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6 Attorneys for Plaintiff
 7 United States of America

8 UNITED STATES DISTRICT COURT
 9 SOUTHERN DISTRICT OF CALIFORNIA

10 UNITED STATES OF AMERICA,) Case No.
 11)
 Plaintiff,)
 12)
 v.) PLEA AGREEMENT
 13)
 THERESA ERICKSON,)
 14)
 Defendant.)
 15)
 16)

17 IT IS HEREBY AGREED between the plaintiff, UNITED STATES OF
 18 AMERICA, through its counsel, Laura E. Duffy, United States Attorney,
 19 and Jason A. Forge and Michael L. Merriman, Assistant United States
 20 Attorneys, and defendant, THERESA ERICKSON, with the advice and
 21 consent of EZEKIEL E. CORTEZ, counsel for defendant, as follows:

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I

THE PLEA

Defendant agrees to waive Indictment and plead guilty to an Information charging defendant with:

Beginning no later than 2005, and continuing to and including at least on or about May 24, 2011, in the Southern District of California, and elsewhere, defendant, Carla Chambers, and Hilary Neiman did knowingly and intentionally conspire and agree with each other and others to commit the following offense against the United States: Wire Fraud in violation of Title 18, United States Code, Section 1343, that is, devising, intending to devise, and carrying out a material scheme to defraud and to obtain money by means of materially false and fraudulent pretenses and representations, and omissions of material facts, and for the purpose of executing this fraudulent scheme, to knowingly use, and cause to be used, interstate and foreign wire communications.

In addition, defendant agrees to forfeit, and to not contest the Government's efforts to forfeit, all proceeds (including any property acquired with such proceeds) of this and any related criminal conduct.

II

NATURE OF THE OFFENSE

A. ELEMENTS EXPLAINED

Conspiracy to Commit Wire Fraud

1. There was an agreement between two or more persons to commit wire fraud;
2. The defendant became a member of the conspiracy knowing of its object and intending to help accomplish it; and

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1 3. One of the members of conspiracy performed at least one
2 overt act for the purpose of carrying out the conspiracy.

3 Wire Fraud

4 1. The defendant or a co-schemer made up a scheme or plan for
5 obtaining money or property by making false promises or statements or
6 concealing material facts;

7 2. The defendant knew that material facts were being concealed;

8 3. The facts were material, that is they would reasonably
9 influence a person's decision on whether to part with money or
10 property;

11 4. The defendant acted with the intent to defraud; and

12 5. The defendant or a co-schemer used, or caused to be used,
13 interstate wire communications to carry out or attempt to carry out
14 an essential part of the scheme.

15 B. ELEMENTS UNDERSTOOD AND ADMITTED - FACTUAL BASIS

16 Defendant has fully discussed the facts of this case with defense
17 counsel. Defendant has committed each of the elements of the crime,
18 and admits that there is a factual basis for this guilty plea. The
19 following facts are true and undisputed:

20 Beginning no later than 2005 and continuing into March 2011,
21 defendant and Carla Chambers (later joined by Hilary Neiman) devised
22 a scheme to circumvent the State of California's prohibition on sales
23 parental rights to children. Despite knowing that a legitimate
24 surrogacy arrangement requires an agreement between intended parents
25 ("IPs") and gestational carriers ("GCs") prior to any embryonic
26 transfer, defendant and her coconspirators repeatedly arranged for GCs
27 (including Chambers herself) to receive embryonic transfers without
28 any identified and committed IPs. In essence, women were solicited


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1 to travel overseas to become implanted with embryos in order to create
2 a steady flow of newborns with the promise that they would be
3 compensated for between \$38,000 to \$45,000. Prior to their travel,
4 defendant and others provided the women with fertility drugs obtained
5 from foreign countries.

6 If the GCs sustained their pregnancies into the second trimester,
7 Chambers and others would begin soliciting prospective parents to
8 essentially buy the unborn babies. Defendant and others deceived the
9 prospective parents by representing to them that the unborn babies
10 were the result of legitimate surrogacy arrangements, but the original
11 IPs backed out of the arrangement. They also misrepresented the
12 identities of the sperm and egg donors. They offered the prospective
13 parent(s) the opportunity to "assume" the non-existent surrogacy
14 agreement for a fee of more than \$100,000.

15 In executing this scheme, Defendant and others typically used the
16 internet, including surrogacy blogs and email, to recruit, solicit,
17 and communicate with GCs and IPs. Most of the GCs and IPs resided
18 outside the state of California.

19 One of the most critical aspects of the scheme involved
20 defendant's use of false declarations and pleadings to obtain from the
21 San Diego Superior Court pre-birth judgments establishing parental
22 rights in the IPs. In essence, defendant would prepare and file with
23 the court declarations and pleadings that falsely represented that the
24 unborn babies who were the subjects of the pre-birth judgments were
25 the product of a legitimate surrogacy arrangement, that is, one that
26 involved an agreement between the IPs and the GCs prior to embryonic
27 transfer. With these fraudulently obtained pre-birth orders, the IPs
28 names would be placed on the babies' birth certificates and defendant

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1 and her coconspirators would be able to profit from their sale of
2 parental rights.

3 In addition, defendant repeatedly submitted to the State of
4 California's Access for Infants & Mothers insurance program falsified
5 applications in order to maximize the scheme's profits by fraudulently
6 obtaining AIM insurance for the GCs, who were ineligible to receive
7 such coverage. This aspect of the scheme caused over \$20,000 in
8 losses to the AIM program.

9 Over the years, defendant profited approximately \$70,000 through
10 this scheme.

11 **III**


12 **PENALTIES**

13 Defendant understands that the crime to which defendant is
14 pleading guilty carries the following penalties:

- 15 A. a maximum 5 years in prison;
16 B. a maximum \$250,000 fine;
17 C. a mandatory special assessment of \$100 per count; and
18 D. a term of supervised release of no more than 3 years.

19 Defendant understands that failure to comply with any of
20 the conditions of supervised release may result in
21 revocation of supervised release, requiring defendant to
22 serve in prison all or part of the term of supervised
23 release.

- 24 E. an order from the Court pursuant to 18 U.S.C. § 3663A that
25 defendant make mandatory restitution to the victim(s) of
26 the offense of conviction, or the estate(s) of the
27 victims(s). Defendant understands that the Court shall
28 also order, if agreed to by the parties in this plea

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1 agreement, restitution to persons other than the victim(s)
2 of the offense of conviction.

3 F Forfeiture of all proceeds of the criminal conduct.

4 IV

5 DEFENDANT'S WAIVER OF TRIAL RIGHTS

6 Defendant understands that this guilty plea waives the right to:

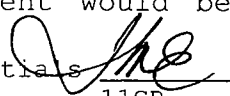
- 7 A. Continue to plead not guilty and require the Government to
8 prove the elements of the crime beyond a reasonable doubt;
- 9 B. A speedy and public trial by jury;
- 10 C. The assistance of counsel at all stages of trial;
- 11 D. Confront and cross-examine adverse witnesses;
- 12 E. Present evidence and to have witnesses testify on behalf of
defendant; and,
- 13 F. Not testify or have any adverse inferences drawn from the
14 failure to testify.
- 15 G. Defendant knowingly and voluntarily waives any rights and
16 defenses defendant may have under the Excessive Fines
17 Clause of the Eighth Amendment to the United States
Constitution to the forfeiture of property in this
proceeding or any related civil proceeding.

18 V

19 DEFENDANT ACKNOWLEDGES NO PRETRIAL RIGHT TO BE
PROVIDED WITH IMPEACHMENT AND AFFIRMATIVE DEFENSE INFORMATION

20 The Government represents that any information establishing the
21 factual innocence of defendant known to the undersigned prosecutor in
22 this case has been turned over to defendant. The Government will
23 continue to provide such information establishing the factual
24 innocence of defendant.

25 Defendant understands that if this case proceeded to trial, the
26 Government would be required to provide impeachment information
27 relating to any informants or other witnesses. In addition, if
28 defendant raised an affirmative defense, the Government would be

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1 required to provide information in its possession that supports such
2 a defense. Defendant acknowledges, however, that by pleading guilty
3 defendant will not be provided this information, if any, and defendant
4 also waives the right to this information. Finally, defendant agrees
5 not to attempt to withdraw the guilty plea or to file a collateral
6 attack based on the existence of this information.

