

CLERK'S OFFICE U.S. DIST. COURT
AT DANVILLE, VA
FILED

OCT 21 2010

UNITED STATES DISTRICT COURT
Western District of Virginia

JULIA C. DUDLEY, CLERK
BY: *H. McDonald*
DEPUTY CLERK

UNITED STATES OF AMERICA
V.
ALLIANCE ONE TOBACCO OSH, LLC

JUDGMENT IN A CRIMINAL CASE
(For Organizational Defendants)
CASE NUMBER: DVAW410CR000016-001
CASE NUMBER:
Edward J. Fuhr, Esq.
Defendant Organization's Attorney

THE DEFENDANT ORGANIZATION:

- pleaded guilty to count(s) 1, 2 & 3
- pleaded nolo contendere to count(s) _____
which was accepted by the court.
- was found guilty on count(s) _____
after a plea of not guilty.

The organizational defendant is adjudicated guilty of these offenses:

<u>Title & Section</u>	<u>Nature of Offense</u>	<u>Offense Ended</u>	<u>Count</u>
18 U.S.C. § 371	Conspiracy to violate the Foreign Corrupt Practices Act	3/31/04	1
15 U.S.C. § 78dd-3(a)	Violation of the Anti-Bribery Provisions of the Foreign Corrupt Practices Act	3/04	2
15 U.S.C. § 78m(b)(2) (A)	Aiding and abetting the falsification of books and records	3/04	3

The defendant organization is sentenced as provided in pages 2 through 5 of this judgment.

- The defendant organization has been found not guilty on count(s) _____
- Count(s) _____ is are dismissed on the motion of the United States.

It is ordered that the defendant organization must notify the United States attorney for this district within 30 days of any change of name, principal business address, or mailing address until all fines, restitution, costs, and special assessments imposed by this judgment are fully paid. If ordered to pay restitution, the defendant organization must notify the court and United States attorney of material changes in economic circumstances.

Defendant Organization's
Federal Employer I.D. No.: 4687-3300-000

Defendant Organization's Principal Business Address:
Mominovoi Street 10
Osh, Kyrgyz Republic

Defendant Organization's Mailing Address:
Same as above

10/21/10
Date of Imposition of Judgment

Jackson L. Kiser
Signature of Judge

Jackson L. Kiser, Senior United States District Judge
Name and Title of Judge

10/21/10
Date

DEFENDANT ORGANIZATION: ALLIANCE ONE TOBACCO OSH, LLC
 CASE NUMBER: DVAW410CR000016-001

CRIMINAL MONETARY PENALTIES

The defendant organization must pay the following total criminal monetary penalties under the schedule of payments on Sheet 4.

	<u>Assessment</u>	<u>Fine</u>	<u>Restitution</u>
TOTALS	\$ 1,200.00	\$ 4,200,000.00	\$

- The determination of restitution is deferred until _____ . An *Amended Judgment in a Criminal Case* (AO 245C) will be entered after such determination.
- The defendant organization shall make restitution (including community restitution) to the following payees in the amount listed below.

If the defendant organization makes a partial payment, each payee shall receive an approximately proportioned payment, unless specified otherwise in the priority order or percentage payment column below. However, pursuant to 18 U.S.C. § 3664(i), all nonfederal victims must be paid before the United States is paid.

<u>Name of Payee</u>	<u>Total Loss*</u>	<u>Restitution Ordered</u>	<u>Priority or Percentage</u>
----------------------	--------------------	----------------------------	-------------------------------

TOTALS	\$0.00	\$0.00
---------------	--------	--------

- Restitution amount ordered pursuant to plea agreement \$ _____
- The defendant organization shall pay interest on restitution or a fine of more than \$2,500, unless the restitution or fine is paid in full before the fifteenth day after the date of the judgment, pursuant to 18 U.S.C. § 3612(f). All of the payment options on Sheet 4 may be subject to penalties for delinquency and default, pursuant to 18 U.S.C. § 3612(g).
- The court determined that the defendant organization does not have the ability to pay interest, and it is ordered that:
 - the interest requirement is waived for the fine restitution.
 - the interest requirement for the fine restitution is modified as follows:

* Findings for the total amount of losses are required under Chapters 109A, 110, 110A, and 113A of Title 18 for offenses committed on or after September 13, 1994, but before April 23, 1996.

