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UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA
SOUTHERN DIVISION

UNITED STATES OF AMERICA,
Plaintiff,
v.
PHILIP A. SOBOL,
Defendant.

SA CR No. 15-

I N F O R M A T I O N

[18 U.S.C. § 374: Conspiracy; 18
U.S.C. § 1952(a)(3): Interstate
Travel in Aid of Racketeering]

The United States Attorney charges:

COUNT ONE

[18 U.S.C. § 371]

A. INTRODUCTORY ALLEGATIONS

At all times relevant to this Information:

1. Healthsmart Pacific Inc., doing business as Pacific
Hospital of Long Beach ("Pacific Hospital"), was a hospital located
in Long Beach, California, specializing in surgeries, particularly
spinal and orthopedic surgeries. From at least in or around 1997 to
October 2013, Pacific Hospital was owned and/or operated by Michael
D. Drobot ("Drobot").

EXHIBIT
A

1 2. International Implants LLC ("I2") was a limited liability
2 company owned and operated by Drobot that was located in Newport
3 Beach, California. I2 purchased implantable medical devices
4 ("hardware") for use in spinal surgeries from original manufacturers
5 and sold them to hospitals, particularly Pacific Hospital.

6 3. Pacific Specialty Physician Management, Inc. ("PSPM") was a
7 California corporation, owned and operated by Drobot, that was
8 located in Newport Beach, California.

9 4. Industrial Pharmacy Management LLC ("IPM") was a limited
10 liability company, owned and operated by Drobot and Executive A.

11 5. California Pharmacy Management LLC ("CPM") was a limited
12 liability company, owned and operated by Drobot and Executive A.

13 6. Sobol Orthopedic Medical Group, Inc. ("Sobol Orthopedic")
14 was a California corporation, owned and operated by defendant PHILIP
15 A. SOBOL, that was located in Pasadena, California.

16 7. The California Workers' Compensation System ("CWCS") was a
17 system created by California law to provide insurance covering
18 treatment of injury or illness suffered by individuals in the course
19 of their employment. Under the CWCS, employers were required to
20 purchase workers' compensation insurance policies from insurance
21 carriers to cover their employees. When an employee suffered a
22 covered injury or illness and received medical services, the medical
23 service provider submitted a claim for payment to the relevant
24 insurance carrier, which then paid the claim. Claims were submitted
25 to and paid by the insurance carriers either by mail or
26 electronically. The CWCS was governed by various California laws and
27 regulations.

1 transfer from the U.S. Treasury in Philadelphia, Pennsylvania, to the
2 medical service provider.

3 11. Federal law prohibited the offering, delivering,
4 soliciting, or receiving of anything of value in return for referring
5 a patient for medical services paid for by a federal health care
6 benefit program.

7 B. OBJECTS OF THE CONSPIRACY

8 12. Beginning in or around 2005 and continuing to in or around
9 April 2013, in Orange and Los Angeles Counties, within the Central
10 District of California, and elsewhere, defendant SOBOL, together with
11 Drobot, Executive A, and other co-conspirators known and unknown to
12 the United States Attorney, knowingly combined, conspired, and agreed
13 to commit the following offenses against the United States: Mail
14 Fraud and Honest Services Mail Fraud, in violation of Title 18,
15 United States Code, Sections 1341 and 1346; and Interstate Travel in
16 Aid of a Racketeering Enterprise, in violation of Title 18, United
17 States Code, Section 1952(a)(3).

18 C. MANNER AND MEANS OF THE CONSPIRACY

19 13. The objects of the conspiracy were to be carried out, and
20 were carried out, in the following ways, among others:

21 a. Drobot, Executive A, and other co-conspirators offered
22 to pay kickbacks to doctors, chiropractors, workers' compensation and
23 personal injury attorneys, marketers, and others for referring
24 workers' compensation patients to Pacific Hospital for spinal
25 surgeries and other medical services, to be paid primarily through
26 the CWCS and the FECA. For spinal surgeries, typically, Drobot
27 offered to pay a kickback of \$15,000 per lumbar fusion surgery and
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1 lower amount per cervical fusion surgery, provided that equipment
2 distributed through I2 was used in the surgery.

3 b. Influenced by the promise of kickbacks, doctors,
4 chiropractors, workers' compensation and personal injury attorneys,
5 marketers, and others referred patients insured through the CWCS and
6 the FECA to Pacific Hospital for spinal surgeries, other types of
7 surgeries, and other medical services. In some cases, doctors,
8 chiropractors, or others referred patients to spinal surgeons, with
9 instructions that the referrals were conditioned on the spinal
10 surgeons' performing the surgeries at Pacific Hospital. The workers'
11 compensation patients were not informed that the medical
12 professionals had been offered kickbacks to induce them to refer the
13 surgeries and other medical services to Pacific Hospital. That
14 information would have been material to those patients, to whom the
15 doctors owed a fiduciary duty to disclose any financial conflicts of
16 interest.

17 c. The surgeries and other medical services were
18 performed on the referred workers' compensation patients at Pacific
19 Hospital.

20 d. Pacific Hospital submitted claims, by mail and
21 electronically, to SCIF and other workers' compensation insurance
22 carriers for payment of the costs of the surgeries and other medical
23 services.

24 e. As the co-conspirators knew and intended, and as was
25 reasonably foreseeable to them, in submitting claims for payment,
26 Pacific Hospital concealed material information from SCIF and other
27 workers' compensation insurance carriers, including the fact that
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1 Pacific Hospital had offered or paid kickbacks for the referral of
2 the surgeries and other medical services for which it was submitting
3 claims.

4 f. The insurance carriers paid Pacific Hospital's claims,
5 by mail or electronically.

6 g. Drobot and other co-conspirators paid and caused
7 others to pay kickbacks to doctors, chiropractors, workers'
8 compensation and personal injury attorneys, marketers, and others who
9 had referred patients to Pacific Hospital for surgeries and other
10 medical services.

11 h. To conceal the nature of the kickback payments from
12 both workers' compensation insurance carriers and patients, in 2005,
13 defendant SOBOL and Drobot entered into an agreement under which
14 Drobot, through PSPM, would pay defendant SOBOL \$75,000 every month
15 for the option to buy the assets of Sobol Orthopedic. In return,
16 defendant SOBOL attempted to refer and often did refer his patients
17 to Pacific Hospital. Specifically, defendant SOBOL either performed
18 surgeries on the patients at Pacific Hospital himself, or -
19 particularly in the case of spine surgeries - referred them to other
20 surgeons, with specific instructions to those surgeons that they were
21 to perform the surgeries only at Pacific Hospital as a condition of
22 receiving the referrals. In 2008, the amount of the monthly payments
23 was adjusted upward to \$100,000; in 2009, it was adjusted downward to
24 \$60,000. In total, PSPM paid defendant SOBOL \$2.18 million under
25 this arrangement. In some cases, payments were made by CPM or IPM,
26 rather than PSPM; from June 2005 to June 2008, those payments totaled
27 approximately \$2.1 million.

1 i. Also in 2005, defendant SOBOL, on behalf of Sobol
2 Orthopedic, and Drobot, on behalf of IPM, entered into a "claims
3 purchase agreement" under which IPM would set up a mini-pharmacy in
4 defendant SOBOL's office and pay Sobol Orthopedic \$70,000 per month
5 to purchase all insurance claims for medications dispensed through
6 the pharmacy. From 2005 until 2011, IPM paid Sobol Orthopedic that
7 amount every month. In January 2011, the option agreement with PSPM
8 was terminated. In its place, and in return for defendant SOBOL's
9 continued referral of patients to Pacific Hospital, the claims
10 purchase agreement with IPM was amended to provide for a monthly
11 payment of \$130,000. Of that amount, \$60,000 was meant to replace
12 the \$60,000 that was no longer paid by PSPM for the referral of the
13 surgeries. IPM made those payments from February 2011 through
14 December 2012. In total, IPM made payments to defendant SOBOL of
15 \$960,000 in return for the spinal surgery referrals to Pacific
16 Hospital.

17 j. In March 2013, to continue and conceal the referral
18 arrangement, defendant SOBOL and Drobot entered into another option
19 agreement between Sobol Orthopedic and PSPM. That same month, under
20 this arrangement, PSPM paid defendant SOBOL \$80,000.

21 D. EFFECTS OF THE CONSPIRACY

22 14. Had SCIF and the other workers' compensation insurance
23 carriers known the true facts regarding the payment of kickbacks for
24 the referral of workers' compensation patients for surgeries and
25 other medical services performed at Pacific Hospital, they would not
26 have paid the claims or would have paid a lesser amount.

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1 Overt Act No. 5: On or about November 24, 2008, defendant SOBOL
2 referred Patient B to Surgeon B for spinal surgery to be performed at
3 Pacific Hospital.

4 Overt Act No. 6: On or about December 2, 2008, PSPM mailed to
5 Sobol Orthopedic a check for \$100,000.

6 Overt Act No. 7: On or about January 1, 2009, defendant SOBOL
7 and Drobot entered into an amendment to their 2005 option agreement
8 under which the monthly payment was reduced to \$60,000.

9 Overt Act No. 8: In or about January 2010, defendant SOBOL
10 referred Patient C to Surgeon C for spinal surgery to be performed at
11 Pacific Hospital.

12 Overt Act No. 9: On or about January 20, 2010, PSPM mailed to
13 Sobol Orthopedic two checks for a total of \$60,000.

14 Overt Act No. 10: On or about January 1, 2011, defendant SOBOL
15 and Executive A entered into an agreement under which Sobol
16 Orthopedic gave IPM a right to purchase the claims of Sobol
17 Orthopedic for medications dispensed through IPM in return for a
18 monthly payment of \$130,000.

19 Overt Act No. 11: In or about May 8, 2012, defendant SOBOL
20 referred Patient D to Surgeon D for spinal surgery to be performed at
21 Pacific Hospital.

22 Overt Act No. 12: On or about May 24, 2012, IPM mailed to Sobol
23 Orthopedic a check for \$140,000.

24 Overt Act No. 13: In or about February 2013, defendant SOBOL
25 referred patient E to Surgeon E for spinal surgery to be performed at
26 Pacific Hospital.

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1 17. Overt Acts 3, 6, 9, and 12, which defendant SOBOL aided,
2 abetted, counseled, encouraged, and caused to be performed, involved
3 the use of the mails in furtherance of unlawful activity,
4 specifically payment and receipt of kickbacks in violation of
5 California Business & Professions Code § 650, California Insurance
6 Code § 750, and California Labor Code § 3215.

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COUNT TWO

[18 U.S.C. §§ 1952(a)(3), 2(a)]

18. Paragraphs one through thirty of this Information are re-
alleged and incorporated as if fully set forth herein.

19. On or about the date set forth below, in Orange and Los
Angeles Counties, within the Central District of California, and
elsewhere, defendant SOBOL used and aided, abetted, and caused others
to use, the mail and facilities of interstate commerce as described
below, with the intent to promote, manage, establish, carry on, and
facilitate the promotion, management, establishment, and carrying on
of an unlawful activity, that is, kickbacks in violation of
California Business & Professions Code § 650, California Insurance
Code § 750, and California Labor Code § 3215: On or about May 24,
2012, IPM mailed to Sobol Orthopedic a check for \$140,000.

20. After that mailing took place, defendant performed and
attempted to perform and caused the performance of an act to
distribute the proceeds of, to promote, manage, establish, and carry
on, and to facilitate the promotion, management, establishment, and
carrying on of such unlawful activity as follows: In or about

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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
SOUTHERN DIVISION AT SANTA ANA
HONORABLE JOSEPHINE L. STATON, JUDGE PRESIDING

UNITED STATES OF AMERICA,)
)
) PLAINTIFF,)
)
) vs.) SACR NO. 15-00148-JLS
)
) PHILIP A. SOBOL,)
)
) DEFENDANT.)
)
)

REPORTER'S TRANSCRIPT OF PROCEEDINGS

SANTA ANA, CALIFORNIA

FRIDAY, JANUARY 22, 2016

9:30 A.M.