7 VI

8 **DEFENDANT'S REPRESENTATION THAT GUILTY**
9 **PLEA IS KNOWING AND VOLUNTARY**

10 Defendant represents that:

- 11 A. Defendant has had a full opportunity to discuss all the
12 facts and circumstances of this case with defense counsel
13 and has a clear understanding of the charges and the
14 consequences of this plea. Defendant understands that, by
15 pleading guilty, defendant may be giving up and rendered
16 ineligible to receive valuable government benefits and
17 civic rights, such as the right to vote, the right to
18 possess a firearm, the right to hold office, and the right
19 to serve on a jury. Defendant further understands that the
20 conviction in this case may subject defendant to various
21 collateral consequences, including but not limited to
22 deportation, removal or other adverse immigration
23 consequences; revocation of probation, parole, or
24 supervised release in another case; and suspension or
25 revocation of a professional license, none of which will
26 serve as grounds to withdraw defendant's guilty plea.
- 27 B. No one has made any promises or offered any rewards in
28 return for this guilty plea, other than those contained in
this agreement or otherwise disclosed to the Court;
- 29 C. No one has threatened defendant or defendant's family to
induce this guilty plea; and,
- 30 D. Defendant is pleading guilty because in truth and in fact
defendant is guilty and for no other reason.

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VII

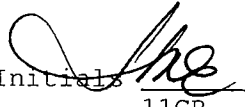
**AGREEMENT LIMITED TO U.S. ATTORNEY'S OFFICE
SOUTHERN DISTRICT OF CALIFORNIA**

This plea agreement is limited to the United States Attorney's Office for the Southern District of California, and cannot bind any other federal, state or local prosecuting, administrative, or regulatory authorities, although the Government will bring this plea agreement to the attention of other authorities if requested by the defendant.

VIII

APPLICABILITY OF SENTENCING GUIDELINES

Defendant understands the sentence imposed will be based on the factors set forth in 18 U.S.C. § 3553(a). Defendant understands further that 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 defense counsel and understands that the Guidelines are only advisory, not mandatory, and 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. Defendant understands further that the sentence cannot be determined until a presentence report has been prepared by the U.S. Probation Office and defense counsel and the Government have had an opportunity to review and challenge the presentence report. Nothing in this plea agreement shall be construed as limiting the Government's duty to provide complete and accurate facts to the district court and the U.S. Probation Office.

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IX

SENTENCE IS WITHIN SOLE DISCRETION OF JUDGE

This plea agreement is made pursuant to Federal Rule of Criminal Procedure 11(c)(1)(B). Defendant understands that the sentence is within the sole discretion of the sentencing judge. The Government has not made and will not make any representation as to what sentence defendant will receive. Defendant understands that the sentencing judge may impose the maximum sentence provided by statute, and is also aware that any estimate of the probable sentence by defense counsel is a prediction, not a promise, and is not binding on the Court. Likewise, the recommendation made by the Government is not binding on the Court, and it is uncertain at this time what defendant's sentence will be. Defendant also has been advised and understands that if the sentencing judge does not follow any of the parties' sentencing recommendations, defendant nevertheless has no right to withdraw the plea.


X

PARTIES' SENTENCING RECOMMENDATIONS

A. SENTENCING GUIDELINE CALCULATIONS

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

1. Base Offense Level [§§ 2B1.1(a)(1)]	7
2. Amount of Gain [§ 2B1.1(b)(1)(D)]	+6
3. Acceptance of Responsibility [§ 3E1.1]	<u>-2</u>
Total Offense Level	11

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1 The parties agree that if defendant is determined to be a career
2 offender pursuant to USSG § 4B1.1(a), the applicable base offense
3 level shall be determined pursuant to USSG § 4B1.1(b). Furthermore,
4 the defendant will be ineligible for any role reduction.


5 B. ACCEPTANCE OF RESPONSIBILITY

6 Notwithstanding paragraph A.3 above, the Government will not be
7 obligated to recommend any adjustment for Acceptance of Responsibility
8 if defendant engages in conduct inconsistent with acceptance of
9 responsibility including, but not limited to, the following:

- 10 1. Fails to truthfully admit a complete factual basis as
11 stated in the plea at the time the plea is entered, or
12 falsely denies, or makes a statement inconsistent
13 with, the factual basis set forth in this agreement,
- 14 2. Falsely denies prior criminal conduct or convictions,
- 15 3. Is untruthful with the Government, the Court or
16 probation officer, or
- 17 4. Materially breaches this plea agreement in any way.
- 18 5. Contests or assists any third party in contesting the
19 forfeiture of property(ies) seized in connection with
20 this case, and any property(ies) to which the
21 defendant has agreed to forfeit as set forth in the
22 attached forfeiture addendum.

23 C. FURTHER ADJUSTMENTS AND SENTENCE REDUCTIONS INCLUDING THOSE
24 UNDER 18 U.S.C. § 3553

25 The parties agree that defendant may request or recommend
26 additional downward adjustments, departures, including criminal
27 history departures under USSG § 4A1.3, or sentence reductions under
28 18 U.S.C. § 3553. The Government will oppose any such downward

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1 adjustments, departures and sentence reductions not set forth in
2 Section X, paragraph A above.

3 D. NO AGREEMENT AS TO CRIMINAL HISTORY CATEGORY

4 The parties have **no** agreement as to defendant's Criminal History
5 Category.

6 E. "FACTUAL BASIS" AND "RELEVANT CONDUCT" INFORMATION

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

11 F. PARTIES' RECOMMENDATIONS REGARDING CUSTODY

12 The parties agree that the Government will recommend that
13 defendant be sentenced to the high end of the advisory guideline range
14 as calculated by the Government pursuant to this agreement, including
15 a recommendation for home detention as a substitute for imprisonment,
16 to the extent such a recommendation is consistent with the Sentencing
17 Guidelines.

18 G. STIPULATION TO REMOVAL

19 If defendant is not a United States citizen or national, either
20 before or immediately following sentencing, defendant agrees to an
21 order of removal from the United States entered by Executive Office
22 for Immigration Review or authorized Department of Homeland Security
23 official. Defendant understands that defendant will not be removed
24 until defendant has served any criminal sentence imposed in this or
25 any other case. Defendant further waives any right to appeal, reopen
26 or challenge the removal order, in this or any subsequent case,
27 administrative, civil or criminal.

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1 H. SPECIAL ASSESSMENT/FINE/RESTITUTION/FORFEITURE

2 1. Special Assessment.

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

9 The Government will move at time of sentencing to remit the
10 special assessment that would otherwise be imposed by the Court.

11 2. Fine.

12 The parties will jointly recommend that defendant pay a fine in
13 the amount of \$70,000.

14 The fine shall be paid through the Office of the Clerk of the
15 District Court by bank or cashier's check or money order made payable
16 to the "Clerk, United States District Court."

17 3. Restitution.

18 Defendant agrees that the amount of restitution ordered by the
19 Court shall include defendant's total offense conduct, and is not
20 limited to the count(s) of conviction. Defendant agrees that, at a
21 minimum, the amount of restitution for each of the 12 IP couples the
22 Government has identified to defendant shall be \$10,000, and that
23 defendant shall pay the restitution owed to the IPs no later than 180
24 days after being sentenced by the court. **The parties agree that any**
25 **failure to pay restitution to an IP within the allotted 180 days will**
26 **constitute a material breach of this plea agreement.** Defendant agrees
27 and understands that any payment schedule imposed by the Court is
28 without prejudice to the United States to take all actions and take

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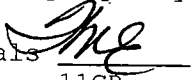
1 all remedies available to it to collect the full amount of the
2 restitution and it will not affect the preceding provisions concerning
3 payment to IPs.

4 Defendant agrees that the restitution, restitution judgment,
5 payment provisions, and collection actions of this plea agreement are
6 intended to, and will, survive defendant, notwithstanding the
7 abatement of any underlying criminal conviction after the execution
8 of this agreement. Defendant further agrees that any restitution
9 collected and/or distributed will survive him, notwithstanding the
10 abatement of any underlying criminal conviction after execution of
11 this agreement.

12 The restitution described above shall be paid through the Office
13 of the Clerk of the District Court by bank or cashier's check or money
14 order made payable to the "Clerk, United States District Court."

15 Defendant agrees that, before sentencing, defendant shall provide
16 to the United States, under penalty of perjury, a financial disclosure
17 form listing all defendant's assets and financial interests valued at
18 more than \$1,000. Defendant understands that these assets and
19 financial interests include all assets and financial interests in
20 which defendant has an interest (or had an interest prior to March 23,
21 2011), direct or indirect, whether held in defendant's own name or in
22 the name of another, in any property, real or personal. Defendant
23 shall also identify all assets valued at more than \$5,000 which have
24 been transferred to third parties since January 1, 2011, including the
25 location of the assets and the identity of the third party(ies).

26 The parties will jointly recommend that as a condition of
27 probation or supervised release, defendant will notify the Collections
28 Unit, United States Attorney's Office, of any interest in property

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1 obtained, directly or indirectly, including any interest obtained
2 under any other name, or entity, including a trust, partnership or
3 corporation after the execution of this plea agreement until the fine
4 or restitution is paid in full.

