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**ATTORNEY FOR PLAINTIFF
UNITED STATES OF AMERICA**

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MONTANA
MISSOULA DIVISION**

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| <p>UNITED STATES OF AMERICA,</p> <p>Plaintiff,</p> <p>vs.</p> <p>KEITH B. KOVICK <i>dba</i> CORNERSTONE FINANCIAL, INC., and K&B INVESTMENTS, LLC.,</p> <p>Defendants.</p> | <p>CR 11-54-M-DWM</p> <p><u>PLEA AGREEMENT</u></p> |
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Pursuant to Rule 11 of the Federal Rules of Criminal Procedure,

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|------------|------------|------------|----------------|
| <u>KAM</u> | <u>KBK</u> | <u>AJN</u> | <u>4/18/12</u> |
| KAM | KBK | AJN | Date |

the United States of America, by Kris A. McLean, Assistant United States Attorney for the District of Montana, and the defendant, Keith B. Kovick, and his attorney, Andrew J. Nelson, have agreed upon the following:

1. **Scope:** This plea agreement is between the United States Attorney's Office for the District of Montana and the defendant. It does not bind any other federal, state or local prosecuting, administrative or regulatory authority, or the United States Probation Office.

2. **Charges:** The defendant agrees to plead guilty to the following Counts of the Indictment:

Count I which charges the crime of Mail Fraud in violation of 18 U.S.C. §§ 1341, 2. This offense carries a maximum punishment of 20 years imprisonment, a \$250,000 fine, 3 years of supervised release, and a \$100 special assessment.

Count II which charges the crime of Wire Fraud in violation of 18 U.S.C. §§ 1343, 2. This offense carries a maximum punishment of 20 years imprisonment, a \$250,000 fine, 3 years of supervised release, and a \$100 special assessment.

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Counts III, IV, V, VI, VII, VIII, IX, X, XI, XII, XIII, XIV, XVI, XVII, XVIII, XIX, XX, and XXIII which charge the crime of Money Laundering in violation of 18 U.S.C. §§ 1957, 2. This offense carries a maximum punishment of 10 years imprisonment, a \$250,000 fine, 3 years of supervised release, and a \$100 special assessment.

3. Nature of the Agreement: The parties agree that this plea agreement shall be filed and become a part of the record in this case, and will be governed by:

- ▶ Rule 11(c)(1)(A), *Federal Rules of Criminal Procedure*. The defendant acknowledges that the agreement will be fulfilled provided the United States moves to dismiss, and the Court agrees to dismiss, Counts XV, XXI, and XXII of the Indictment. The defendant understands that if the agreement is accepted by the Court there will not be an automatic right to withdraw the plea.

4. Admission of Guilt: The defendant will plead guilty because he is in fact guilty of the charges contained in Counts III, IV, V, VI, VII, VIII, IX, X, XI, XII, XIII, XIV, XVI, XVII, XVIII, XIX, XX,

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and XXIII of the Indictment. The defendant will also admit the Forfeiture allegation contained in the Indictment.

In pleading guilty to Count I of the Indictment, the defendant acknowledges that:

First, the defendant made up a material scheme or plan to defraud;

Second, the defendant acted with the intent to defraud; and

Third, the defendant used, or caused someone to use, the mails to carry out or to attempt to carry out the scheme or plan.

In pleading guilty to Count II of the Indictment, the defendant acknowledges that:

First, the defendant made up a material scheme or plan to defraud;

Second, the defendant acted with the intent to defraud; and

Third, the defendant used, or caused someone to use, the wires to carry out or to attempt to carry out the scheme or plan.

In pleading guilty to Counts III, IV, V, VI, VII, VIII, IX, X, XI, XII, XIII, XIV, XVI, XVII, XVIII, XIX, XX, and XXIII of the Indictment,

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the defendant acknowledges that:

First, the defendant knowingly engaged or attempted to engage in a monetary transaction;

Second, the defendant knew the transaction involved criminally derived property;

Third, the property had a value of greater than \$10,000;

Fourth, the property was in fact derived from the mail or wire fraud alleged in Counts I and II;

Fifth, the transaction occurred in the United States.

In admitting the Forfeiture allegation contained in the Indictment, the defendant acknowledges:

The amount of \$1,280,865.19 is property constituting or is derived from proceeds the defendant obtained directly or indirectly from the money laundering charges alleged in Counts III, IV, V, VI, VII, VIII, IX, X, XI, XII, XIII, XIV, XVI, XVII, XVIII, XIX, XX, and XXIII of the Indictment;

And as such the United States is entitled to a money judgment against the defendant forfeiting the sum of \$1,280,865.19 pursuant to

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18 U.S.C. 982(a)(1).

5. Waiver of Rights by Plea:

(a) The defendant is entitled to have the charges outlined in paragraph 2, above, prosecuted by an indictment returned by a concurrence of 12 or more members of a legally constituted grand jury, consisting of not less than 16 and not more than 23 members.

(b) The government has a right to use against the defendant, in a prosecution for perjury or false statement, any statement that the defendant gives under oath during the plea colloquy.

(c) The defendant has the right to plead not guilty or to persist in a plea of not guilty.

