DISTRICT ATTORNEY
OF THE
COUNTY OF NEW YORK
ONE HOGAN PLACE
New York, N. Y. 10013
(212) 335-9000

CYRUS R. VANCE, JR.
DISTRICT ATTORNEY

PLEA AND COOPERATION AGREEMENT

1. This is the plea and cooperation agreement (this "Agreement") between the District Attorney of the County of New York (the "District Attorney") and Francis J. Canellas (the "Defendant"). This Agreement constitutes the entire agreement between the Defendant and the District Attorney. There are no promises, agreements, or conditions, express or implied, other than those set forth in this document. The District Attorney and the Defendant, with the advice of his attorney, agree as follows:

2. The Defendant's cooperation shall be as set forth in this paragraph. Failure to comply with this paragraph in any respect shall be a violation of this Agreement.

a. The Defendant shall fully, fairly and truthfully disclose all information concerning any criminal conduct whatsoever about which he has any knowledge or information and shall upon request of the District Attorney and subject only to legal and ethical prohibitions produce all records and other evidence in his actual or constructive possession.

b. [redacted]

c. The Defendant shall commit no crimes or violations, with the sole exception of criminal activity and the planning of criminal activity, if any, directly related and necessary to further the ongoing investigations in 2(f) below pursuant to this Agreement. Any such criminal activity shall be engaged in only with specific advance notice to and approval by the District Attorney's Office (this "Office").

d. The Defendant shall not jeopardize the safety of any investigator or the confidentiality of any investigation.

e. Whenever required by law, or whenever requested to do so by the District Attorney, the Defendant shall meet or communicate with representatives of the District Attorney and shall appear in court, before any Grand Jury, or at any other proceeding.

f. The Defendant shall actively participate in ongoing investigations by the District Attorney. Active participation shall be as the District Attorney directs and only as the District Attorney directs. Active participation may include, but is not limited to, researching or engaging in transactions, attending meetings, making telephone calls, and recording, or consenting to the recording of transactions, meetings, and telephone calls.

g. Upon request by the District Attorney at any time, the Defendant shall provide accurate and complete written disclosure of his financial condition, including disclosure of all assets, liabilities, sources of income, and expenses. The District Attorney may direct that such disclosure be sworn to and made on a form required by the District Attorney. Any knowingly false statements made in this disclosure shall constitute a material breach of this Agreement and may expose the Defendant to additional criminal prosecution.

h. As a specific condition of this Agreement, the Defendant agrees never to seek licensure as a public accountant.

i. As a specific condition of this Agreement, the Defendant agrees to resign his employment, or permanently terminate any consulting relationship he has, with the Dewey & LeBoeuf Liquidation Trust the next business day following his plea of guilty pursuant to this Agreement.

3. [redacted]

4. Upon the Court's approval of this Agreement, the Defendant will plead guilty as set forth in paragraph 5 below. At the time of the plea, the Defendant will withdraw all pending motions, and will waive all defenses and all rights of appeal. The Defendant acknowledges that such a waiver of the right to appeal does not occur automatically upon acceptance of his plea of guilty, but that this Agreement requires such a waiver. He will also waive any claims or protections concerning speedy trial, speedy sentence or venue.

5. The Defendant agrees to plead guilty under the Indictment to: Grand Larceny in the Second Degree, a Class "C" felony, in violation of Penal Law §155.40(1). This plea covers the conduct described in Appendix A, and no other charges will be brought relating to the conduct described therein. It is understood by the Defendant that in addition to any monetary penalties the Court could impose, the potential maximum sentence he could receive upon this plea of guilty is an indeterminate period of

incarceration of five to fifteen years and the potential minimum sentence he could receive is an unconditional discharge.

a. The Defendant will allocute under oath to the facts that are set forth in Appendix A.

6. If the Defendant fully complies with this Agreement, as determined solely by the District Attorney, the District Attorney will inform the Court of the nature, extent, and value of the Defendant's cooperation and will make a sentencing recommendation to the Court. The recommendation will be an indeterminate period of incarceration of two to six years. The Defendant understands that the Court has the authority to impose any lawful sentence, including a sentence of incarceration within the legal limits set forth above, pursuant to his guilty plea.

