

Judge John C. Coughenour

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UNITED STATES DISTRICT COURT FOR THE
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

UNITED STATES OF AMERICA,
Plaintiff,
v.
KENNETH WARREN RHULE,
Defendant.

NO. 2:20-CR-105-JCC
PLEA AGREEMENT

The United States, through United States Attorney Nicholas W. Brown and Assistant United States Attorneys Philip Kopczynski and Casey Conzatti of the Western District of Washington, and Defendant Kenneth Warren Rhule and his attorneys Angelo Calfo and Henry Phillips, enter into the following Plea Agreement, pursuant to Federal Rule of Criminal Procedure 11(c)(1)(A) and (B).

1. **The Charges.** Defendant, having been advised of the right to have this matter tried before a jury, agrees to waive that right and enters a plea of guilty to each of the following charges contained in the Indictment.

a. Laundering of monetary instruments, as charged in Count Seven, in violation of Title 18, United States Code, Section 1956(a)(3)(C).

1 b. Conspiracy to manufacture or distribute 100 kilograms or more of a
2 mixture or substance containing marijuana, as a lesser included offense to the
3 offense charged in Count Eight, in violation of Title 21, United States Code,
4 Sections 841(a)(1), 841(b)(1)(B), and 846.

5 By entering these pleas of guilty, Defendant hereby waives all objections to the
6 form of the charging document. Defendant further understands that before entering any
7 guilty plea, Defendant will be placed under oath. Any statement given by Defendant
8 under oath may be used by the United States in a prosecution for perjury or false
9 statement.

10 2. **Elements of the Offenses.** The elements of the offenses to which
11 Defendant is pleading guilty are as follows:

12 a. The elements of the offense of laundering of monetary instruments,
13 as charged in Count Seven, are as follows:

14 i. Defendant knowingly conducted or attempted to conduct a
15 financial transaction;

16 ii. The money or property involved in the transaction was
17 represented by an undercover law enforcement officer to be the proceeds of
18 specified unlawful activity or property used to conduct or facilitate
19 specified unlawful activity; and

20 iii. Defendant acted with the intent to (a) conceal or disguise the
21 nature, location, source, ownership, or control of money or property
22 believed to be proceeds of the specified unlawful activity; or (b) avoid a
23 transaction reporting requirement under state or federal law.

24 b. The elements of the offense of conspiracy to manufacture or
25 distribute marijuana, as charged in Count Eight, are as follows:
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1 i. There was an agreement between two or more persons to
2 manufacture or distribute marijuana; and

3 ii. Defendant joined in the agreement knowing of its purpose
4 and intending to help accomplish that purpose.

5 3. **The Penalties.** Defendant understands that the statutory penalties
6 applicable to the offenses to which Defendant is pleading guilty are as follows:

7 a. For the offense of laundering of monetary instruments, as charged in
8 Count Seven: A maximum term of imprisonment of up to 20 years, a fine of up to
9 \$500,000, a period of supervision following release from prison of up to 3 years,
10 and a mandatory special assessment of 100 dollars. If a probationary sentence is
11 imposed, the probation period can be for up to 5 years.

12 b. For the offense of conspiracy to manufacture or distribute 100
13 kilograms or more of a mixture or substance containing marijuana, as a lesser
14 included offense to the offense charged in Count Eight: A maximum term of
15 imprisonment of up to 40 years and a mandatory minimum term of imprisonment
16 of 5 years, a fine of up to \$5,000,000, a period of supervision following release
17 from prison of up to life and at least 4 years, and a mandatory special assessment
18 of 100 dollars.

19 **Drug Offense - Proof of Drug Quantity for Mandatory Minimum.** Defendant
20 further understands that, to invoke the statutory sentence for the drug offense to which he
21 is pleading guilty, the United States must prove beyond a reasonable doubt that
22 Defendant's conduct as a member of the charged narcotics conspiracy, which includes
23 the reasonably foreseeable conduct of other members of the conspiracy, involved 100
24 kilograms or more of a mixture or substance containing a detectible amount of marijuana.
25 Defendant expressly waives the right to require the United States to make this proof at
26 trial and stipulates as a part of these pleas of guilty that Defendant's conduct as a member
27 of the narcotics conspiracy charged in Count Eight, which includes the reasonably
28 foreseeable conduct of other members of the narcotics conspiracy charged in Eight,

1 involved more than 100 kilograms of a mixture or substance containing a detectible
2 amount of marijuana.

3 Defendant understands that supervised release is a period of time following
4 imprisonment during which Defendant will be subject to certain restrictive conditions and
5 requirements. Defendant further understands that, if supervised release is imposed and
6 Defendant violates one or more of the conditions or requirements, Defendant could be
7 returned to prison for all or part of the term of supervised release that was originally
8 imposed. This could result in Defendant serving a total term of imprisonment greater
9 than the statutory maximum stated above.

