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10 Attorneys for
UNITED STATES OF AMERICA

11 UNITED STATES DISTRICT COURT
12 FOR THE CENTRAL DISTRICT OF CALIFORNIA

13
14 NON-PROSECUTION
AGREEMENT OF RAY LAHOOD
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17 **I. INTRODUCTION**

18 1. This Non-Prosecution Agreement (the "NPA") is entered into
19 between the United States Attorney's Office for the Central District
20 of California ("USAO") and Ray LaHood ("LaHood"). This NPA is
21 limited to the USAO and cannot bind any other federal, state, local
22 or foreign prosecuting, enforcement, administrative, or regulatory
23 authorities.

24 2. This NPA is entered into to resolve the USAO's criminal
25 investigation of LaHood's role and conduct relating to a \$50,000
26 financial transaction between LaHood and Toufic Baaklini in or
27 around June 2012, which includes, but is not limited to, LaHood's
28 failure to include this information in his Office of Government

1 Ethics ("OGE") Form 278 (Financial Disclosure Report) filings, and
2 LaHood's allegedly false statements to federal agents regarding the
3 financial transaction (the "Investigation").

4 **II. ACCEPTANCE OF RESPONSIBILITY**

5 3. LaHood acknowledges and agrees that he is responsible
6 under United States law for the acts set forth in the Statement of
7 Facts (attached as Exhibit A), and that the facts described in the
8 Statement of Facts are true and correct. Should the USAO pursue the
9 prosecution following LaHood's breach of the NPA pursuant to
10 Paragraph 12-14, LaHood stipulates to the admissibility of the
11 Statement of Facts in any proceeding, including any trial, guilty
12 plea, or sentencing proceeding, and agrees not to contradict
13 anything in the Statement of Facts at any such proceeding. LaHood's
14 entry into this NPA does not constitute an admission that he is
15 guilty of any crime described in the Statement of Facts.

16 **III. EFFECTIVE DATE OF AGREEMENT**

17 4. This agreement is effective upon signature and execution
18 of all required certifications by LaHood, LaHood's counsel, and an
19 Assistant United States Attorney (the "Initial Effective Date").

20 **IV. RELEVANT CONSIDERATIONS**

21 5. The USAO enters into this NPA based on the individual
22 facts and circumstances presented by this case and by LaHood. Among
23 the factors considered were the following: (a) LaHood's willingness
24 to acknowledge and accept responsibility for the actions that are
25 set forth in the Statement of Facts; (b) LaHood's cooperation with
26 the United States government; (c) the nature and seriousness of the
27 offense conduct; (d) LaHood's substantial mitigating factors; and
28 (e) the legal and factual defenses presented on behalf of LaHood.

1 V. CONDITIONS OF NON-PROSECUTION

2 6. LaHood agrees to comply with the following material
3 conditions:

4 a. To pay a fine to the United States in the amount of
5 \$40,000. The fine shall be paid in full within 120 days of the
6 Initial Effective Date of the NPA. The fine will be paid by
7 certified check, business check, or money order made payable to
8 "Clerk, U.S. District Court" and will list Non-Prosecution
9 Agreement of Ray LaHood in the "memo" line. The payment can be
10 provided to the USAO for conveyance to the district court or
11 delivered directly to the United States District Court - Fiscal
12 Department, 255 East Temple Street, Room 1178, Los Angeles, CA
13 90012, with proof of same provided to the USAO;

14 b. To repay the outstanding \$50,000 loan to Toufic
15 Baaklini. The repayment shall be made in full within 120 days of
16 the Initial Effective Date of the NPA. Proof of the repayment shall
17 be provided to the USAO immediately following the repayment;

18 c. To participate in an in-person interview with
19 representatives from the USAO, Federal Bureau of Investigation
20 ("FBI"), and other government representatives selected at the
21 discretion of the USAO (the "Interview"). At the request of LaHood,
22 the Interview will take place in Washington D.C. at the offices of
23 LaHood's counsel. The Interview will occur on a date agreed to by
24 the parties within 120 days of the date that the NPA becomes
25 effective; and

26 d. To fully cooperate, both individually and through
27 counsel, with the USAO, and, as directed by the USAO, the FBI, by
28 responding truthfully and completely to all questions put to LaHood

1 during the Interview. This cooperation shall include the production
2 of documents and communications, as requested by the USAO. Nothing
3 in this NPA shall be construed, however, to require LaHood to
4 produce any information, testimony, or tangible evidence that is
5 protected by any privilege. LaHood reserves his rights to all
6 applicable privileges.