5 The parties will also jointly recommend that as a condition of
6 probation or supervised release, defendant will notify the Collections
7 Unit, United States Attorney's Office, before defendant transfers any
8 interest in property owned directly or indirectly by defendant,
9 including any interest held or owned under any other name or entity,
10 including trusts, partnerships and/or corporations.

11 I. SUPERVISED RELEASE

12 If the Court imposes a term of supervised release, defendant
13 agrees that he will not later seek to reduce or terminate early the
14 term of supervised release until she has served at least 2/3 of his
15 term of supervised release.

16 XI

17 DEFENDANT WAIVES APPEAL AND COLLATERAL ATTACK

18 In exchange for the Government's concessions in this plea
19 agreement, defendant waives, to the full extent of the law, any right
20 to appeal or to collaterally attack the conviction and any lawful
21 restitution order, except a post-conviction collateral attack based
22 on a claim of ineffective assistance of counsel. The defendant also
23 waives, to the full extent of the law, any right to appeal or to
24 collaterally attack his sentence, except a post-conviction collateral
25 attack based on a claim of ineffective assistance of counsel, unless
26 the Court imposes a custodial sentence above the high end of the
27 guideline range recommended by the Government pursuant to this
28 agreement at the time of sentencing. If the custodial sentence is
greater than the high end of that range, defendant may appeal, but the



1 Government will be free to support on appeal the sentence actually
2 imposed. If defendant believes the Government's recommendation is not
3 in accord with this plea agreement, defendant will object at the time
4 of sentencing; otherwise the objection will be deemed waived.

5 If at any time defendant files a notice of appeal, appeals or
6 collaterally attacks the conviction or sentence in violation of this
7 plea agreement, said violation shall be a material breach of this
8 agreement as further defined below.


9 **XII**

10 **BREACH OF THE PLEA AGREEMENT**

11 Defendant acknowledges, understands and agrees that if defendant
12 violates or fails to perform any of defendant's obligations under this
13 agreement, such violation or failure to perform may constitute a
14 material breach of this agreement.

15 Defendant acknowledges, understands and agrees further that the
16 following non-exhaustive list of conduct by defendant unquestionably
17 constitutes a material breach of this plea agreement:

- 18 1. Failing to plead guilty pursuant to this agreement,
- 19 2. Failing to fully accept responsibility as established
20 in Section X, paragraph B, above,
- 21 3. Failing to appear in court,
- 22 4. Attempting to withdraw the plea,
- 23 5. Failing to abide by any lawful court order related to
24 this case,
- 25 6. Appealing or collaterally attacking the sentence or
26 conviction in violation of Section XI of this plea
27 agreement, or

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1 7. Engaging in additional criminal conduct from the time
2 of arrest until the time of sentencing.

3 In the event of defendant's material breach of this plea
4 agreement, defendant will not be able to enforce any of its
5 provisions, and the Government will be relieved of all its obligations
6 under this plea agreement. For example, the Government may pursue any
7 charges including those that were dismissed, promised to be dismissed,
8 or not filed as a result of this agreement (defendant agrees that any
9 statute of limitations relating to such charges is tolled as of the
10 date of this agreement; defendant also waives any double jeopardy
11 defense to such charges). In addition, the Government may move to set
12 aside defendant's guilty plea. Defendant may not withdraw the guilty
13 plea based on the Government's pursuit of remedies for defendant's
14 breach.

15 Additionally, in light of defendant's entry into this plea
16 agreement, the Government has agreed to cease any ongoing grand jury
17 investigation of defendant. As such, defendant agrees that in the
18 event of defendant's material breach of this plea agreement: (i) any
19 statements made by defendant, under oath, at the guilty plea hearing
20 (before either a Magistrate Judge or a District Judge); (ii) the
21 stipulated factual basis statement in this agreement; and (iii) any
22 evidence derived from such statements, are admissible against
23 defendant in any prosecution of [or action against] defendant. This
24 includes the prosecution of the charge(s) that is the subject of this
25 plea agreement or any charge(s) that the prosecution agreed to dismiss
26 or not file as part of this agreement, but later pursues because of
27 a material breach by the defendant. Additionally, defendant
28 knowingly, voluntarily, and intelligently waives any argument under

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1 the United States Constitution, any statute, Rule 410 of the Federal
2 Rules of Evidence, Rule 11(f) of the Federal Rules of Criminal
3 Procedure, and/or any other federal rule, that the statements or any
4 evidence derived from any statements should be suppressed or are
5 inadmissible.

6 **XIII**

7 **ENTIRE AGREEMENT**

8 This plea agreement embodies the entire agreement between the
9 parties and supersedes any other agreement, written or oral.

10 **XIV**

11 **MODIFICATION OF AGREEMENT MUST BE IN WRITING**


12 No modification of this plea agreement shall be effective
13 unless in writing signed by all parties.

14 **XV**

15 **DEFENDANT AND COUNSEL FULLY UNDERSTAND AGREEMENT**

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

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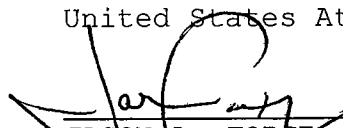
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XVI

DEFENDANT SATISFIED WITH COUNSEL

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

LAURA E. DUFFY
United States Attorney



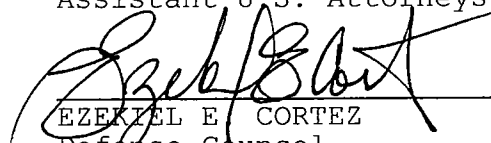
JASON A. FORSE
MICHAEL L. MERRIMAN
Assistant U. S. Attorneys

6.23.11

DATED

06/22/2011

DATED




EZEKIEL E. CORTEZ
Defense Counsel

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

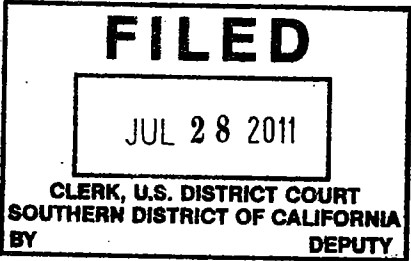
06/22/2011

DATED



THERESA ERICKSON
Defendant

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1 LAURA E. DUFFY
United States Attorney
2 JASON A. FORGE
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3 Assistant U.S. Attorneys
California State Bar No. 181542/234663
4 Federal Office Building
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5 San Diego, California 92101-8893
Telephone: (619) 557-7463

6 Attorneys for Plaintiff
7 United States of America

8 UNITED STATES DISTRICT COURT
9 SOUTHERN DISTRICT OF CALIFORNIA

10 UNITED STATES OF AMERICA,) Case No. 11CR3247-AJB
11)
Plaintiff,)
12)
v.) PLEA AGREEMENT
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HILARY NEIMAN,)
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17 IT IS HEREBY AGREED between the plaintiff, UNITED STATES OF
18 AMERICA, through its counsel, Laura E. Duffy, United States Attorney,
19 and Jason A. Forge and Michael L. Merriman, Assistant United States
20 Attorneys, and defendant, HILARY NEIMAN, with the advice and consent
21 of Gregory A. Vega and Joseph McMullen, counsel for defendant, as
22 follows:

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THE PLEA

Defendant agrees to waive Indictment and plead guilty to an Information charging defendant with:

Beginning no later than 2008, and continuing to and including at least on or about March 4, 2011, in the Southern District of California, and elsewhere, defendant, Theresa Erickson, and Carla Chambers did knowingly and intentionally conspire and agree with each other and others to commit the following offense against the United States: Wire Fraud in violation of Title 18, United States Code, Section 1343, that is, devising, intending to devise, and carrying out a material scheme to defraud and to obtain money by means of materially false and fraudulent pretenses and representations, and omissions of material facts, and for the purpose of executing this fraudulent scheme, to knowingly use, and cause to be used, interstate and foreign wire communications.

In addition, defendant agrees to forfeit, and to not contest the Government's efforts to forfeit, all proceeds (including any property acquired with such proceeds) of this and any related criminal conduct.

II

NATURE OF THE OFFENSE

A. ELEMENTS EXPLAINED

Conspiracy to Commit Wire Fraud

1. There was an agreement between two or more persons to commit wire fraud;
2. The defendant became a member of the conspiracy knowing of its object and intending to help accomplish it; and

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1 3. One of the members of conspiracy performed at least one
2 overt act for the purpose of carrying out the conspiracy.

3 Wire Fraud

4 1. The defendant or a co-schemer made up a scheme or plan for
5 obtaining money or property by making false promises or statements or
6 concealing material facts;

7 2. The defendant knew that material facts were being concealed;

8 3. The facts were material, that is they would reasonably
9 influence a person's decision on whether to part with money or
10 property;

11 4. The defendant acted with the intent to defraud; and

12 5. The defendant or a co-schemer used, or caused to be used,
13 interstate wire communications to carry out or attempt to carry out
14 an essential part of the scheme.