10 Defendant understands that as a part of any sentence, in addition to any term of
11 imprisonment and/or fine that is imposed, the Court may order Defendant to pay
12 restitution to any victim of the offense, as required by law.

13 Defendant further understands that the consequences of pleading guilty may
14 include the forfeiture of certain property, either as a part of the sentence imposed by the
15 Court, or as a result of civil judicial or administrative process.

16 Defendant agrees that any monetary penalty the Court imposes, including the
17 special assessment, fine, costs, or restitution, is due and payable immediately and further
18 agrees to submit a completed Financial Disclosure Statement as requested by the United
19 States Attorney's Office.

20 Defendant understands that, if pleading guilty to a felony drug offense, Defendant
21 will become ineligible for certain food stamp and Social Security benefits as directed by
22 Title 21, United States Code, Section 862a.

23 **4. Immigration Consequences.** Defendant recognizes that pleading guilty
24 may have consequences with respect to Defendant's immigration status if Defendant is
25 not a citizen of the United States. Under federal law, a broad range of crimes are grounds
26 for removal, and some offenses make removal from the United States presumptively
27 mandatory. Removal and other immigration consequences are the subject of a separate
28 proceeding, and Defendant understands that no one, including Defendant's attorney and

1 the Court, can predict with certainty the effect of a guilty plea on immigration status.
2 Defendant nevertheless affirms that Defendant wants to plead guilty regardless of any
3 immigration consequences that Defendant's guilty pleas may entail, even if the
4 consequence is Defendant's mandatory removal from the United States.

5 **5. Rights Waived by Pleading Guilty.** Defendant understands that by
6 pleading guilty, Defendant knowingly and voluntarily waives the following rights:

7 a. The right to plead not guilty and to persist in a plea of not guilty;

8 b. The right to a speedy and public trial before a jury of Defendant's
9 peers;

10 c. The right to the effective assistance of counsel at trial, including, if
11 Defendant could not afford an attorney, the right to have the Court appoint one for
12 Defendant;

13 d. The right to be presumed innocent until guilt has been established
14 beyond a reasonable doubt at trial;

15 e. The right to confront and cross-examine witnesses against Defendant
16 at trial;

17 f. The right to compel or subpoena witnesses to appear on Defendant's
18 behalf at trial;

19 g. The right to testify or to remain silent at trial, at which trial such
20 silence could not be used against Defendant; and

21 h. The right to appeal a finding of guilt or any pretrial rulings.

22 **6. United States Sentencing Guidelines.** Defendant understands and
23 acknowledges that the Court must consider the sentencing range calculated under the
24 United States Sentencing Guidelines and possible departures under the Sentencing
25 Guidelines together with the other factors set forth in Title 18, United States Code,
26 Section 3553(a), including: (1) the nature and circumstances of the offenses; (2) the
27 history and characteristics of Defendant; (3) the need for the sentence to reflect the
28 seriousness of the offenses, to promote respect for the law, and to provide just

1 | punishment for the offenses; (4) the need for the sentence to afford adequate deterrence to
2 | criminal conduct; (5) the need for the sentence to protect the public from further crimes
3 | of Defendant; (6) the need to provide Defendant with educational and vocational training,
4 | medical care, or other correctional treatment in the most effective manner; (7) the kinds
5 | of sentences available; (8) the need to provide restitution to victims; and (9) the need to
6 | avoid unwarranted sentence disparity among defendants involved in similar conduct who
7 | have similar records. Accordingly, Defendant understands and acknowledges that:

8 | a. The Court will determine Defendant’s Sentencing Guidelines range
9 | at the time of sentencing;

10 | b. After consideration of the Sentencing Guidelines and the factors in
11 | 18 U.S.C. § 3553(a), the Court may impose any sentence authorized by law, up to the
12 | maximum term authorized by law;

13 | c. The Court is not bound by any recommendation regarding the
14 | sentence to be imposed, or by any calculation or estimation of the Sentencing Guidelines
15 | range offered by the parties or the United States Probation Department, or by any
16 | stipulations or agreements between the parties in this Plea Agreement; and

17 | d. Defendant may not withdraw a guilty plea solely because of the
18 | sentence imposed by the Court.

19 | 7. **Ultimate Sentence.** Defendant acknowledges that no one has promised or
20 | guaranteed what sentence the Court will impose.