DEFENDANT ORGANIZATION: ALLIANCE ONE TOBACCO OSH, LLC
CASE NUMBER: DVAW410CR000016-001

SCHEDULE OF PAYMENTS

Having assessed the organization's ability to pay, payment of the total criminal monetary penalties are due as follows:

- A Lump sum payment of \$ 4,201,200.00 due immediately, balance due
 not later than _____, or
 in accordance with C or D below; or
- B Payment to begin immediately (may be combined with C or D below); or
- C Payment in _____ (e.g., equal, weekly, monthly, quarterly) installments of \$ _____ over a period of _____ (e.g., months or years), to commence _____ (e.g., 30 or 60 days) after the date of this judgment; or
- D Special instructions regarding the payment of criminal monetary penalties:

A lump sum payment of \$4,201,200.00 is due and payable not later than 10 business days from entry of judgment.

All criminal monetary penalties are made to the clerk of the court.

The defendant organization shall receive credit for all payments previously made toward any criminal monetary penalties imposed.

Joint and Several

Defendant and Co-Defendant Names and Case Numbers (including defendant number), Total Amount, Joint and Several Amount, and corresponding payee, if appropriate.

- The defendant organization shall pay the cost of prosecution.
- The defendant organization shall pay the following court cost(s):
- The defendant organization shall forfeit the defendant organization's interest in the following property to the United States:

Payments shall be applied in the following order: (1) assessment, (2) restitution principal, (3) restitution interest, (4) fine principal, (5) fine interest, (6) community restitution, (7) penalties, and (8) costs, including cost of prosecution and court costs.

DEFENDANT ORGANIZATION: ALLIANCE ONE TOBACCO OSH, LLC

CASE NUMBER: DVAW410CR000016-001

STATEMENT OF REASONS The court adopts the presentence report and guideline applications **WITHOUT CHANGE**.

OR

 The court adopts the presentence report guideline applications **BUT WITH THESE CHANGES**:

Paragraphs 2 & 32 are amended to reflect the correct stipulated fine amount of \$4,200,000.00.

Guideline Range Determined by the Court:

 The defendant organization is a criminal purpose organization pursuant to U.S.S.G. §8C1.1.

OR

 The calculation of the guideline fine range is unnecessary because the defendant organization cannot pay restitution pursuant to U.S.S.G. §8C2.2(a).

OR

Total Offense Level: 30Base Fine: 4,200,000.00Total Culpability Score: 2Fine Range: \$ 4,200,000.00 to \$ 8,400,000.00 Disgorgement amount of \$ _____ is added to fine pursuant to U.S.S.G. §8C2.9. Fine offset amount of \$ _____ is subtracted from fine pursuant to U.S.S.G. §8C3.4. Fine waived or below the guideline range because of inability to pay pursuant to U.S.S.G. §8C.3.3.**RESTITUTION DETERMINATIONS**

Total Amount of Restitution: \$ _____

 For offenses for which restitution is otherwise mandatory under 18 U.S.C. § 3663A, restitution is not ordered because the number of identifiable victims is so large as to make restitution impracticable under 18 U.S.C. § 3663A(c)(3)(A). For offenses for which restitution is otherwise mandatory under 18 U.S.C. § 3663A, restitution is not ordered because determining complex issues of fact and relating them to the cause or amount of the victim's losses would complicate or prolong the sentencing process to a degree that the need to provide restitution to any victim would be outweighed by the burden on the sentencing process under 18 U.S.C. § 3663A(c)(3)(B). For offenses for which restitution is authorized under 18 U.S.C. § 3663 and/or required by the sentencing guidelines, restitution is not ordered because the complication and prolongation of the sentencing process resulting from the fashioning of a restitution order outweighs the need to provide to any victims under 18 U.S.C. § 3663(a)(1)(B)(ii). Restitution is not ordered for other reasons: Partial restitution is ordered, pursuant to 18 U.S.C. § 3553(c) for the following reason(s):

DEFENDANT ORGANIZATION: ALLIANCE ONE TOBACCO OSH, LLC
CASE NUMBER: DVAW410CR000016-001

STATEMENT OF REASONS

- The sentence is within the guideline range and the court finds no reason to depart from the sentence called for by the application of the guidelines.

