

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

UNITED STATES OF AMERICA

v.

THOMAS GALEN MASSEY

CRIMINAL NO. 4:16-CR-408

**PLEA AGREEMENT**

The United States of America, by and through Abe Martinez, Acting United States Attorney for the Southern District of Texas, and Justin R. Martin, Assistant United States Attorney, and the defendant, Thomas Galen Massey (“Defendant”), and Mike DeGeurin, Sr., attorney for Defendant, pursuant to Rule 11(c)(1)(A) and 11(c)(1)(B) of the Federal Rules of Criminal Procedure, state that they have entered into an agreement, the terms and conditions of which are as follows:

**Defendant's Agreement**

1. Defendant agrees to plead guilty to Count 1 of the Information. Count 1 charges Defendant with conspiracy to commit wire fraud, in violation of 18 U.S.C. § 371. Defendant, by entering this plea, agrees that he is waiving any right to have the facts that the law makes essential to the punishment proved to a jury and proven beyond a reasonable doubt.

**Statutory Penalties**

2. The **statutory** maximum penalty for each violation of 18 U.S.C. § 371, is a term of imprisonment of not more than 5 years, *see* 18 U.S.C. § 371, and a fine of not more than \$250,000. *See* 18 U.S.C. § 3571. Additionally, Defendant may receive a term of supervised release after imprisonment of not more than 3 years. *See* 18 U.S.C. §§ 3559(a), 3583(b). Defendant acknowledges and understands that if he should violate the conditions of any period of supervised

release which may be imposed as part of his sentence, then Defendant may be imprisoned for the entire term of supervised release, without credit for time already served on the term of supervised release prior to such violation. *See* 18 U.S.C. § 3583(e)(3). Defendant understands that he cannot have the imposition or execution of the sentence suspended, nor is he eligible for parole.

### **Mandatory Special Assessment**

3. Pursuant to 18 U.S.C. § 3013(a)(2)(A), immediately after sentencing, Defendant will pay to the Clerk of the United States District Court a special assessment of \$100.00 per count of conviction. The payment will be by cashier's check or money order, payable to the Clerk of the United States District Court, c/o District Clerk's Office, P.O. Box 61010, Houston, Texas 77208, Attention: Finance.

### **Cooperation**

4. The parties understand this agreement carries the potential for a motion for departure under Section 5K1.1 of the Sentencing Guidelines. Defendant understands and agrees that whether such a motion is filed will be determined solely by the United States through the United States Attorney for the Southern District of Texas. Should Defendant's cooperation, in the sole judgment and discretion of the United States, amount to "substantial assistance," the United States reserves the sole right to file a motion for departure pursuant to Section 5K1.1 of the United States Sentencing Guidelines. Defendant further agrees to persist in that plea through sentencing, fully cooperate with the United States, not oppose the forfeiture of assets contemplated in paragraphs 47-50 of this agreement. Defendant understands and agrees that the United States will request that sentencing be deferred until that cooperation is complete.

5. Defendant understands and agrees that “fully cooperate,” as that term is used herein, includes providing all information relating to any criminal activity known to Defendant. Defendant understands that such information includes both state and federal offenses arising therefrom. In that regard:

- a. Defendant agrees that this plea agreement binds only the United States Attorney for the Southern District of Texas and Defendant; it does not bind any other United States Attorney or any other unit of the Department of Justice;
- b. Defendant agrees to testify truthfully as a witness before a grand jury or in any other judicial or administrative proceeding when called upon to do so by the United States. Defendant further agrees to waive his Fifth Amendment privilege against self-incrimination for the purpose of this agreement;
- c. Defendant agrees to voluntarily attend any interviews and conferences as the United States may request;
- d. Defendant agrees to provide truthful, complete and accurate information and testimony and understands any false statements made by the defendant to the Grand Jury or at any court proceeding (criminal or civil), or to a government agent or attorney, can and will be prosecuted under the appropriate perjury, false statement, or obstruction statutes;
- e. Defendant agrees to provide to the United States all documents in his possession or under his control relating to all areas of inquiry and investigation; and
- f. Should the recommended departure, if any, not meet Defendant's expectations, the Defendant understands that he remains bound by the terms of this agreement and cannot, for that reason alone, withdraw his plea.

