for a
17 reduction in sentence pursuant to USSG § 5K1.1.

18 **VII.**

19 **WAIVERS**

20 **A. Waiver of Constitutional Rights:** The defendant understands
21 that by pleading guilty he is waiving the following constitutional
22 rights: (a) to plead not guilty and to persist in that plea if
23 already made; (b) to be tried by a jury; (c) to be assisted at trial
24 by an attorney, who would be appointed if necessary; (d) to subpoena
25 witnesses to testify on his behalf; (e) to confront and cross-
26 examine witnesses against him; and (f) not to be compelled to
27 incriminate himself.

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1 **B. Waiver of Appeal and Collateral Attack:** The defendant
2 understands that the law gives him a right to appeal his conviction
3 and sentence. He agrees as part of his plea, however, to give up
4 the right to appeal the conviction and the right to appeal any
5 aspect of the sentence imposed in this case so long as the
6 Sentencing Guidelines range determined by the Court is consistent
7 with the stipulations set forth above about the Sentencing
8 Guidelines variables (that is, an **adjusted offense level of 18 or**
9 **below**). He specifically gives up his right to appeal any order of
10 restitution the Court may impose.

11 Regardless of the sentence he receives, the defendant also
12 gives up any right he may have to bring a post-appeal attack on his
13 conviction or his sentence. He specifically agrees not to file a
14 motion under 28 U.S.C. § 2255 or § 2241 attacking his conviction or
15 sentence.

16 If the defendant ever attempts to vacate his plea, dismiss the
17 underlying charges, or reduce or set aside his sentence on any of
18 the counts to which he is pleading guilty, the government shall have
19 the right (1) to prosecute the defendant on any of the counts to
20 which he pleaded guilty; (2) to file any new charges that would
21 otherwise be barred by this Plea Agreement. The decision to pursue
22 any or all of these options is solely in the discretion of the
23 United States Attorney's Office. By signing this Plea Agreement,
24 the defendant agrees to waive any objections, motions, and defenses
25 he might have to the government's decision. In particular, he
26 agrees not to raise any objections based on the passage of time with
27 respect to such counts including, but not limited to, any statutes

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1 of limitation or any objections based on the Speedy Trial Act or the
2 Speedy Trial Clause of the Sixth Amendment.

3 **C. Waiver of Attorneys' Fees and Costs:** The defendant agrees
4 to waive all rights under the "Hyde Amendment," Section 617, P.L.
5 105-119 (Nov. 26, 1997), to recover attorneys' fees or other
6 litigation expenses in connection with the investigation and
7 prosecution of all charges in the above-captioned matter and of any
8 related allegations (including without limitation any charges to be
9 dismissed pursuant to this Plea Agreement and any charges previously
10 dismissed).

11 **VIII.**

12 **ENTIRE PLEA AGREEMENT**


13 Other than this Plea Agreement, and apart from a prior written
14 proffer agreement, no agreement, understanding, promise, or
15 condition between the government and the defendant exists, nor will
16 such agreement, understanding, promise, or condition exist unless it
17 is committed to writing and signed by the defendant, counsel for the
18 defendant, and counsel for the United States.

19 **IX.**

20 **APPROVALS AND SIGNATURES**

21 **A. Defense Counsel:** I have read this Plea Agreement and have
22 discussed it fully with my client. The Plea Agreement accurately
23 and completely sets forth the entirety of the agreement. I concur
24 in my client's decision to plead guilty as set forth in this Plea
25 Agreement.

26
27 DATED: 12/17/07


LORIE J. TEICHERT
Attorney for Defendant

1 **B. Defendant:** I have read this Plea Agreement and carefully
2 reviewed every part of it with my attorney. I understand it, and I
3 voluntarily agree to it. Further, I have consulted with my attorney
4 and fully understand my rights with respect to the provisions of the
5 Sentencing Guidelines that may apply to my case. No other promises
6 or inducements have been made to me, other than those contained in
7 this Plea Agreement. In addition, no one has threatened or forced
8 me in any way to enter into this Plea Agreement. Finally, I am
9 satisfied with the representation of my attorney in this case.

10
11 DATED:

12/17/07



JOHN NGO, Defendant

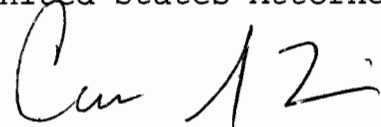
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13 **C. Attorney for United States:** I accept and agree to this
14 Plea Agreement on behalf of the government.

15 DATED:

12/17/07

McGREGOR W. SCOTT
United States Attorney

16
17 By:



COURTNEY J. LINN
Assistant U.S. Attorney

1 EXHIBIT "A"

2 Factual Basis for Plea

3 Defendant was employed by Long Beach Mortgage, a subprime
4 lender of residential real property loans, from approximately April
5 18, 2000 through May 9, 2006.¹ Effective September 15, 2001 through
6 to the end of his employment, he was a Senior Loan Coordinator
7 responsible for, among other things, validating and verifying loan
8 application information (including employment information) submitted
9 by or on behalf of home loan applicants.