DEBORAH D. PARKER, CSR 10342
OFFICIAL COURT REPORTER
UNITED STATES DISTRICT COURT
411 WEST FOURTH STREET
SUITE 1-053
SANTA ANA, CALIFORNIA 92701
(657) 229-4305
transcripts@ddparker.com

DEBORAH D. PARKER, U.S. COURT REPORTER

APPEARANCES OF COUNSEL:

FOR THE PLAINTIFF, UNITED STATES OF AMERICA:

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UNITED STATES ATTORNEY

DENNISE D. WILLETT
ASSISTANT UNITED STATES ATTORNEY
CHIEF, CRIMINAL DIVISION

JOSHUA M. ROBBINS
ASSISTANT UNITED STATES ATTORNEY
UNITED STATES DISTRICT COURT
8000 RONALD REAGAN FEDERAL BUILDING
SANTA ANA, CALIFORNIA 92701
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FOR THE DEFENDANT, PHILIP A. SOBOL:

CHARLES L. KREINDLER
SHEPPARD MULLIN RICHTER & HAMPTON,
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LOS ANGELES, CALIFORNIA 90071
(213) 620-1780

1 **SANTA ANA, CALIFORNIA; FRIDAY, JANUARY 22, 2016; 9:30 A.M.**

2 THE CLERK: Calling Calendar Item No. 2,
3 SACR 15-00148-JLS-1, United States of America versus
4 Philip A. Sobol.

09:32:02 5 Counsel.

6 MR. ROBBINS: Good morning, Your Honor.
7 Joshua Robbins for the United States.

8 THE COURT: Good morning.

9 MR. KREINDLER: Good morning, Your Honor.
09:32:09 10 Chuck Kreindler, appearing on behalf of the
11 defendant Phil Sobol, who is present and on bond.

12 THE COURT: Good morning.

13 All right. Mr. Kreindler, I understand that
14 Mr. Sobol wants to plead guilty pursuant to the plea
09:32:21 15 agreement that was filed with the Court, on November 24th of
16 2015; is that correct?

17 MR. KREINDLER: It is, Your Honor.

18 THE COURT: All right. That plea agreement will
19 be incorporated and made part of the proceedings here this
09:32:33 20 morning.

21 And, Mr. Robbins, I just had a brief question for
22 you; that is, the information that was attached as an
23 exhibit differs slightly, perhaps, in language only from the
24 information that -- to which I believe Mr. Sobol pled.

09:33:00 25 They were filed the same date, so that was the

09:33:02 1 cause of my confusion. Sometimes if they are filed at
2 different times, something happens and it changes a bit.
3 But both of these were filed on the same date. So if you
4 can just enlighten me, make sure that I use the proper
09:33:14 5 language in taking this plea, that will be helpful, and I
6 have him pleading to the proper charge.

7 MR. ROBBINS: Yes, Your Honor.

8 The information that was filed separately, that
9 should have the signature of the delegate of the U.S.

09:33:27 10 Attorney is the one that is operative.

11 THE COURT: All right. And so when he pleads in
12 this case, I notice that the -- is there any difference to
13 the phraseology of use of an interstate facility in aid of
14 racketeering versus interstate travel in aid of a
09:33:47 15 racketeering enterprise?

16 They are both identified as violations of Section
17 1952(a)(3)?

18 MR. ROBBINS: Yes, Your Honor. It's the same
19 statute. I think the latter phrasing or the phrasing in the
09:34:00 20 signed version of the information was the preference of
21 whoever in our front office decided to adjust the language
22 in the information.

23 THE COURT: So that would be slightly different
24 from the plea agreement itself.

09:34:12 25 MR. ROBBINS: That might be different from the

09:34:13 1 plea agreement itself, Your Honor.

2 THE COURT: It is. That was why I -- because
3 when -- when they enter into a plea and the language looks a
4 little different, I just want to make sure that it's the
09:34:23 5 same.

6 And defense counsel, Mr. Kreindler, you're aware
7 of the language of the plea agreement, and it doesn't cause
8 you any concern, I'm assuming, because it is the same --
9 it's the identical statute, just using different language to
09:34:40 10 describe it.

11 MR. KREINDLER: That's correct, Your Honor.

12 THE COURT: All right. And have you had this
13 discussion with your client, or --

14 MR. KREINDLER: Yes. Dr. Sobol and I had talked
09:34:50 15 about all of the charges and the plea agreement.

16 THE COURT: All right. Again, part of it is just,
17 I want to have everything dotted and crossed, so...

18 All right. Thank you very much then.

19 So if you would like to move over to the lectern
09:35:04 20 with your client, please.

21 Dr. Sobol, before I accept your plea of guilty, I
22 have to make sure that you're fully informed of your
23 constitutional rights and that you understand the nature of
24 these proceedings today. So to do that, I'm going to
09:35:27 25 describe the constitutional rights that you have, and I'm

09:35:30 1 going to ask you a series of questions. If at any point
2 during the proceedings you don't understand something I say,
3 or you need me to repeat it or rephrase it, please let me
4 know and I will do that.

09:35:39 5 Do you understand?

6 DEFENDANT SOBOL: Of course, Your Honor.

7 THE COURT: Also, if at any point during the
8 proceedings you would like to speak with your attorney about
9 any matter, again, please let me know. We'll pause the
09:35:49 10 proceedings, and I'll give you the opportunity to speak with
11 him.

12 Do you understand?

13 DEFENDANT SOBOL: Yes, Your Honor.

14 THE COURT: And if the clerk could, please,
09:35:55 15 administer the oath.

16 THE CLERK: Please raise your right hand.

17 PHILIP A. SOBOL, DEFENDANT, SWORN

18 DEFENDANT SOBOL: I do.

19 THE COURT: Now, Dr. Sobol, do you understand that
09:36:08 20 you've just been placed under oath and so if you answer any
21 of my questions falsely, those answers may be used against
22 you in a later prosecution for perjury or for making a false
23 statement?

24 DEFENDANT SOBOL: Yes, Your Honor.

09:36:19 25 THE COURT: Also, I want to make sure you

09:36:20 1 understand, you have the right to remain silent and not to
2 incriminate yourself. That's one of the constitutional
3 rights that I'm going to be telling you about today.

4 However, if we proceed with my taking your plea, I will be
09:36:32 5 asking you questions and you will be answering those
6 questions; meaning, you will be giving up your right to
7 remain silent.

8 Do you understand that?

9 DEFENDANT SOBOL: Yes, Your Honor.

09:36:39 10 THE COURT: And do you give up that right?

11 DEFENDANT SOBOL: Yes, Your Honor.

12 THE COURT: Counsel join?

13 MR. KREINDLER: Yes, Your Honor.

14 THE COURT: What is your true and correct full
09:36:46 15 name?

16 DEFENDANT SOBOL: Philip, P-H-I-L-I-P; Alan,
17 A-L-A-N; Sobol, S-O-B-O-L.

18 THE COURT: How old are you?

19 DEFENDANT SOBOL: 62.

09:36:56 20 THE COURT: How many years of school have you
21 completed?

22 Gone through medical school, correct?

23 DEFENDANT SOBOL: Medical school and then five
24 years of residency training after it. So nine -- nine extra
09:37:08 25 years beyond college, Your Honor.

09:37:09 1 THE COURT: All right. And have you been treated
2 recently for any mental illness or any addiction to
3 narcotics of any kind?

4 DEFENDANT SOBOL: I have seen a psychiatrist just
09:37:18 5 for my own current issues that are going on with stress, but
6 other than that and sleep medication; no, Your Honor.

7 THE COURT: All right. So are you currently under
8 the influence of any -- any -- first of all, any medication,
9 or any drug other than the sleep medication that you just
09:37:36 10 identified?

11 DEFENDANT SOBOL: Other than other medical issues,
12 no, Your Honor. I'm fully capable today. I'm not under the
13 influence of anything that would cause me difficulties as we
14 stand here today.

09:37:47 15 THE COURT: All right. And that includes that
16 sleep medication that you take?

17 DEFENDANT SOBOL: Yes, Your Honor.

18 THE COURT: So that doesn't affect your judgment
19 in any manner?

09:37:53 20 DEFENDANT SOBOL: In no manner.

21 THE COURT: And it doesn't affect your ability to
22 understand what people are saying to you?

23 DEFENDANT SOBOL: Absolutely none.

24 THE COURT: All right. Do you suffer from any
09:38:01 25 kind of mental condition or disability that would prevent

09:38:04 1 you from understanding the nature of the charges against you
2 or the consequences of entering a guilty plea?

3 DEFENDANT SOBOL: No, Your Honor.

4 THE COURT: Do you know of any reason why we
09:38:11 5 should not go forward with your plea today?

6 DEFENDANT SOBOL: No, Your Honor.

7 THE COURT: And, Mr. Kreindler, have you talked to
8 your client about the nature of these proceedings today?

9 MR. KREINDLER: I have.

09:38:21 10 THE COURT: And do you have any reason to believe
11 he should not go forward with his plea today?

12 MR. KREINDLER: I don't.

13 THE COURT: Do you believe he's in full possession
14 of his facilities and competent to proceed?

09:38:31 15 MR. KREINDLER: I do.

16 THE COURT: And based on the statements of the
17 defendant and his counsel and based on the Court's
18 observations, I find that the defendant is in full
19 possession of his faculties and is competent to proceed.

09:38:42 20 Now, Mr. Sobol, you are charged in the two-count
21 information with conspiracy in violation of Title 18,
22 United States Code Section 371, and use of an interstate
23 facility in aid of racketeering and that is in violation of
24 Title 18, United States Code Section 1952, subsection
09:39:12 25 (a) (3). These are felony charges and you have a

09:39:20 1 constitutional right to be charged by an indictment returned
2 by a grand jury. A grand jury is composed of at least 16
3 and not more than 23 persons and at least 12 grand jurors
4 must find that there's probable cause to believe you
09:39:33 5 committed the crime with which you are charged before you
6 may be indicted.

7 Now, I have in my file a signed waiver of
8 indictment form that was filed with the Court on
9 December 8th of 2015.

09:39:45 10 Do you have that waiver of indictment form with
11 you?

12 DEFENDANT SOBOL: I do, Your Honor.

13 THE COURT: All right. And above the line where
14 your name is printed, is that your signature on that waiver?

09:39:54 15 DEFENDANT SOBOL: Yes.

16 THE COURT: Now, before you signed it, did you
17 review it carefully with your lawyer?

18 DEFENDANT SOBOL: I did, Your Honor.

19 THE COURT: Now, do you understand by waiving your
09:40:03 20 right to an indictment by the grand jury, the case will
21 proceed against you on the U.S. Attorney's information as
22 though you had been indicted?

23 DEFENDANT SOBOL: Yes, Your Honor.

24 THE COURT: And did anyone make any promises,
09:40:14 25 representations, or guarantees to you of any kind to get you

09:40:19 1 to waive your right to an indictment?

2 DEFENDANT SOBOL: No, Your Honor.

3 THE COURT: Did anyone threaten you or a family
4 member or anyone close to you get you to waive your right to
09:40:26 5 an indictment?

6 DEFENDANT SOBOL: No, Your Honor.

7 THE COURT: Do you want to waive, that is, give up
8 your right and proceed on the U.S. Attorney's information?

9 DEFENDANT SOBOL: Yes.

09:40:34 10 THE COURT: Mr. Kreindler, you've discussed with
11 your client his right to be charged by an indictment?

12 MR. KREINDLER: I have.

13 THE COURT: And do you know of any reason why he
14 should not waive indictment?

09:40:44 15 MR. KREINDLER: There's no reason.

16 THE COURT: Do you believe that his waiver is
17 knowingly, voluntarily and intelligently made?

18 MR. KREINDLER: Yes.

19 THE COURT: And you concur in the waiver?

09:40:51 20 MR. KREINDLER: I do.

21 THE COURT: Then, the Court finds that the
22 defendant is fully competent and aware of the nature of his
23 right to require that the government proceed by way of an
24 indictment. The Court finds that the waiver is freely,
09:41:02 25 intelligently and voluntarily made and the Court accepts the

09:41:07 1 waiver.

2 Now, Mr. Sobol, have you received a copy of the
3 information that is the written statement of the charges
4 against you?

09:41:18 5 DEFENDANT SOBOL: Yes, Your Honor.

6 THE COURT: You have the right to have that
7 information read to you.

8 Would you like me to read that to you now?

9 DEFENDANT SOBOL: No, I've been over it and talked
09:41:26 10 to my attorney about it and I do not need it reread, if
11 that's okay with Your Honor.

12 THE COURT: That is fine. I want to give you the
13 opportunity of course.

14 DEFENDANT SOBOL: Thank you.

09:41:34 15 THE COURT: And you also have the following
16 constitutional rights that you will be giving up, if you
17 plead guilty. I'll describe those for you, so I want you to
18 listen carefully. You have the right to plead not guilty to
19 any offense charged, and you have the right to persist in
09:41:46 20 that plea. You have the right to a speedy and public trial.
21 You have the right to a trial by jury, and at that trial you
22 would be presumed to be innocent and the government would
23 have to prove your guilt by proving each element of the
24 offense beyond a reasonable doubt. If both you and the
09:42:02 25 government give up the right to a jury trial, then you have

09:42:05 1 the right to be tried by the Court.