7. If the Defendant violates this Agreement in any respect, as determined solely by the District Attorney, the Defendant will not be permitted to have his guilty plea withdrawn or vacated and:

a. The District Attorney shall make the facts known to the sentencing court and may request that the Court impose any lawful sentence, which may include the maximum sentence permitted of five to fifteen years imprisonment.

b. Should the Defendant not appear in court as directed, or should the Defendant voluntarily absent himself from court, the District Attorney may request sentence be imposed in the Defendant's absence. The Defendant understands that in such circumstance he waives his right to be present and the Court has the authority to impose any lawful sentence.

c. The District Attorney may prosecute the Defendant for any additional crimes that he has committed, as authorized by law, that are not covered by the guilty plea contemplated in paragraph 5 of this Agreement.

d. As to any prosecution brought by the District Attorney pursuant to this paragraph, the Defendant waives any claim that any statement he has made, or any testimony he has given, in the course of his cooperation with the District Attorney is inadmissible against him, or that any property that the District Attorney has obtained from the Defendant, including that secured by execution of search warrant, is inadmissible against him.

e. As to any prosecution brought by the District Attorney pursuant to this paragraph for any offense committed within five (5) years prior to the date of this Agreement, or for any offense committed on or after the date of this Agreement, the Defendant waives any claim that such prosecution is time-barred either on grounds of speedy trial, speedy arraignment, or statute of limitations protections.

f. The Defendant understands that all information and testimony provided by him must be complete, accurate and truthful. The Defendant understands and acknowledges that examples of conduct that would constitute violations of this Agreement include (but are not limited to): lying about or withholding his knowledge of any matter, whether criminal or otherwise; misrepresenting the source of such knowledge; minimizing, omitting, or exaggerating the involvement of himself or any third party in any criminal or unlawful activities; failing to provide any documents requested by this Office; failing to testify truthfully at any proceeding as required by this Office; committing any new crimes; and failing to fulfill any other of the requirements of this Agreement.

8. The Defendant consents to any and all adjournments of his sentencing and any other proceedings under the Indictment as may be requested by the District Attorney for the purpose of continuing the Defendant's cooperation pursuant to this Agreement. If necessary to facilitate the Defendant's cooperation, the plea described in paragraph 5 above may be postponed or the entry of the plea may be postponed, and the Defendant consents to all adjournments for the purposes of such postponements.

9. This Office agrees to make all reasonable and necessary efforts to ensure the safety of the Defendant during the pendency of this Agreement. The determination as to what is reasonable and necessary to ensure his safety shall be solely in the discretion of this Office.

10. Notwithstanding any other provision contained in this Agreement, nothing shall bar this Office from prosecuting the Defendant for perjury and contempt if he fails to testify truthfully in any Grand Jury proceeding, pretrial hearing, trial, or other proceeding.

11. The District Attorney shall not be deemed, by any act, statement, or omission, to have waived any violation of this Agreement unless such waiver is put into writing and signed by both parties.

12. The Defendant asserts that he is a United States citizen. The Defendant acknowledges that were he not a citizen of the United States, his plea of guilty would subject him to a risk that adverse consequences might be imposed upon him by the United States immigration authorities, including but not limited to removal from the United States, exclusion from admission to the United States, and/or denial of naturalization.

13. This Agreement is limited to the New York County District Attorney and cannot bind other government agencies. However, the District Attorney will bring the cooperation of the Defendant to the attention of other government agencies or regulatory bodies if so requested by the Defendant.

14. This Agreement is subject to the approval of the Court and goes into effect at the time of Defendant's plea of guilty. This Agreement embodies the entire agreement between the parties and cannot be modified except in a writing signed by all parties to this Agreement.

Dated: New York, New York
February 13, 2014

Francis J. Canellas
The Defendant

Brian E. Maas, Esq.
Attorney for the Defendant

Peirce R. Moser
Assistant District Attorney

Steve Pilnyak
Assistant District Attorney

Appendix A
To the Plea and Cooperation Agreement Between the District Attorney of the County of New York and Francis J. Canellas

I received a bachelor's degree in accounting from Pace University in 2001. I passed all four sections of the CPA exam, but I have not completed the public accounting requirement to be licensed as a CPA. I began working for LeBoeuf Lamb Greene and MacRae LLP as an intern in the accounting department in or around 2000 and was hired permanently after finishing college. I received several promotions over time and eventually became the Accounting Manager at LeBoeuf Lamb. I worked on the merger between LeBoeuf Lamb and Dewey Ballantine LLP, and I was promoted to Director of Finance of Dewey & LeBoeuf following the merger and remained in that position throughout the existence of Dewey & LeBoeuf. While I was Director of Finance, I reported to Joel Sanders, the firm's Chief Financial Officer, until he left the firm in 2012. After Dewey & LeBoeuf declared bankruptcy, I worked for the wind down committee and now do work for the bankruptcy trustee of the Dewey & LeBoeuf Liquidation Trust. As Director of Finance, several individuals reported directly to me at various times including, among others, Tom Mullikin, the firm's Controller, Victoria Harrington, the firm's Accounting Manager, and David Rodriguez, the firm's Partner Relations Specialist.