#### **Waiver of Appeal and Collateral Review**

6. Defendant is aware that 28 U.S.C. § 1291, and 18 U.S.C. § 3742, afford a defendant the right to appeal the conviction and sentence imposed. Defendant is also aware that 28 U.S.C. § 2255, affords the right to contest or “collaterally attack” a conviction or sentence after the judgment

of conviction and sentence has become final. Defendant knowingly and voluntarily waives the right to appeal or “collaterally attack” the conviction and sentence, except that Defendant does not waive the right to raise a claim of ineffective assistance of counsel on direct appeal, if otherwise permitted, or on collateral review in a motion under 28 U.S.C. § 2255. In the event Defendant files a notice of appeal following the imposition of the sentence or later collaterally attacks his conviction or sentence, the United States will assert its rights under this agreement and seek specific performance of these waivers.

7. In agreeing to these waivers, Defendant is aware that a sentence has not yet been determined by the Court. Defendant is also aware that any estimate of the possible sentencing range under the sentencing guidelines that he may have received from his counsel, the United States or the Probation Office, is a prediction and not a promise, did not induce his guilty plea, and is not binding on the United States, the Probation Office or the Court. The United States does not make any promise or representation concerning what sentence the defendant will receive. Defendant further understands and agrees that the United States Sentencing Guidelines are “effectively advisory” to the Court. *See United States v. Booker*, 543 U.S. 220 (2005). Accordingly, Defendant understands that, although the Court must consult the Sentencing Guidelines and must take them into account when sentencing Defendant, the Court is not bound to follow the Sentencing Guidelines nor sentence Defendant within the calculated guideline range.

8. Defendant understands and agrees that each and all waivers contained in the Agreement are made in exchange for the concessions made by the United States in this plea agreement.

### **The United States' Agreements**

9. The United States agrees that if Defendant pleads guilty to Count 1 of the Information and persists in that plea through sentencing, and if the Court accepts this plea agreement, the United States will move to dismiss any remaining counts of the Indictment at the time of sentencing.

10. At the time of sentencing, the United States agrees not to oppose Defendant's anticipated request to the Court and the United States Probation Office that he receive a two (2) level downward adjustment pursuant to section 3E1.1(a) of the United States Sentencing Guidelines, should Defendant accept responsibility as contemplated by the Sentencing Guidelines.

11. If Defendant qualifies for an adjustment under section 3E1.1(a) of the United States Sentencing Guidelines and Defendant's offense level is 16 or greater, the United States agrees not to oppose Defendant's request for an additional one-level departure based on the timeliness of the plea or the expeditious manner in which Defendant provided complete information regarding his role in the offense.

12. The United States agrees that the evidence does not warrant an aggravated role adjustment against the defendant pursuant to U.S.S.G. § 3B1.1.

13. The United States agrees to recommend a sentence at the low end of the correctly calculated Sentencing Guideline level.

### **Agreement Binding - Southern District of Texas Only**

14. The United States agrees that it will not further criminally prosecute Defendant in the Southern District of Texas for offenses arising from conduct charged in the Indictment or Information. This plea agreement binds only the United States Attorney's Office for the Southern

District of Texas and Defendant. It does not bind any other United States Attorney. The United States will bring this plea agreement and the full extent of Defendant's cooperation to the attention of other prosecuting offices, if requested.

#### **United States' Non-Waiver of Appeal**

15. The United States reserves the right to carry out its responsibilities under guidelines sentencing. Specifically, the United States reserves the right:

- a. to bring its version of the facts of this case, including its evidence file and any investigative files, to the attention of the Probation Office in connection with that office's preparation of a presentence report;
- b. to set forth or dispute sentencing factors or facts material to sentencing;
- c. to seek resolution of such factors or facts in conference with Defendant's counsel and the Probation Office;
- d. to file a pleading relating to these issues, in accordance with section 6A1.2 of the United States Sentencing Guidelines and 18 U.S.C. § 3553(a); and
- e. to appeal the sentence imposed or the manner in which it was determined.