2 You have the right to the assistance of counsel
3 for your defense throughout the proceedings, even if you do
4 not enter into a plea agreement, and if you cannot afford
09:42:16 5 counsel, the Court will appoint counsel for you to assist
6 you free of charge at trial and at every other stage of the
7 proceedings.

8 You have the right to confront and cross-examine
9 witnesses against you. That means you have the right to see
09:42:27 10 the witnesses, hear them testify and have them questioned by
11 your lawyer. You have the right to have witnesses
12 subpoenaed and compelled to testify on your behalf. You
13 have the right to testify on your own behalf, if you choose
14 to do so; but you also, as I stated earlier, have the
09:42:46 15 privilege against self-incrimination; that is, you have the
16 right not to testify. If this case went to trial and you
17 decided not to testify, that fact could not be used against
18 you. By pleading guilty, you are giving up that right and
19 you are incriminating yourself.

09:42:59 20 You have the right to appeal your conviction and
21 your sentence, if you go to trial and you are convicted.

22 Now, has your lawyer advised you of all of these
23 rights?

24 DEFENDANT SOBOL: Yes, Your Honor.

09:43:08 25 THE COURT: Do you understand all of them?

09:43:10 1 DEFENDANT SOBOL: I do.

2 THE COURT: Do you have any questions about any of
3 them?

4 DEFENDANT SOBOL: I do not.

09:43:14 5 THE COURT: Do you need any more time to talk to
6 your attorney about any of them?

7 DEFENDANT SOBOL: No, Your Honor.

8 THE COURT: Do you understand that if your plea is
9 accepted, you will be incriminating yourself and you will
09:43:23 10 have waived all of the rights I've just described for you,
11 including your right to a jury trial?

12 DEFENDANT SOBOL: I do, Your Honor.

13 THE COURT: Do you give up these rights?

14 DEFENDANT SOBOL: Yes.

09:43:32 15 THE COURT: And, Mr. Kreindler, are you satisfied
16 that the waivers are knowingly, voluntarily and
17 intelligently made?

18 MR. KREINDLER: I am.

19 THE COURT: And do you join and concur in the
09:43:39 20 waivers?

21 MR. KREINDLER: I do.

22 THE COURT: Now, as I stated earlier, you've been
23 charged in the two-count information with conspiracy in
24 violation of Title 18, United States Code Section 371, use
09:43:56 25 of an interstate facility in aid of racketeering, in

09:43:59 1 violation of Title 18, United States Code Section
2 1952(a)(3). These are felony charges.

3 And, Mr. Robbins, if you could, please, state the
4 elements of the charges?

09:44:12 5 MR. ROBBINS: Yes, Your Honor.

6 For defendant to be guilty of the crime charged in
7 Count One; that is, conspiracy in violation of Title 18,
8 United States Code Section 371, the follow must be true:
9 One, beginning in or around 2005 and continuing to in or
09:44:33 10 around April 2013, there was an agreement between two or
11 more persons to commit mail fraud and honest services mail
12 fraud, in violation Title 18 United States Code Sections
13 1341 and 1346 and interstate travel in aid of a racketeering
14 enterprise, in violation Title 18, United States Code
09:44:58 15 Section 1952(a)(3);

16 Two, defendant became a member of the conspiracy
17 knowing of at least one of its objects and intending to help
18 accomplish it; and

19 Three, one of the members of the conspiracy
09:45:13 20 performed at least one overt act for the purpose of carrying
21 out the conspiracy.

22 Mail fraud in violation of Title 18, United States
23 Code Section 1341 has the following elements:

24 One, the defendant knowingly devised or
09:45:29 25 participated in a scheme or plan to defraud or a scheme or

09:45:34 1 plan for obtaining money or property by means of false or
2 fraudulent pretenses, representations, or promises;

3 Two, the statements made or facts submitted as
4 part of a scheme was material; that is, they had a natural
09:45:47 5 tendency to influence or were capable of influencing a
6 person to part with money or property;

7 Three, the defendant acted with intent to -- the
8 intent to defraud; and

9 Four, the defendant used or caused to be used the
09:46:01 10 mails to carry out or attempt to carry out an essential part
11 of the scheme.

12 Honest services mail fraud, in violation Title 18,
13 United States Code Section 1346 has the following elements:

14 One, the defendant devised or participated in a
09:46:19 15 scheme or plan to deprive a patient of his or her right to
16 honest services;

17 Two, the scheme or plan consisted of a bribe or
18 kickback in exchange for medical services;

19 Three, a medical professional person owed a
09:46:36 20 fiduciary duty to the patient;

21 Four, the defendant acted with the intent to
22 defraud by depriving the patient of his or her right of
23 honest services;

24 Five, the defendant's act was material; that is,
09:46:49 25 it had a natural tendency to influence or was capable of

09:46:54 1 influencing a person's acts; and

2 Six, the defendant used or caused someone to use
3 the mails to carry out or attempt to carry out the scheme or
4 plan.

09:47:05 5 Interstate travel in aid of a racketeering
6 enterprise, in violation of Title 18, United States Code
7 Section 1952(a)(3) has the following elements:

8 One, defendant used the mail or a facility of
9 interstate commerce with the intent to promote, manage,
09:47:23 10 establish, or carry on, or facilitate the promotion,
11 management, establishment, or carrying on of unlawful
12 activity; specifically, payment in receipt of kickbacks in
13 violation of California Business and Professions Code,
14 Section 650; California Insurance Code, Section 750 and
09:47:41 15 California Labor Code, Section 3215. And two, after doing
16 so, defendant performed or attempted to perform an act to
17 promote, manage, establish, or carry on, or facilitate the
18 promotion, management, establishment, or carrying of such
19 unlawful activity.

09:48:02 20 THE COURT: Now, do you understand the nature of
21 the charges as were just described to you?

22 DEFENDANT SOBOL: I do, Your Honor.

23 THE COURT: Have you discussed these charges and
24 the elements of the charges with your lawyer?

09:48:12 25 DEFENDANT SOBOL: I have.

09:48:13 1 THE COURT: Do you have any questions about the
2 charges?

3 DEFENDANT SOBOL: I do not, Your Honor.

4 THE COURT: Have you been advised of the maximum
09:48:20 5 penalties?

6 DEFENDANT SOBOL: I have.

7 THE COURT: And Mr. Robbins, if you could, please,
8 describe the penalties, including any maximum fines, special
9 assessment, or term of supervised release?

09:48:30 10 MR. ROBBINS: Yes, Your Honor.

11 The statutory maximum sentence that the Court can
12 impose for violation of Title 18, United States Code Section
13 371 is five years' imprisonment, a three-year period of
14 supervised release, a fine of \$250,000 or twice the gross
09:48:50 15 gain or gross loss, resulting from the offense, whichever is
16 greatest, and a mandatory special assessment of \$100.

17 The statutory maximum that the Court can impose
18 for violation of Title 18, United States Code Section
19 1952(a)(3) is five years' imprisonment, a three-year period
09:49:07 20 of supervised release, a fine of \$250,000 or twice the gross
21 gain or gross loss resulting from the offense, whichever is
22 greatest, and a mandatory special assessment of \$100.

23 The total maximum sentence for all offenses to
24 which defendant is pleading guilty is 10 years'
09:49:25 25 imprisonment, a three-year period of supervised release, a

09:49:28 1 fine of \$500,000 or twice the gross gain or gross loss
2 resulting from the offenses, whichever is greatest, and a
3 mandatory special assessment of \$200.

4 THE COURT: Now, you may be subject to supervised
09:49:45 5 release for a number of years after any release from prison.

6 Have you discussed with your lawyer and do you
7 understand the term "supervised release"?

8 DEFENDANT SOBOL: I do, Your Honor.

9 THE COURT: You understand that if you're sent to
09:49:59 10 prison and placed on supervised release following

11 imprisonment and you violate one or more of the terms or
12 conditions of supervised release, you may be returned to
13 prison for all or part of the term of supervised release?

14 DEFENDANT SOBOL: I do, Your Honor.

09:50:13 15 THE COURT: Do you understand that if that
16 happens, it could result in your serving a term of
17 imprisonment that's greater than the statutory maximum?

18 DEFENDANT SOBOL: Yes, Your Honor.

19 THE COURT: Do you understand that if you are not
09:50:23 20 a citizen of the United States, this plea may cause you to

21 be deported or removed from the United States and result in
22 a denial of naturalization or citizenship, a denial of
23 residency status and a denial of amnesty?

24 DEFENDANT SOBOL: Yes, Your Honor.

09:50:37 25 THE COURT: Now, you are pleading to a felony

09:50:40 1 offense and if your plea is accepted, I will find you
2 guilty, and that may deprive you of certain valuable civil
3 rights, such as the right to vote, the right to hold public
4 office, the right to serve on a jury or the right to possess
09:50:51 5 a firearm of any kind.

6 Do you understand?

7 DEFENDANT SOBOL: I do, Your Honor.

8 THE COURT: Do you understand that the Court will
9 order you to pay restitution to any victim of the offense?

09:51:05 10 DEFENDANT SOBOL: Yes, Your Honor.

11 THE COURT: Now, the amount of restitution is not
12 limited to the amounts alleged in the counts to which you
13 are pleading guilty and will include losses that arise from
14 charges not prosecuted, as well as all relevant conduct in
09:51:20 15 connection with those charges.

16 Do you understand that?

17 DEFENDANT SOBOL: Yes, Your Honor.

18 THE COURT: And I believe the plea agreement
19 currently states that the understanding of the amount of
09:51:32 20 restitution at issue is 5.2 million; is that correct,

21 Mr. Robbins?

22 MR. ROBBINS: Yes, Your Honor.

23 THE COURT: Do you understand that that amount
24 could change as a result of additional facts that come to
09:51:45 25 light?

09:51:46 1 DEFENDANT SOBOL: I do, Your Honor.

2 THE COURT: And, Mr. Robbins, is forfeiture an
3 issue in this case?

4 MR. ROBBINS: May I have one moment, Your Honor?

09:51:56 5 THE COURT: Yes. It was referenced but not in the
6 way I always see it referenced.

7 MR. ROBBINS: Yes, Your Honor.

8 There has been no agreement with respect to
9 forfeiture in this case. There are terms -- there are no
09:52:07 10 terms in here with respect to specific forfeiture.

11 THE COURT: All right. Well, what I'm -- I'm just
12 going to at least acknowledge that -- or ask Mr. Sobol to
13 acknowledge: Do you understand that the Court may require
14 you to forfeit certain property to the government?

09:52:24 15 I think that might be -- at least, here, it
16 indicates -- well, again, it doesn't have a specific
17 agreement, other than to say *the parties agree that any*
18 *amount forfeited under this agreement and/or paid to*
19 *victims, in order to resolve civil claims, so -- that arise*
09:52:45 20 *from the conduct in this case shall be credited towards his*
21 *amount of payment of restitution.*

22 MR. ROBBINS: That is correct, Your Honor. That
23 is part of our standard language.

24 THE COURT: All right. Do you understand that
09:52:59 25 provision, Mr. Sobol?

09:53:01 1 DEFENDANT SOBOL: Yes, Your Honor.

2 THE COURT: All right. Thank you.

3 MR. KREINDLER: Your Honor, just -- if I may.

4 Our understanding is, is that the amount of

09:53:07 5 restitution/forfeiture that's been agreed upon in the plea

6 agreement is \$5.2 million, so that money is going to be paid

7 one way or the other, either through restitution or to the

8 extent not restitution, through forfeiture.

9 THE COURT: All right. Then, presumably, at some

09:53:25 10 point, there may be an order from the Court that's necessary

11 relating to that forfeiture?

12 MR. ROBBINS: Possibly, Your Honor. We haven't

13 filed any forfeiture counts in the information, so there

14 wouldn't be anything at this point to authorize the Court to

09:53:37 15 do that, but --

16 THE COURT: Right.

17 MR. ROBBINS: -- that could change at some point.

18 THE COURT: All right. So I just -- again, with

19 that possibility, at least, I want to make sure that I --

09:53:46 20 that I highlight that for Dr. Sobol.

21 All right. And having heard from the Court and

22 from the Assistant U.S. Attorney, do you understand the

23 possible consequences of your plea, including the maximum

24 sentence you can receive and the other terms that were

09:54:04 25 described for you?

09:54:06 1 DEFENDANT SOBOL: I do, Your Honor.

2 THE COURT: Do you have any questions regarding
3 the potential sentence you may receive if the Court accepts
4 your plea of guilty?

09:54:13 5 DEFENDANT SOBOL: I do not.

6 THE COURT: Have you discussed possible punishment
7 and the facts of your case and possible defenses with your
8 lawyer?