15 B. ELEMENTS UNDERSTOOD AND ADMITTED - FACTUAL BASIS

16 Defendant has fully discussed the facts of this case with defense
17 counsel. Defendant has committed each of the elements of the crime,
18 and admits that there is a factual basis for this guilty plea. The
19 following facts are true and undisputed:

20 Beginning no later than 2008 and continuing into March 2011,
21 Defendant, Carla Chambers and Theresa Erickson carried out a scheme
22 to circumvent the State of California's prohibition on sales parental
23 rights to children (Chambers and Erickson first implemented the scheme
24 no later than 2005, with Defendant joining the conspiracy in 2008).
25 Despite knowing that a legitimate surrogacy arrangement requires an
26 agreement between intended parents ("IPs") and gestational carriers
27 ("GCs") prior to any embryonic transfer, defendant and her
28 coconspirators repeatedly arranged for GCs (including Chambers

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1 herself) to receive embryonic transfers without any identified and
2 committed IPs. In essence, women were solicited to travel overseas
3 to become implanted with embryos in order to create a steady flow of
4 newborns with the promise that they would be compensated for between
5 \$38,000 to \$45,000. Prior to their travel, defendant and others
6 provided the women with fertility drugs obtained from foreign
7 countries.

8 If the GCs sustained their pregnancies into the second trimester,
9 Defendant, Chambers and others would begin soliciting prospective
10 parents to essentially buy the unborn babies. Defendant and others
11 deceived the prospective parents by representing to them that the
12 unborn babies were the result of legitimate surrogacy arrangements,
13 but the original IPs backed out of the arrangement. Defendant and
14 others offered the prospective parent(s) the opportunity to "assume"
15 the non-existent surrogacy agreement for a fee of more than \$100,000.
16 As part of the deception, Defendant drafted "Assumption Agreements"
17 between the prospective parents and fictitious IPs. Defendant and
18 others also misrepresented the identities of the sperm and egg donors.

19 In executing this scheme, Defendant and others typically used the
20 internet, including surrogacy blogs and email, to recruit, solicit,
21 and communicate with GCs and IPs. Most of the GCs and IPs resided
22 outside the state of California.

23 One of the most critical aspects of the scheme involved
24 Erickson's use of false declarations and pleadings to obtain from the
25 San Diego Superior Court pre-birth judgments establishing parental
26 rights in the IPs. In essence, Erickson would prepare and file with
27 the court declarations and pleadings that falsely represented that the
28 unborn babies who were the subjects of the pre-birth judgments were

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1 the product of a legitimate surrogacy arrangement, that is, one that
2 involved an agreement between the IPs and the GCs prior to embryonic
3 transfer. With these fraudulently obtained pre-birth orders, the IPs'
4 names would be placed on the babies' birth certificates and Defendant
5 and her coconspirators would be able to profit from their sale of
6 parental rights.

7 In addition, others repeatedly submitted to the State of
8 California's Access for Infants & Mothers insurance program falsified
9 applications in order to maximize the scheme's profits by fraudulently
10 obtaining AIM insurance for the GCs, who were ineligible to receive
11 such coverage. This aspect of the scheme caused over \$20,000 in
12 losses to the AIM program.

13 Over the years, defendant profited approximately \$133,000 through
14 this scheme.

15 **III**

16 **PENALTIES**

17 Defendant understands that the crime to which defendant is
18 pleading guilty carries the following penalties:

- 19 A. a maximum 5 years in prison;
20 B. a maximum \$250,000 fine;
21 C. a mandatory special assessment of \$100 per count; and
22 D. a term of supervised release of no more than 3 years.

23 Defendant understands that failure to comply with any of
24 the conditions of supervised release may result in
25 revocation of supervised release, requiring defendant to
26 serve in prison all or part of the term of supervised
27 release.

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- 1 E. an order from the Court pursuant to 18 U.S.C. § 3663A that
2 defendant make mandatory restitution to the victim(s) of
3 the offense of conviction, or the estate(s) of the
4 victims(s). Defendant understands that the Court shall
5 also order, if agreed to by the parties in this plea
6 agreement, restitution to persons other than the victim(s)
7 of the offense of conviction.
- 8 F. Forfeiture of all proceeds of the criminal conduct.

9 IV

10 **DEFENDANT'S WAIVER OF TRIAL RIGHTS**

- 11 Defendant understands that this guilty plea waives the right to:
- 12 A. Continue to plead not guilty and require the Government to
13 prove the elements of the crime beyond a reasonable doubt;
- 14 B. A speedy and public trial by jury;
- 15 C. The assistance of counsel at all stages of trial;
- 16 D. Confront and cross-examine adverse witnesses;
- 17 E. Present evidence and to have witnesses testify on behalf of
18 defendant; and,
- 19 F. Not testify or have any adverse inferences drawn from the
20 failure to testify.
- 21 G. Defendant knowingly and voluntarily waives any rights and
22 defenses defendant may have under the Excessive Fines
23 Clause of the Eighth Amendment to the United States
24 Constitution to the forfeiture of property in this
25 proceeding or any related civil proceeding.

26 V

27 **DEFENDANT ACKNOWLEDGES NO PRETRIAL RIGHT TO BE
28 PROVIDED WITH IMPEACHMENT AND AFFIRMATIVE DEFENSE INFORMATION**

The Government represents that any information establishing the
factual innocence of defendant known to the undersigned prosecutor in
this case has been turned over to defendant. The Government will

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1 continue to provide such information establishing the factual
2 innocence of defendant.

3 Defendant understands that if this case proceeded to trial, the
4 Government would be required to provide impeachment information
5 relating to any informants or other witnesses. In addition, if
6 defendant raised an affirmative defense, the Government would be
7 required to provide information in its possession that supports such
8 a defense. Defendant acknowledges, however, that by pleading guilty
9 defendant will not be provided this information, if any, and defendant
10 also waives the right to this information. Finally, defendant agrees
11 not to attempt to withdraw the guilty plea or to file a collateral
12 attack based on the existence of this information.

13 VI

14 **DEFENDANT'S REPRESENTATION THAT GUILTY**
15 **PLEA IS KNOWING AND VOLUNTARY**

16 Defendant represents that:

- 17 A. Defendant has had a full opportunity to discuss all the
18 facts and circumstances of this case with defense counsel
19 and has a clear understanding of the charges and the
20 consequences of this plea. Defendant understands that, by
21 pleading guilty, defendant may be giving up and rendered
22 ineligible to receive valuable government benefits and
23 civic rights, such as the right to vote, the right to
24 possess a firearm, the right to hold office, and the right
25 to serve on a jury. Defendant further understands that the
26 conviction in this case may subject defendant to various
27 collateral consequences, including but not limited to
28 deportation, removal or other adverse immigration
consequences; revocation of probation, parole, or
supervised release in another case; and suspension or
revocation of a professional license, none of which will
serve as grounds to withdraw defendant's guilty plea.
- B. No one has made any promises or offered any rewards in
return for this guilty plea, other than those contained in
this agreement or otherwise disclosed to the Court;
- C. No one has threatened defendant or defendant's family to
induce this guilty plea; and,

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1 D. Defendant is pleading guilty because in truth and in fact
2 defendant is guilty and for no other reason.

3 **VII**

4 **AGREEMENT LIMITED TO U.S. ATTORNEY'S OFFICE**
5 **SOUTHERN DISTRICT OF CALIFORNIA**

6 This plea agreement is limited to the United States Attorney's
7 Office for the Southern District of California, and cannot bind any
8 other federal, state or local prosecuting, administrative, or
9 regulatory authorities, although the Government will bring this plea
10 agreement to the attention of other authorities if requested by the
11 defendant.

11 **VIII**

12 **APPLICABILITY OF SENTENCING GUIDELINES**

13 Defendant understands the sentence imposed will be based on the
14 factors set forth in 18 U.S.C. § 3553(a). Defendant understands
15 further that in imposing the sentence, the sentencing judge must
16 consult the United States Sentencing Guidelines (Guidelines) and take
17 them into account. Defendant has discussed the Guidelines with
18 defense counsel and understands that the Guidelines are only advisory,
19 not mandatory, and the Court may impose a sentence more severe or less
20 severe than otherwise applicable under the Guidelines, up to the
21 maximum in the statute of conviction. Defendant understands further
22 that the sentence cannot be determined until a presentence report has
23 been prepared by the U.S. Probation Office and defense counsel and the
24 Government have had an opportunity to review and challenge the
25 presentence report. Nothing in this plea agreement shall be construed
26 as limiting the Government's duty to provide complete and accurate
27 facts to the district court and the U.S. Probation Office.

