



U.S. Department of Justice

United States Attorney  
Southern District of New York

COURT'S EXT. 1

7/10/08

D. Steger

*The Silvio J. Mollo Building  
One Saint Andrew's Plaza  
New York, New York 10007*

June 16, 2008

Thomas K. McQueen, Esq.  
321 South Plymouth Court  
Tenth Floor  
Chicago, IL 60604

Re: Douglas Steger

Dear Mr. McQueen:

This prosecution and the protection against prosecution set forth below have been approved by the Tax Division, Department of Justice.

On the understandings specified below, the Office of the United States Attorney for the Southern District of New York ("this Office") will accept a guilty plea from Douglas Steger to a two-count criminal information charging him with violations of Title 18, United States Code, Section 371 (Count One), and Title 26, United States Code, Section 7206(1) (Count Two), in connection with the defendant's involvement, between 2001 and 2004, in a conspiracy and scheme with John Ohle and others to defraud the United States, commit tax evasion, and file false income tax returns. These offenses were all carried out between 2001 and 2004 through the issuance of false and fraudulent referral fee invoices, the receipt of fee income based on those invoices, the disbursement of that fee income to others, and the failure of the defendant and other members of the conspiracy and scheme to properly report income to the IRS. Count One carries a maximum sentence of 5 years' imprisonment, a maximum term of 3 years' supervised release, a maximum fine under 18 U.S.C. § 3571(d) of the greatest of \$250,000, or twice the gross pecuniary gain derived from the offense, or twice the gross pecuniary loss to the United States, and a mandatory \$100 special assessment. In addition, the Court must enter an order of restitution pursuant to Title 18, United States Code, Sections 3663, 3663A, and 3664. Count Two carries a maximum sentence of three years' imprisonment, a maximum term of one year's supervised release, a maximum fine under 18 U.S.C. § 3571(d) of the greatest of \$250,000, twice the gross pecuniary gain derived from the offense, or twice the gross pecuniary loss to the United States, a mandatory \$100 special assessment, and the costs of prosecution. The defendant also stipulates and agrees that,

pursuant to Title 18, United States Code, Section 3663(a)(3), the sentencing Court shall impose an order of restitution with respect to any past due taxes the defendant owes to the IRS as a result of the conduct charged in the Information.

It is understood that, prior to the date of sentencing, Douglas Steger shall file accurate amended U.S. Individual Income Tax Returns for the tax years 2001 and 2002. Douglas Steger will pay past taxes due and owing by him to the Internal Revenue Service ("IRS"), including applicable interest and penalties, if any, on such terms and conditions as will be agreed upon between him and the Internal Revenue Service. In addition, the defendant will not contest the applicability of civil fraud penalties.

It is understood that Douglas Steger (a) shall truthfully and completely disclose all information with respect to the activities of himself and others concerning all matters about which this Office inquires of him, which information can be used for any purpose; (b) shall cooperate fully with this Office, the IRS, and any other law enforcement agency designated by this Office; (c) shall attend all meetings at which this Office requests his presence; (d) shall provide to this Office, upon request, any document, record, or other tangible evidence relating to matters about which this Office or any designated law enforcement agency inquires of him; (e) shall truthfully testify before the grand jury and at any trial and other court proceeding with respect to any matters about which this Office may request his testimony; (f) shall bring to this Office's attention all crimes that he has committed, and all administrative, civil, or criminal proceedings, investigations, or prosecutions in which he has been or is a subject, target, party, or witness; and (g) shall commit no further crimes whatsoever. Moreover, any assistance Douglas Steger may provide to federal criminal investigators shall be pursuant to the specific instructions and control of this Office and designated investigators.

If Douglas Steger complies fully with the understandings specified in this Agreement, he will not be further prosecuted criminally by this Office, and, with respect to tax offenses, the Tax Division, Department of Justice, for any crimes related to his participation in a conspiracy and scheme with John Ohle and others (i) to prepare and submit false and fraudulent invoices in order to obtain referral fees, and the subsequent disbursement of those fees to Ohle and others; (ii) to fail to properly report to the IRS the receipt of the aforementioned fees; and (iii) to report false and fraudulent tax shelter losses, as charged in the Information, to the extent that he has disclosed such participation to this Office as of the date of this Agreement. This Agreement does not provide any protection against prosecution for any crimes except as set forth above.

It is understood that this Agreement does not bind any federal, state, or local prosecuting authority other than this Office and, to the extent set forth above, the Tax

Division, Department of Justice. This Office will, however, bring the cooperation of Douglas Steger to the attention of other prosecuting offices, if requested by him.

