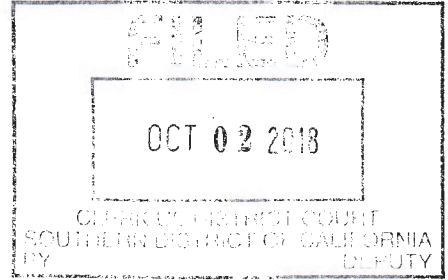


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10 Attorney for the United States

11 **UNITED STATES DISTRICT COURT**
12 **SOUTHERN DISTRICT OF CALIFORNIA**

13 UNITED STATES OF AMERICA) Case No. 18CR1404-WQH
14)
15) **PLEA AGREEMENT**
16 v.)
17)
18 VINCENT RAMOS,)
19)
20 Defendant.)
21)
22)
23)
24)

25 IT IS HEREBY AGREED between the UNITED STATES OF AMERICA,
26 through its counsel, Adam L. Braverman, United States Attorney, and Andrew P.
27 Young, Mark W. Pletcher, and Benjamin J. Katz, Assistant United States Attorneys,
28 (collectively, the “United States”), and defendant Vincent Ramos, with the advice and
consent of Michael Pancer and Victor Sherman, counsel for the defendant, as follows:

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I.
THE PLEA

A. The Charges

The defendant agrees to plead guilty to Count One of the Indictment charging defendant with Racketeering Conspiracy in violation of 18 U.S.C. §1962(d). Upon the execution and faithful discharge of defendant's obligations as set forth in this Plea Agreement and any Addenda, the United States agrees to dismiss Count II of the Indictment without prejudice at sentencing.

The Forfeiture Addendum governs forfeiture in this matter.

B. Prosecution of Additional Counts

In exchange for the defendant's guilty plea, the United States agrees not to initiate or prosecute any additional criminal charges against the defendant based on information now known to the United States relating to the operation of Phantom Secure and the conspiracy with Kim Augustus Rodd, Younes Nasri, and others to aid and abet importation and distribution of controlled substances, and to commit racketeering acts, including obstruction of justice and money laundering. Nothing in this agreement shields the defendant from prosecution for other crimes. For example, the United States is free to prosecute the defendant for perjury, giving false statements, or further obstruction of justice in the event that the defendant commits such an offense after the defendant signs this plea agreement. Should the defendant commit perjury, give a false statement, or commit further obstruction of justice, the United States, at its sole

1 discretion, will be free to prosecute the defendant for that offense, move to set aside this
2 plea agreement, and/or be relieved of its obligations under this agreement.

3
4 **II.**
NATURE OF THE OFFENSES

5 A. Elements Explained

6
7 The defendant understands that the offense to which the defendant is pleading
8 guilty has the following elements:

9 **Count 1 – RICO Conspiracy To Conduct Enterprise Affairs**

- 10
11 1. Phantom Secure was an enterprise.
12 2. Phantom Secure was engaged in interstate or foreign commerce, or
13 its activities in some way affected (or were contemplated to in some
14 way affect) interstate or foreign commerce.
15 3. The defendant was employed by or associated with Phantom Secure.
16 4. There was an agreement between two or more persons to conduct
17 (or participate, directly or indirectly, in the conduct of) Phantom
18 Secure’s affairs through a pattern of racketeering activity.
19 5. Defendant became a member of the conspiracy knowing of its illegal
objects and intending to help accomplish them.