21 | 8. **Statement of Facts.** The parties agree on the following facts. Defendant
22 | admits Defendant is guilty of the charged offenses as described above in paragraph 1:

23 | a. Beginning no later than April 2018, Defendant, Kenneth Warren
24 | RHULE, had an advertisement posted to an online marketplace called localbitcoins.com
25 | stating that he would anonymously sell cryptocurrency in exchange for cash. In April
26 | 2018, an agent from Homeland Security Investigations (“HSI”) responded to the online
27 | posting, without disclosing his/her true identity. Over time, RHULE conducted eight
28 | transactions with an undercover agent, with RHULE transferring between \$12,000 and

1 \$20,000 in bitcoin to a law enforcement-controlled cryptocurrency wallet in exchange for
 2 cash each time. Specifically, on the following dates, RHULE transferred the following
 3 amounts of cryptocurrency to law enforcement:

| 4 | Date | Description | Amount |
|----|----------|-----------------------------|----------|
| 5 | 4/10/18 | RHULE sold bitcoin for cash | \$12,000 |
| 6 | 4/24/18 | RHULE sold bitcoin for cash | \$20,000 |
| 7 | 6/22/18 | RHULE sold bitcoin for cash | \$15,000 |
| 8 | 9/25/18 | RHULE sold bitcoin for cash | \$20,000 |
| 9 | 10/10/18 | RHULE sold bitcoin for cash | \$20,000 |
| 10 | 10/31/18 | RHULE sold bitcoin for cash | \$20,000 |
| 11 | 11/2/18 | RHULE sold bitcoin for cash | \$15,000 |
| 12 | 12/6/18 | RHULE sold bitcoin for cash | \$20,000 |

13 b. At the meetings between the undercover agent and RHULE in 2018,
 14 the undercover agent made certain statements to RHULE, including the following, among
 15 others:

16 i. On April 10, 2018, the undercover agent said that he/she was
 17 working with a “partner” who was “looking for a way to make his cash more safe.”

18 ii. On April 24, 2018, the undercover agent said he/she and
 19 his/her partner “definitely don’t need anybody knowing” about their cryptocurrency
 20 transactions. The undercover agent also asked RHULE about ways to transfer funds to
 21 “Eastern Europe” that would be untraceable. RHULE acknowledged during this meeting
 22 that the undercover agent wanted to “keep it secret” and suggested Monero as a “great
 23 medium to clean the coin.”

24 iii. On June 22, 2018, the undercover agent said that he/she had a
 25 new “business model.” The undercover agent said, “I’m starting to operate with contacts
 26 in the Ukraine to help bring women here. I don’t want them to have any idea how to get
 27 a hold of me, identify me. I want it all very anonymous.” The undercover agent also said
 28 that “controlling the girls here has gotten a lot harder” because they are “very

1 autonomous,” and that it is “easier to control” girls from Ukraine. The undercover agent
2 also discussed the advertising for his/her “new venture,” and remarked that “when they
3 shut down Backpage,” it became “a lot more difficult here to advertise.” RHULE said
4 during this meeting that he was “definitely open” to “helping out” the undercover agent’s
5 business, and he offered to connect the undercover agent with contacts in the “casino
6 industry” (but ultimately he was not asked to do so and did not do so).

7 iv. On June 22, 2018, the undercover agent asked whether a
8 friend who was “also running girls” could exchange cash for bitcoin with RHULE by
9 mail. The undercover agent said that this friend was operating in “the oil fields in North
10 Dakota.” RHULE cautioned against sending cash via the U.S. Postal Service, and
11 advised using FedEx or UPS instead.

12 v. On September 25, 2018, the undercover agent said that
13 his/her business had “a good start down in Arizona” because “it’s a lot cheaper to get
14 girls out of Mexico.” The undercover agent added that “here we’re still working on the
15 Ukrainian thing.”

16 c. In completing these transactions, the undercover agent represented
17 the cash to be the proceeds of specified unlawful activity, as defined in 18 U.S.C.
18 § 1956(c)(7), and RHULE acted with the intent to avoid a transaction reporting
19 requirement under state or federal law, including those under the Bank Secrecy Act, 31
20 U.S.C. §§ 5313–26, and its implementing regulations. RHULE did not ask the
21 undercover agent for any personally identifying information (such as full name, Social
22 Security number, or taxpayer identification number) prior to, during, or after the
23 transactions.

24 d. Additionally, beginning no later than April 2015 and continuing
25 until his arrest on March 10, 2020, RHULE entered into an agreement with others known
26 and unknown to law enforcement, to manufacture and distribute marijuana, including
27 marijuana distillates and extracts that are controlled under Title 21 of the United States
28 Code. RHULE entered into this agreement knowing of its purpose and intending to

1 accomplish its purpose. Altogether, the conspiracy manufactured and distributed more
2 than 1,000 kilograms of a mixture or substance containing a detectable amount of
3 marijuana. Distributing marijuana in this quantity was within the scope of RHULE's
4 conspiratorial agreement.

5 e. During this period, RHULE and his co-conspirators manufactured
6 marijuana products, including extracts and distillates that are controlled under Title 21 of
7 the United States Code. RHULE and his co-conspirators manufactured and sold these
8 products primarily using the company HerbinArtisans.