I typically interacted with Sanders on a daily basis. I interacted with Steve DiCarmine, the firm's Executive Director, frequently during the merger process. After the merger, I initially did not routinely interact with DiCarmine or Steve Davis, the firm's Chairman. Over time, they seemed to become more comfortable with me, and I interacted with them more frequently.

Dewey & LeBoeuf's first full year was 2008. Firm management had set unrealistic income expectations, and the results during the year made clear the firm would not achieve its internal projections. After the financial crisis hit, the outlook became even more bleak. In the Fall of 2008, it became clear that the firm might not comply with the cash flow covenant contained in its various credit agreements. By the last week in December, it became clear that we would not meet the covenant, and Sanders told me, in substance and among other things, that DiCarmine and Davis said we had to meet the covenants. Sanders and I began discussing accounting adjustments that could be made to help us meet the covenant. Based on the recommendations Sanders was making, it became clear to me the decision had been made to make inappropriate adjustments in order to meet the covenant. We considered and decided which appropriate and inappropriate accounting adjustments to make. During these discussions, Sanders and I considered how likely the various

adjustments were to be caught by auditors and others. Sanders told me, in substance, that I had to be prepared with excuses to give the auditors if the adjustments were questioned, so that the firm could get through the audit. For example, I recall that with disbursement write off reversals, Sanders instructed me, in substance, that if the reversals were questioned, I was to tell the auditors that we were attempting to collect those amounts. Both Sanders and I knew that was untrue. We also discussed plausible rationales for the adjustments, where plausible rationales were available, and what we'd say if partners and others questioned the adjustments. I remember that at least one of these conversations took place in Zach Warren's office, in Warren's presence. We had a flipchart in the office, and Sanders and I wrote down the adjustments we thought of. I later transferred these adjustments to an Excel spreadsheet that I reviewed with Sanders.

After the list of adjustments was complete, it was my job to implement them. The adjustments were primarily made by Mullikin or others in the accounting department and Dianne Cascino, who was in charge of, among other things, diaries and cash application. Ilya Alter, the firm's Director of Budgeting and Planning, was also involved because several of the adjustments impacted the firm's 2009 budget. As time went on, Alter and Mullikin also helped come up with potential inappropriate adjustments. In early 2009, Sanders would contact me frequently, sometimes several times a day, to inquire about the status of the adjustments and how much closer the firm was to meeting the net income required for covenant compliance. I also recall on one occasion that Sanders and DiCarmine were leaving the firm for dinner and stopped by my office to check on the status of the adjustments. I believe this occurred in early 2009. We all knew that adjustments were being made to deceive our lenders and others into believing that the firm had met all of its covenants, when in fact it had not.

Several different types of false adjustments were made for year-end 2008. A number of the adjustments involved reversing amounts that had appropriately been expensed and booking them to the balance sheet. Additionally, amounts were inappropriately taken into revenue. Certain expenses were reclassified as partner compensation, which was inconsistent with how the amounts had been treated the prior year, which was the first year Dewey & LeBoeuf reported its financial statements on an income tax basis. All of these adjustments were made in an effort to increase net income, without regard to the appropriate treatment. Sanders, Mullikin, Alter and I also agreed not to expense certain amounts that we knew appropriately should have been expensed. I helped prepare and signed the firm's 2008 year-end covenant compliance certificate or authorized it to be stamped with my signature. I knew at the time that the certificate and the financial statements included with it were intentionally false. I knew that the firm's unaudited, and eventually audited, financial statements were false and were being provided to the firm's lenders, to leasing companies with whom the firm did business, and to others.

I participated with others in efforts to keep the firm's auditors, Ernst & Young, from discovering the adjustments that had been made to the firm's accounting records, by making false or misleading statements, providing false or misleading information, or by failing to disclose information that I knew should be disclosed to the auditors. For example, I suggested booking an amount that should have been expensed to a client receivable account, to make it less likely to be discovered by the auditors. I also intentionally failed to disclose that the firm had adopted several different accounting treatments in order to increase its net income, even though I believed such disclosures should have been made. I engaged in similar conduct for the firm's 2009 and 2010 audits. I signed the firm's management representations letters for the 2008 through 2010 audits, even though I knew they contained representations I knew to be false. I knew that Ernst & Young would rely on these letters in issuing its audit opinions for the Dewey & LeBoeuf audits.

The Ernst & Young audit partner on the 2009 and 2010 audits, Denise Pelli, met with Steve Davis at the end of the 2010 audit cycle. I attended this meeting with Sanders. I recall that Steve Davis was very nervous before the meeting, and I understood he was nervous because of the inappropriate accounting adjustments that had been made. During the meeting, Pelli told Davis, in substance, that the firm's accounting records were in good shape. After the meeting, Davis, in a very sarcastic tone, told Sanders, in substance, that he was doing a great job and the firm's books were in great shape.