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IX

SENTENCE IS WITHIN SOLE DISCRETION OF JUDGE

This plea agreement is made pursuant to Federal Rule of Criminal Procedure 11(c)(1)(B). Defendant understands that the sentence is within the sole discretion of the sentencing judge. The Government has not made and will not make any representation as to what sentence defendant will receive. Defendant understands that the sentencing judge may impose the maximum sentence provided by statute, and is also aware that any estimate of the probable sentence by defense counsel is a prediction, not a promise, and is not binding on the Court. Likewise, the recommendation made by the Government is not binding on the Court, and it is uncertain at this time what defendant's sentence will be. Defendant also has been advised and understands that if the sentencing judge does not follow any of the parties' sentencing recommendations, defendant nevertheless has no right to withdraw the plea.

X

PARTIES' SENTENCING RECOMMENDATIONS

A. SENTENCING GUIDELINE CALCULATIONS

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

1. Base Offense Level [§§ 2B1.1(a)(1)]	7
2. Amount of Gain [§ 2B1.1(b)(1)(F)]	+10
3. Acceptance of Responsibility [§ 3E1.1]	-3
Total Offense Level	14

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1 The parties agree that if defendant is determined to be a career
2 offender pursuant to USSG § 4B1.1(a), the applicable base offense
3 level shall be determined pursuant to USSG § 4B1.1(b). Furthermore,
4 the defendant will be ineligible for any role reduction.

5 B. ACCEPTANCE OF RESPONSIBILITY

6 Notwithstanding paragraph A.3 above, the Government will not be
7 obligated to recommend any adjustment for Acceptance of Responsibility
8 if defendant engages in conduct inconsistent with acceptance of
9 responsibility including, but not limited to, the following:

- 10 1. Fails to truthfully admit a complete factual basis as
11 stated in the plea at the time the plea is entered, or
12 falsely denies, or makes a statement inconsistent
13 with, the factual basis set forth in this agreement,
- 14 2. Falsely denies prior criminal conduct or convictions,
- 15 3. Is untruthful with the Government, the Court or
16 probation officer, or
- 17 4. Materially breaches this plea agreement in any way.
- 18 5. Contests or assists any third party in contesting the
19 forfeiture of property(ies) seized in connection with
20 this case, and any property(ies) to which the
21 defendant has agreed to forfeit as set forth in the
22 attached forfeiture addendum.

23 C. FURTHER ADJUSTMENTS AND SENTENCE REDUCTIONS INCLUDING THOSE
24 UNDER 18 U.S.C. § 3553

25 The parties agree that defendant may request or recommend
26 additional downward adjustments, departures, including criminal
27 history departures under USSG § 4A1.3, or sentence reductions under
28 18 U.S.C. § 3553. The Government will oppose any such downward

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1 adjustments, departures and sentence reductions not set forth in
2 Section X, paragraph A above.

3 D. NO AGREEMENT AS TO CRIMINAL HISTORY CATEGORY

4 The parties have **no** agreement as to defendant's Criminal History
5 Category.

6 E. "FACTUAL BASIS" AND "RELEVANT CONDUCT" INFORMATION

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

11 F. PARTIES' RECOMMENDATIONS REGARDING CUSTODY

12 The parties agree that the Government will recommend that
13 defendant be sentenced within the advisory guideline range as
14 calculated by the Government pursuant to this agreement, including a
15 recommendation for home detention as a substitute for imprisonment,
16 to the extent such a recommendation is consistent with the Sentencing
17 Guidelines.

18 G. STIPULATION TO REMOVAL

19 If defendant is not a United States citizen or national, either
20 before or immediately following sentencing, defendant agrees to an
21 order of removal from the United States entered by Executive Office
22 for Immigration Review or authorized Department of Homeland Security
23 official. Defendant understands that defendant will not be removed
24 until defendant has served any criminal sentence imposed in this or
25 any other case. Defendant further waives any right to appeal, reopen
26 or challenge the removal order, in this or any subsequent case,
27 administrative, civil or criminal.

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1 H. SPECIAL ASSESSMENT/FINE/RESTITUTION/FORFEITURE

2 1. Special Assessment.

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

9 The Government will move at time of sentencing to remit the
10 special assessment that would otherwise be imposed by the Court.

11 2. Fine.

12 The parties will jointly recommend that defendant pay a fine in
13 the amount of \$20,000.

14 The fine shall be paid through the Office of the Clerk of the
15 District Court by bank or cashier's check or money order made payable
16 to the "Clerk, United States District Court."

17 3. Restitution.

18 Defendant agrees that the amount of restitution ordered by the
19 Court shall include defendant's total offense conduct, and is not
20 limited to the count(s) of conviction. Defendant agrees and
21 understands that any payment schedule imposed by the Court is without
22 prejudice to the United States to take all actions and take all
23 remedies available to it to collect the full amount of the
24 restitution.

25 Defendant agrees that the restitution, restitution judgment,
26 payment provisions, and collection actions of this plea agreement are
27 intended to, and will, survive defendant, notwithstanding the
28 abatement of any underlying criminal conviction after the execution

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1 of this agreement. Defendant further agrees that any restitution
2 collected and/or distributed will survive her, notwithstanding the
3 abatement of any underlying criminal conviction after execution of
4 this agreement.

5 The restitution described above shall be paid through the Office
6 of the Clerk of the District Court by bank or cashier's check or money
7 order made payable to the "Clerk, United States District Court."

8 Defendant agrees that, before sentencing, defendant shall provide
9 to the United States, under penalty of perjury, a financial disclosure
10 form listing all defendant's assets and financial interests valued at
11 more than \$1,000. Defendant understands that these assets and
12 financial interests include all assets and financial interests in
13 which defendant has an interest (or had an interest prior to March 4,
14 2011), direct or indirect, whether held in defendant's own name or in
15 the name of another, in any property, real or personal. Defendant
16 shall also identify all assets valued at more than \$5,000 which have
17 been transferred to third parties since January 1, 2011, including the
18 location of the assets and the identity of the third party(ies).

19 The parties will jointly recommend that as a condition of
20 probation or supervised release, defendant will notify the Collections
21 Unit, United States Attorney's Office, of any interest in property
22 obtained, directly or indirectly, including any interest obtained
23 under any other name, or entity, including a trust, partnership or
24 corporation after the execution of this plea agreement until the fine
25 or restitution is paid in full.

26 The parties will also jointly recommend that as a condition of
27 probation or supervised release, defendant will notify the Collections
28 Unit, United States Attorney's Office, before defendant transfers any

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1 interest in property owned directly or indirectly by defendant,
2 including any interest held or owned under any other name or entity,
3 including trusts, partnerships and/or corporations.

4 I. SUPERVISED RELEASE

5 If the Court imposes a term of supervised release, defendant
6 agrees that she will not later seek to reduce or terminate early the
7 term of supervised release until she has served at least 2/3 of her
8 term of supervised release.

9 XI

10 DEFENDANT WAIVES APPEAL AND COLLATERAL ATTACK

11 In exchange for the Government's concessions in this plea
12 agreement, defendant waives, to the full extent of the law, any right
13 to appeal or to collaterally attack the conviction and any lawful
14 restitution order, except a post-conviction collateral attack based
15 on a claim of ineffective assistance of counsel. The defendant also
16 waives, to the full extent of the law, any right to appeal or to
17 collaterally attack her sentence, except a post-conviction collateral
18 attack based on a claim of ineffective assistance of counsel, unless
19 the Court imposes a custodial sentence above the high end of the
20 guideline range recommended by the Government pursuant to this
21 agreement at the time of sentencing. If the custodial sentence is
22 greater than the high end of that range, defendant may appeal, but the
23 Government will be free to support on appeal the sentence actually
24 imposed. If defendant believes the Government's recommendation is not
25 in accord with this plea agreement, defendant will object at the time
26 of sentencing; otherwise the objection will be deemed waived.

27 If at any time defendant files a notice of appeal, appeals or
28 collaterally attacks the conviction or sentence in violation of this

1 plea agreement, said violation shall be a material breach of this
2 agreement as further defined below.

3 **XII**

4 **BREACH OF THE PLEA AGREEMENT**

5 Defendant acknowledges, understands and agrees that if defendant
6 violates or fails to perform any of defendant's obligations under this
7 agreement, such violation or failure to perform may constitute a
8 material breach of this agreement.

9 Defendant acknowledges, understands and agrees further that the
10 following non-exhaustive list of conduct by defendant unquestionably
11 constitutes a material breach of this plea agreement:

- 12 1. Failing to plead guilty pursuant to this agreement,
- 13 2. Failing to fully accept responsibility as established
14 in Section X, paragraph B, above,
- 15 3. Failing to appear in court,
- 16 4. Attempting to withdraw the plea,
- 17 5. Failing to abide by any lawful court order related to
18 this case,
- 19 6. Appealing or collaterally attacking the sentence or
20 conviction in violation of Section XI of this plea
21 agreement, or
- 22 7. Engaging in additional criminal conduct from the time
23 of arrest until the time of sentencing.