9 f. RHULE and his co-conspirators used Instagram and the dark web to
10 advertise their marijuana products. They sold marijuana products to individuals located
11 in the Western District of Washington and across the country, meeting customers in
12 person or by shipping marijuana products via the U.S. Postal Service in exchange for
13 bulk cash and cryptocurrency. RHULE sold some of this cryptocurrency to other
14 individuals in return for cash. Between 2015 and 2020, RHULE and his co-conspirators
15 sold more than \$13 million in marijuana products, and made no less than \$4.9 million in
16 gross profit and \$2.5 million in net income.

17 g. RHULE and his co-conspirators manufactured and distributed
18 marijuana products using a property located at 29428 181st Street SE in Monroe,
19 Washington, including in a warehouse on the property and a nearby residence, inhabited
20 by co-defendant KENNETH JOHN RHULE (the "Monroe Property"). RHULE and his
21 co-conspirators also shipped his marijuana products to purchasers using the warehouse
22 and residence at the Monroe Property. The Monroe Property, more fully described in
23 paragraphs 12g-h, facilitated the drug conspiracy.

24 h. On March 10, 2020, at the time when federal search warrants were
25 executed at the Monroe Property, the property contained marijuana plant material,
26 processed and distilled marijuana products, marijuana processing equipment, U.S.
27 currency, cryptocurrency, firearms, ammunition, and other items.

28 i. RHULE is informed through discovery in this case, and has

1 no reason to contest, that law enforcement seized approximately 930 kilograms of bulk
2 marijuana, marijuana extracts, or other plant material on a gross weight basis from the
3 warehouse at the Monroe Property, nearly all of which was later found by a government-
4 run laboratory to have THC levels above 1%, as well as marijuana distilling, extracting,
5 and processing equipment, and multiple 50- and 100-gallon containers of materials used
6 to manufacture marijuana products, some of which contained highly flammable
7 chemicals such as N-Heptane.

8 ii. Law enforcement also seized firearms, firearm accessories,
9 and ammunition from the residence and outbuildings on the Monroe Property.

10 i. At RHULE's residence in Bothell on March 10, 2020, at the time
11 when federal search warrants were executed, was a 2016 Tesla Model S, approximately
12 89 silver bars and coins, and approximately \$42,000 in U.S. currency, all of which are
13 proceeds of, or were derived from proceeds of, the drug conspiracy. Law enforcement
14 also seized \$539 in U.S. currency from RHULE's person, which was also proceeds of the
15 offense. This property is further identified in paragraphs 12a-b.

16 j. On March 10, 2020, RHULE possessed a 2015 GMC Sierra pick-up
17 truck, as well as approximately \$32,239 in U.S. currency, two American Express pre-paid
18 cards, and a Western Union money order with a value of \$499 inside the truck, all of
19 which are proceeds of, or were derived from proceeds of, RHULE's drug conspiracy, or
20 was property used to facilitate the drug conspiracy. This property is further described in
21 paragraphs 12d-e.

22 k. While engaged in the drug trafficking conspiracy, RHULE and his
23 co-conspirators transported raw materials and equipment they used in the drug
24 manufacturing process using multiple means, including on occasion using aircraft. On or
25 about March 5, 2020, RHULE and his co-defendant KENNETH JOHN RHULE
26 purchased a Cessna P210N, with registration number N21LT and serial number
27 P21000216 (the "Cessna"), which they stored in Snohomish, Washington. They
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1 purchased the Cessna in the name of Frontline Aviators LLC, which they control. The
2 Cessna is further described in paragraph 14a.

3 1. While engaged in the drug trafficking conspiracy, RHULE and his
4 co-conspirators possessed dangerous weapons, including a Smith and Wesson M&P 9mm
5 handgun at RHULE's residence, as well as multiple firearms on the Monroe Property.
6 The Smith and Wesson firearm is further described in paragraph 12f.

7 m. Despite being aware of the legal requirements, neither RHULE,
8 RHULE's co-conspirators, HerbinArtisans, nor any affiliated entity applied for or were
9 granted licenses to produce, process, transport, or sell marijuana or marijuana products in
10 the State of Washington or elsewhere.

11 The parties agree that the Court may consider additional facts contained in the
12 Presentence Report (subject to standard objections by the parties) and/or that may be
13 presented by the United States or Defendant at the time of sentencing, and that the factual
14 statement contained herein is not intended to limit the facts that the parties may present to
15 the Court at the time of sentencing.

16 **9. Sentencing Factors.** The parties agree that the following Sentencing
17 Guidelines provisions apply to this case:

18 a. Count Seven:

19 i. The base offense level is 16, pursuant to USSG
20 §§ 2S1.1(a)(2) and 2B1.1(b)(1)(E).