Dewey & LeBoeuf failed to meet its financial targets again in 2009. For 2009, it was clear that even by making adjustments to its books, the firm would fail to meet its cash flow covenant. Sanders, others, and I were also concerned that the firm would fail to meet its distribution covenant. Sanders sought an amendment, with my assistance, to the cash flow covenant, but we had to make adjustments similar to those made in 2008 even to meet the reduced covenant. Sanders told me, in substance, that it was not an option to miss the covenants, especially because one had already been amended, and we had to make enough adjustments to meet the covenants. At various times throughout the life of the scheme, I would show Sanders adjustments that were planned, and he would tell me I needed to find more to meet the covenants. I do not recall the dates that this happened, but it happened on multiple occasions. Sanders and I decided to reclassify certain partner compensation as a return of capital, in order to satisfy the distribution covenant. I directed David Rodriguez to make these adjustments. In order to increase net income, I instructed Mullikin and Cascino to make many of the same sorts of adjustments that had been made for year-end 2008. Sanders and I planned and implemented additional adjustments to increase net income. For example, Sanders received a partner capital check in late December 2009 and instructed me to have it booked to revenue. I instructed Cascino to apply the funds to a client invoice. Additionally, Sanders and DiCarmine instructed me to book revenue to a client, even though we did not have authority to move money from the client's escrow account,

and I decided to treat it as a wire in transit on the firm's bank reconciliation. I understood from conversations with Sanders that both DiCarmine and Davis were aware of inappropriate adjustments that were being made at year-end 2009. I again signed the firm's covenant compliance certificate for year-end 2009, or authorized it to be stamped with my signature, knowing that it contained intentionally false information.

In late 2009, I knew that the firm would miss at least its cash flow covenant, and I was concerned that the banks might call the firm's debt. I knew that the firm would again miss its internal compensation targets, and I knew that improper adjustments were being made to the firm's accounting records. I believed that the firm was very unstable. I told Sanders, in substance, that I was worried about my job security, the firm's finances, and its ultimate survival. Sanders, in substance, told me that it would be worthless to get a compensation agreement with the firm because the agreement would only have value if the firm would honor it. Sanders told me, in substance, that he was going to try to get letters of credit for DiCarmine, himself and me from the firm. Davis approved my agreement with the firm, and I obtained a letter of credit with the firm in January of 2010.

In April 2010, Dewey & LeBoeuf refinanced its debt by entering into a $100 million line of credit with three banks and by securing $150 million in a private placement with multiple insurance companies. Sanders, Mullikin and I were the main contacts with individuals at JPMorgan, the placement agent on the private placement. Sanders, Mullikin, and I, along with others, provided financial statements and other information to the banks and private placement investors that we knew to be false and intentionally failed to provide information that we knew would be of interest to the banks and investors. Sanders oversaw Mullikin's and my interactions with the banks and investors, including among other things, what information we did and did not provide. I recall a meeting from that time period that Sanders, DiCarmine and I had, in which Sanders questioned whether we should disclose the firm's "overhang" -- millions of dollars that the firm promised to pay partners from future years' income to compensate them for prior years' work. The three of us were concerned that this disclosure would be detrimental to the firm's chances of securing the line of credit and private placement investments. Sanders and DiCarmine decided, and I agreed, that this information should not be disclosed even though we knew information about partner compensation was being disclosed.

The firm again failed to meet its income targets for year-ends 2010 and 2011, and the firm's accounting records were again falsified using many of the same sorts of adjustments that had been made in prior years, along with some additional inappropriate adjustments. I recall that for year-end 2010, the main concern was breaching the firm's distribution covenant, so we sought to increase net income and decrease distributions. Each year-end, I would review potential adjustments with Sanders, who would approve them. Over the years, I instructed Cascino, Mullikin,

Rodriguez, Harrington, and others to make the adjustments. As time passed, Sanders included me in more meetings with DiCarmine and Davis. As a result, DiCarmine and Davis became more comfortable with me. I recall one meeting, I believe it was in late 2011, during which Davis, Sanders, Rodriguez, and I discussed partner distributions. At the end of the meeting, Rodriguez was asked to leave so that Davis, Sanders and I could discuss year-end adjustments. During this follow-on meeting, we discussed inappropriate adjustments.

During 2011, the firm also missed its asset coverage ratio covenant. When this occurred, after discussions with Sanders, in order to make it appear like the firm was in compliance with the covenant, I instructed Cascino and Lourdes Rodriguez, the Director of Billing, to make adjustments I knew were false.