It is understood that the sentence to be imposed upon Douglas Steger is within the sole discretion of the Court. This Office cannot, and does not, make any promise or representation as to what sentence Douglas Steger will receive, and will not recommend any specific sentence to the Court. However, this Office will inform the Probation Department and the Court of (a) this Agreement; (b) the nature and extent of Douglas Steger's activities with respect to this case and all other activities of Douglas Steger that this Office deems relevant to sentencing; and (c) the nature and extent of Douglas Steger's cooperation with this Office. In so doing, this Office may use any information it deems relevant, including information provided by Douglas Steger both prior to and subsequent to the signing of this Agreement. In addition, if this Office determines that Douglas Steger has provided substantial assistance in an investigation or prosecution, and if he has fully complied with the understandings specified in this Agreement, this Office will file a motion, pursuant to Section 5K1.1 of the Sentencing Guidelines, requesting the Court to sentence Douglas Steger in light of the factors set forth in Section 5K1.1(a)(1)-(5). It is understood that, even if such a motion is filed, the sentence to be imposed on Douglas Steger remains within the sole discretion of the Court. Moreover, nothing in this Agreement limits this Office's right to present any facts and make any arguments relevant to sentencing to the Probation Department and the Court, or to take any position on post-sentencing motions. Douglas Steger hereby consents to such adjournments of his sentence as may be requested by this Office.

It is understood that, should this Office determine that Douglas Steger has not provided substantial assistance in an investigation or prosecution, or has violated any provision of this Agreement, such a determination will release this Office from any obligation to file a motion pursuant to Section 5K1.1 of the Sentencing Guidelines, but will not entitle Douglas Steger to withdraw his guilty plea once it has been entered.

It is understood that, should this Office determine, subsequent to the filing of a motion pursuant to Section 5K1.1 of the Sentencing Guidelines and/or 18 U.S.C. § 3553(e), that Douglas Steger has violated any provision of this Agreement, this office shall have the right to withdraw such motion.

It is understood that, should Douglas Steger commit any further crimes or should it be determined that he has given false, incomplete, or misleading testimony or information, or should he otherwise violate any provision of this Agreement, Douglas Steger shall thereafter be subject to prosecution for any federal criminal violation of which this Office has knowledge, including perjury and obstruction of justice. Any such prosecution that is not time-barred by the applicable statute of limitations on the date of the signing of this

Agreement may be commenced against Douglas Steger, notwithstanding the expiration of the statute of limitations between the signing of this Agreement and the commencement of such prosecution. It is the intent of this Agreement to waive all defenses based on the statute of limitations with respect to any prosecution that is not time-barred on the date that this Agreement is signed.

It is understood that in the event that it is determined that Douglas Steger has committed any further crimes, given false, incomplete, or misleading testimony or information, or otherwise violated any provision of this Agreement, (a) all statements made by Douglas Steger to this Office or other designated law enforcement agents, and any testimony given by Douglas Steger before a grand jury or other tribunal, whether prior to or subsequent to the signing of this Agreement, and any leads from such statements or testimony shall be admissible in evidence in any criminal proceeding brought against Douglas Steger; and (b) Douglas Steger shall assert no claim under the United States Constitution, any statute, Rule 410 of the Federal Rules of Evidence, or any other federal rule that such statements or any leads therefrom should be suppressed. It is the intent of this Agreement to waive all rights in the foregoing respects.

The defendant hereby acknowledges that he has accepted this Agreement and decided to plead guilty because he is in fact guilty. By entering this plea of guilty, the defendant waives any and all right to withdraw his plea or to attack his conviction, either on direct appeal or collaterally, on the ground that the Government has failed to produce any discovery material, Jencks Act material, exculpatory material pursuant to *Brady v. Maryland*, 373 U.S. 83 (1963), other than information establishing the factual innocence of the defendant, and impeachment material pursuant to *Giglio v. United States*, 405 U.S. 150 (1972), that has not already been produced as of the date of the signing of this Agreement.

This Agreement supersedes any prior understandings, promises, or conditions between this Office, the Tax Division, Department of Justice, and Douglas Steger. No additional understandings, promises, or conditions have been entered into other than those set forth in this Agreement, and none will be entered into unless in writing and signed by all parties.

Very truly yours,

MICHAEL J. GARCIA  
United States Attorney

By: Nanette L. Davis  
Stanley J. Okula, Jr./Nanette L. Davis  
Assistant United States Attorneys  
(212) 637-1585/(212) 637-2192

APPROVED:

Lev L. Dassin  
LEV L. DASSIN  
Deputy United States Attorney Sr

AGREED AND CONSENTED TO:

Douglas Steger  
Douglas Steger

6/26/08  
DATE

APPROVED:

Thomas McQueen  
Thomas McQueen, Esq.  
Attorney for Douglas Steger

6/26/08  
DATE