9 DEFENDANT SOBOL: I have, Your Honor.

09:54:20 10 THE COURT: And have you understood everything
11 that's been said so far in these proceedings?

12 DEFENDANT SOBOL: Yes, Your Honor.

13 THE COURT: Now, Mr. Sobol, you'll be sentenced
14 under the Sentencing Reform Act of 1984. The United States
09:54:31 15 Sentencing Commission has issued guidelines that courts must
16 consult and take into account, but are not required to
17 follow in determining sentences in criminal cases, so in
18 determining your sentence, the Court is required to
19 calculate the applicable sentencing guidelines range and
09:54:46 20 then to consider that range along with possible departures
21 and other sentencing factors under the statute.

22 Have you and your lawyer talked about how the
23 sentencing guidelines might be applied in your case?

24 DEFENDANT SOBOL: We have, Your Honor.

09:55:00 25 THE COURT: Then, you understand that the

09:55:01 1 guidelines use a person's total offense level and their
2 Criminal History Category to calculate the applicable
3 guidelines range?

4 DEFENDANT SOBOL: Yes, Your Honor.

09:55:11 5 THE COURT: Now, do you understand that regardless
6 of the guidelines range for your case, I may sentence you to
7 up to the maximum time allowed by law?

8 DEFENDANT SOBOL: I do understand that,
9 Your Honor.

09:55:21 10 THE COURT: And do you understand that neither the
11 Court nor your lawyer will be able to determine the
12 guidelines range for your case until after the presentence
13 report has been prepared?

14 DEFENDANT SOBOL: I do, Your Honor.

09:55:34 15 THE COURT: Do you understand that any sentence
16 imposed may be different from any estimate that your lawyer
17 has given to you?

18 DEFENDANT SOBOL: Yes, Your Honor.

19 THE COURT: And, again, do you understand that
09:55:43 20 even after the guidelines range has been calculated, the
21 Court can impose a sentence that's either more severe or
22 less severe than that -- that falls within the guidelines
23 range?

24 DEFENDANT SOBOL: I do, Your Honor.

09:55:59 25 THE COURT: Now, even though there's an

09:56:00 1 uncertainty with this and even though you may be
2 disappointed over the guidelines range that's calculated for
3 your case or you may be disappointed with the Court's
4 eventual sentence, none of that would be a basis for you to
09:56:12 5 withdraw your plea of guilty.

6 Do you understand?

7 DEFENDANT SOBOL: I do.

8 THE COURT: Now, I have in front of me a document
9 titled "Plea Agreement for Defendant Philip A. Sobol."

09:56:23 10 Do you have that agreement in front of you?

11 DEFENDANT SOBOL: I do now, Your Honor.

12 THE COURT: Now, looking at pages 26 and 27 of
13 that agreement above the line where your name is printed, is
14 that your signature on each of those pages?

09:56:46 15 DEFENDANT SOBOL: It is, Your Honor.

16 THE COURT: And before you signed this document,
17 did you review it carefully with the assistance of your
18 attorney?

19 DEFENDANT SOBOL: I did.

09:56:55 20 THE COURT: And do you understand the terms of the
21 agreement?

22 DEFENDANT SOBOL: Yes, Your Honor.

23 THE COURT: Do you want any more time to discuss
24 the agreement with your lawyer?

09:57:02 25 DEFENDANT SOBOL: I do not, Your Honor.

09:57:04 1 THE COURT: Do you understand that the Court is
2 not a party to this agreement and is not bound by its terms?

3 DEFENDANT SOBOL: I do understand, Your Honor.

4 THE COURT: Now, in your agreement, you have
09:57:18 5 agreed to certain terms regarding cooperation with the
6 government.

7 Do you understand that?

8 DEFENDANT SOBOL: Yes, Your Honor.

9 THE COURT: And have you reviewed those terms
09:57:26 10 carefully with your lawyer?

11 DEFENDANT SOBOL: I have.

12 THE COURT: Do you understand that regardless of
13 your agreement, the Court may or may not grant any motion
14 that's made by the government for a reduced guidelines
09:57:39 15 sentence?

16 DEFENDANT SOBOL: I do, Your Honor.

17 THE COURT: Are the terms of this agreement the
18 entire understanding you have with the government?

19 DEFENDANT SOBOL: I believe so, Your Honor.

09:57:48 20 THE COURT: Has anyone made any promises,
21 representations, or guarantees to you of any kind, other
22 than those contained in this written plea agreement in an
23 effort to get you to plead guilty?

24 DEFENDANT SOBOL: No, Your Honor.

09:58:02 25 THE COURT: Other than what's contained in the

09:58:04 1 written plea agreement and other than a general discussion
2 of the guidelines sentencing range and other sentencing
3 considerations and factors with your counsel, has anyone
4 made any promises of leniency, a particular sentence,
09:58:19 5 probation, or any other inducement of any kind to get you to
6 plead guilty?

7 DEFENDANT SOBOL: No, Your Honor.

8 THE COURT: Has anyone attempted to threaten you,
9 or a family member, or anyone close to you to get you to
09:58:30 10 plead guilty?

11 DEFENDANT SOBOL: No, Your Honor.

12 THE COURT: Are you pleading guilty voluntarily
13 and of your own free will?

14 DEFENDANT SOBOL: I am, Your Honor.

09:58:38 15 THE COURT: Do you understand that by entering
16 into this plea agreement and entering a plea of guilty, you
17 will be giving up or limiting your right to appeal the
18 conviction and all or part of the sentence in this case?

19 DEFENDANT SOBOL: I do, Your Honor.

09:58:50 20 THE COURT: And, Mr. Robbins, if you could,
21 please, read into the record any provision of the agreement
22 that addresses a waiver of an appeal right by the
23 defendant --

24 MR. ROBBINS: Yes, Your Honor.

09:58:59 25 THE COURT: -- which I believe is on page 20.

09:59:03 1 MR. ROBBINS: Thank you.

2 With the exception of an appeal based on a claim
3 the defendant's guilty pleas were involuntary, by pleading
4 guilty, defendant is waiving and giving up any right to
09:59:17 5 appeal defendant's convictions on the offenses to which
6 defendant is pleading guilty.

7 Provided the Court imposes a total term of
8 imprisonment on all counts of conviction of no more than the
9 low end of the guidelines range corresponding to a total
09:59:32 10 offense level of 25 and the Criminal History Category
11 determined by the Court, defendant gives up the right to
12 appeal all of the following:

13 A, the procedures and calculations used to
14 determine and impose any portion of the sentence;

09:59:47 15 B, the term of imprisonment imposed by the Court;

16 C, the fine imposed by the Court, provided it is
17 within the statutory maximum;

18 D, the amount and terms of any restitution order,
19 provided it requires payment of no more than \$5.2 million;

10:00:04 20 E, the term of probation or supervised release
21 imposed by the Court, provided it is within the statutory
22 maximum; and

23 F, any of the following conditions of probation or
24 supervised release imposed by the Court: The conditions set
10:00:20 25 forth in General Orders 318, 01-05 and/or 05-02 of this

10:00:28 1 Court; the drug testing conditions mandated by 18 U.S.C.,
2 Sections 3563(a)(5) and 3583(d) and the alcohol and drug use
3 conditions authorized by 18 U.S.C. Section 3563(b)(7).

4 THE COURT: Now, Mr. Sobol, did you discuss giving
10:00:50 5 up these rights with your lawyer?

6 DEFENDANT SOBOL: I did, Your Honor.

7 THE COURT: And based on that discussion and
8 having considered the issue, do you agree you're giving up
9 your appeal rights on the terms and conditions that were
10:01:00 10 just stated?

11 DEFENDANT SOBOL: I do, Your Honor.

12 THE COURT: Mr. Kreindler, the plea agreement
13 indicates that it was signed by you and your client on
14 November 20th of 2015; is that correct?

10:01:16 15 MR. KREINDLER: Yes, Your Honor.

16 THE COURT: Did he sign the agreement in your
17 presence?

18 MR. KREINDLER: He did.

19 THE COURT: And did you discuss the contents of
10:01:22 20 the agreement with him before he signed it?

21 MR. KREINDLER: I did.

22 THE COURT: Does the plea agreement represent the
23 entire agreement between your client and government?

24 MR. KREINDLER: It does.

10:01:33 25 THE COURT: Did you review the facts of the case

10:01:36 1 and all of the discovery provided by the government with
2 your client?

3 MR. KREINDLER: Yes.

4 THE COURT: Did you pursue with him potential
10:01:40 5 defenses he might have to the charges?

6 MR. KREINDLER: Yes.

7 THE COURT: Have you advised him concerning the
8 legality or admissibility of any statements or confessions
9 or other evidence that the government has against him?

10:01:51 10 MR. KREINDLER: I have.

11 THE COURT: To the best of your knowledge, is your
12 client pleading guilty because of any illegally obtained
13 evidence in the possession of the government?

14 Do you want me to rephrase that?

10:02:02 15 MR. KREINDLER: If you can.

16 THE COURT: Yes. To the best of your knowledge,
17 is your client pleading guilty because of any illegally
18 obtained evidence in the possession of the government?

19 MR. KREINDLER: No.

10:02:13 20 THE COURT: And did you and Dr. Sobol agree that
21 it was in his best interest to enter into this plea
22 agreement?

23 MR. KREINDLER: Yes.

24 THE COURT: Is it your opinion that he's entering
10:02:20 25 into this plea agreement freely and voluntarily with full

10:02:24 1 knowledge of the charges and the consequences of the plea?

2 MR. KREINDLER: Yes.

3 THE COURT: Have there been any promises,
4 representations, or guarantees of any kind made either to
10:02:34 5 you or your client, other than those contained in the
6 written plea agreement?

7 MR. KREINDLER: No.

8 THE COURT: Other than what's contained in the
9 written plea agreement and other than a general discussion
10:02:45 10 of the guidelines sentencing range and other sentencing
11 considerations, have you given any indication to him of what
12 specific sentence the Court will impose in the event it
13 accepts his plea of guilty?

14 MR. KREINDLER: No.

10:02:57 15 THE COURT: Do you know of any reason why the
16 Court should not accept your client's plea?

17 MR. KREINDLER: No.

18 THE COURT: Do you join in the waiver of jury
19 trial and concur in the plea?

10:03:04 20 MR. KREINDLER: I do.

21 THE COURT: And, Mr. Robbins, other than what's
22 expressly contained in the written plea agreement, has the
23 government made any promises, representations, or guarantees
24 of any kind either to the defendant or his counsel?

10:03:18 25 MR. ROBBINS: No, Your Honor.

10:03:20 1 THE COURT: Now, Mr. Sobol, are you satisfied with
2 the representation that your lawyer has provided to you?

3 DEFENDANT SOBOL: I am, Your Honor.

4 THE COURT: And have you told him everything you
10:03:30 5 know about your case, all of the facts?

6 DEFENDANT SOBOL: Yes, Your Honor.

7 THE COURT: And do you believe that he's fully
8 considered any defense you might have to the charges?

9 DEFENDANT SOBOL: I believe so, Your Honor.

10:03:40 10 THE COURT: Do you believe that he's fully advised
11 you concerning this matter?

12 DEFENDANT SOBOL: Yes, Your Honor.

13 THE COURT: And have you had enough time to
14 discuss the matter with him?

10:03:47 15 DEFENDANT SOBOL: I have, Your Honor.

16 THE COURT: Do you believe that you've understood
17 everything that's happened here today in court, everything
18 I've said and everything that's been said by both counsel?

19 DEFENDANT SOBOL: Yes, Your Honor.

10:03:57 20 THE COURT: And do you understand the consequences
21 to you of this plea?

22 DEFENDANT SOBOL: I do, Your Honor.

23 THE COURT: Then, having in mind all we've
24 discussed regarding your plea of guilty, including the

10:04:06 25 rights you will be giving up and the maximum sentence you

10:04:09 1 may receive and the other terms and conditions, do you still
2 want to plead guilty?

3 DEFENDANT SOBOL: Yes, Your Honor.

4 THE COURT: Then, I'm going to ask you to listen
10:04:18 5 carefully, because I'm going to ask the prosecutor to state
6 those facts that the government would be prepared to prove,
7 if this matter went to trial; and then, I'm going to ask you
8 some questions about what he says.

9 DEFENDANT SOBOL: Yes, Your Honor.

10:04:29 10 THE COURT: Mr. Robbins.