The sentence and payment schedule imposed by the Court is in keeping with the Rule 11(c)(1)(C) Plea Agreement in this case and represents the best interest of the Government and the Defendant. In addition to the lump sum payment due, Defendant shall also comply with the provisions of Exhibit 2, Corporate Compliance Program, as set forth in the Plea Agreement, and a copy of which is attached to this judgment.

OR

- The sentence departs from the guideline range:
- upon motion of the government, as a result of a defendant's substantial assistance, or
 - for the following specific reason(s):

EXHIBIT 2

CORPORATE COMPLIANCE PROGRAM

In order to address deficiencies in its internal controls, policies, and procedures regarding compliance with the Foreign Corrupt Practices Act ("FCPA"), 15 U.S.C. §§ 78dd-1, *et seq.*, and other applicable anti-corruption laws, ALLIANCE ONE TOBACCO OSH, LLC ("AOI-Kyrgyzstan" or the "company") agrees, as a condition of the plea agreement, to continue to conduct, in a manner consistent with all of its obligations under this Agreement, appropriate reviews of its existing internal controls, policies, and procedures.

Where appropriate, AOI-Kyrgyzstan agrees to adopt new or to modify existing internal controls, policies, and procedures in order to ensure that it maintains: (a) a system of internal accounting controls designed to ensure that AOI-Kyrgyzstan makes and keeps fair and accurate books, records, and accounts; and (b) a rigorous anti-corruption compliance code, standards, and procedures designed to detect and deter violations of the FCPA and other applicable anti-corruption laws. At a minimum, this should include, but not be limited to, the following elements:

1. AOI-Kyrgyzstan will develop and promulgate a clearly articulated and visible corporate policy against violations of the FCPA, including its anti-bribery, books and records, and internal controls provisions, and other applicable foreign law counterparts (collectively, the "anti-corruption laws,"), which policy shall be memorialized in a written compliance code.

2. AOI-Kyrgyzstan will ensure that its senior management provide strong, explicit, and visible support and commitment to its corporate policy against violations of the anti-corruption laws and its compliance code.

3. AOI-Kyrgyzstan will develop and promulgate compliance standards and procedures designed to reduce the prospect of violations of the anti-corruption laws and AOI-Kyrgyzstan's compliance code, and AOI-Kyrgyzstan will take appropriate measures to encourage and support the observance of ethics and compliance standards and procedures against foreign bribery by personnel at all levels of the company. These anti-corruption standards and procedures shall apply to all directors, officers, and employees and, where necessary and appropriate, outside parties acting on behalf of AOI-Kyrgyzstan in a foreign jurisdiction, including but not limited to, agents and intermediaries, consultants, representatives, distributors, teaming partners, contractors and suppliers, consortia, and joint venture partners (collectively, "agents and business partners"), to the extent that agents and business partners may be employed under AOI-Kyrgyzstan's

corporate policy. AOI-Kyrgyzstan shall notify all employees that compliance with the standards and procedures is the duty of individuals at all levels of the company. Such standards and procedures shall include policies governing:

- a. gifts;
- b. hospitality, entertainment, and expenses;
- c. customer travel;
- d. political contributions;
- e. charitable donations and sponsorships;
- f. facilitation payments; and
- g. solicitation and extortion.

4. AOI-Kyrgyzstan will develop these compliance standards and procedures, including internal controls, ethics, and compliance programs on the basis of a risk assessment addressing the individual circumstances of the company, in particular the foreign bribery risks facing the company, including, but not limited to, its geographical organization, interactions with various types and levels of government officials, industrial sectors of operation, involvement in joint venture arrangements, importance of licenses and permits in the company's operations, degree of governmental oversight and inspection, and volume and importance of goods and personnel clearing through customs and immigration.

5. AOI-Kyrgyzstan shall review its anti-corruption compliance standards and procedures, including internal controls, ethics, and compliance programs, no less than annually, and update them as appropriate, taking into account relevant developments in the field and evolving international and industry standards, and update and adapt them as necessary to ensure their continued effectiveness.