20 B. Elements Understood and Admitted – Factual Basis

21 Defendant has fully discussed the facts of this case with counsel. Defendant has
22 committed each element of the crime and admits that there is a factual basis for this
23 guilty plea. The following facts are true and undisputed and had this case gone to trial,
24 the United States would have proved these facts beyond a reasonable doubt:
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1 4. Through PHANTOM SECURE, the defendant and others facilitated
2 the importation, exportation, and distribution of wholesale quantities of (a) cocaine; (b)
3 heroin; and (c) methamphetamine throughout the world, including the United States,
4 Australia, Mexico, Canada, Thailand, and Europe. It was reasonably foreseeable to the
5 defendant that as part of this conspiracy PHANTOM SECURE's customers would and
6 did use PHANTOM SECURE devices to coordinate the importation, exportation, and
7 distribution of more than 450 kilograms of cocaine.
8

9
10 5. Through PHANTOM SECURE, the defendant and others
11 manufactured and sold devices to send and receive encrypted messages. To stay outside
12 the reach of law enforcement of the United States, the defendant and others maintained
13 PHANTOM SECURE's servers in Panama and Hong Kong, and used virtual proxy
14 servers to further disguise the physical locations of its servers.
15

16
17 6. Through PHANTOM SECURE, to impede law enforcement, the
18 defendant and others required a personal reference (*i.e.*, a vouch) from existing clients
19 before selling a device and its services to a new customer.
20

21 7. Through PHANTOM SECURE, the defendant and others employed
22 the use of code words, such as "executives," to describe clients it knew or had reason
23 to know participated in illegal activities, including international drug trafficking.
24

25 8. Through PHANTOM SECURE, the defendant and others strove to
26 remain as anonymous as possible to evade law enforcement and avoid other
27 consequences of their criminal activities. PHANTOM SECURE Administrators,
28

1 Distributors, and Agents did not request, track, or record their clients' real names, and
2 interacted only via username, email handles, or nicknames.

3 9. Through PHANTOM SECURE, the defendant and/or others
4 obstructed law enforcement by deleting (*i.e.*, wiping) devices that had been seized by
5 law enforcement to destroy evidence that the devices contained. PHANTOM SECURE
6 Administrators, Distributors, and Agents also suspended service and deleted the
7 contents of device if it was suspected that law enforcement or an informant was using
8 the PHANTOM SECURE device as part of a law enforcement investigation.

9
10 10. Through PHANTOM SECURE, the defendant and/or others used
11 digital currencies, including Bitcoin, to facilitate illegal transactions on the website, to
12 protect the membership's anonymity, and to facilitate the laundering of the PHANTOM
13 SECURE enterprise's ill-gotten gains. PHANTOM SECURE Administrators,
14 Distributors, and Agents also set up and maintained shell companies to hide the
15 proceeds generated by selling PHANTOM SECURE's encryption devices and services.

16
17
18
19 **Interstate/Foreign Commerce**

20
21 11. PHANTOM SECURE was engaged in interstate and foreign
22 commerce, and in some way affected interstate and foreign commerce.

23 **Association**

24
25 12. Defendant was associated with PHANTOM SECURE, in that
26 defendant was the Chief Executive Officer of PHANTOM SECURE and had decision-
27 making authority over PHANTOM SECURE's operations throughout the world.

Agreement

1
2 13. Beginning at least as early as January 2008 and continuing up to and
3 including March 2018, defendant agreed with others, including Rodd, Nasri, and others
4 to conduct PHANTOM SECURE’s affairs through a pattern of racketeering activity:
5 Defendant’s agreement with his co-conspirators included the understanding that
6 PHANTOM SECURE would be engaged in multiple racketeering activities on a nearly
7 daily basis for the benefit of PHANTOM SECURE, including (i) facilitating the
8 importation, exportation, and distribution of wholesale and retail quantities of illegal
9 narcotics, including cocaine, heroin, and methamphetamine; (ii) laundering of the
10 illegal proceeds of the PHANTOM SECURE Enterprise; and (iii) obstructing justice
11 through the deletion and concealment of evidence from law enforcement.
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Joining Conspiracy

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16
17 14. Defendant became a member of the conspiracy knowing the illegal
18 objects of the conspiracy and intending to help accomplish them.
19

Leadership Role

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21 15. As CEO of PHANTOM SECURE, with decision-making authority
22 over other administrators, distributors, and agents operating throughout the world,
23 defendant was an organizer and leader of the PHANTOM SECURE Enterprise that
24 involved more than five participants and was otherwise extensive.
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III.
PENALTIES