11 MR. ROBBINS: Yes, Your Honor.

12 Pacific Hospital of Long Beach ("Pacific
13 Hospital") was a hospital located in Long Beach, California,
14 specializing in surgeries, particularly spinal and
10:04:43 15 orthopedic surgeries. From at least in or around 1997 to
16 October 2013, Pacific Hospital was owned and/or operated by
17 Michael D. Drobot. Drobot also owned and/or operated
18 Pacific Specialty Physician Management, Inc. ("PSPM"), a
19 physician practice management company and two companies that
10:05:05 20 managed in-house pharmaceutical dispensary programs on
21 behalf of physicians: California Pharmacy Management, LLC
22 ("CPM") and Industrial Pharmacy Management, LLC, ("IPM")
23 (collectively, the "Dispensary Management Companies").
24 Beginning in or around 2003, Executive A operated CPM, under
10:05:27 25 the direction of Drobot, with CPM ceasing operations around

10:05:33 1 2007. From 2007 to 2010, Drobot and Executive A together
2 owned and Executive A operated IPM. From 2010 to at least
3 November 2013, Executive A exclusively owned and operated
4 IPM.

10:05:51 5 Beginning in or around 2005 and continuing to in
6 or around April 2013, in Orange and Los Angeles Counties,
7 within the Central District of California and elsewhere,
8 Defendant Drobot and Executive A together with other
9 co-conspirators known and unknown to the United States
10:06:10 10 Attorney, knowingly combined, conspired and agreed to commit
11 the following offenses against the United States: Mail
12 fraud and Honest Services Mail Fraud in violation of
13 Title 18, United States Code Sections 1341 and 1346 and
14 interstate travel in aid of a racketeering enterprise, in
10:06:35 15 violation of Title 18, United States Code, Section
16 1952(a)(3).

17 Specifically, beginning no later than 2005 and
18 continuing through in or around April 2013, defendant
19 conspired with Drobot, Executive A and others working for
10:06:53 20 Pacific Hospital, the dispensary management companies, PSPM
21 and related companies to exchange monetary kickbacks in
22 return for the referral of patients to Pacific Hospital for
23 surgical services paid for primarily through the California
24 Workers' Compensation System, ("CWCS").

10:07:14 25 In paying the kickbacks and submitting the

10:07:17 1 resulting claims for the surgical services, the conspirators
2 acted with the intent to defraud Workers' Compensation
3 Insurance carriers and to deprive the patients of their
4 right to honest services -- right of honest services.

10:07:32 5 As defendant knew, the hospital kickback scheme
6 operated as follows: Drobot and other co-conspirators
7 offered to pay kickbacks to doctors and chiropractors ("the
8 kickback recipient") in return for their referral of
9 workers' compensation patients to Pacific Hospital for
10:07:50 10 spinal surgeries, other types of surgeries, magnetic
11 resonance imaging, toxicology, durable medical equipment and
12 other services which would be paid through the CWCS.

13 Influenced by the promise of kickbacks, the
14 kickback recipients referred patients insured through the
10:08:07 15 CWCS to Pacific Hospital for spinal surgeries, other types
16 of surgeries and other medical services. The Workers'
17 Compensation patients were not informed that the medical
18 professionals had been offered kickbacks to induce them to
19 refer the surgeries to Pacific Hospital.

10:08:24 20 Defendant knew that it was illegal to pay or
21 receive kickbacks for the referral of patients for surgical
22 services. Defendant's receipt of such illegal kickbacks was
23 material to the insurance carriers who paid for the surgical
24 services. It was also material to the patients to whom
10:08:40 25 defendant owed a fiduciary duty to disclose any financial

10:08:44 1 conflicts of interests.

2 However, as defendant knew, his co-conspirators
3 deliberately did not disclose to the insurance carriers, the
4 kickbacks -- payments -- and defendant did not disclose
10:08:56 5 those payments to his patients.

6 Defendant, an orthopedic surgeon, and Sobol
7 Orthopedic Medical Group, Inc., ("Sobol Orthopedic") located
8 in Pasadena. In 2005, defendant and Drobot entered into an
9 agreement under which Drobot through PSPM would pay
10:09:14 10 defendant \$75,000 every month for the option to buy the
11 assets of Sobol Orthopedic. In return, Defendant attempted
12 to refer and often did refer his patients to Pacific
13 Hospital. Specifically, Defendant either performed
14 surgeries on the patients at Pacific Hospital himself or --
10:09:30 15 particularly, in the case of spine surgeries -- referred
16 them to other surgeons with specific instructions to those
17 surgeons that they were to perform the surgeries only at
18 Pacific Hospital, if possible, as a condition of receiving
19 the referrals.

10:09:46 20 In 2008, the amount of the monthly payments was
21 adjusted upward to \$100,000.

22 In 2009, it was adjusted downward to \$60,000.

23 In total PSPM paid defendant \$2.18 million under
24 this arrangement. In some cases payments were made by CPM
10:10:06 25 or IPM, rather than PSPM; from June 2005 through June 2008,

10:10:11 1 those payments totaled approximately \$2.1 million.

2 Also, in 2005, defendant, on behalf of Sobol
3 Orthopedic and Drobot, on behalf of IPM, entered into a
4 "claims purchase agreement" under which IPM would set up a
10:10:25 5 mini-pharmacy in Sobol's office and pay Sobol Orthopedic
6 \$70,000 per month to purchase all insurance claims for
7 medications dispensed through the pharmacy.

8 From 2005 until 2011, IPM paid Sobol Orthopedic
9 that amount every month.

10:10:43 10 In January 2011 the option agreement with PSPM was
11 terminated. In its place and in return for Defendant's
12 continued referral of patients to Pacific Hospital, the
13 claims purchase agreement with IPM was amended to provide
14 for a monthly payment of \$130,000. Of that amount, \$60,000
10:11:01 15 was meant to replace the \$60,000 that was no longer paid by
16 PSPM for the referral of the surgeries. IPM made those
17 payments from February 2011 through December 2012. In total
18 from January 2011 forward, IPM made payments to Defendant
19 \$960,000 in return for the spinal surgery referrals to
10:11:26 20 Pacific Hospital.

21 In March 2013, to continue and conceal the
22 referral arrangement, Defendant and Drobot entered into
23 another option agreement between Sobol Orthopedic and PSPM.
24 That same month, under this arrangement, PSPM paid Defendant
10:11:42 25 \$80,000.

10:11:44 1 In furtherance of the conspiracy and to accomplish
2 the objects of the conspiracy, defendant and the other
3 co-conspirators committed various overt acts within the
4 Central District of California, including but not limited to
10:11:58 5 the following:

6 Overt Act No. 1. On or about June 1, 2005,
7 Defendant and Drobot entered into an agreement under which
8 Sobol Orthopedic gave PSPM an option to purchase the assets
9 of the Sobol Orthopedic in return for a monthly payment of
10:12:14 10 \$75,000.

11 Overt Act No. 2. In or about March 2006,
12 defendant referred Patient A to Surgeon A for spinal surgery
13 to be performed at Pacific Hospital.

14 Overt Act No. 3. On or about April 2007, CPM
10:12:33 15 mailed to Sobol Orthopedic a check for \$75,000.

16 Overt Act No. 4. On or about April 1, 2008,
17 Defendant and Drobot entered into an amendment to the 2005
18 option agreement under which the monthly payment was
19 increased to \$100,000.

10:12:53 20 Overt Act No. 5. In or about November 2008,
21 Defendant referred Patient B to Surgeon B for spinal surgery
22 to be performed at Pacific Hospital.

23 Overt Act No. 6. On or about December 2, 2008,
24 PSPM mailed to Sobol Orthopedic a check for \$100,000.

10:13:15 25 Overt Act No. 7. On or about January 1, 2009,

10:13:18 1 Defendant and Drobot entered into an amendment to their 2005
2 option agreement under which the monthly payment was reduced
3 to \$60,000.

4 Overt Act No. 8. In or about January 2010,
10:13:31 5 Defendant referred Patient C to Surgeon C for spinal surgery
6 to be performed at Pacific Hospital.

7 Overt Act No. 9. On or about January 20, 2010,
8 PSPM mailed to Sobol Orthopedic two checks for a total of
9 \$60,000.

10:13:51 10 Overt Act No. 10. On or about January 1, 2011,
11 Defendant and Executive A entered into an agreement under
12 which Sobol Orthopedic gave IPM a right to purchase the
13 claims of Sobol Orthopedic for medications dispensed through
14 IPM in return for a monthly payment of \$130,000.

10:14:12 15 Overt Act No. 11. In or about May 2012, Defendant
16 referred Patient D to Surgeon D for spinal surgery to be
17 performed at Pacific Hospital.

18 Overt Act No. 12. On or about May 24, 2012, IPM
19 mailed to Sobol Orthopedic a check for \$140,000.

10:14:33 20 Overt Act No. 13. In or about February, 2013,
21 Defendant referred Patient E to Surgeon E for spinal surgery
22 to be performed at Pacific Hospital.

23 Overt Acts 3, 6, 9 and 12, which Defendant aided,
24 abetted, counseled, encouraged and caused to be performed
10:14:53 25 involved the use of the mails in furtherance of unlawful

10:14:57 1 activity; specifically, payment and receipt of kickbacks in
2 violation of California Business and Professions Code
3 Section 650; California Insurance Code, Section 750 and
4 California Labor Code, Section 3215.

10:15:12 5 The stipulated facts are not meant to indicate
6 that defendant provided any patients with substandard
7 medical care or that any treatment he provided or prescribed
8 was not medically necessary.

9 THE COURT: All right. However, that was very
10:15:31 10 lengthy, do you understand everything that the prosecutor
11 said?

12 DEFENDANT SOBOL: I do, Your Honor.

13 THE COURT: And is everything that he said about
14 you, including what he said about your conduct, your intent
10:15:43 15 and your knowledge all true and correct?

16 DEFENDANT SOBOL: Yes, Your Honor.

17 THE COURT: Are you pleading guilty because you
18 did the things charged in the information to which you are
19 pleading guilty?

10:15:53 20 DEFENDANT SOBOL: Yes, Your Honor.

21 THE COURT: Are you pleading guilty because you
22 are, in fact, guilty?

23 DEFENDANT SOBOL: Yes, Your Honor.

24 THE COURT: And is the government satisfied with
10:16:02 25 the factual basis?

10:16:03 1 MR. ROBBINS: We are, Your Honor.

2 THE COURT: Do counsel agree that the Court has
3 complied with all of the requirements of Rule 11?

4 MR. KREINDLER: Yes.

10:16:12 5 MR. ROBBINS: Yes, Your Honor.

6 THE COURT: Now, Dr. Sobol, I'm about to take your
7 guilty plea; but before I do that, do you have any questions
8 about anything we've addressed or anything you believe we've
9 not yet addressed?

10:16:23 10 DEFENDANT SOBOL: No, Your Honor.

11 THE COURT: And, Mr. Kreindler, is there any
12 reason why the Court cannot accept Mr. Sobol's plea at this
13 time?

14 MR. KREINDLER: No.

10:16:33 15 THE COURT: Dr. Sobol, in case No. SACR
16 15-148-JLS, to the charge in Count One of the information,
17 conspiracy, in violation of Title 18, United States Code
18 Section 371, a felony, how do you plead?

19 DEFENDANT SOBOL: Guilty, Your Honor.

10:16:57 20 THE COURT: To the charge in Count Two of the
21 information, use of an interstate facility in aid of
22 racketeering, in violation of Title 18, United States Code
23 Section 1952, a felony, how do you plead?

24 DEFENDANT SOBOL: Guilty, Your Honor.

10:17:18 25 THE COURT: Now, Mr. Sobol, I'm going to make

10:17:19 1 certain findings. If you don't understand what I say, or if
2 you disagree with anything I say, or, again, if you want to
3 speak with your lawyer, please interrupt me right away, or
4 ask your lawyer to interrupt me.

10:17:32 5 Will you do that?

6 DEFENDANT SOBOL: Of course, Your Honor.

7 THE COURT: In the case of the United States

8 versus Philip Sobol, the Court having questioned the
9 defendant and his counsel on the offer of his pleas of

10:17:43 10 guilty to the two counts of the information which are

11 felonies and the defendant and his counsel having advised

12 the Court that they have conferred concerning the offered

13 pleas of guilty and all aspects of the charge against the

14 defendant and any defenses that he may have, and the Court

10:17:57 15 having observed the defendant's intelligence, demeanor and

16 attitude while answering questions, and the Court having

17 observed that the Defendant does not appear to be under the

18 influence of any drug, or medication, or other substance, or

19 factor that might affect his judgment or actions in any

10:18:13 20 manner, the Court finds that the defendant is fully

21 competent and capable of entering an informed plea and that

22 the defendant is aware of the nature of the charges and the

23 consequences of the pleas.

24 The Court further finds that the pleas of guilty

10:18:27 25 are knowingly, voluntarily and intelligently made with a

10:18:31 1 full understanding of the nature of the charges, the
2 consequences of pleas and the defendant's Constitutional
3 rights.