24 In the event of defendant's material breach of this plea
25 agreement, defendant will not be able to enforce any of its
26 provisions, and the Government will be relieved of all its obligations
27 under this plea agreement. For example, the Government may pursue any
28 charges including those that were dismissed, promised to be dismissed,

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1 or not filed as a result of this agreement (defendant agrees that any
2 statute of limitations relating to such charges is tolled as of the
3 date of this agreement; defendant also waives any double jeopardy
4 defense to such charges). In addition, the Government may move to set
5 aside defendant's guilty plea. Defendant may not withdraw the guilty
6 plea based on the Government's pursuit of remedies for defendant's
7 breach.

8 Additionally, in light of defendant's entry into this plea
9 agreement, the Government has agreed to cease any ongoing grand jury
10 investigation of defendant. As such, defendant agrees that in the
11 event of defendant's material breach of this plea agreement: (i) any
12 statements made by defendant, under oath, at the guilty plea hearing
13 (before either a Magistrate Judge or a District Judge); (ii) the
14 stipulated factual basis statement in this agreement; and (iii) any
15 evidence derived from such statements, are admissible against
16 defendant in any prosecution of [or action against] defendant. This
17 includes the prosecution of the charge(s) that is the subject of this
18 plea agreement or any charge(s) that the prosecution agreed to dismiss
19 or not file as part of this agreement, but later pursues because of
20 a material breach by the defendant. Additionally, defendant
21 knowingly, voluntarily, and intelligently waives any argument under
22 the United States Constitution, any statute, Rule 410 of the Federal
23 Rules of Evidence, Rule 11(f) of the Federal Rules of Criminal
24 Procedure, and/or any other federal rule, that the statements or any
25 evidence derived from any statements should be suppressed or are
26 inadmissible.

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XIII

ENTIRE AGREEMENT

This plea agreement embodies the entire agreement between the parties and supersedes any other agreement, written or oral.

XIV

MODIFICATION OF AGREEMENT MUST BE IN WRITING

No modification of this plea agreement shall be effective unless in writing signed by all parties.

XV

DEFENDANT AND COUNSEL FULLY UNDERSTAND AGREEMENT

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

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XVI

DEFENDANT SATISFIED WITH COUNSEL

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

LAURA E. DUFFY
United States Attorney



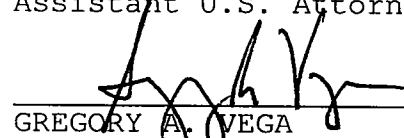
JASON A. FORGE
MICHAEL L. MERRIMAN
Assistant U.S. Attorneys

7/27/11

DATED

July 18, 2011

DATED



GREGORY A. VEGA
JOSEPH McMULLEN
Defense Counsel

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

July 16, 2011

DATED



HILARY NEIMAN
Defendant

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FILED
AUG 3 2011
CLERK US DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA
BY DEPUTY

1 LAURA E. DUFFY
United States Attorney
2 JASON A. FORGE
Assistant U.S. Attorney
3 California State Bar No. 181542
Federal Office Building
4 880 Front Street, Room 6293
San Diego, California 92101-8893
5 Telephone: (619) 557-7463

6 Attorneys for Plaintiff
United States of America
7

8 UNITED STATES DISTRICT COURT
9 SOUTHERN DISTRICT OF CALIFORNIA

10 UNITED STATES OF AMERICA,) Case No.
)
11 Plaintiff,)
)
12 v.) PLEA AGREEMENT 11CR3368-AJB
)
13 CARLA CHAMBERS,)
)
14 Defendant.)
15)

16 IT IS HEREBY AGREED between the plaintiff, UNITED STATES OF
17 AMERICA, through its counsel, Laura E. Duffy, United States Attorney,
18 and Jason A. Forge, Assistant United States Attorney, and defendant,
19 CARLA CHAMBERS, with the advice and consent of Michael S. Berg,
20 counsel for defendant, as follows:

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28 Rev. 1/3/11

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THE PLEA

Defendant agrees to waive Indictment and plead guilty to an Information charging defendant with:

Beginning no later than January 1, 2008, and continuing to and including at least on or about March 2, 2011, in the Southern District of California, and elsewhere, defendant, Hilary Neiman, and Teresa Erickson, did knowingly and intentionally conspire and agree with each and others to commit the following offense against the United States: Engaging in Monetary Transactions in Property Derived from Specified Unlawful Activity, in violation of Title 18, United States Code, Section 1957, that is, knowingly engaging and attempting to engage in monetary transactions by, through, or to a financial institution, affecting interstate and foreign commerce, in criminally derived property of a value greater than \$10,000, such property having been derived from a Specified Unlawful Activity, that is, Wire Fraud in violation of Title 18, United States Code, Section 1343.

In addition, defendant agrees to forfeit, and to not contest the Government's efforts to forfeit, all proceeds (including any property acquired with such proceeds) of this and any related criminal conduct.

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1 II

2 NATURE OF THE OFFENSE

3 A. ELEMENTS EXPLAINED

4 Conspiracy to Engage in Monetary Transactions in Property
5 Derived from Specified Unlawful Activity

6 1. There was an agreement between two or more persons to engage
7 in monetary transactions in property derived from specified unlawful
8 activity;

9 2. The defendant became a member of the conspiracy knowing of
10 its object and intending to help accomplish it; and

11 3. One of the members of conspiracy performed at least one
12 overt act for the purpose of carrying out the conspiracy.

13 Engaging in Monetary Transactions in Property Derived from
14 Specified Unlawful Activity

15 1. The defendant or a coconspirator knowingly engaged or
16 attempted to engage in a monetary transaction;

17 2. The defendant knew the transaction involved criminally
18 derived property;

19 3. The property had a value greater than \$10,000;

20 4. The property was, in fact, derived from wire fraud; and


21 5. The transaction occurred in the United States.

22 B. ELEMENTS UNDERSTOOD AND ADMITTED - FACTUAL BASIS

23 Defendant has fully discussed the facts of this case with defense
24 counsel. Defendant has committed each of the elements of the crime,
25 and admits that there is a factual basis for this guilty plea. The
26 following facts are true and undisputed:

27 Beginning no later than January 2006 and continuing into March
28 2011, defendant and Theresa Erickson (later joined by Hilary Neiman)

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1 devised a scheme to circumvent the State of California's prohibition
2 on sales parental rights to children. Despite knowing that a
3 legitimate surrogacy arrangement requires an agreement between
4 intended parents ("IPs") and gestational carriers ("GCs") prior to any
5 embryonic transfer, defendant and her coconspirators repeatedly
6 arranged for GCs (including defendant herself) to receive embryonic
7 transfers without any identified and committed IPs. In essence, women
8 were solicited to travel overseas to become implanted with embryos in
9 order to create a steady flow of newborns with the promise that they
10 will be compensated for between \$38,000 to \$45,000. Prior to their
11 travel, Erickson and others provided the women with fertility drugs
12 obtained from foreign countries.

13 If the GCs sustained their pregnancies into the second trimester,
14 defendant and others would begin soliciting prospective parents to
15 essentially buy the unborn babies. Defendant ~~and~~ ^{knew} others deceived the
16 prospective parents by representing to them that the unborn babies
17 were the result of legitimate surrogacy arrangements, but the original
18 IPs backed out of the arrangement. They also misrepresented the
19 identities of the sperm and egg donors. They offered the prospective
20 parent(s) the opportunity to "assume" the non-existent surrogacy
21 agreement for a fee of approximately \$100,000.

22 In executing this scheme, Defendant and others typically used the
23 internet, including surrogacy blogs and email, to recruit, solicit,
24 and communicate with GCs and IPs. Most of the GCs and IPs resided
25 outside the state of California.

26 As part of the scheme, Neiman and Erickson transferred and
27 distributed the proceeds of these illicit arrangements in financial
28 transactions involving over \$10,000 in proceeds, including the deposit

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1 of a check in the amount of \$38,500, representing of proceeds from a
2 victim of this scheme, that occurred on or about October 30, 2010.
3 The check was written against an account controlled by Neiman and then
4 Erickson caused the check to be deposited into a San Diego bank
5 account controlled by her.

6 One of the most critical aspects of the scheme involved
7 Erickson's use of false declarations and pleadings to obtain from the
8 San Diego Superior Court pre-birth judgments establishing parental
9 rights in the IPs. In essence, Erickson would prepare and file with
10 the court declarations and pleadings that gave the false impression
11 that the unborn babies who were the subjects of the pre-birth
12 judgments were the product of a legitimate surrogacy arrangement, that
13 is, one that involved an agreement between the IPs and the GCs prior
14 to embryonic transfer. With these fraudulently obtained pre-birth
15 orders, the IPs names would be placed on the babies' birth
16 certificates and defendant and her coconspirators would be able to
17 profit from their sale of parental rights.