The defendant understands that the crime to which the defendant is pleading guilty carries the following penalties:

A. a maximum term of 20 years in prison

B. a maximum \$250,000 fine, or twice the gross gain or loss from the offense, whichever is greater;

C. a mandatory special assessment of \$100;

D. a term of supervised release of 5 years; the defendant understands that failure to comply with any of the conditions of supervised release may result in revocation of supervised release, requiring the defendant to serve in prison all or part of the term of supervised release;

E. possible ineligibility for certain federal benefits, and

F. forfeiture of all interests the defendant acquired or maintained in violation of 18 U.S.C. § 1962; all interests in securities of, claims against and properties and contractual rights of any kind affording a source of influence over, any enterprise which defendant established, operated, controlled, conducted, or participated in the conduct of, in violation of 18 U.S.C. § 1962; and all properties constituting or derived from proceeds obtained directly or indirectly from racketeering activity.

IV.
DEFENDANT'S WAIVER OF TRIAL RIGHTS

The defendant understands that, by entering into this plea agreement, he knowingly and voluntarily waives the right:

A. To continue to plead not guilty and require the government to prove the elements of the crime beyond a reasonable doubt;

B. To a speedy and public trial by jury;

C. To the assistance of counsel at all stages of trial;

D. To confront and cross-examine adverse witnesses;

E. To present evidence and have witnesses testify on behalf of the defendant;

F. Not to testify or have any adverse inferences drawn from the failure to testify;

G. To assert any rights and defenses defendant may have under the Excessive Fines Clause of the Eighth Amendment to the United States Constitution to the forfeiture of property in this proceeding or any related civil or administrative proceeding; and

H. To assert at trial or on appeal any legal, constitutional, statutory, regulatory, and procedural rights and defenses that he may have under any source of federal law, including among others, challenges to personal jurisdiction, extraterritoriality, statute of limitations, venue, and the form and substance of the Indictment, including any claim of multiplicity or duplicity.

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V.
**DEFENDANT ACKNOWLEDGES NO PRETRIAL RIGHT TO BE
PROVIDED WITH IMPEACHMENT AND AFFIRMATIVE DEFENSE
INFORMATION**

Any information establishing the factual innocence of defendant known to the undersigned prosecutors in this case has been turned over. The United States will continue to provide such information, if any, establishing the factual innocence of defendant. If this case proceeded to trial, the United States would be required to provide impeachment information for its witnesses. In addition, if defendant raised an affirmative defense, the United States would be required to provide information in its possession that supports such a defense. By pleading guilty defendant will not be provided this information, if any, and defendant waives any right to this information. Defendant will not attempt to withdraw the guilty plea or to file a collateral attack based on the existence of this information, if any.

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VI.
**DEFENDANT'S REPRESENTATION THAT GUILTY
PLEA IS KNOWING AND VOLUNTARY**

The defendant represents that:

A. Defendant has had a full opportunity to discuss all the facts and circumstances of this case with defense counsel and has a clear understanding of the charges and the consequences of this plea. Defendant understands that, by pleading guilty, defendant may be giving up and rendered ineligible to receive valuable government benefits and civic rights, such as the right to vote, the right to possess a

1 firearm, the right to hold office, and the right to serve on a jury. Defendant further
2 understands that the conviction in this case may subject defendant to various collateral
3 consequences, including but not limited to deportation, removal or other adverse
4 immigration consequences; revocation of probation, parole, or supervised release in
5 another case; debarment from government contracting; and suspension or revocation of
6 a professional license, none of which will serve as grounds to withdraw, appeal or
7 collaterally attack defendant's guilty plea;
8

9
10 B. No one has made any promises or offered any rewards in return for this
11 guilty plea, other than those contained in this agreement or otherwise disclosed to the
12 Court;
13

14 C. No one has threatened the defendant or the defendant's family to induce
15 this guilty plea; and
16

17 D. The defendant is pleading guilty because in truth and in fact the defendant
18 is guilty, and for no other reason.
19