21 b. Count Eight:

22 i. The base offense level is 30, pursuant to USSG
23 §§ 2D1.1(a)(5) and (c)(5), as the offense involved at least 1,000 kilograms
24 but less than 3,000 kilograms of marijuana.

25 ii. A two-level increase applies because Defendant possessed a
26 dangerous weapon (firearms), pursuant to USSG § 2D1.1(b)(1).

27 iii. A two-level increase applies because Defendant maintained a
28 premises for the purpose of manufacturing and distributing a controlled

1 substance, pursuant to USSG § 2D1.1(b)(12).

2 The parties agree they are free to present arguments regarding the applicability of
3 all other provisions of the United States Sentencing Guidelines. Defendant understands,
4 however, that at the time of sentencing, the Court is free to reject these stipulated
5 adjustments, and is further free to apply additional downward or upward adjustments in
6 determining Defendant's Sentencing Guidelines range.

7 **10. Acceptance of Responsibility.** At sentencing, *if* the Court concludes
8 Defendant qualifies for a downward adjustment for acceptance of responsibility pursuant
9 to USSG § 3E1.1(a) and Defendant's offense level is 16 or greater, the United States will
10 make the motion necessary to permit the Court to decrease the total offense level by three
11 (3) levels pursuant to USSG §§ 3E1.1(a) and (b), because Defendant has assisted the
12 United States by timely notifying the United States of Defendant's intention to plead
13 guilty, thereby permitting the United States to avoid preparing for trial and permitting the
14 Court to allocate its resources efficiently.

15 **11. Restitution.** Defendant agrees that the Court can order Defendant to pay
16 restitution to the victims of Defendant's crimes and, in exchange for the agreements by
17 the United States contained in this Plea Agreement, Defendant agrees that restitution in
18 this case should not be limited to the offenses of conviction. Defendant is aware that the
19 United States will present evidence supporting an order of restitution for all losses caused
20 by all of Defendant's criminal conduct known to the United States at the time of
21 Defendant's guilty pleas, to include those losses resulting from crimes not charged or
22 admitted by Defendant in the Statement of Facts, if any. In exchange for the promises by
23 the United States contained in this Plea Agreement, Defendant agrees that Defendant will
24 be responsible for any order by the District Court requiring the payment of restitution for
25 such losses.

26 a. The full amount of restitution shall be due and payable immediately
27 on entry of judgment and shall be paid as quickly as possible. If the Court finds that
28 Defendant is unable to make immediate restitution in full and sets a payment schedule as

1 contemplated in 18 U.S.C. § 3664(f), Defendant agrees that the Court's schedule
2 represents a minimum payment obligation and does not preclude the U.S. Attorney's
3 Office from pursuing any other means by which to satisfy Defendant's full and
4 immediately-enforceable financial obligation, including, but not limited to, by pursuing
5 assets that come to light only after the Court finds that Defendant is unable to make
6 immediate restitution.

7 b. Defendant agrees to disclose all assets in which Defendant has any
8 interest or over which Defendant exercises control, directly or indirectly, including those
9 held by a spouse, nominee, or third party. Defendant agrees to cooperate fully with the
10 United States' investigation identifying all property in which Defendant has an interest
11 and with the United States' lawful efforts to enforce prompt payment of the financial
12 obligations to be imposed in connection with this prosecution. Defendant's cooperation
13 obligations are: (1) before sentencing, and no more than 30 days after executing this Plea
14 Agreement, truthfully and completely executing a Financial Disclosure Statement
15 provided by the United States Attorney's Office and signed under penalty of perjury
16 regarding Defendant's and Defendant's spouse's financial circumstances and producing
17 supporting documentation, including tax returns, as requested; (2) providing updates with
18 any material changes in circumstances, as described in 18 U.S.C. § 3664(k), within seven
19 days of the event giving rise to the changed circumstances; (3) authorizing the United
20 States Attorney's Office to obtain Defendant's credit report before sentencing; (4)
21 providing waivers, consents or releases requested by the U.S. Attorney's Office to access
22 records to verify the financial information; (5) authorizing the U.S. Attorney's Office to
23 inspect and copy all financial documents and information held by the U.S. Probation
24 Office; (6) submitting to an interview regarding Defendant's Financial Statement and
25 supporting documents before sentencing (if requested by the United States Attorney's
26 Office), and fully and truthfully answering questions during such interview; and (7)
27 notifying the United States Attorney's Office before transferring any interest in property
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1 owned directly or indirectly by Defendant, including any interest held or owned in any
2 other name, including all forms of business entities and trusts.

3 c. The parties acknowledge that voluntary payment of restitution prior
4 to the adjudication of guilt is a factor the Court considers in determining whether
5 Defendant qualifies for acceptance of responsibility pursuant to USSG § 3E1.1(a). In
6 addition, in any event, the government will consider Defendant's cooperation regarding
7 restitution in making its sentencing recommendation.