18 III

19 PENALTIES

20 Defendant understands that the crime to which defendant is
21 pleading guilty carries the following penalties:

- 22 A. a maximum 5 years in prison;
23 B. a maximum \$250,000 fine;
24 C. a mandatory special assessment of \$100 per count; and
25 D. a term of supervised release of no more than 3 years.

26 Defendant understands that failure to comply with any of
27 the conditions of supervised release may result in
28 revocation of supervised release, requiring defendant to

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1 serve in prison all or part of the term of supervised
2 release.

3 E. an order from the Court pursuant to 18 U.S.C. § 3663A that
4 defendant make mandatory restitution to the victim(s) of
5 the offense of conviction, or the estate(s) of the
6 victims(s). Defendant understands that the Court shall
7 also order, if agreed to by the parties in this plea
8 agreement, restitution to persons other than the victim(s)
9 of the offense of conviction.

10 F Forfeiture of all proceeds of the criminal conduct.

11 IV

12 DEFENDANT'S WAIVER OF TRIAL RIGHTS

13 Defendant understands that this guilty plea waives the right to:


- 14 A. Continue to plead not guilty and require the Government to
15 prove the elements of the crime beyond a reasonable doubt;
16 B. A speedy and public trial by jury;
17 C. The assistance of counsel at all stages of trial;
18 D. Confront and cross-examine adverse witnesses;
19 E. Present evidence and to have witnesses testify on behalf of
20 defendant; and,
21 F. Not testify or have any adverse inferences drawn from the
22 failure to testify.
23 G. Defendant knowingly and voluntarily waives any rights and
24 defenses defendant may have under the Excessive Fines
25 Clause of the Eighth Amendment to the United States
26 Constitution to the forfeiture of property in this
27 proceeding or any related civil proceeding.

25 V

26 DEFENDANT ACKNOWLEDGES NO PRETRIAL RIGHT TO BE
27 PROVIDED WITH IMPEACHMENT AND AFFIRMATIVE DEFENSE INFORMATION

28 The Government represents that any information establishing the
factual innocence of defendant known to the undersigned prosecutor in

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1 this case has been turned over to defendant. The Government will
2 continue to provide such information establishing the factual
3 innocence of defendant.

4 Defendant understands that if this case proceeded to trial, the
5 Government would be required to provide impeachment information
6 relating to any informants or other witnesses. In addition, if
7 defendant raised an affirmative defense, the Government would be
8 required to provide information in its possession that supports such
9 a defense. Defendant acknowledges, however, that by pleading guilty
10 defendant will not be provided this information, if any, and defendant
11 also waives the right to this information. Finally, defendant agrees
12 not to attempt to withdraw the guilty plea or to file a collateral
13 attack based on the existence of this information.

14 VI


15 **DEFENDANT'S REPRESENTATION THAT GUILTY**
16 **PLEA IS KNOWING AND VOLUNTARY**

17 Defendant represents that:

18 A. Defendant has had a full opportunity to discuss all the
19 facts and circumstances of this case with defense counsel
20 and has a clear understanding of the charges and the
21 consequences of this plea. Defendant understands that, by
22 pleading guilty, defendant may be giving up and rendered
23 ineligible to receive valuable government benefits and
24 civic rights, such as the right to vote, the right to
25 possess a firearm, the right to hold office, and the right
26 to serve on a jury. Defendant further understands that the
27 conviction in this case may subject defendant to various
28 collateral consequences, including but not limited to
deportation, removal or other adverse immigration
consequences; revocation of probation, parole, or
supervised release in another case; and suspension or
revocation of a professional license, none of which will
serve as grounds to withdraw defendant's guilty plea.

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

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1 C. No one has threatened defendant or defendant's family to
2 induce this guilty plea; and,

3 D. Defendant is pleading guilty because in truth and in fact
4 defendant is guilty and for no other reason.

5 VII

6 **AGREEMENT LIMITED TO U.S. ATTORNEY'S OFFICE**
7 **SOUTHERN DISTRICT OF CALIFORNIA**

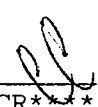
8 This plea agreement is limited to the United States Attorney's
9 Office for the Southern District of California, and cannot bind any
10 other federal, state or local prosecuting, administrative, or
11 regulatory authorities, although the Government will bring this plea
12 agreement to the attention of other authorities if requested by the
13 defendant.

14 VIII

15 **APPLICABILITY OF SENTENCING GUIDELINES**

16 Defendant understands the sentence imposed will be based on the
17 factors set forth in 18 U.S.C. § 3553(a). Defendant understands
18 further that in imposing the sentence, the sentencing judge must
19 consult the United States Sentencing Guidelines (Guidelines) and take
20 them into account. Defendant has discussed the Guidelines with
21 defense counsel and understands that the Guidelines are only advisory,
22 not mandatory, and the Court may impose a sentence more severe or less
23 severe than otherwise applicable under the Guidelines, up to the
24 maximum in the statute of conviction. Defendant understands further
25 that the sentence cannot be determined until a presentence report has
26 been prepared by the U.S. Probation Office and defense counsel and the
27 Government have had an opportunity to review and challenge the
28 presentence report. Nothing in this plea agreement shall be construed

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1 as limiting the Government's duty to provide complete and accurate
2 facts to the district court and the U.S. Probation Office.

3 IX

4 SENTENCE IS WITHIN SOLE DISCRETION OF JUDGE

5 This plea agreement is made pursuant to Federal Rule of Criminal
6 Procedure 11(c)(1)(B). Defendant understands that the sentence is
7 within the sole discretion of the sentencing judge. The Government
8 has not made and will not make any representation as to what sentence
9 defendant will receive. Defendant understands that the sentencing
10 judge may impose the maximum sentence provided by statute, and is also
11 aware that any estimate of the probable sentence by defense counsel
12 is a prediction, not a promise, and is not binding on the Court.
13 Likewise, the recommendation made by the Government is not binding on
14 the Court, and it is uncertain at this time what defendant's sentence
15 will be. Defendant also has been advised and understands that if the
16 sentencing judge does not follow any of the parties' sentencing
17 recommendations, defendant nevertheless has no right to withdraw the
18 plea.


19 X

20 PARTIES' SENTENCING RECOMMENDATIONS

21 A. SENTENCING GUIDELINE CALCULATIONS

22 Although the parties understand that the Guidelines are only
23 advisory and just one of the factors the Court will consider under
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1 18 U.S.C. § 3553(a) in imposing a sentence, the parties will jointly
2 recommend the following Base Offense Level, Specific Offense
3 Characteristics, Adjustments and Departures:

4		
5	1. Base Offense Level [§§ 2S1.1(a)(2)]	8
6	2. Amount of Laundered Funds [§ 2B1.1(b)(2)(D)]	+6
7	3. Acceptance of Responsibility [§ 3E1.1]	-2
8	Total Offense Level	12

9 The parties agree that if defendant is determined to be a career
10 offender pursuant to USSG § 4B1.1(a), the applicable base offense
11 level shall be determined pursuant to USSG § 4B1.1(b). Furthermore,
12 the defendant will be ineligible for any role reduction.

13 B. ACCEPTANCE OF RESPONSIBILITY

14 Notwithstanding paragraph A.3 above, the Government will not be
15 obligated to recommend any adjustment for Acceptance of Responsibility
16 if defendant engages in conduct inconsistent with acceptance of
17 responsibility including, but not limited to, the following:

- 18 1. Fails to truthfully admit a complete factual basis as
19 stated in the plea at the time the plea is entered, or
20 falsely denies, or makes a statement inconsistent
21 with, the factual basis set forth in this agreement,
- 22 2. Falsely denies prior criminal conduct or convictions,
- 23 3. Is untruthful with the Government, the Court or
24 probation officer, or
- 25 4. Materially breaches this plea agreement in any way.
- 26 5. Contests or assists any third party in contesting the
27 forfeiture of property(ies) seized in connection with
28 this case, and any property(ies) to which the

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defendant has agreed to forfeit as set forth in the attached forfeiture addendum.

C. FURTHER ADJUSTMENTS AND SENTENCE REDUCTIONS INCLUDING THOSE UNDER 18 U.S.C. § 3553

The parties agree that defendant may request or recommend additional downward adjustments, departures, including criminal history departures under USSG § 4A1.3, or sentence reductions under 18 U.S.C. § 3553. The Government will oppose any such downward adjustments, departures and sentence reductions not set forth in Section X, paragraph A above.

D. NO AGREEMENT AS TO CRIMINAL HISTORY CATEGORY

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

E. "FACTUAL BASIS" AND "RELEVANT CONDUCT" INFORMATION

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

F. PARTIES' RECOMMENDATIONS REGARDING CUSTODY

The parties agree that the Government will recommend that defendant be sentenced to the low end of the advisory guideline range as calculated by the Government pursuant to this agreement, including a recommendation for home detention as a substitute for confinement, to the extent such a recommendation is consistent with the Sentencing Guidelines.

