

PLEA AGREEMENT

1. This is the plea agreement between the Attorney General of the State of New York (“the OAG”) and defendant Henry “Hank” Morris (“Morris”). This memorandum of agreement constitutes the entire agreement between Morris and the OAG. There are no promises, agreements, or conditions, express or implied, other than those set forth in this document. No modification, deletion, or addition to this agreement will be valid or binding on either party unless put into writing and signed by both parties.
2. On a date determined by the OAG, Morris will appear before the Court where New York County Supreme Court Indictment No. 25/2009 (“the Indictment”) is pending, and request that the Court approve this Agreement. This Agreement will become effective only upon the Court’s approval. Upon the Court’s approval, Morris will plead guilty as set forth in paragraph 3 below. At the time of the plea, Morris will withdraw any motions, waive all defenses and all rights of appeal, and shall sign a waiver of appeal form as provided by the Attorney General.
3. Morris will plead guilty under the Indictment (Count 19) to one count of violation of the General Business Law § 352-c(6) (the “Martin Act”), a class E felony. At the time of the plea, Morris shall allocute under oath as set forth in Exhibit A. The maximum permissible sentence for the felony Martin Act violation is imprisonment for a term of 1 1/3 – 4 years, plus a fine pursuant to Penal Law § 80.00(1), (2) and (3).
4. Morris shall stipulate to forfeiture of the sum of \$19 million dollars. Prior to sentencing, the parties shall negotiate in good faith and enter into and sign a "stipulation of forfeiture" reflecting the terms of the \$19 million dollar forfeiture. In the event of a dispute, the determination of good faith for the purposes of this paragraph is a matter for the court. This stipulation of forfeiture shall resolve the related civil forfeiture action currently pending against him, State of New York v. Henry “Hank” Morris, Index No. 09/400605, and the proceeds shall be distributed in accordance with the provisions of CPLR §1349, as though the Attorney General's Office had prevailed upon the forfeiture action against him. The payment of this forfeiture shall be made as set forth in the stipulation of forfeiture. The OAG will recommend that Morris’s compliance with the stipulation of forfeiture be made a specific condition of any sentence imposed.
5. On or before the date of the plea, Morris shall enter into and sign a stipulation of permanent injunction (the “Stipulation of Injunction”) against him pursuant to the Martin Act, permanently enjoining him a) from engaging in fraudulent practices in violation of Article 23-A of the General Business Law; and b) from engaging in any business relating to the purchase or sale of, or offer to purchase or sell, to the public within New York State, as principal, broker or agent, or otherwise, any securities issued or to be issued. The Stipulation of Injunction is attached hereto as Exhibit B. The OAG will recommend that Morris’s compliance with the Stipulation of Injunction be made a specific condition of any sentence imposed.
6. Morris understands that the sentencing decision will be made by the Court and the Court has the authority to impose the maximum permissible sentence.

7. If Morris fully complies with the foregoing provisions of this agreement: a) at the time of sentencing, the OAG will not specify how long the term of incarceration should be, if the OAG recommends incarceration; b) at the time of sentencing, the OAG will dismiss the remaining counts of the Indictment against Morris with prejudice, and this agreement will resolve the charges and the investigation with respect to Morris relating to the conduct set forth in the Indictment; and c) based on the facts known to the OAG at this time, the OAG will take no position with respect to parole, if parole is applicable to the sentence imposed.

8. If Morris fails to comply with the foregoing provisions of this agreement, at the OAG's option, paragraph 7 shall no longer be in effect. In that event, the OAG may proceed with prosecution on the remaining counts of the Indictment against Morris and/or by any separate accusatory instrument, and the OAG may charge Morris with additional crimes, not limited to paragraph 3 or Exhibit A. As to any prosecution brought by the OAG pursuant to this paragraph, Morris waives any claim that such prosecution is time barred either on grounds of speedy trial, speedy arraignment, or the statute of limitations, provided that such prosecution would not have been time-barred if brought on or before the date of this agreement. In addition, any breach of this agreement shall not impact Morris's stipulation of forfeiture, which shall remain in full force and effect against him notwithstanding a breach of this agreement.

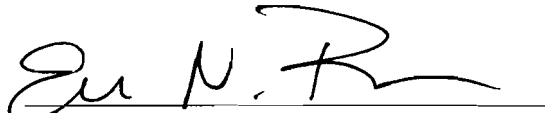
9. Morris shall not take any action or make or permit to be made any public statement denying, directly or indirectly, any provision of this agreement, including Exhibits A or B and any statement therein, or creating the impression that any of these documents is without factual basis.