8 **12. Forfeiture of Assets.** Defendant understands the forfeiture of property is
9 part of the sentence that must be imposed in this case. Defendant agrees to forfeit to the
10 United States immediately all of his right, title, and interest in any and all property, real
11 or personal, that was involved in the commission of *Laundering of Monetary Instruments*,
12 as charged in Count 7 of the Indictment, and any property traceable to such property.
13 This property is subject to forfeiture pursuant to Title 18, United States Code, Section
14 982(a)(1).

15 Defendant also agrees to forfeit to the United States immediately all of his right,
16 title, and interest in any and all property, real or personal, that was used, or intended to be
17 used, in any manner or part, to commit or to facilitate the commission of *Conspiracy to*
18 *Manufacture or Distribute Controlled Substances*, a lesser included offense of the offense
19 charged in Count 8 of the Indictment, and any property constituting, or derived from, any
20 proceeds Defendant obtained, directly or indirectly, as the result of this offense. This
21 property is subject to forfeiture pursuant to Title 21, United States Code, Section 853(a),
22 and includes, but is not limited to the property identified below in paragraphs 12a-i:

23 a. The following property seized on or about March 10, 2020, from
24 KENNETH WARREN RHULE's residence in Bothell, Washington:

- 25 i. One 2016 dark gray Tesla Model S,
26 VIN: 5YJSA1E22FF117465, bearing Washington State
27 license plate BOS0948;
28 ii. Approximately 89 silver bars and coins; and

1 iii. Approximately \$42,000 in U.S. currency;

2 b. Approximately \$593 in U.S. currency seized on or about March 10,
3 2020, from KENNETH WARREN RHULE in or around Bothell, Washington;

4 c. The following property seized on or about March 10, 2020, from co-
5 defendant KENNETH JOHN RHULE's residence in Monroe, Washington:

6 i. Approximately 5.12094153 bitcoin; and

7 ii. Approximately 23.46324478 bitcoin;

8 d. One 2015 black GMC Sierra pick-up truck with topper and lift kit,
9 VIN: GT12ZE86FF149097, bearing Washington State license plate C30354L, seized on
10 or about March 10, 2020;

11 e. The following property seized on or about March 13, 2020 from the
12 aforementioned GMC Sierra pick-up truck:

13 i. Approximately \$32,339 in U.S. currency;

14 ii. One Western Union money order in the amount of
15 approximately \$499 in U.S. funds; and

16 iii. Two American Express gift cards with a combined value of
17 approximately \$250.83 in U.S. funds;

18 f. A Smith and Wesson M&P 9mm handgun, serial number DTV6454;

19 g. The real property commonly known as 29428 181st Street SE,
20 Monroe, Washington 98272, Snohomish County, Parcel No. 27081800202100, and all of
21 its buildings, improvements, appurtenances, fixtures, attachments and easements, more
22 particularly described as:

23 LOT 12, AS SHOWN ON SURVEY RECORDED IN VOLUME 14 OF
24 SURVEYS, PAGE 107, UNDER SNOHOMISH COUNTY RECORDING
25 NO. 8107085004, RECORDS OF SNOHOMISH COUNTY,
26 WASHINGTON, BEING LOCATED IN SECTION 18, TOWNSHIP. 27
27 NORTH, RANGE 8 EAST, W.M, IN SNOHOMISH COUNTY,
28 WASHINGTON;

1 h. The real property located at 29424 181st Street SE, Monroe,
2 Washington 98272, Snohomish County, Parcel No. 27081800200200, and all of its
3 buildings, improvements, appurtenances, fixtures, attachments and easements, more
4 particularly described as:

5 LOT 11, AS SHOWN ON SURVEY RECORDED IN VOLUME 14 OF
6 SURVEYS, PAGE 107, UNDER SNOHOMISH COUNTY RECORDING
7 NO. 8107085004, RECORDS OF SNOHOMISH COUNTY,
8 WASHINGTON, BEING LOCATED IN SECTION 18, TOWNSHIP. 27
9 NORTH, RANGE 8 EAST, W.M, IN SNOHOMISH COUNTY,
10 WASHINGTON; and

11 i. The following property, seized on or about March 10, 2020, from
12 co-defendant KENNETH JOHN RHULE's residence in Monroe, Washington:

- 13 i. Approximately \$2,500 in U.S. currency; and
- 14 ii. Approximately \$430 in U.S. currency.

15 Defendant agrees to fully assist the United States in the forfeiture of the above-
16 described property and to take whatever steps are necessary to pass clear title to the
17 United States, including but not limited to: surrendering title and executing any
18 documents necessary to effect forfeiture; assisting in bringing any property located
19 outside the United States within the jurisdiction of the United States; and taking whatever
20 steps are necessary to ensure that property subject to forfeiture is not sold, disbursed,
21 wasted, hidden, or otherwise made unavailable for forfeiture. Defendant agrees not to
22 file a claim to any such property in any federal forfeiture proceeding, administrative or
23 judicial, which may be or has been initiated. Defendant also agrees he will not assist any
24 party who may file a claim to this property in any federal forfeiture proceeding.