20 **VII.**
21 **AGREEMENT LIMITED TO U.S. ATTORNEY'S OFFICE**
22 **SOUTHERN DISTRICT OF CALIFORNIA**

23 This plea agreement is limited to the United States Attorney's Office for the
24 Southern District of California, and cannot bind any other authorities in any type of
25 matter, although the United States will bring this plea agreement and its addenda to the
26 attention of other authorities if requested by defendant.
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VIII.
APPLICABILITY OF SENTENCING GUIDELINES

The sentence imposed will be based on the factors set forth in 18 U.S.C. § 3553(a). In imposing the sentence, the sentencing judge must consult the United States Sentencing Guidelines (Guidelines) and take them into account. Defendant has discussed the Guidelines with counsel and understands that the Guidelines are only advisory, not mandatory. The Court may impose a sentence more severe or less severe than otherwise applicable under the Guidelines, up to the maximum in the statute of conviction. The sentence cannot be determined until a presentence report is prepared by the United States Probation Office and defense counsel and the United States have an opportunity to review and challenge the presentence report. Nothing in this plea agreement limits the duty of the United States to provide complete and accurate facts to the district court and the U.S. Probation Office.

IX.
SENTENCE IS WITHIN SOLE DISCRETION OF JUDGE

This plea agreement is made pursuant to Fed. R. Crim. P. 11(c)(1)(B). The sentence is within the sole discretion of the sentencing judge who may impose up to the statutory maximum sentence. It is uncertain what defendant's sentence will be. The United States has not made and will not make any representation about what sentence defendant will receive. Any estimate of the probable sentence by defense counsel is not a promise and is not binding. Any recommendation by the United States at sentencing

1 is not binding on the Court, and if the sentencing judge does not follow the parties'
2 sentencing recommendations, defendant cannot withdraw his guilty plea.

3 **X.**

4 **PARTIES' SENTENCING RECOMMENDATIONS**

5 A. Sentencing Guideline Calculations

6 Although the parties understand that the Guidelines are only advisory and just
7 one of the factors that the Court will consider under 18 U.S.C. § 3553(a) in imposing a
8 sentence, the parties will jointly recommend the following Base Offense Level, Specific
9 Offense Characteristics, and Adjustments and Departures under the Guidelines,
10 effective November 1, 2018:
11

12	1. Base Offense Level	
13	[USSG § 2D1.1(c)(1)]	38
14	2. Aggravating Role (Leader & Organizer)	
15	[USSG § 3B1.1(a)]	+4
16	3. Acceptance of Responsibility	
17	[USSG § 3E1.1]	-3

18 B. Acceptance of Responsibility

19 Notwithstanding Paragraph X.A.3, the United States will not be obligated to
20 recommend any adjustment for acceptance of responsibility if the defendant engages in
21 conduct inconsistent with acceptance of responsibility including, but not limited to:
22

- 23
- 24 1. Failing to truthfully admit a complete factual basis as stated in the
25 plea at the time the plea is entered, or falsely denying, or making a
26

1 statement inconsistent with, the factual basis set forth in this
2 agreement;

- 3 2. Falsely denying prior criminal conduct or convictions;
4
5 3. Being untruthful with the government, the Court or probation
6 officer;
7
8 4. Materially breaching this plea agreement in any way;
9
10 5. Contesting or assisting any third party in contesting the forfeiture of
11 property(ies) seized in connection with this case, and any
12 property(ies) which the defendant has agreed to forfeit as set forth
13 in the attached forfeiture addendum;
14
15 6. Failure to file a financial disclosure within 60 days of pleading
16 guilty.