7 **VI. CONDITIONAL RELEASE FROM LIABILITY**

8 7. Nothing in this NPA shall preclude or limit the USAO or
9 any government entity from bringing a criminal prosecution against
10 LaHood for making false statements, obstruction of justice, perjury,
11 subornation of perjury, witness tampering, or aiding and abetting or
12 conspiring to commit such offenses, based on LaHood's conduct in
13 performing obligations under this NPA. Further, the USAO may use
14 any information related to the conduct described in the Statement of
15 Facts against LaHood: (a) in a prosecution for perjury or
16 obstruction of justice; or (b) in a prosecution for making a false
17 statement.

18 8. This NPA does not provide any protection against
19 prosecution by the USAO for conduct that is not expressly referenced
20 in the Statement of Facts.

21 9. This NPA does not provide any protection against
22 prosecution by the USAO for any future conduct by LaHood.

23 10. Nothing in this NPA in any way limits the USAO's ability
24 to use any information related to the conduct described in the
25 Statement of Facts in any prosecution of any individual other than
26 LaHood.

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1 **VII. NON-PROSECUTION**

2 11. In consideration of LaHood's agreement to the terms set
3 forth in Paragraphs 3 and 6 above, the USAO agrees not to prosecute
4 LaHood for the conduct set forth in the Statement of Facts, subject
5 to the breach provisions in Paragraph 12-14.

6 **VIII. BREACH OF THE AGREEMENT**

7 12. LaHood agrees that if he (a) knowingly and deliberately
8 provides false or misleading information in connection with this
9 NPA; (b) fails to fulfill any of the obligations set forth in
10 Paragraphs 3, 6, and 16 of this NPA; or (c) otherwise fails
11 specifically to perform or to fulfill completely any of LaHood's
12 obligations under this NPA, the USAO may, in its discretion, subject
13 to the procedural requirements of Paragraph 13 below, seek from the
14 Court a finding that LaHood has breached this NPA. Upon such a
15 finding by the Court, LaHood shall thereafter be subject to
16 prosecution for any federal criminal violation of which the USAO has
17 knowledge, including, but not limited to, conduct described in the
18 Statement of Facts.

19 13. In the event the USAO determines that LaHood has breached
20 this NPA, the USAO agrees to provide LaHood with written notice of
21 such breach. Within 30 days of receipt of such notice, LaHood shall
22 have the opportunity to respond to the USAO in writing to explain
23 the nature and circumstances of the conduct underlying the alleged
24 breach, as well as the actions LaHood has taken to address and
25 remediate the situation, which explanation the USAO shall consider
26 in determining whether to seek from the Court a finding that LaHood
27 has breached this NPA. A final determination that a breach has
28 occurred may be made only upon a finding by the Court that LaHood

1 knowingly breached the NPA, after notice to LaHood and LaHood's
2 counsel.