10. Morris shall not: a) directly or indirectly solicit or receive investments from the State of New York or any governmental entity within the State of New York; b) seek nor obtain employment in a public position in the State of New York, including but not limited to a position with a New York State governmental entity, a position with a firm, partnership or corporation registered with the New York State Commission on Public Integrity, or a firm, partnership or corporation that provides consulting services to the State of New York, or any of its subdivisions including, but not limited to, Public Benefit Corporations and Authorities; or c) directly or indirectly enter into any contracts with the State of New York or any governmental entity within the State of New York.

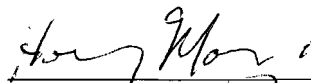
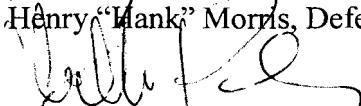
Dated: New York, New York
November 22, 2010

ANDREW CUOMO
Attorney General of the
State of New York

By:

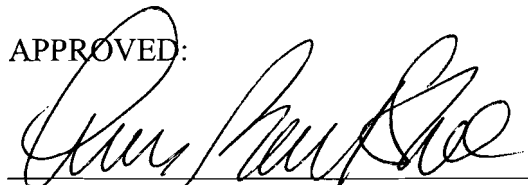

Ellen Nachtigall Biben
Special Deputy Attorney General
for Public Integrity

I have read the entire agreement and discussed it with my counsel and certify that the statements made in it are true to the best of my knowledge. I understand all of its terms, and I am entering into it knowingly and voluntarily, and have signed it in the presence of my counsel.


Henry "Hank" Morris, Defendant

William J. Schwartz, Esq.
Laura Grossfield Birger, Esq.
Attorneys for Henry "Hank" Morris

Dated: New York, New York
November 22, 2010

APPROVED:


Justice of the New York State Supreme Court

HON. LEWIS BART STONE
PT. 31 NOV 22 2010

EXHIBIT A

From January 2003 through December 2006, I was the chief paid political consultant to Alan Hevesi, who was, at the time, the New York State Comptroller and the sole trustee of the New York Common Retirement Fund.

During this time, I understood that David Loglisci, as Director of Alternative Investments and then as Chief Investment Officer, was responsible for reviewing and recommending proposed investments by the New York State pension fund, known as the Common Retirement Fund. I further understood that, in their roles at the Common Retirement Fund, Alan Hevesi and David Loglisci owed fiduciary and other duties to the members and beneficiaries of the Common Retirement Fund. This means they were obligated to act exclusively in the best interests of the members and beneficiaries of the Common Retirement Fund, free from conflicts, politics and other improper pressures, and to avoid and disclose conflicts of interests and the appearance of conflicts of interest.

During this same time, I had financial interests related to certain alternative investments proposed by investment firms to the Common Retirement Fund. As I knew and facilitated, David Loglisci and Alan Hevesi recommended and approved certain proposed alternative investments in part so as to generate fees to me or others known to me, because of my relationship with Alan Hevesi. I did not disclose to certain investment firms or to Common Retirement Fund staff, other than David Loglisci and/or Alan Hevesi, these financial interests.

In this regard, I stood to receive millions of dollars in fees if the Common Retirement Fund made the following proposed investments, which David Loglisci and Alan Hevesi in fact recommended and approved: Access/NY European Fund, Aldus/NY Emerging Fund, Ares Corporate Opportunities Fund, Carlyle Europe Partners Fund II, Carlyle Realty Partners Fund IV, Carlyle/Riverstone Global Energy Partners Fund II, Carlyle/Riverstone Global Energy Partners Fund III, Carlyle/Riverstone Renewable Energy Infrastructure Fund I, CSG/Liberty Oak Capital Fund, Falconhead Capital Partners II, FS Equity Partners V, GKM Newport/NY Venture Capital Fund, HFV Multi-Strategy Fund, Hicks, Muse, Tate & Furst European Fund II, Levine Leichtman Capital Partners III, Odyssey Fund, Olympia John Street Fund, Quadrangle Capital Partners II, and Sector Performance Fund.

With respect to Strategic Co-Investment Partners and some of the other investments, I agreed to split fees with Barrett Wissman, Julio Ramirez, or others, but did not disclose these arrangements to Common Retirement Fund staff other than David Loglisci and/or Alan Hevesi, or certain of the investment firms managing these investments.