25 The United States reserves its right to proceed against any remaining property not
26 identified in this Plea Agreement, including any property in which Defendant has any
27 interest or control, if said assets were involved in, or traceable to, *Laundering of*
28 *Monetary Instruments*, as charged in Count 7 of the Indictment, or constitute or are
derived from proceeds of, or were used or intended to be used to facilitate, the

1 | *Conspiracy to Manufacture or Distribute Controlled Substances*, a lesser included
2 | offense of that charged in Count 8 of the Indictment.

3 | 13. **Abandonment of Firearms and Contraband.** Defendant also agrees that,
4 | if any federal law enforcement agency seized any firearms, firearm accessories,
5 | ammunition or illegal contraband that was in Defendant’s direct or indirect control,
6 | Defendant consents to the federal administrative disposition, official use, and/or
7 | destruction of that property.

8 | 14. **Abandonment of Aircraft.** In addition, pursuant to this Plea Agreement,
9 | Defendant abandons all right, title, and interest in the airplane described below:

10 | a. One Cessna P210N, with registration number N21LT and serial
11 | number P21000216, and associated flight and maintenance logbooks and documents,
12 | seized on or about May 4, 2020, in or about Snohomish, Washington.

13 | Defendant waives, releases, and withdraws any claim—past, present, or future—
14 | he has made or could make to this aircraft; waives any right to receive notice or hearing
15 | with respect to any action the United States may take, in its sole discretion, to carry out
16 | the abandonment, disposition, donation, and/or destruction of the aircraft; waives any and
17 | all claims or challenges related to the seizure, abandonment, disposition, donation, and/or
18 | destruction of the aircraft, regardless of their basis (*e.g.*, statutory, common law,
19 | constitutional, etc.), including but not limited to any claim for attorney fees or litigation
20 | costs; and, agrees to release and hold harmless the United States, its agents and
21 | employees (and any involved state or local law enforcement agencies and their agents,
22 | servants and employees), in their individual or official capacities, from any and all claims
23 | arising from the seizure, abandonment, disposition, donation, and/or destruction of the
24 | aircraft.

25 | 15. **Non-Prosecution of Additional Offenses.** As part of this Plea Agreement,
26 | the United States Attorney’s Office for the Western District of Washington agrees not to
27 | prosecute Defendant for any additional offenses known to it as of the time of this Plea
28 | Agreement based upon evidence in its possession at this time, and that arise out of the

1 | conduct giving rise to this investigation, and moves to dismiss the remaining counts in
2 | the Indictment at the time of sentencing. In this regard, Defendant recognizes the United
3 | States has agreed not to prosecute all of the criminal charges the evidence establishes
4 | were committed by Defendant solely because of the promises made by Defendant in this
5 | Plea Agreement. Defendant agrees, however, that for purposes of preparing the
6 | Presentence Report, the United States Attorney's Office will provide the United States
7 | Probation Office with evidence of all conduct committed by Defendant.

8 | Defendant agrees that any charges to be dismissed before or at the time of
9 | sentencing were substantially justified in light of the evidence available to the United
10 | States, were not vexatious, frivolous or taken in bad faith, and do not provide Defendant
11 | with a basis for any future claims under the "Hyde Amendment," Pub. L. No. 105-119
12 | (1997).

13 | **16. Breach, Waiver, and Post-Plea Conduct.** Defendant agrees that, if
14 | Defendant breaches this Plea Agreement, the United States may withdraw from this Plea
15 | Agreement and Defendant may be prosecuted for all offenses for which the United States
16 | has evidence. Defendant agrees not to oppose any steps taken by the United States to
17 | nullify this Plea Agreement, including the filing of a motion to withdraw from the Plea
18 | Agreement. Defendant also agrees that, if Defendant is in breach of this Plea Agreement,
19 | Defendant has waived any objection to the re-institution of any charges that previously
20 | were dismissed or any additional charges that had not been prosecuted.

21 | Defendant further understands that if, after the date of this Plea Agreement,
22 | Defendant should engage in illegal conduct, or conduct that violates any conditions of
23 | release or the conditions of confinement (examples of which include, but are not limited
24 | to, obstruction of justice, failure to appear for a court proceeding, criminal conduct while
25 | pending sentencing, and false statements to law enforcement agents, the Pretrial Services
26 | Officer, Probation Officer, or Court), the United States is free under this Plea Agreement
27 | to file additional charges against Defendant or to seek a sentence that takes such conduct
28 | into consideration by requesting the Court to apply additional adjustments or

1 enhancements in its Sentencing Guidelines calculations in order to increase the applicable
2 advisory Guidelines range, and/or by seeking an upward departure or variance from the
3 calculated advisory Guidelines range. Under these circumstances, the United States is
4 free to seek such adjustments, enhancements, departures, and/or variances even if
5 otherwise precluded by the terms of the Plea Agreement.