#### **Sentence Determination**

16. Defendant is aware that the sentence will be imposed after consideration of the United States Sentencing Guidelines and Policy Statements, which are only advisory, as well as the provisions of 18 U.S.C. § 3553(a). Defendant nonetheless acknowledges and agrees that the Court has authority to impose any sentence up to and including the statutory maximum set for the offense(s) to which Defendant pleads guilty, and that the sentence to be imposed is within the sole discretion of the sentencing judge after the Court has consulted the applicable Sentencing

Guidelines. Defendant understands and agrees that the parties' positions regarding the application of the Sentencing Guidelines do not bind the Court and that the sentence imposed is within the discretion of the sentencing judge. If the Court should impose any sentence up to the maximum established by statute, or should the Court order any or all of the sentences imposed to run consecutively, Defendant cannot, for that reason alone, withdraw a guilty plea, and will remain bound to fulfill all of the obligations under this plea agreement.

### **Rights at Trial**

17. Defendant understands that by entering into this agreement, he surrenders certain rights as provided in this plea agreement. Defendant understands that the rights of a defendant include the following:

- a. If Defendant persisted in a plea of not guilty to the charges, defendant would have the right to a speedy jury trial with the assistance of counsel. The trial may be conducted by a judge sitting without a jury if Defendant, the United States, and the court all agree.
- b. At a trial, the United States would be required to present witnesses and other evidence against Defendant. Defendant would have the opportunity to confront those witnesses and his attorney would be allowed to cross-examine them. In turn, Defendant could, but would not be required to, present witnesses and other evidence on his own behalf. If the witnesses for Defendant would not appear voluntarily, he could require their attendance through the subpoena power of the court; and
- c. At a trial, Defendant could rely on a privilege against self-incrimination and decline to testify, and no inference of guilt could be drawn from such refusal to testify. However, if Defendant desired to do so, he could testify on his own behalf.

### **Factual Basis for Guilty Plea**

18. Defendant is pleading guilty because he is in fact guilty of the charges contained in Count 1 of the Information. If this case were to proceed to trial, the United States could prove each

element of the offense beyond a reasonable doubt. The following facts, among others would be offered to establish Defendant's guilt:

19. From May 2011 to December 2012, Thomas Galen Massey conspired with Andrew Ian Farmer and others to perpetrate a securities fraud scheme to defraud investors of a substantial amount of money by publishing false statements about a company called Chimera Energy Corp. ("Chimera") in order to fraudulently inflate the price of its stock. Farmer and his associates then defrauded investors by selling their shares of Chimera stock to the public at the fraudulently inflated price. This type of scheme is commonly referred to as a "pump and dump scheme." In order to carry out the scheme, Massey, Farmer and their co-conspirators used emails to communicate, distributed numerous false press releases, and made several interstate wire money transfers in furtherance of the offense.

20. During the summer of 2011, Farmer met C.G., and C.G. agreed to become the Chief Executive Officer ("CEO") of Chimera. Shortly thereafter, on or about August 5, 2011, C.G. filed documents to incorporate Chimera and became its first CEO and its sole officer and director.

21. From December 2011 to January 2012, Chimera conducted an Initial Public Offering ("IPO"). Farmer and his associates recruited individuals to act as "straw-investors" in the Chimera IPO in order to make it appear that ownership of the freely tradeable shares of Chimera stock was not concentrated in one person or a group of people, when in truth and fact, Farmer and his associates had de facto control of the freely tradeable shares of Chimera stock through the straw-investors.

22. On April 10, 2012, FINRA cleared Pennaluna's Form 211 application to publish quotations of Chimera stock.



23. From March 2012 to May 2012, 28 of the 29 straw-investors transferred all of their shares to entities controlled by Farmer and his associates. The only straw-investor that did not sell her shares at this time was Farmer's wife, A.T.

24. Beginning in July 2012, Farmer, Massey, and their associates orchestrated a false promotional campaign designed to fraudulently inflate the price of Chimera stock.

25. On July 27, 2012, Farmer caused the filing of a Form 8-K with the SEC in which Chimera announced that it had entered into a "License Agreement" with "China Inland Oil Exploration Company" ("China Inland"), purportedly granting Chimera an "exclusive license to develop and commercialize [China Inland's] cutting edge technologies related to Non-Hydraulic Extraction [(“NHE”)].”

