



U.S. Department of Justice

*United States Attorney
Southern District of New York*

*The Jacob K. Javits Federal Building
26 Federal Plaza, 37th Floor
New York, New York 10278*

September 20, 2024

Nola Heller, Esq.
Matthew Laroche, Esq.
Milbank LLP
55 Hudson Yards
New York, NY US 10001-2163

Re: CQC Impact Investors LLC

Dear Counsel:

Consistent with the Criminal Division's Corporate Enforcement and Voluntary Self Disclosure Policy, the Office of the United States Attorney for the Southern District of New York (the "Office") has declined prosecution of your client, CQC Impact Investors LLC ("CQC"), for violating 7 U.S.C. §§ 9(1) and 13(a)(5); 15 U.S.C. §§ 78j(b) and 78ff; 18 U.S.C. §§ 371, 1343, and 1349, in connection with a scheme to fraudulently inflate the number of carbon credits issued to a number of CQC projects. We have reached this conclusion despite the fraud committed by employees and officers of CQC.

The Office's investigation found evidence that from in or about 2021, up to and including in or about 2023, certain of CQC's officers, employees, and agents engaged in a fraudulent scheme to cause a worldwide certifier of voluntary carbon offsets (the "Certifying Company") to issue more carbon credits—known as voluntary carbon units or "VCUs"—than CQC was entitled. Participants in the scheme also used those fraudulently inflated VCU numbers, and the misimpression that those VCUs had been obtained properly, to cause a private equity fund (the "Fund") to agree to invest approximately \$250 million in CQC. The fraudulent scheme centered around CQC's clean cookstoves programs in rural Africa and Southeast Asia, which involved the installation of cookstoves that are more efficient than traditional open fires. The Office's investigation found evidence that individuals involved in the scheme fraudulently inflated: (i) the average amount of fuel saved from using CQC's cookstoves, as opposed to open fire, and (ii) the number of stoves that CQC had installed and were in use. These fraudulent practices resulted in CQC receiving approximately 6 million more VCUs than it was entitled to receive. In addition, in or about 2023, certain of the individuals at CQC involved in the fraudulent scheme caused the Fund to agree to invest approximately \$250 million in CQC, based in part on the fraudulently inflated number of VCUs that CQC had obtained and the misimpression that CQC was obtaining VCUs in compliance with the Certifying Company's rules and procedures.

The Office has decided to decline prosecution of CQC in this matter based on an assessment of the factors set forth in the United States Attorneys' Offices Voluntary Self-

Disclosure Policy, <https://www.justice.gov/usao-sdny/press-release/file/1569411/dl>, and the Principles of Federal Prosecution of Business Organizations, Justice Manual (“J.M.”) § 9-28.300, including but not limited to: (1) the voluntary and timely self-disclosure of the misconduct by CQC—specifically, CQC truthfully and completely disclosed all criminal conduct in which officers, employees, and agents of CQC had been engaged promptly after becoming aware of it, which misconduct had not previously been made public and was not already known to the Office or to any component of the Department of Justice; (2) CQC’s full and proactive cooperation in this matter (including its provision of all known relevant facts about the misconduct and information about all of the individuals involved in the misconduct) and agreement to continue to cooperate with the Office’s ongoing investigation and any prosecution that might result in the future from the investigation; (3) CQC’s timely and appropriate remediation, including terminating employees involved in the misconduct and instituting appropriate compliance measures to deter and detect similar misconduct in the future; and (4) CQC’s agreement to cancel or void a number of VCUs equal to the number of VCUs that CQC improperly obtained through the fraudulent scheme.

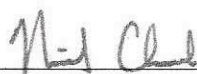
Pursuant to this letter agreement, CQC and its successors agree to continue to cooperate fully with the Office’s ongoing investigation and/or prosecution, including but not limited to the continued provision of any information and making available for interviews and/or testimony those officers, employees, or agents who possess relevant information, as determined in the sole discretion of the Office.

This letter agreement does not provide any protection against prosecution of any individuals, regardless of their affiliation with CQC. This letter agreement also pertains only to the matter described herein and not to any other matters involving CQC. If the Office learns information that changes its assessment of any of the factors outlined above, it may reopen its investigation into CQC.

Very truly yours,

DAMIAN WILLIAMS
United States Attorney

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APPROVED:

s/ Matthew Podolsky
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Task Force



s/ Katherine Reilly
Katherine Reilly, Dina McLeod
Chiefs, Complex Frauds and Cybercrime
Unit

I have read this letter agreement and carefully reviewed every part of it with outside counsel for CQC. I understand the terms of this letter agreement and, on behalf of CQC, voluntarily agree and consent to the facts and conditions set forth herein.

Date: September 25th, 2024

By: 
Jules Kortenhorst
Chief Executive Officer