6 **17. Waiver of Appellate Rights and Rights to Collateral Attacks.**

7 Defendant acknowledges that, by entering the guilty pleas required by this Plea
8 Agreement, Defendant waives all rights to appeal from Defendant's conviction, and any
9 pretrial rulings of the Court, and any rulings of the Court made prior to entry of the
10 judgment of conviction. Defendant further agrees that, provided the Court imposes a
11 custodial sentence that is within or below the Sentencing Guidelines range (or the
12 statutory mandatory minimum, if greater than the Guidelines range) as determined by the
13 Court at the time of sentencing, Defendant waives to the full extent of the law:

14 a. Any right conferred by Title 18, United States Code, Section 3742,
15 to challenge, on direct appeal, the sentence imposed by the Court, including any fine,
16 restitution order, probation or supervised release conditions, or forfeiture order (if
17 applicable); and

18 b. Any right to bring a collateral attack against the conviction and
19 sentence, including any restitution order imposed, except as it may relate to the
20 effectiveness of legal representation.

21 This waiver does not preclude Defendant from bringing an appropriate motion
22 pursuant to 28 U.S.C. § 2241, to address the conditions of Defendant's confinement or
23 the decisions of the Bureau of Prisons regarding the execution of Defendant's sentence.

24 If Defendant breaches this Plea Agreement at any time by appealing or collaterally
25 attacking (except as to effectiveness of legal representation) the conviction or sentence in
26 any way, the United States may prosecute Defendant for any counts, including those with
27 mandatory minimum sentences, that were dismissed or not charged pursuant to this Plea
28 Agreement.

1 18. **Voluntariness of Plea.** Defendant agrees that Defendant has entered into
2 this Plea Agreement freely and voluntarily, and that no threats or promises were made to
3 induce Defendant to enter a plea of guilty other than the promises contained in this Plea
4 Agreement or set forth on the record at the change of plea hearing in this matter.

5 19. **Statute of Limitations.** In the event this Plea Agreement is not accepted
6 by the Court for any reason, or Defendant breaches any of the terms of this Plea
7 Agreement, the statute of limitations shall be deemed to have been tolled from the date of
8 the Plea Agreement to: (1) thirty (30) days following the date of non-acceptance of the
9 Plea Agreement by the Court; or (2) thirty (30) days following the date on which a breach
10 of the Plea Agreement by Defendant is discovered by the United States Attorney's
11 Office.

12 20. **Completeness of Plea Agreement.** The United States and Defendant
13 acknowledge that these terms constitute the entire Plea Agreement between the parties,
14 except as may be set forth on the record at the change of plea hearing in this matter. This
15 Plea Agreement binds only the United States Attorney's Office for the Western District
16 of Washington. It does not bind any other United States Attorney's Office or any other
17 office or agency of the United States, or any state or local prosecutor.

18 21. **Interdependence of Plea Agreements.** Defendant acknowledges that the
19 United States has conditioned its willingness to enter into this Plea Agreement on the
20 Court's acceptance of the guilty plea and Plea Agreement by co-defendant Kenneth John
21 Rhule in this same case. As a result, if either Defendant or co-defendant Kenneth John
22 Rhule fails to enter into, and plead guilty pursuant to the terms of, the respective Plea
23 Agreements, or if either Defendant or co-defendant Kenneth John Rhule later seeks to
24 withdraw the resulting guilty pleas, the United States may, at its election, withdraw from
25 either or both Plea Agreements. If the United States chooses to withdraw from this Plea
26 Agreement under these circumstances, Defendant understands that the United States will

27 //

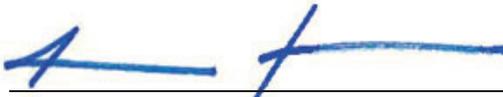
28

1 seek an Indictment against both parties for all crimes for which the United States has
2 sufficient evidence.

3 Dated this 18th day of February, 2022.

4 

5 _____
6 KENNETH WARREN RHULE
7 Defendant

8 

9 _____
10 ANGELO J. CALFO
11 Attorney for Defendant

12 *Thomas Woods*

13 _____
14 THOMAS M. WOODS
15 Assistant United States Attorney

16 *Casey Conzatti*

17 _____
18 CASEY CONZATTI
19 Assistant United States Attorney

20 *Philip Kopczynski*

21 _____
22 PHILIP KOPCZYNSKI
23 Assistant United States Attorney