7 On September 13, 2007, the defendant testified before a Grand
8 Jury sitting in the State and Eastern District of California. Prior
9 to his grand jury testimony, the defendant had been interviewed
10 several times by federal law enforcement agents in connection with a
11 wide-ranging mortgage fraud investigation that included mortgage
12 fraud involving loans funded by Long Beach Mortgage while the
13 defendant was employed there. Near the outset of his grand jury
14 testimony, the defendant was advised that the Grand Jury was
15 investigating mortgage loan fraud in connection with certain real
16 property transactions that took place over many years from
17 approximately 1998 through 2007. When the defendant appeared before
18 the Grand Jury he was sworn, and acknowledged understanding that he
19 was sworn to tell the truth in this proceeding. He was also advised
20 that should he fail to tell the truth he could be prosecuted for
21 perjury or making false statements.

15 In the course of the Grand Jury proceeding leading up to the
16 defendant's false declaration, the defendant was questioned about
17 the relationship between himself and WILLIAM BRIDGE, and between
18 BRIDGE and other representatives of Long Beach Mortgage. During the
19 period of time that the defendant was a Senior Loan Coordinator at
20 Long Beach Mortgage, WILLIAM BRIDGE, dba the Loan Center, acted as a
21 mortgage broker on behalf of loan applicants seeking loans from Long
22 Beach Mortgage.

20 While under oath before the Grand Jury, the defendant falsely
21 testified that BRIDGE did not ever give him (JOHN NGO) any money.
22 Specifically, the defendant testified as follows (the false
23 testimony is underlined):

22 Q. To your knowledge, did BILL BRIDGE ever give [a Long Beach
23 Mortgage employee] money?

24 A. Not that I know of.

26 _____
27 ¹ From October 1999 through early 2006, Long Beach Mortgage
28 operated as a subsidiary company of a company owned by Washington
Mutual Inc. In or about March 2006, Long Beach Mortgage became an
operational subsidiary of Washington Mutual F.A.

1 Q. Did he ever give [a second Long Beach Mortgage employee]
2 money?

3 A. Not that I know of either.

4 Q. Did he ever give you money?

5 A. No.

6 Q. Gifts?

7 A. He gave me a Christmas present? [sic]

8 Q. What was your Christmas present.

9 A. \$25 to Best Buy because he knew I liked electronics.

10 Records obtained from Bank of America show that between July
11 2003, and March 13, 2007, approximately \$100,000 was transferred to
12 the defendant from bank accounts controlled by WILLIAM BRIDGE.
13 Between July 31, 2003 and March 15, 2005 those transfers took the
14 form of intrabank transfers between an account over which BRIDGE
15 exercised control and an account the defendant maintained jointly
16 with another individual. Between April 6, 2005 and March 13, 2007,
17 the transfers from BRIDGE to the defendant took the form of checks
18 that were negotiated by the defendant.

19 Following his arrest, and after being advised of his rights
20 under Miranda, the defendant admitted that he lied to the Federal
21 Grand Jury. The defendant further admitted that (with a few
22 exceptions) the payments he received from BRIDGE were payments for
23 ensuring that fraudulent loan applications referred to Long Beach
24 Mortgage from BRIDGE'S firm, the Loan Center, were processed and
25 funded.

26 The defendant also stated that he received payment from
27 certain Long Beach Mortgage sales representatives in order to push
28 loans applications through the funding process. The defendant knew
that many of these loan applications were fraudulent, and that he
and others took steps to "fix" the loan applications by creating
false documents or adding false information to the applications or
the loan file.

At relevant times, at the close of any escrow, including
escrows that closed in the State and Eastern District of California,
the original deed of trust was mailed by the escrow company to a
County Recorder's Office for recording. Once a Recorder's Office
received the original deed of trust it recorded it. Subsequently, a
County Recorder's Office mailed the recorded deed of trust to a post
office box in Stockton, California attention: Long Beach Mortgage -
National Post Closing Office.

1 At all relevant times, the defendant was aware that he was not
2 permitted to accept anything of material benefit from third parties
3 outside of Long Beach Mortgage and Washington Mutual, F.A. in
4 connection with actions the defendant took in his position as a
5 Senior Loan Coordinator. In the course of his post-arrest interview
6 with law enforcement agents, the defendant further admitted that in
7 or about 2001 or 2002 he was affirmatively made aware that he could
8 not accept anything of material benefit from any third party,
9 including other Long Beach Mortgage employees, to facilitate the
10 funding of loans on behalf of his employer, Long Beach Mortgage.
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