(d) The defendant has the right to a jury trial unless the defendant, by written waiver, consents to a non-jury trial. The government must also consent and the Court must approve a non-jury trial.

(e) The defendant has the right to be represented by counsel, and if necessary, have the court appoint counsel, at trial and at

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every other stage of these proceedings.

(f) If the trial is a jury trial, the jury would be composed of 12 laypersons selected at random. The defendant and defense attorney would have a say in who the jurors would be by removing prospective jurors for cause where actual bias or other disqualification is shown, or without cause by exercising peremptory challenges. 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 of the defendant's guilt beyond a reasonable doubt.

(g) If the trial is held by the judge without a jury, the judge would find the facts and determine, after hearing all the evidence, whether or not he was persuaded of the defendant's guilt beyond a reasonable doubt.

(h) At a trial, whether by a jury or a judge, the government would be required to present its witnesses and other evidence against the defendant. The defendant would be able to

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confront those government witnesses and the defense attorney would be able to cross-examine them. In turn, the defendant could present witnesses and other evidence on the defendant's own behalf. If the witnesses for the defendant would not appear voluntarily, their appearance could be mandated through the subpoena power of the court.

(i) At a trial, there is a privilege against self-incrimination so that the defendant could decline to testify and no inference of guilt could be drawn from refusal to testify. Or the defendant could exercise the choice to testify on his own behalf.

(j) If convicted, and within 14 days of the entry of the Judgment and Commitment, the defendant would have the right to appeal the conviction to the Ninth Circuit Court of Appeals for review to determine if any errors were made which would entitle the defendant to reversal of the conviction.

(k) The defendant has a right to have the district court conduct the change of plea hearing required by Rule 11, *Federal Rules of Criminal Procedure*. By execution of this agreement, the defendant

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expressly waives that right and agrees to hold that hearing before, and allow the Rule 11 colloquy to be conducted by, the U.S. Magistrate Judge.

The defendant understands that by pleading guilty pursuant to this agreement, defendant is waiving all the rights set forth in this paragraph. The defendant's attorney has explained these rights and the consequences of waiving these rights.

6. Recommendations: The United States will recommend that the defendant be given three points for acceptance of responsibility if appropriate under the Guidelines unless he is found to have obstructed justice prior to sentencing, USSG § 3C1.1, or acted in any way inconsistent with acceptance of responsibility. The parties reserve the right to make any other arguments at the time of sentencing. The defendant understands that the court is not bound by this recommendation.

7. Restitution: The defendant agrees to pay restitution in an amount to be determined at sentencing.

8. Sentencing Guidelines: Although advisory, the parties

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agree that the U.S. Sentencing Guidelines must be applied, and a calculation determined, as part of the protocol of sentencing to determine what sentence will be reasonable.

9. Appeal Waiver- Mutual Conditional Waiver of Appeal:

The defendant acknowledges that 18 U.S.C. § 3742(a) affords him the right to appeal the sentence imposed in this case. The prosecution has a comparable right of appeal provided in 18 U.S.C. § 3742(b). By this agreement the defendant waives his right to appeal the reasonableness of the sentence, including conditions of probation or supervised release, if the defendant has no objection to the calculation of the guidelines and the sentence imposed is within or below the range provided for by that calculation. The United States waives its right to appeal the reasonableness of the sentence if it has no objection to the calculation of the guidelines and the sentence imposed is within or above the range provided for by that calculation.

The defendant also waives his right to challenge the sentence in a collateral proceeding pursuant to 28 U.S.C. § 2255. This waiver does not prohibit his right to pursue or maintain such an action arising from

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facts not known or reasonably capable of being known at the time of his entry of guilty plea or alleging that he received ineffective assistance of counsel.

10. Voluntary Plea: The defendant and his attorney acknowledge that no threats, promises, or representations have been made to induce the defendant to plead guilty, and this agreement is freely and voluntarily endorsed by the parties.

11. Detention/Release After Plea: The United States will not object to the defendant's continued release after guilty plea.

12. Breach: If the defendant breaches the terms of this agreement, or commits any new criminal offenses between signing this agreement and sentencing, the U.S. Attorney's Office is relieved of its obligations under this agreement, but the defendant may not withdraw his guilty plea.

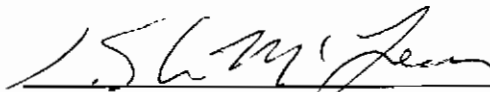
13. Entire Agreement: Any statements or representations made by the United States, the defendant, or his counsel prior to the full execution of this plea agreement are superseded by this plea agreement. No promises or representations have been made by the

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United States except as set forth in writing in this plea agreement.

This plea agreement constitutes the entire agreement between the parties. Any term or condition which is not expressly stated as part of this plea agreement is not to be considered part of the agreement.

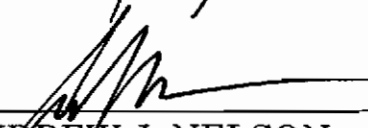
MICHAEL W. COTTER
United States Attorney



KRIS A. MCLEAN
Assistant U. S. Attorney
Date: 4/18/12



KEITH B. KOVICK
Defendant
Date: 4/17/12



ANDREW J. NELSON
Defense Counsel
Date: 4/18/12