3 14. In the event that the Court determines that LaHood has
4 breached this NPA and the USAO determines to pursue prosecution of
5 LaHood, then: (a) all statements made by or on behalf of LaHood to
6 the USAO or to the Court, including the Statement of Facts, and any
7 evidence derived from such statements, and testimony shall be
8 admissible against LaHood in any criminal prosecution brought by the
9 USAO against LaHood; (b) in the event that the USAO offers the
10 Statement of Facts in any such proceeding, LaHood agrees that he
11 will not challenge the admissibility or accuracy of the Statement of
12 Facts, but reserves the right to make any other argument relating to
13 the Statement of Facts; (c) LaHood waives, gives up, and shall not
14 assert any claim under the United States Constitution, any statute,
15 Rule 11(f) of the Federal Rules of Criminal Procedure, Rule 410 of
16 the Federal Rules of Evidence, or any other federal rule that any
17 statements made by or on behalf of LaHood prior or subsequent to
18 this NPA, including the Statement of Facts or statements made during
19 the Interview, or any evidence derived therefrom, should be
20 suppressed or is inadmissible; (d) LaHood agrees that any applicable
21 statute of limitations is tolled between the date of his signing of
22 this NPA and the date 60 days after the Court's finding that LaHood
23 has breached this agreement; (e) LaHood waives and gives up all
24 defenses based on any claim of pre-indictment delay, or any speedy
25 trial claim, with respect to such action, except to the extent such
26 defenses existed as of the date of LaHood's signing of this NPA; and
27 (f) LaHood agrees that any such charge may be pursued by the USAO in
28 the United States District Court for the District of California and

1 waives any challenge to venue in such court. Nothing herein shall
2 preclude LaHood from asserting a defense based on the expiration of
3 the statute of limitations prior to or on the date the NPA is signed
4 to the extent LaHood did not previously waive any such applicable
5 statute of limitations period pursuant to a tolling agreement and
6 extensions previously entered into by the parties.

7 **IX. PUBLIC STATEMENTS**

8 15. LaHood and the USAO agree that the NPA may be publically
9 disclosed.

10 16. Any public disclosure of the NPA will not be made before
11 January 1, 2020, at the earliest.

12 17. LaHood expressly agrees that he shall not, either himself
13 or through present or future attorneys, officers, directors,
14 employees, agents, or any other person authorized to speak for
15 LaHood, make any public statement, in litigation or otherwise,
16 contradicting the facts set forth in the Statement of Facts.

17 **X. MISCELLANEOUS PROVISIONS**

18 18. Any notice or report to the USAO under this NPA shall be
19 given by personal delivery, overnight delivery by a recognized
20 delivery service, or registered or certified mail, addressed to:

21 Mack E. Jenkins
22 Chief, Public Corruption and Civil Rights Section
23 United States Attorney's Office, Central District of California
24 312 N. Spring Street, 15th Floor
25 Los Angeles, CA 90012

26 Notice shall be effective upon actual receipt by the USAO.

27 19. This NPA may be executed in one or more counterparts, each
28 of which shall be considered effective as an original signature.
Further, all facsimile and digital images of signatures shall be
treated as originals for all purposes.

1 20. The USAO and LaHood agree that exclusive jurisdiction and
2 venue for any dispute arising under this NPA is in the United States
3 District Court for the Central District of California.

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1 21. This NPA sets forth all the terms of the agreement between
2 LaHood and the USAO. LaHood understands and agrees that, except as
3 set forth in this NPA, there are no promises, understandings, or
4 agreements between the USAO and LaHood or his attorneys and that no
5 amendments, modifications or additions to this NPA shall be valid
6 unless they are in writing and signed by the USAO, the attorneys for
7 LaHood, and LaHood.

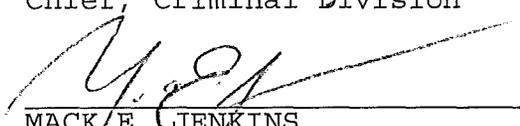
8 **AGREED AND ACCEPTED.**

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10 Dated: 12/4/19

Respectfully submitted,

11 NICOLA T. HANNA
United States Attorney

12 BRANDON D. FOX
13 Assistant United States Attorney
Chief, Criminal Division

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15 
16 MACK E. JENKINS
ARON KETCHEL
Assistant United States Attorneys