4 The Court further finds that the pleas are
10:18:40 5 supported by an independent factual basis containing each of
6 the essential elements of the offenses. The Court,
7 therefore, accepts the pleas and orders that the pleas be
8 entered.

9 Now, Dr. Sobol, a written presentence report will
10:18:56 10 be prepared by the probation office. You will be asked to
11 provide information for that report. Your attorney may be
12 present, if you wish. Both of you will have an opportunity
13 to review the report after it's been prepared and your
14 attorney may file objections on your behalf. Both you and
10:19:13 15 your attorney will be able to be heard on your behalf at the
16 sentencing hearing.

17 All position papers are due to be filed with the
18 Court no later than two weeks before the assigned date for
19 sentencing. That includes service on the assigned probation
10:19:28 20 officer. And failure to timely file those papers may result
21 in the Court deeming that to be a waiver of the right to
22 file position papers or may result in a continuance of the
23 sentencing hearing. That's at the Court's discretion.

24 So if I could ask the clerk to, please, provide an
10:19:45 25 available date for sentencing.

10:19:48 1 THE CLERK: November 4, 2016, at 10:30 a.m., at
2 counsel's request, Your Honor.

3 THE COURT: And that's my understanding that both
4 Counsel have requested a date that far out in the future; is
10:19:59 5 that correct?

6 MR. ROBBINS: Yes, Your Honor.

7 THE COURT: So that date and time is acceptable to
8 both sides?

9 MR. KREINDLER: Yes, Your Honor.

10:20:06 10 THE COURT: And Dr. Sobol, you are ordered to
11 appear on that date and time for sentencing without further
12 notice or order from the Court.

13 Does either side wish to be heard regarding the
14 defendant's release status pending sentencing?

10:20:19 15 MR. ROBBINS: Your Honor, Dr. Sobol has been
16 remorseful and cooperative and we have full faith in his
17 ability to continue on the current bail terms.

18 THE COURT: All right. Based on the government's
19 representations, the fact the defendant has made his
10:20:33 20 appearances and is cooperating, I find that the statutory
21 requirements are met that the defendant does not pose a risk
22 to the public or a flight risk.

23 And so, you may remain released on the same terms
24 and conditions that are presently in effect.

10:20:52 25 All dates other than the sentencing date are

CERTIFICATE

I hereby certify that pursuant to Section 753,
Title 28, United States Code, the foregoing is a true and
correct transcript of the stenographically reported
proceedings held in the above-entitled matter and that the
transcript page format is in conformance with the
regulations of the Judicial Conference of the United States.

Date: February 11, 2016

/s/DEBORAH D. PARKER
DEBORAH D. PARKER, OFFICIAL REPORTER

DEBORAH D. PARKER, U.S. COURT REPORTER

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12 UNITED STATES OF AMERICA

13 UNITED STATES DISTRICT COURT
14 FOR THE CENTRAL DISTRICT OF CALIFORNIA
15 SOUTHERN DIVISION

16 UNITED STATES OF AMERICA,
17 Plaintiff,
18 v.
19 PHILIP A. SOBOL,
20 Defendant.

No. SA CR 15-
PLEA AGREEMENT FOR DEFENDANT
PHILIP A. SOBOL

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

27 //
28 //

DEFENDANT'S OBLIGATIONS

2. Defendant agrees to:

a. Give up the right to indictment by a grand jury and, at the earliest opportunity requested by the USAO and provided by the Court, appear and plead guilty to a two-count information in the form attached to this agreement as Exhibit A or a substantially similar form, which charges defendant with Conspiracy, in violation of 18 U.S.C. § 371, and Interstate Travel in Aid of a Racketeering Enterprise, in violation of 18 U.S.C. § 1952.

b. Not contest facts agreed to in this agreement.

c. Abide by all agreements regarding sentencing 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 assessments at or before the time of sentencing unless defendant lacks the ability to pay and prior to sentencing submits a completed financial statement on a form to be provided by the USAO.

3. Defendant further agrees to make payment of half of the agreed-upon forfeited amounts and/or restitution (totaling \$5.2 million - one half equaling \$2.6 million) no later than 180 days of

1 the entry of his guilty plea, and the remainder no later than 30 days
2 before his sentencing.

3 4. Defendant further agrees to cooperate fully with the USAO,
4 the Federal Bureau of Investigation, the United States Postal
5 Inspection Service - Office of the Inspector General, the Internal
6 Revenue Service, and, as directed by the USAO, any other federal,
7 state, local, or foreign prosecuting, enforcement, administrative, or
8 regulatory authority. This cooperation requires defendant to:

9 a. Respond truthfully and completely to all questions
10 that may be put to defendant, whether in interviews, before a grand
11 jury, or at any trial or other court proceeding.

12 b. Attend all meetings, grand jury sessions, trials or
13 other proceedings at which defendant's presence is requested by the
14 USAO or compelled by subpoena or court order.

15 c. Produce voluntarily all documents, records, or other
16 tangible evidence relating to matters about which the USAO, or its
17 designee, inquires.

18 5. For purposes of this agreement: (1) "Cooperation
19 Information" shall mean any statements made, or documents, records,
20 tangible evidence, or other information provided, by defendant
21 pursuant to defendant's cooperation under this agreement; and
22 (2) "Plea Information" shall mean any statements made by defendant,
23 under oath, at the guilty plea hearing and the agreed to factual
24 basis statement in this agreement.

25 //

26 //

27 //

28

THE USAO'S OBLIGATIONS

6. The USAO agrees to:

a. Not contest facts agreed to in this agreement.

b. Abide by all agreements regarding sentencing contained in this agreement.

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

d. Recommend that defendant be sentenced to a term of imprisonment and a fine no higher than the low end of the applicable Sentencing Guidelines range, provided that the offense level used by the Court to determine that range is 25 or higher and provided that the Court does not depart downward in offense level or criminal history category. For purposes of this agreement, the low end of the Sentencing Guidelines range is that defined by the Sentencing Table in U.S.S.G. Chapter 5, Part A.

7. Except for criminal tax violations (including conspiracy to commit such violations chargeable under 18 U.S.C. § 371), not to further criminally prosecute defendant for violations arising out of defendant's conduct described in the agreed-to factual basis set forth in paragraph 21 below. Defendant understands that the USAO is free to criminally prosecute defendant for any other unlawful past conduct or any unlawful conduct that occurs after the date of this agreement. Defendant agrees that at the time of sentencing the Court may consider the uncharged conduct in determining the applicable

1 Sentencing Guidelines range, the propriety and extent of any
2 departure from that range, and the sentence to be imposed after
3 consideration of the Sentencing Guidelines and all other relevant
4 factors under 18 U.S.C. § 3553(a).

5 8. The USAO further agrees:

6 a. Not to offer as evidence in its case-in-chief in the
7 above-captioned case or any other criminal prosecution that may be
8 brought against defendant by the USAO, or in connection with any
9 sentencing proceeding in any criminal case that may be brought
10 against defendant by the USAO, any Cooperation Information.
11 Defendant agrees, however, that the USAO may use both Cooperation
12 Information and Plea Information: (1) to obtain and pursue leads to
13 other evidence, which evidence may be used for any purpose, including
14 any criminal prosecution of defendant; (2) to cross-examine defendant
15 should defendant testify, or to rebut any evidence offered, or
16 argument or representation made, by defendant, defendant's counsel,
17 or a witness called by defendant in any trial, sentencing hearing, or
18 other court proceeding; and (3) in any criminal prosecution of
19 defendant for false statement, obstruction of justice, or perjury.

20 b. Not to use Cooperation Information against defendant
21 at sentencing for the purpose of determining the applicable guideline
22 range, including the appropriateness of an upward departure, or the
23 sentence to be imposed, and to recommend to the Court that
24 Cooperation Information not be used in determining the applicable
25 guideline range or the sentence to be imposed. Defendant
26 understands, however, that Cooperation Information will be disclosed
27 to the probation office and the Court, and that the Court may use
28

1 Cooperation Information for the purposes set forth in U.S.S.G
2 § 1B1.8(b) and for determining the sentence to be imposed.

3 c. In connection with defendant's sentencing, to bring to
4 the Court's attention the nature and extent of defendant's
5 cooperation.

6 d. If the USAO determines, in its exclusive judgment,
7 that defendant has both complied with defendant's obligations under
8 paragraphs 2 and 3 above and provided substantial assistance to law
9 enforcement in the prosecution or investigation of another
10 ("substantial assistance"), to move the Court pursuant to U.S.S.G.
11 § 5K1.1 to fix an offense level and corresponding guideline range
12 below that otherwise dictated by the sentencing guidelines, and to
13 recommend a term of imprisonment at the low end of this reduced
14 range.

15 DEFENDANT'S UNDERSTANDINGS REGARDING COOPERATION

16 9. Defendant understands the following:

17 a. Any knowingly false or misleading statement by
18 defendant will subject defendant to prosecution for false statement,
19 obstruction of justice, and perjury and will constitute a breach by
20 defendant of this agreement.

21 b. Nothing in this agreement requires the USAO or any
22 other prosecuting, enforcement, administrative, or regulatory
23 authority to accept any cooperation or assistance that defendant may
24 offer, or to use it in any particular way.

25 c. Defendant cannot withdraw defendant's guilty pleas if
26 the USAO does not make a motion pursuant to U.S.S.G. § 5K1.1 for a
27 reduced guideline range or if the USAO makes such a motion and the
28

1 Court does not grant it or if the Court grants such a USAO motion but
2 elects to sentence above the reduced range.

3 d. At this time the USAO makes no agreement or
4 representation as to whether any cooperation that defendant has
5 provided or intends to provide constitutes or will constitute
6 substantial assistance. The decision whether defendant has provided
7 substantial assistance will rest solely within the exclusive judgment
8 of the USAO.

9 e. The USAO's determination whether defendant has
10 provided substantial assistance will not depend in any way on whether
11 the government prevails at any trial or court hearing in which
12 defendant testifies or in which the government otherwise presents
13 information resulting from defendant's cooperation.

14 NATURE OF THE OFFENSES

15 10. Defendant understands that for defendant to be guilty of
16 the crime charged in count one, that is, Conspiracy, in violation of
17 Title 18, United States Code, Section 371, the following must be
18 true: (1) Beginning in or around 2005, and continuing to in or
19 around April 2013, there was an agreement between two or more persons
20 to commit Mail Fraud and Honest Services Mail Fraud, in violation of
21 Title 18, United States Code, Sections 1341 and 1346 and Interstate
22 Travel in Aid of a Racketeering Enterprise, in violation of Title 18,
23 United States Code, Section 1952(a)(3); (2) defendant became a member
24 of the conspiracy knowing of at least one of its objects and
25 intending to help accomplish it; and (3) one of the members of the
26 conspiracy performed at least one overt act for the purpose of
27 carrying out the conspiracy.

28

1 11. Defendant understands that Mail Fraud, in violation of
2 Title 18, United States Code, Section 1341, has the following
3 elements: (1) the defendant knowingly devised or participated in a
4 scheme or plan to defraud, or a scheme or plan for obtaining money or
5 property by means of false or fraudulent pretenses, representations
6 or promises; (2) the statements made or facts omitted as part of the
7 scheme were material, that is, they had a natural tendency to
8 influence, or were capable of influencing, a person to part with
9 money or property; (3) the defendant acted with the intent to
10 defraud; and (4) the defendant used, or caused to be used, the mails
11 to carry out or attempt to carry out an essential part of the scheme.

12 12. Defendant further understands that Honest Services Mail
13 Fraud, in violation of Title 18, United States Code, Section 1346,
14 has the following elements: (1) the defendant devised or participated
15 in a scheme or plan to deprive a patient of his or her right to
16 honest services; (2) the scheme or plan consisted of a bribe or
17 kickback in exchange for medical services; (3) a medical professional
18 person owed a fiduciary duty to the patient; (4) the defendant acted
19 with the intent to defraud by depriving the patient of his or her
20 right of honest services; (5) the defendant's act was material, that
21 is, it had a natural tendency to influence, or was capable of
22 influencing, a person's acts; and (6) the defendant used, or caused
23 someone to use, the mails to carry out or attempt to carry out the
24 scheme or plan.

25 13. Defendant further understands that Interstate Travel in Aid
26 of a Racketeering Enterprise, in violation of Title 18, United States
27 Code, Section 1952(a)(3), has the following elements: (1) defendant
28 used the mail or a facility of interstate commerce with the intent to

1 promote, manage, establish, or carry on, or facilitate the promotion,
2 management, establishment, or carrying on, of unlawful activity,
3 specifically payment and receipt of kickbacks in violation of
4 California Business & Professions Code § 650, California Insurance
5 Code § 750, and California Labor Code § 3215; and (2) after doing so,
6 defendant performed or attempted to perform an act to promote,
7 manage, establish, or carry on, or facilitate the promotion,
8 management, establishment, or carrying on, of such unlawful activity.