17 C. Further Adjustments and Sentence Reductions Including
18 Those Under 18 U.S.C. § 3553

19 The parties agree that defendant will not request or recommend additional
20 downward adjustments and departures, including criminal history departures under
21 USSG § 4A1.3, pursuant to the United States Sentencing Guidelines. The defendant
22 may, however, request a sentencing variance pursuant to 18 U.S.C. § 3553(a), and the
23 United States may oppose any such request.
24

25 D. No Agreement As To Criminal History Category
26

27 The parties have no agreement as to the defendant's Criminal History Category.
28

1 E. "Factual Basis" And "Relevant Conduct" Information

2 The parties agree that the facts in the "factual basis" paragraph of this agreement
3 are true, and may be considered as "relevant conduct" under USSG § 1B1.3, and as the
4 nature and circumstances of the offense under 18 U.S.C. § 3553(a)(1).
5

6 F. Parties' Recommendations Regarding Custody

7 The parties agree that the United States will recommend that the defendant be
8 sentenced within the advisory guideline range as calculated by the United States
9 pursuant to this agreement.
10

11 If defendant is in full compliance with the terms, conditions, and obligations of
12 this Plea Agreement and its Addenda, and if, as set forth further below, the defendant
13 is eligible and applies to transfer his sentence pursuant to the international prisoner
14 transfer program, the U.S. Attorney's Office for the Southern District of California
15 agrees not to oppose the defendant's transfer application. Defendant, however, agrees
16 not to make any such request to the international prisoner transfer program until he has
17 completed at least five (5) years of his custodial sentence, as imposed by the United
18 States District Court Judge. Defendant acknowledges and understands, however, that
19 the transfer decision rests in the sole discretion of the Office of Enforcement Operations
20 (OEO) of the Criminal Division of the Department of Justice, and that the position of
21 the Southern District of California is neither binding nor determinative of the positions
22 of other federal agencies or on the final transfer decision of OEO. Defendant further
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1 understands that in addition to OEO, federal law and the underlying transfer treaties
2 require that the receiving foreign government must approve the transfer.

3 G. Special Assessment/Fine/Restitution

4
5 1. Special Assessment

6 The parties will jointly recommend that defendant pay a special assessment in the
7 amount of \$100.00 to be paid forthwith at time of sentencing. The special assessment
8 shall be paid through the office of the Clerk of the District Court by bank or cashier's
9 check or money order made payable to the "Clerk, United States District Court."

11 2. Fine

12 The parties have no agreement as to what fine, if any, the defendant will be
13 sentenced to pay.

14 H. Supervised Release or Probation

15 If the Court imposes a term of supervised release or probation, the defendant
16 agrees that he will not later seek to reduce or terminate early the term of supervised
17 release or probation until he has served at least 2/3 of his term of supervised release or
18 probation.
19
20
21

22 XI.

23 **DEFENDANT WAIVES APPEAL AND COLLATERAL ATTACK**

24 Defendant knowingly and voluntarily waives (gives up), any and all rights to
25 appeal and to collaterally attack every aspect of the conviction and sentence, including
26 any restitution order, except a post-conviction collateral attack based on a claim of
27
28

1 ineffective assistance of counsel. If the defendant appeals, the United States may
2 oppose the appeal on any available grounds.

3
4 **XII.**
BREACH OF THE PLEA AGREEMENT

5 Defendant and defendant's attorney know the terms of this agreement and shall
6 raise, before the sentencing hearing is complete, any claim that the United States has
7 not complied with this agreement. Otherwise, such claims shall be deemed waived (that
8 is, deliberately not raised despite awareness that the claim could be raised), cannot later
9 be made to any court, and if later made to a court, shall constitute a breach of this
10 agreement. Defendant breaches this agreement if defendant violates or fails to perform
11 any obligation under this agreement. The following are non-exhaustive examples of acts
12 constituting a breach:
13
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- 16 1. Failing to plead guilty pursuant to this agreement,
- 17 2. Withdrawing the guilty plea or attempting to withdraw the guilty
18 plea,
- 19 3. Failing to fully accept responsibility as established in Section X,
20 paragraph B, above,
- 21 4. Failing to appear in court,
- 22 5. Failing to abide by any lawful court order related to this case,
- 23 6. Appealing or collaterally attacking the sentence or conviction in
24 violation of Section XI of this plea agreement, or
25
- 26 7. Engaging in additional criminal conduct from the time of arrest until
27 the time of sentencing.
- 28

1 8. Contesting or assisting any third party in contesting the forfeiture of
2 property(ies) seized in connection with this case, and any
3 property(ies) which the defendant has agreed to forfeit as set forth
4 in the attached Forfeiture Addendum; or otherwise failing to
5 perform the obligations set forth in the Forfeiture Addendum.