17 Attorneys for Plaintiff
18 UNITED STATES OF AMERICA

19
20
21 
RAY LAHOOD

12/4/19
Date

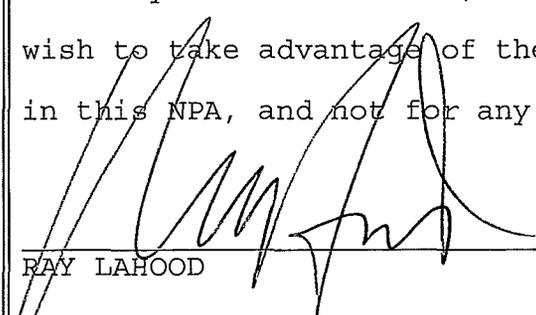
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23 
24 HENRY F. SCHUELKE III
25 LAWRENCE H. WECHSLER
26 ARIEL S. GLASNER
BLANK ROME, LLP

12.4.19
Date

27 Counsel for RAY LAHOOD

Acknowledgment by Ray LaHood

1 I have read this NPA (to include the Statement of Facts), in
2 its entirety. I have had enough time to review and consider this
3 NPA and I have carefully and thoroughly discussed every part of it
4 with my attorneys. I understand the terms of this NPA, and I
5 voluntarily agree to those terms. I have discussed the evidence
6 with my attorney, and my attorney has advised me of my rights, of
7 possible criminal charges that might be filed, of possible defenses
8 that might be asserted either prior to or at trial, and of the
9 consequences of entering into this NPA. No promises, inducements,
10 or representations of any kind have been made to me other than those
11 contained in the NPA. No one has threatened or forced me in any way
12 to enter into the NPA. I am satisfied with the representation of my
13 attorneys in this matter, and I am entering into the NPA because I
14 wish to take advantage of the promises and representations set forth
15 in this NPA, and not for any other reason.
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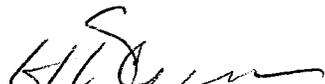
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18  _____
19 RAY LAHOOD

20 _____
21 Date

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12/4/19

Acknowledgment by Counsel

1 I am Ray LaHood's attorney. I have carefully and thoroughly
2 discussed every part of this NPA (to include the Statement of Facts)
3 with my client. Further, I have fully advised my client of his
4 rights, of possible criminal charges that might be filed, of
5 possible defenses that might be asserted either prior to or at
6 trial, and of the consequences of entering into this NPA. To my
7 knowledge: no promises, inducements, or representations of any kind
8 have been made to my client other than those contained in this NPA;
9 no one has threatened or forced my client in any way to enter into
10 the NPA; my client's decision to enter into the NPA is an informed
11 and voluntary one and is in my client's best interest.
12

13
14 
15 HENRY F. SCHUELKE III
16 LAWRENCE H. WECHSLER
17 ARIEL S. GLASNER
18 BLANK ROME, LLP

12-4-19
Date

19 Counsel for RAY LAHOOD
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1 A's request, Baaklini would facilitate the loan to LaHood of
2 \$50,000. Individual A instructed LaHood to call Baaklini to discuss
3 the terms of the loan. Baaklini told LaHood that because of
4 Individual A's request, he was prepared to provide LaHood with a
5 loan for \$50,000 and that he had consulted a lawyer who advised that
6 a loan to a public official like Mr. LaHood could be permissible.

7 6. On June 1, 2012, Baaklini and LaHood met in Washington,
8 D.C. and Baaklini provided LaHood with a personal check for \$50,000
9 (the "\$50,000 Check"). In the Memo portion of the check, Baaklini
10 wrote "Loan."

11 7. Although it was not expressly discussed with Baaklini,
12 based on the circumstances of LaHood seeking these funds, LaHood
13 understood that Chagoury provided Baaklini with the funds for the
14 \$50,000 Check for LaHood.

15 8. LaHood negotiated the \$50,000 Check and used the funds for
16 home repairs.