In addition, with the knowledge of David Loglisci, I helped arrange for Raymond Harding, who was a friend and former political associate of Hevesi, to receive fees related to certain Common Retirement Fund investments known as Paladin Homeland Security Fund (NY) and Pequot Private Equity Partners IV.

During this same time, as Alan Hevesi's chief paid political consultant, I sought contributions to Hevesi's re-election campaign from, among others, those individuals whom I knew were doing or seeking to do business with the Common Retirement Fund. As I knew, David Loglisci and Alan Hevesi subsequently recommended and approved certain proposed alternative investments for persons associated with those investments who had contributed to Hevesi's campaign.

With respect to Count 19 of the Indictment, from in or about March 2005 through in or about February 2007, I intentionally engaged in fraud, deception, concealment, suppression, false pretense and fictitious and pretended purchase and sale, and made material false representations and statements with intent to deceive and defraud, while engaged in inducing and promoting the exchange, sale, negotiation and purchase within and from New York of securities, to wit: Levine Leichtman Capital Partner's Fund III, and thereby wrongfully obtained property with a value in excess of two hundred and fifty dollars, to wit: Placement Services Agreement dated March 1, 2005, related to Levine Leichtman Capital Partners III and fees related to the investment of CRF funds by Aldus/NY Emerging Fund in Levine Leichtman Capital Partners III.

EXHIBIT B

STATE OF NEW YORK
COUNTY OF NEW YORK

-----X
THE PEOPLE OF THE STATE OF NEW YORK

-against-

Indictment No.
25/2009

HENRY "HANK" MORRIS,

Defendant.

-----X

STIPULATION AND ORDER OF PERMANENT INJUNCTION

Whereas defendant Henry "Hank" Morris (the "defendant") will plead guilty under the Indictment (Count 19) to one count of violation of the General Business Law § 352-c(6), a class E felony; and

Whereas as a condition of his plea agreement he has agreed to enter into and sign this stipulation of permanent injunction against him pursuant to the Martin Act;

Now therefore, this Stipulation and Order is entered into by and between the People of the State of New York, by Andrew M. Cuomo, Attorney General of the State of New York (the "OAG"), and the defendant as follows:

1. Defendant is hereby permanently enjoined from directly or indirectly engaging or attempting to engage in fraudulent practices in violation of Article 23-A of the General Business Law (the "GBL").
2. Defendant is permanently enjoined and barred from directly or indirectly engaging or attempting to engage in any business relating to a) the purchase or sale of, or offer to purchase or sell, as principal, broker or agent, or otherwise, any securities issued or to be issued (as governed by Article 23-A of the GBL); or b) the rendering of investment advice, to

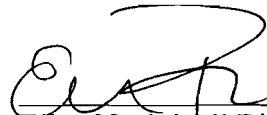
or from the public.

3. Defendant is permanently enjoined and barred from directly or indirectly being employed by or associated with a broker dealer, investment advisor, hedge fund, or any entity regulated by Financial Industry Regulatory Authority.

Dated: November __, 2010

ANDREW M. CUOMO
Attorney General of the State of New York

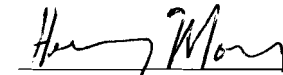
By:



Ellen Nachtigall Biben
Special Deputy Attorney General for Public Integrity
Emily Bradford
Assistant Attorney General
120 Broadway
New York, NY 10271
(212) 416-6060

Dated: November 22, 2010

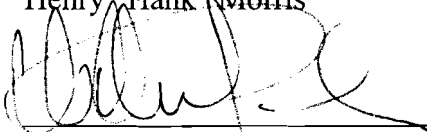
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Henry "Hank" Morris

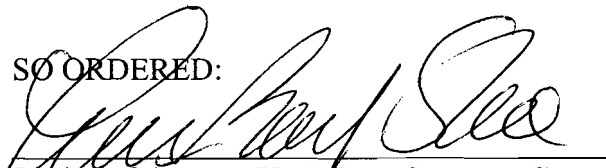
Dated: November 22, 2010

By:



William J. Schwartz, Esq.
Laura Grossfield Birger, Esq.
Cooley Godward Kronish LLP
1114 Avenue of the Americas
NY, NY 10036
(212) 479-6290
Attorneys for Defendant Henry "Hank" Morris

SO ORDERED:


Justice of the New York State Supreme Court

HON. LEWIS BART STONE

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