9 PENALTIES AND RESTITUTION

10 14. Defendant understands that the statutory maximum sentence
11 that the Court can impose for a violation of Title 18, United States
12 Code, Section 371, is: 5 years imprisonment; a 3-year period of
13 supervised release; a fine of \$250,000 or twice the gross gain or
14 gross loss resulting from the offense, whichever is greatest; and a
15 mandatory special assessment of \$100.

16 15. Defendant understands that the statutory maximum sentence
17 that the Court can impose for a violation of Title 18, United States
18 Code, Section 1952(a)(3), is: 5 years imprisonment; a 3-year period
19 of supervised release; a fine of \$250,000 or twice the gross gain or
20 gross loss resulting from the offense, whichever is greatest; and a
21 mandatory special assessment of \$100.

22 16. Defendant understands, therefore, that the total maximum
23 sentence for all offenses to which defendant is pleading guilty is:
24 10 years imprisonment; a 3-year period of supervised release; a fine
25 of \$500,000 or twice the gross gain or gross loss resulting from the
26 offenses, whichever is greatest; and a mandatory special assessment
27 of \$200.

1 17. Defendant understands that supervised release is a period
2 of time following imprisonment during which defendant will be subject
3 to various restrictions and requirements. Defendant understands that
4 if defendant violates one or more of the conditions of any supervised
5 release imposed, defendant may be returned to prison for all or part
6 of the term of supervised release authorized by statute for the
7 offense that resulted in the term of supervised release, which could
8 result in defendant serving a total term of imprisonment greater than
9 the statutory maximum stated above.

10 18. Defendant understands that, by pleading guilty, defendant
11 may be giving up valuable government benefits and valuable civic
12 rights, such as the right to vote, the right to possess a firearm,
13 the right to hold office, and the right to serve on a jury.
14 Defendant understands that once the court accepts defendant's guilty
15 plea, it will be a federal felony for defendant to possess a firearm
16 or ammunition. Defendant understands that the convictions in this
17 case may also subject defendant to various other collateral
18 consequences, including but not limited to revocation of probation,
19 parole, or supervised release in another case and suspension or
20 revocation of a professional license. Defendant understands that
21 unanticipated collateral consequences will not serve as grounds to
22 withdraw defendant's guilty plea.

23 19. Defendant understands that, if defendant is not a United
24 States citizen, the felony convictions in this case may subject
25 defendant to: removal, also known as deportation, which may, under
26 some circumstances, be mandatory; denial of citizenship; and denial
27 of admission to the United States in the future. The court cannot,
28 and defendant's attorney also may not be able to, advise defendant

1 fully regarding the immigration consequences of the felony conviction
2 in this case. Defendant understands that unexpected immigration
3 consequences will not serve as grounds to withdraw defendant's guilty
4 plea.

5 20. Defendant understands that defendant will be required to
6 pay full restitution to the victims of the offenses to which
7 defendant is pleading guilty. Defendant agrees that, in return for
8 the USAO's compliance with its obligations under this agreement, the
9 Court may order restitution to persons other than the victims of the
10 offenses to which defendant is pleading guilty and in amounts greater
11 than those alleged in the counts to which defendant is pleading
12 guilty. In particular, defendant agrees that the Court may order
13 restitution to any victim of any of the following for any losses
14 suffered by that victim as a result: (a) any relevant conduct, as
15 defined in U.S.S.G. § 1B1.3, in connection with the offenses to which
16 defendant is pleading guilty; and (b) any charges not prosecuted
17 pursuant to this agreement as well as all relevant conduct, as
18 defined in U.S.S.G. § 1B1.3, in connection with those counts and
19 charges. The parties agree that the amount of restitution due is
20 \$5.2 million. The parties agree that any amount forfeited under this
21 agreement and/or paid to victims in order to resolve civil claims
22 arising from the conduct described in paragraph 21 below shall be
23 credited towards defendant's payment of restitution, and that any
24 amount paid as restitution shall be credited towards his forfeiture.

25 FACTUAL BASIS

26 21. Defendant admits that defendant is, in fact, guilty of the
27 offenses to which defendant is agreeing to plead guilty. Defendant
28 and the USAO agree to the statement of facts provided below and agree

1 that this statement of facts is sufficient to support pleas of guilty
2 to the charges described in this agreement and to establish the
3 Sentencing Guidelines factors set forth in paragraph 23 below but is
4 not meant to be a complete recitation of all facts relevant to the
5 underlying criminal conduct or all facts known to either party that
6 relate to that conduct.

7 Pacific Hospital of Long Beach ("Pacific Hospital") was a
8 hospital located in Long Beach, California, specializing in
9 surgeries, particularly spinal and orthopedic surgeries. From at
10 least in or around 1997 to October 2013, Pacific Hospital was owned
11 and/or operated by Michael D. Drobot. Drobot also owned and/or
12 operated Pacific Specialty Physician Management, Inc. ("PSPM"), a
13 physician practice management company, and two companies that managed
14 in-house pharmaceutical dispensary programs on behalf of physicians:
15 California Pharmacy Management LLC ("CPM") and Industrial Pharmacy
16 Management LLC ("IPM") (collectively, the "Dispensary Management
17 Companies"). Beginning in or around 2003, Executive A operated CPM
18 under the direction of Drobot, with CPM ceasing operations around
19 2007. From 2007 to 2010, Drobot and Executive A together owned, and
20 Executive A operated, IPM. From 2010 to at least November 2013,
21 Executive A exclusively owned and operated IPM.

22 Beginning in or around 2005 and continuing to in or around April
23 2013, in Orange and Los Angeles Counties, within the Central District
24 of California, and elsewhere, defendant, Drobot, and Executive A,
25 together with other co-conspirators known and unknown to the United
26 States Attorney, knowingly combined, conspired, and agreed to commit
27 the following offenses against the United States: Mail Fraud and
28 Honest Services Mail Fraud, in violation of Title 18, United States

1 Code, Sections 1341 and 1346; and Interstate Travel in Aid of a
2 Racketeering Enterprise, in violation of Title 18, United States
3 Code, Section 1952(a)(3).

4 Specifically, beginning no later than 2005 and continuing
5 through in or around April 2013, defendant conspired with Drobot,
6 Executive A, and others working for Pacific Hospital, the Dispensary
7 Management Companies, PSPM, and related companies, to exchange
8 monetary kickbacks in return for the referral of patients to Pacific
9 Hospital for surgical services paid for primarily through the
10 California Workers' Compensation System ("CWCS"). In paying the
11 kickbacks and submitting the resulting claims for the surgical
12 services, the conspirators acted with the intent to defraud workers'
13 compensation insurance carriers and to deprive the patients of their
14 right of honest services.

15 As defendant knew, the hospital kickback scheme operated as
16 follows: Drobot and other co-conspirators offered to pay kickbacks
17 to doctors and chiropractors (the "kickback recipients") in return
18 for their referring workers' compensation patients to Pacific
19 Hospital for spinal surgeries, other types of surgeries, magnetic
20 resonance imaging, toxicology, durable medical equipment, and other
21 services which would be paid through the CWCS. Influenced by the
22 promise of kickbacks, the kickback recipients referred patients
23 insured through the CWCS to Pacific Hospital for spinal surgeries,
24 other types of surgeries, and other medical services. The workers'
25 compensation patients were not informed that the medical
26 professionals had been offered kickbacks to induce them to refer the
27 surgeries to Pacific Hospital.

1 Defendant knew that it was illegal to pay or receive kickbacks
2 for the referral of patients for surgical services. Defendant's
3 receipt of such illegal kickbacks was material to the insurance
4 carriers who paid for the surgical services; it was also material to
5 the patients, to whom defendant owed a fiduciary duty to disclose any
6 financial conflicts of interest. However, as defendant knew, his co-
7 conspirators deliberately did not disclose to the insurance carriers
8 the kickback payments, and defendant did not disclose those payments
9 to his patients.

10 Defendant, an orthopedic surgeon, owned Sobol Orthopedic Medical
11 Group, Inc., ("Sobol Orthopedic") located in Pasadena. In 2005,
12 defendant and Drobot entered into an agreement under which Drobot,
13 through PSPM, would pay defendant \$75,000 every month for the option
14 to buy the assets of Sobol Orthopedic. In return, defendant
15 attempted to refer and often did refer his patients to Pacific
16 Hospital. Specifically, defendant either performed surgeries on the
17 patients at Pacific Hospital himself, or - particularly in the case
18 of spine surgeries -referred them to other surgeons, with specific
19 instructions to those surgeons that they were to perform the
20 surgeries only at Pacific Hospital, if possible, as a condition of
21 receiving the referrals. In 2008, the amount of the monthly payments
22 was adjusted upward to \$100,000; in 2009, it was adjusted downward to
23 \$60,000. In total, PSPM paid defendant \$2.18 million under this
24 arrangement. In some cases, payments were made by CPM or IPM, rather
25 than PSPM; from June 2005 to June 2008, those payments totaled
26 approximately \$2.1 million.

27 Also in 2005, defendant, on behalf of Sobol Orthopedic, and
28 Drobot, on behalf of IPM, entered into a "claims purchase agreement"

1 under which IPM would set up a mini-pharmacy in Sobol's office and
2 pay Sobol Orthopedic \$70,000 per month to purchase all insurance
3 claims for medications dispensed through the pharmacy. From 2005
4 until 2011, IPM paid Sobol Orthopedic that amount every month. In
5 January 2011, the option agreement with PSPM was terminated. In its
6 place, and in return for defendant's continued referral of patients
7 to Pacific Hospital, the claims purchase agreement with IPM was
8 amended to provide for a monthly payment of \$130,000. Of that
9 amount, \$60,000 was meant to replace the \$60,000 that was no longer
10 paid by PSPM for the referral of the surgeries. IPM made those
11 payments from February 2011 through December 2012. In total, from
12 January 2011 forward, IPM made payments to defendant of \$960,000 in
13 return for the spinal surgery referrals to Pacific Hospital.

14 In March 2013, to continue and conceal the referral arrangement,
15 defendant and Drobot entered into another option agreement between
16 Sobol Orthopedic and PSPM. That same month, under this arrangement,
17 PSPM paid defendant \$80,000.

18 In furtherance of the conspiracy and to accomplish the objects
19 of the conspiracy, defendant and other co-conspirators committed
20 various overt acts within the Central District of California,
21 including but not limited to the following:

22 Overt Act No. 1

23 On or about June 1, 2005, defendant and Drobot entered into an
24 agreement under which Sobol Orthopedic gave PSPM an option to
25 purchase the assets of Sobol Orthopedic in return for a monthly
26 payment of \$75,000.

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1 Overt Act No. 2

2 In or about March 2006, defendant referred Patient A to Surgeon
3 A for spinal surgery to be performed at Pacific Hospital.

4 Overt Act No. 3

5 On or about April, 2007, CPM mailed to Sobol Orthopedic a check
6 for \$75,000.

7 Overt Act No. 4

8 On or about April 1, 2008, defendant and Drobot entered into an
9 amendment to their 2005 option agreement under which the monthly
10 payment was increased to \$100,000.

11 Overt Act No. 5

12 In or about November 2008, defendant referred Patient B to
13 Surgeon B for spinal surgery to be performed at Pacific Hospital.

14 Overt Act No. 6

15 On or about December 2, 2008, PSPM mailed to Sobol Orthopedic a
16 check for \$100,000.

17 Overt Act No. 7

18 On or about January 1, 2009, defendant and Drobot entered into
19 an amendment to their 2005 option agreement under which the monthly
20 payment was reduced to \$60,000.

21 Overt Act No. 8

22 In or about January 2010, defendant referred Patient C to
23 Surgeon C for spinal surgery to be performed at Pacific Hospital.

24 Overt Act No. 9

25 On or about January 20, 2010, PSPM mailed to Sobol Orthopedic
26 two checks for a total of \$60,000.

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1 forth in 18 U.S.C. § 3553(a). Defendant understands that the
2 Sentencing Guidelines are advisory only, that defendant cannot have
3 any expectation of receiving a sentence within the calculated
4 Sentencing Guidelines range, and that after considering the
5 Sentencing Guidelines and the other § 3553(a) factors, the Court will
6 be free to exercise its discretion to impose any sentence it finds
7 appropriate up to the maximum set by statute for the crimes of
8 conviction.