G. STIPULATION TO REMOVAL

If defendant is not a United States citizen or national, either before or immediately following sentencing, defendant agrees to an

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1 order of removal from the United States entered by Executive Office
2 for Immigration Review or authorized Department of Homeland Security
3 official. Defendant understands that defendant will not be removed
4 until defendant has served any criminal sentence imposed in this or
5 any other case. Defendant further waives any right to appeal, reopen
6 or challenge the removal order, in this or any subsequent case,
7 administrative, civil or criminal.

8 H. SPECIAL ASSESSMENT/FINE/RESTITUTION/FORFEITURE

9 1. Special Assessment.

10 The parties will jointly recommend that defendant pay a special
11 assessment in the amount of \$100.00 per felony count of conviction to
12 be paid forthwith at time of sentencing. The special assessment shall
13 be paid through the office of the Clerk of the District Court by bank
14 or cashier's check or money order made payable to the "Clerk, United
15 States District Court."

16 The Government will move at time of sentencing to remit the
17 special assessment that would otherwise be imposed by the Court.

18 2. Fine.

19 The parties have no agreement regarding any fine defendant should
20 be ordered to pay.

21 The fine shall be paid through the Office of the Clerk of the
22 District Court by bank or cashier's check or money order made payable
23 to the "Clerk, United States District Court."

24 3. Restitution.

25 Defendant agrees that the amount of restitution ordered by the
26 Court shall include defendant's total offense conduct, and is not
27 limited to the count(s) of conviction. Defendant agrees and
28 understands that any payment schedule imposed by the Court is without

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1 prejudice to the United States to take all actions and take all
2 remedies available to it to collect the full amount of the
3 restitution.

4 Defendant agrees that the restitution, restitution judgment,
5 payment provisions, and collection actions of this plea agreement are
6 intended to, and will, survive defendant, notwithstanding the
7 abatement of any underlying criminal conviction after the execution
8 of this agreement. Defendant further agrees that any restitution
9 collected and/or distributed will survive him, notwithstanding the
10 abatement of any underlying criminal conviction after execution of
11 this agreement.

12 The restitution described above shall be paid through the Office
13 of the Clerk of the District Court by bank or cashier's check or money
14 order made payable to the "Clerk, United States District Court."

15 Defendant agrees that, before sentencing, defendant shall provide
16 to the United States, under penalty of perjury, a financial disclosure
17 form listing all defendant's assets and financial interests valued at
18 more than \$1,000. Defendant understands that these assets and
19 financial interests include all assets and financial interests in
20 which defendant has an interest (or had an interest prior to March 23,
21 2011), direct or indirect, whether held in defendant's own name or in
22 the name of another, in any property, real or personal. Defendant
23 shall also identify all assets valued at more than \$5,000 which have
24 been transferred to third parties since March 23, 2011, including the
25 location of the assets and the identity of the third party(ies).

26 The parties will jointly recommend that as a condition of
27 probation or supervised release, defendant will notify the Collections
28 Unit, United States Attorney's Office, of any interest in property

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1 obtained, directly or indirectly, including any interest obtained
2 under any other name, or entity, including a trust, partnership or
3 corporation after the execution of this plea agreement until the fine
4 or restitution is paid in full.

5 The parties will also jointly recommend that as a condition of
6 probation or supervised release, defendant will notify the Collections
7 Unit, United States Attorney's Office, before defendant transfers any
8 interest in property owned directly or indirectly by defendant,
9 including any interest held or owned under any other name or entity,
10 including trusts, partnerships and/or corporations.

11 Forfeiture. Defendant agrees that the provisions of the attached
12 forfeiture addendum shall govern forfeiture in this case.

13 I. SUPERVISED RELEASE

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

18 XI

19 DEFENDANT WAIVES APPEAL AND COLLATERAL ATTACK

20 In exchange for the Government's concessions in this plea
21 agreement, defendant waives, to the full extent of the law, any right
22 to appeal or to collaterally attack the conviction and any lawful
23 restitution order, except a post-conviction collateral attack based
24 on a claim of ineffective assistance of counsel. The defendant also
25 waives, to the full extent of the law, any right to appeal or to
26 collaterally attack his sentence, except a post-conviction collateral
27 attack based on a claim of ineffective assistance of counsel, unless
28 the Court imposes a custodial sentence above the high end of the
guideline range recommended by the Government pursuant to this

1 agreement at the time of sentencing. If the custodial sentence is
2 greater than the high end of that range, defendant may appeal, but the
3 Government will be free to support on appeal the sentence actually
4 imposed. If defendant believes the Government's recommendation is not
5 in accord with this plea agreement, defendant will object at the time
6 of sentencing; otherwise the objection will be deemed waived.

7 If at any time defendant files a notice of appeal, appeals or
8 collaterally attacks the conviction or sentence in violation of this
9 plea agreement, said violation shall be a material breach of this
10 agreement as further defined below.

11 **XII**

12 **BREACH OF THE PLEA AGREEMENT**

13 Defendant acknowledges, understands and agrees that if defendant
14 violates or fails to perform any of defendant's obligations under this
15 agreement, such violation or failure to perform may constitute a
16 material breach of this agreement.

17 Defendant acknowledges, understands and agrees further that the
18 following non-exhaustive list of conduct by defendant unquestionably
19 constitutes a material breach of this plea agreement:

- 20 1. Failing to plead guilty pursuant to this agreement,
- 21 2. Failing to fully accept responsibility as established
22 in Section X, paragraph B, above,
- 23 3. Failing to appear in court,
- 24 4. Attempting to withdraw the plea,
- 25 5. Failing to abide by any lawful court order related to
26 this case,
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1 6. Appealing or collaterally attacking the sentence or
2 conviction in violation of Section XI of this plea
3 agreement, or

4 7. Engaging in additional criminal conduct from the time
5 of arrest until the time of sentencing.

6 In the event of defendant's material breach of this plea
7 agreement, defendant will not be able to enforce any of its
8 provisions, and the Government will be relieved of all its obligations
9 under this plea agreement. For example, the Government may pursue any
10 charges including those that were dismissed, promised to be dismissed,
11 or not filed as a result of this agreement (defendant agrees that any
12 statute of limitations relating to such charges is tolled as of the
13 date of this agreement; defendant also waives any double jeopardy
14 defense to such charges). In addition, the Government may move to set
15 aside defendant's guilty plea. Defendant may not withdraw the guilty
16 plea based on the Government's pursuit of remedies for defendant's
17 breach.

18 Additionally, defendant agrees that in the event of defendant's
19 material breach of this plea agreement: (i) any statements made by
20 defendant, under oath, at the guilty plea hearing (before either a
21 Magistrate Judge or a District Judge); (ii) the stipulated factual
22 basis statement in this agreement; and (iii) any evidence derived from
23 such statements, are admissible against defendant in any prosecution
24 of [or action against] defendant. This includes the prosecution of
25 the charge(s) that is the subject of this plea agreement or any
26 charge(s) that the prosecution agreed to dismiss or not file as part
27 of this agreement, but later pursues because of a material breach by
28 the defendant. Additionally, defendant knowingly, voluntarily, and

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1 intelligently waives any argument under the United States
2 Constitution, any statute, Rule 410 of the Federal Rules of Evidence,
3 Rule 11(f) of the Federal Rules of Criminal Procedure, and/or any
4 other federal rule, that the statements or any evidence derived from
5 any statements should be suppressed or are inadmissible.

6 XIII

7 ENTIRE AGREEMENT

8 This plea agreement embodies the entire agreement between the
9 parties and supersedes any other agreement, written or oral.

10 XIV

11 MODIFICATION OF AGREEMENT MUST BE IN WRITING

12 No modification of this plea agreement shall be effective
13 unless in writing signed by all parties.

14 XV

15 DEFENDANT AND COUNSEL FULLY UNDERSTAND AGREEMENT

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

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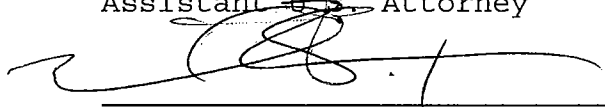
XVI

DEFENDANT SATISFIED WITH COUNSEL

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

LAURA E. DUFFY
United States Attorney


JASON A. FORGE
Assistant U.S. Attorney

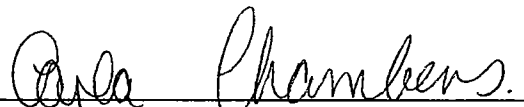

MICHAEL S. BERG
Defense Counsel


7/22/11
DATED

3/22/11
DATED

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

3/22/11
DATED


CARLA CHAMBERS
Defendant

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