6 If defendant breaches this plea agreement, defendant will not be able to enforce
7 any provisions, and the United States will be relieved of all its obligations under this
8 Plea Agreement and its Addenda. For example, the United States may proceed to
9 sentencing but recommend a different sentence than what it agreed to recommend. Or,
10 the United States may pursue any charges including those that were dismissed,
11 promised to be dismissed, or not filed as a result of this agreement. Defendant agrees
12 that any statute of limitations relating to such charges is tolled indefinitely as of the date
13 all parties have signed this agreement. Defendant also waives any double jeopardy
14 defense to such charges. The United States may also move to set aside defendant's guilty
15 plea. Defendant may not withdraw the guilty plea based on the United States's pursuit
16 of remedies for defendant's breach.
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20 If defendant breaches this plea agreement: (i) any statements made by defendant,
21 under oath, at the guilty plea hearing (before either a Magistrate Judge or a District
22 Judge); (ii) the factual basis statement in Section II.B in this agreement; and (iii) any
23 evidence derived from such statements, are admissible against Defendant in any
24 prosecution of, or any action against, Defendant. This includes the prosecution of the
25 charge that is the subject of this plea agreement or any charge(s) that the prosecution
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1 agreed to dismiss or not file as part of this agreement, but later pursues because of
2 defendant's breach. Additionally, defendant knowingly, voluntarily, and intelligently
3 waives any argument that the statements and any evidence derived from the statements
4 should be suppressed, cannot be used by the United States, or are inadmissible under
5 the United States Constitution, any statute, Rule 410 of the Federal Rules of Evidence,
6 Rule 11(f) of the Federal Rules of Criminal Procedure, and any other federal rule.
7

8
9 **XIII**
CONTENTS AND MODIFICATION OF AGREEMENT

10 This plea agreement embodies the entire agreement between the parties and
11 supersedes any other agreement, written or oral. No modification of this plea agreement
12 shall be effective unless in writing signed by all parties.
13

14
15 **XIV**
DEFENDANT AND COUNSEL FULLY UNDERSTAND AGREEMENT

16 By signing this agreement, Defendant certifies that Defendant has read it (or that
17 it has been read to Defendant in Defendant's native language). Defendant has discussed
18 the terms of this agreement with defense counsel and fully understands it.
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XV

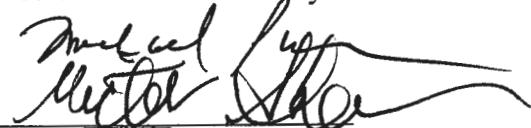
DEFENDANT SATISFIED WITH COUNSEL

Defendant has consulted with counsel and is satisfied with counsel's representation. This is Defendant's independent opinion, and Defendant's counsel did not advise Defendant about what to say in this regard.

ADAM L. BRAVERMAN
United States Attorney


ANDREW P. YOUNG
MARK W. PLETCHER
BENJAMIN J. KATZ
Assistant U.S. Attorneys

DATED: 10/1/18


MICHAEL PANCER
VICTOR SHERMAN
Counsel for Defendant

DATED:

IN ADDITION TO THE FOREGOING PROVISIONS, WHICH I UNDERSTAND AND TO WHICH I AGREE, I SWEAR UNDER PENALTY OF PERJURY THAT THE FACTS IN THE "FACTUAL BASIS" SECTION ABOVE ARE TRUE.

DATED:


VINCENT RAMOS
Defendant