9 23. Defendant and the USAO agree to the following applicable
10 Sentencing Guidelines factors:

11	Base Offense Level:	6	[U.S.S.G. § 2B1.1(a)(2)]
12	<u>Specific Offense</u>		
13	<u>Characteristics</u>		
14	Loss between \$3.5M and \$9.5M:	+18	[U.S.S.G. § 2B1.1(b)(1)(L)]
15	More than 10 victims:	+2	[U.S.S.G. § 2B1.1(b)(2)(B)]
16	Abuse of Trust:	+2	[U.S.S.G. § 3B1.3]
17	Acceptance of Responsibility:	-3	[U.S.S.G. § 3E1.1]
18	<u>Total:</u>	25	

19 24. The USAO will agree to a two-level downward adjustment for
20 acceptance of responsibility (and, if applicable, move for an
21 additional one-level downward adjustment under U.S.S.G. § 3E1.1(b))
22 only if the conditions set forth in paragraph 2 and 3 are met.
23 Subject to paragraph 8 above and paragraph 36 below, defendant and
24 the USAO agree not to seek, argue, or suggest in any way, either
25 orally or in writing, that any other specific offense
26 characteristics, adjustments, or departures relating to the offense
27 level be imposed. Defendant agrees, however, that if, after signing
28

1 this agreement but prior to sentencing, defendant were to commit an
2 act, or the USAO were to discover a previously undiscovered act
3 committed by defendant prior to signing this agreement, which act, in
4 the judgment of the USAO, constituted obstruction of justice within
5 the meaning of U.S.S.G. § 3C1.1, the USAO would be free to seek the
6 enhancement set forth in that section.

7 25. Defendant understands that there is no agreement as to
8 defendant's criminal history or criminal history category.

9 26. Defendant and the USAO reserve the right to argue for a
10 sentence outside the sentencing range established by the Sentencing
11 Guidelines based on the factors set forth in 18 U.S.C. § 3553(a)(1),
12 (a)(2), (a)(3), (a)(6), and (a)(7).

13 WAIVER OF CONSTITUTIONAL RIGHTS

14 27. Defendant understands that by pleading guilty, defendant
15 gives up the following rights:

- 16 a. The right to persist in a plea of not guilty.
- 17 b. The right to a speedy and public trial by jury.
- 18 c. The right to be represented by counsel - and if
19 necessary have the court appoint counsel - at trial. Defendant
20 understands, however, that, defendant retains the right to be
21 represented by counsel - and if necessary have the court appoint
22 counsel - at every other stage of the proceeding.
- 23 d. The right to be presumed innocent and to have the
24 burden of proof placed on the government to prove defendant guilty
25 beyond a reasonable doubt.
- 26 e. The right to confront and cross-examine witnesses
27 against defendant.

1 f. The right to testify and to present evidence in
2 opposition to the charges, including the right to compel the
3 attendance of witnesses to testify.

4 g. The right not to be compelled to testify, and, if
5 defendant chose not to testify or present evidence, to have that
6 choice not be used against defendant.

7 h. Any and all rights to pursue any affirmative defenses,
8 Fourth Amendment or Fifth Amendment claims, and other pretrial
9 motions that have been filed or could be filed.

10 WAIVER OF APPEAL OF CONVICTION

11 28. Defendant understands that, with the exception of an appeal
12 based on a claim that defendant's guilty pleas were involuntary, by
13 pleading guilty defendant is waiving and giving up any right to
14 appeal defendant's convictions on the offenses to which defendant is
15 pleading guilty.

16 LIMITED MUTUAL WAIVER OF APPEAL OF SENTENCE

17 29. Defendant agrees that, provided the Court imposes a total
18 term of imprisonment on all counts of conviction of no more than the
19 low end of the Guidelines range corresponding to a total offense
20 level of 25 and the criminal history category determined by the
21 Court, defendant gives up the right to appeal all of the following:
22 (a) the procedures and calculations used to determine and impose any
23 portion of the sentence; (b) the term of imprisonment imposed by the
24 Court; (c) the fine imposed by the court, provided it is within the
25 statutory maximum; (d) the amount and terms of any restitution order,
26 provided it requires payment of no more than \$5.2 million; (e) the
27 term of probation or supervised release imposed by the Court,
28 provided it is within the statutory maximum; and (f) any of the

1 following conditions of probation or supervised release imposed by
2 the Court: the conditions set forth in General Orders 318, 01-05,
3 and/or 05-02 of this Court; the drug testing conditions mandated by
4 18 U.S.C. §§ 3563(a)(5) and 3583(d); and the alcohol and drug use
5 conditions authorized by 18 U.S.C. § 3563(b)(7).

6 30. The USAO agrees that, provided (a) all portions of the
7 sentence are at or below the statutory maximum specified above and
8 (b) the Court imposes a term of imprisonment of no less than the low
9 end of the Guidelines range corresponding to an offense level of 25
10 and the criminal history category determined by the Court, the USAO
11 gives up its right to appeal any portion of the sentence, with the
12 exception that the USAO reserves the right to appeal the following:
13 the amount of restitution ordered if that amount is less than \$5.2
14 million.

15 RESULT OF WITHDRAWAL OF GUILTY PLEA

16 31. Defendant agrees that if, after entering guilty pleas
17 pursuant to this agreement, defendant seeks to withdraw and succeeds
18 in withdrawing defendant's guilty pleas on any basis other than a
19 claim and finding that entry into this plea agreement was
20 involuntary, then (a) the USAO will be relieved of all of its
21 obligations under this agreement, including in particular its
22 obligations regarding the use of Cooperation Information; (b) in any
23 investigation, criminal prosecution, or civil, administrative, or
24 regulatory action, defendant agrees that any Cooperation Information
25 and any evidence derived from any Cooperation Information shall be
26 admissible against defendant, and defendant will not assert, and
27 hereby waives and gives up, any claim under the United States
28 Constitution, any statute, or any federal rule, that any Cooperation

1 Information or any evidence derived from any Cooperation Information
2 should be suppressed or is inadmissible; and (c) should the USAO
3 choose to pursue any charge or any civil, administrative, or
4 regulatory action that was either dismissed or not filed as a result
5 of this agreement, then (i) any applicable statute of limitations
6 will be tolled between the date of defendant's signing of this
7 agreement and the filing commencing any such action; and
8 (ii) defendant waives and gives up all defenses based on the statute
9 of limitations, any claim of pre-indictment delay, or any speedy
10 trial claim with respect to any such action, except to the extent
11 that such defenses existed as of the date of defendant's signing this
12 agreement.

13 EFFECTIVE DATE OF AGREEMENT

14 32. This agreement is effective upon signature and execution of
15 all required certifications by defendant, defendant's counsel, and an
16 Assistant United States Attorney.

17 BREACH OF AGREEMENT

18 33. Defendant agrees that if defendant, at any time after the
19 signature of this agreement and execution of all required
20 certifications by defendant, defendant's counsel, and an Assistant
21 United States Attorney, knowingly violates or fails to perform any of
22 defendant's obligations under this agreement ("a breach"), the USAO
23 may declare this agreement breached. For example, if defendant
24 knowingly, in an interview, before a grand jury, or at trial, falsely
25 accuses another person of criminal conduct or falsely minimizes
26 defendant's own role, or the role of another, in criminal conduct,
27 defendant will have breached this agreement. All of defendant's
28 obligations are material, a single breach of this agreement is

1 sufficient for the USAO to declare a breach, and defendant shall not
2 be deemed to have cured a breach without the express agreement of the
3 USAO in writing. If the USAO declares this agreement breached, and
4 the Court finds such a breach to have occurred, then:

5 a. If defendant has previously entered guilty pleas
6 pursuant to this agreement, defendant will not be able to withdraw
7 the guilty pleas.

8 b. The USAO will be relieved of all its obligations under
9 this agreement; in particular, the USAO: (i) will no longer be bound
10 by any agreements concerning sentencing and will be free to seek any
11 sentence up to the statutory maximum for the crimes to which
12 defendant has pleaded guilty; (ii) will no longer be bound by any
13 agreements regarding criminal prosecution, and will be free to
14 criminally prosecute defendant for any crime, including charges that
15 the USAO would otherwise have been obligated not to criminally
16 prosecute pursuant to this agreement; and (iii) will no longer be
17 bound by any agreement regarding the use of Cooperation Information
18 and will be free to use any Cooperation Information in any way in any
19 investigation, criminal prosecution, or civil, administrative, or
20 regulatory action.

21 c. The USAO will be free to criminally prosecute
22 defendant for false statement, obstruction of justice, and perjury
23 based on any knowingly false or misleading statement by defendant.

24 d. In any investigation, criminal prosecution, or civil,
25 administrative, or regulatory action: (i) defendant will not assert,
26 and hereby waives and gives up, any claim that any Cooperation
27 Information was obtained in violation of the Fifth Amendment
28 privilege against compelled self-incrimination; and (ii) defendant

1 agrees that any Cooperation Information and any Plea Information, as
2 well as any evidence derived from any Cooperation Information or any
3 Plea Information, shall be admissible against defendant, and
4 defendant will not assert, and hereby waives and gives up, any claim
5 under the United States Constitution, any statute, Rule 410 of the
6 Federal Rules of Evidence, Rule 11(f) of the Federal Rules of
7 Criminal Procedure, or any other federal rule, that any Cooperation
8 Information, any Plea Information, or any evidence derived from any
9 Cooperation Information or any Plea Information should be suppressed
10 or is inadmissible.

11 34. Following the Court's finding of a knowing breach of this
12 agreement by defendant, should the USAO choose to pursue any charge
13 or any civil, administrative, or regulatory action that was either
14 dismissed or not filed as a result of this agreement, then:

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

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

23 COURT AND PROBATION OFFICE NOT PARTIES

24 35. Defendant understands that the Court and the United States
25 Probation Office are not parties to this agreement and need not
26 accept any of the USAO's sentencing recommendations or the parties'
27 agreements to facts or sentencing factors.

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PLEA AGREEMENT PART OF THE GUILTY PLEA HEARING

39. 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

EILEEN M. DECKER
United States Attorney



JOSHUA M. ROBBINS
Assistant United States Attorney

11/20/15

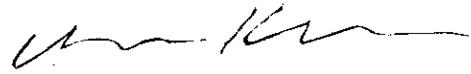
Date



PHILIP A. SOBOL
Defendant

11-20-15

Date



CHARLES L. KREINDLER
Attorney for Defendant
Philip A. Sobol

11/20/15

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 charges and wish to take advantage of the promises set forth in this agreement, and not for any other reason.



PHILIP A. BOBOL
Defendant

11-20-15

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CERTIFICATION OF DEFENDANT'S ATTORNEY

I am PHILIP A. SOBOL'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 guilty pleas pursuant to this agreement.



CHARLES L. KREINDLER
Attorney for Defendant
PHILIP A. SOBOL

11/20/15
Date

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CRIMINAL MINUTES - GENERAL

Case No. SACR 15-00148-JLS Date January 22, 2016

Present: The Honorable JOSEPHINE L. STATON, U.S. DISTRICT JUDGE

Interpreter None

<u>Terry Guerrero</u> <i>Deputy Clerk</i>	<u>Deborah Parker</u> <i>Court Reporter/Recorder</i>	<u>Joshua Robbins</u> <i>Assistant U.S. Attorney</i>
<u>U.S.A. v. Defendant(s):</u>	<u>Present Cust. Bond</u>	<u>Attorneys for Defendants: Present App. Ret.</u>
PHILIP A. SOBOL	X X	Charles Kreindler X X

Proceedings: **CHANGE OF PLEA**

X Defendant moves to change plea to **Counts 1 and 2 of the Information**. Waiver of Indictment previously filed; Court enters findings and accepts the Waiver as filed.

X Defendant sworn, and states true name as charged.

X Defendant enters new and different plea of GUILTY to **Counts 1 and 2 of the Information**.

X The Court questions the defendant regarding plea of GUILTY and FINDS that a factual basis has been laid, and further FINDS the plea is knowledgeable and voluntarily made. The Court ORDERS the plea accepted and entered.

X The Court further ORDERS the Plea Agreement incorporated into this proceeding.

X The Court refers the defendant to the Probation Office for investigation and pre-sentencing report, and the matter is continued to **November 4, 2016, at 10:30 a.m.** for sentencing. Further, sentencing position papers are to be filed with the Court no later than two (2) weeks before the date of sentencing, including service on the assigned U.S. Probation Officer.

X The Court further ORDERS the Jury Trial scheduled for **February 2, 2016**, VACATED.

X The Court further ORDERS the defendant released on the same terms and conditions as previously set, pending sentencing. Defendant and counsel are ordered to appear on November 4, 2016, at 10:30 a.m. for sentencing.

00 : 50

Initials of Deputy Clerk tg

cc: USPO; PSA