17 9. During his tenure as the United States Secretary of
18 Transportation, Mr. LaHood was obligated on an annual basis to
19 submit an Executive Branch Personnel Public Financial Disclosure
20 Report (OGE Form 278) to the United States Office of Government
21 Ethics (OGE). According to the OGE, the OGE Form 278 was designed
22 to ensure transparency for Executive Branch Personnel.
23 Specifically, the OGE website notes that:

24 Transparency is a critical part of government ethics, and
25 Congress has determined that the citizens should know
26 their leaders' financial interests. To facilitate such
27 transparency, Congress enacted the financial disclosure
28 provisions of the Ethics in Government Act. The Act
imposes detailed requirements for public financial
disclosure by senior United States Government officials.

1 10. Among other financial disclosures, Form 278 requires the
2 filer to disclose any liabilities over \$10,000 owed to any one
3 creditor at any time during the reporting period. Form 278 further
4 requires the filer to certify by signature that "the statements I
5 have made on this form and all attached schedules are true, complete
6 and correct to the best of my knowledge."

7 11. LaHood knew that he was required to disclose the \$50,000
8 Check on his annual Form 278.

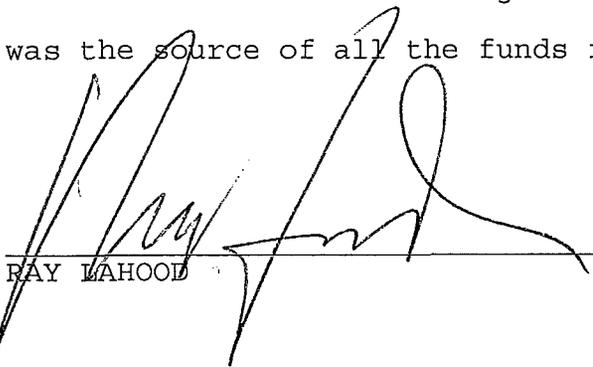
9 12. On May 15, 2013, Mr. LaHood submitted his Form 278 for the
10 calendar year 2012 (the "2012 Form 278"). LaHood reported various
11 liabilities owed on his 2012 Form 278. However, LaHood willfully
12 did not disclose the \$50,000 Check on the 2012 Form 278. Further
13 LaHood falsely certified that the information contained on the 2012
14 Form 278 was complete and correct; LaHood knew this certification to
15 be false because he willfully failed to disclose the \$50,000 Check.

16 13. Following the completion of his tenure as United States
17 Secretary of Transportation in July 2013, Mr. LaHood was required to
18 submit a final Form 278 for the period of 2013 during which he
19 served as a member of the Executive Branch. Accordingly, on July
20 29, 2013, Mr. LaHood submitted a Form 278 for the reporting period
21 from January 1, 2013, through his termination date of July 1, 2013
22 (the "2013 Form 278"). LaHood reported various liabilities owed on
23 his 2013 Form 278. However, LaHood willfully again did not disclose
24 the \$50,000 Check on the 2013 Form 278. Further, LaHood falsely
25 certified that the information contained on the 2013 Form 278 was
26 complete and correct; Mr. LaHood knew this certification to be false
27 because he willfully failed to disclose the \$50,000 Check.

28

1 14. LaHood failed to disclose the \$50,000 Check in his 2012
2 Form 278 and his 2013 Form 278 because he had reason to believe that
3 Chagoury was the ultimate source of the \$50,000 Check and because he
4 did not want publicly to be associated with this Chagoury who, in
5 2009, was reported to have been on the U.S. "No Fly List."

6 15. In June 2017, FBI Special Agents interviewed LaHood.
7 LaHood initially denied receiving a loan from Baaklini. After he
8 was shown a copy of the \$50,000 Check, LaHood acknowledged receiving
9 the \$50,000 Check from Baaklini. LaHood stated that he received the
10 money from Baaklini as a loan but could not recall any terms of the
11 loan. LaHood acknowledged that he had not repaid Baaklini any
12 amount of the money and Baaklini had not asked to be repaid in the
13 five years since Baaklini provided the \$50,000 Check. In addition,
14 LaHood did not inform the agents that he understood that Chagoury
15 was the source of all the funds for the \$50,000 Check.

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19  _____
RAY LAHOOD

12/4/19
_____ Date