6. AOI-Kyrgyzstan will assign responsibility to one or more senior corporate executives of AOI-Kyrgyzstan for the implementation and oversight of AOI-Kyrgyzstan's anti-corruption policies, standards, and procedures. Such corporate official(s) shall have direct reporting obligations to independent monitoring bodies, including internal audit, AOI-Kyrgyzstan's Board of Directors, or any appropriate committee of the Board of Directors, and shall have an adequate level of autonomy from management as well as sufficient resources and authority to maintain such autonomy.

7. AOI-Kyrgyzstan will ensure that it has a system of financial and accounting procedures, including a system of internal controls, reasonably designed to ensure the maintenance of fair and accurate books, records, and accounts to ensure that they cannot be used for the purpose of foreign bribery or concealing such bribery.

8. AOI-Kyrgyzstan will implement mechanisms designed to ensure that its anti-corruption policies, standards, and procedures are effectively communicated to all directors, officers, employees, and, where appropriate, agents and business partners. These mechanisms shall include: (a) periodic training for all directors, officers, and employees, and, where necessary and appropriate, agents and business partners; and (b) annual certifications by all such directors, officers, and employees, and, where necessary and appropriate, agents, and business partners, certifying compliance with the training requirements.

9. AOI-Kyrgyzstan will establish an effective system for:

a. Providing guidance and advice to directors, officers, employees, and, where appropriate, agents and business partners, on complying with AOI-Kyrgyzstan's anti-corruption compliance policies, standards, and procedures, including when they need advice on an urgent basis or in any foreign jurisdiction in which the company operates;

b. Internal and, where possible, confidential reporting by, and protection of, directors, officers, employees, and, where appropriate, agents and business partners, not willing to violate professional standards or ethics under instructions or pressure from hierarchical superiors, as well as for directors, officers, employee, and, where appropriate, agents and business partners, willing to report breaches of the law or professional standards or ethics concerning anti-corruption occurring within the company, suspected criminal conduct, and/or violations of the compliance policies, standards, and procedures regarding the anti-corruption laws for directors, officers, employees, and, where necessary and appropriate, agents and business partners; and

c. Responding to such requests and undertaking appropriate action in response to such reports.

10. AOI-Kyrgyzstan will institute appropriate disciplinary procedures to address, among other things, violations of the anti-corruption laws and AOI-Kyrgyzstan's anti-corruption compliance code, policies, and procedures by AOI-Kyrgyzstan's directors, officers, and employees. AOI-Kyrgyzstan shall implement procedures to ensure that where misconduct is discovered, reasonable steps are taken to remedy the harm resulting from such misconduct, and to ensure that appropriate steps are taken to prevent further similar misconduct, including assessing the internal controls, ethics, and compliance program and making modifications necessary to ensure the program is effective.

11. AOI-Kyrgyzstan will institute appropriate due diligence and compliance requirements pertaining to the retention and oversight of all agents and business partners, including:

a. Properly documented risk-based due diligence pertaining to the hiring and appropriate and regular oversight of agents and business partners;

b. Informing agents and business partners of AOI-Kyrgyzstan's commitment to abiding by laws on the prohibitions against foreign bribery, and of AOI-Kyrgyzstan's ethics and compliance standards and procedures and other measures for preventing and detecting such bribery; and

c. Seeking a reciprocal commitment from agents and business partners.

12. Where appropriate, AOI-Kyrgyzstan will include standard provisions in agreements, contracts, and renewals thereof with all agents and business partners that are reasonably calculated to prevent violations of the anti-corruption laws, which may, depending upon the circumstances, include: (a) anti-corruption representations and undertakings relating to compliance with the anti-corruption laws; (b) rights to conduct audits of the books and records of the agent or business partner to ensure compliance with the foregoing; and (c) rights to terminate an agent or business partner as a result of any breach of anti-corruption laws, and regulations or representations and undertakings related to such matters.

13. AOI-Kyrgyzstan will conduct periodic review and testing of its anti-corruption compliance code, standards, and procedures designed to evaluate and improve their effectiveness in preventing and detecting violations of anti-corruption laws and AOI-Kyrgyzstan's anti-corruption code, standards and procedures, taking into account relevant developments in the field and evolving international and industry standards.