26. Chimera's purported agreement with China Inland was a sham designed to mislead investors, and Chimera did not have the NHE technology that Farmer, Massey, and their associates claimed it had.

27. Over the next several months, Farmer, Massey, and their associates caused Chimera to issue approximately 34 press releases and three additional Forms 8-K that publicized and promoted Chimera's purported licensing and development of the non-existent NHE technology.

28. Massey's role in the conspiracy was to obtain documentary support for the false press releases being published about Chimera, and to provide the false press releases to the Chimera CEO for his approval prior to their release. Massey also recruited an individual, B.R., to be a paid "consultant" for Chimera because B.R. had previously worked for Petroleos Mexicanos ("Pemex"), an oil and gas exploration company owned by the Mexican government.

29. On July 30, 2012, Massey assisted in issuing a press release that falsely stated Chimera had “licensed Non-Hydraulic Extraction,” and that Chimera had “put in place their procedure for engineering this new method for mass production, patenting, licensing, and sales.”

30. On August 7, 2012, Massey emailed B.R. an unsigned document entitled, “Memorandum of Understanding Agreement Between Chimera Energy USA and Pemex” (“MOU”). According to the MOU, Pemex would “provide a location for testing” Chimera’s purported NHE technology, and Chimera would “provide equipment required for exothermic non-[hydraulic] extraction.” Later that same day, B.R. emailed Massey a signed copy of the MOU. The MOU was signed by a person identified as “Jose Quiroga,” who purported to be a representative of Pemex. However, Pemex representatives later verified that no one named Jose Quiroga was employed by Pemex in the year 2012.

31. On August 9, 2012, Massey assisted in issuing a press release that falsely stated Chimera had “executed a Memorandum of Understanding with PEMEX, also known as Petroleos Mexicanos, regarding the utilization of [Chimera]’s revolutionary exothermic Non-Hydraulic Extraction method throughout Latin America.”

32. On or about August 10, 2012, Massey assisted in issuing a press release that falsely stated Chimera management “has been scheduled to directly meet with PEMEX associates in Mexico City beginning this Monday regarding a collaboration for utilizing [Chimera’s] revolutionary exothermic Non-Hydraulic Extraction method throughout Latin America.”

33. On or about August 13, 2012, Massey assisted in issuing a press release that falsely stated Chimera management “arrives in Mexico City this morning for their direct meetings with

PEMEX to collaborate on utilizing [Chimera's] revolutionary exothermic Non-Hydraulic Extraction system throughout Latin America."

34. On or about August 20, 2012, Massey assisted in issuing a press release that falsely stated that Chimera's President, C.G., "has just returned from fruitful meetings in Mexico City, where PEMEX and Chimera have begun to collaborate on utilizing [Chimera's] revolutionary exothermic Non-Hydraulic Extraction system throughout Latin America."

35. On or about September 11, 2012, Massey assisted in issuing a press release that falsely stated Chimera management "has formulated a 90-day schedule for the first deployment of Non-Hydraulic Shale Oil Extraction in the Chicontepic Basin of Mexico."

36. On or about October 10, 2012, Massey assisted in issuing a press release that falsely stated "Chimera Energy Corp and PEMEX Complete First Collaboration at Chicontepic Basin," "the first activities in Poza Rica, Mexico between the two companies have been completed with very good results," and "Chimera Energy Corp's Non-Hydraulic Extraction system is an unprecedented shale oil extraction system designed to safely and economically replace hydraulic fracking . . . without negative environmental impacts."

37. At the time Massey assisted in issuing these press releases, Massey knew that Farmer, his associates, and Chimera did not have the NHE technology they purported to have. Also, Massey knew that Chimera was a scheme intended to defraud investors.

38. While these false statements were being published, Farmer and his associates funded a false advertising campaign for Chimera stock. The false advertising campaign caused the price of Chimera stock to increase dramatically, and Farmer and his associates began to sell their Chimera stock to the public for their benefit.

39. From June 2012 to November 2012, Farmer and his associates sold approximately 9,852,468 shares of Chimera stock for total gross proceeds of \$6,841,923.01.

40. In furtherance of the offense, Massey transmitted and caused to be transmitted, by means of wire communication in interstate or foreign commerce, writings and signals for the purpose of executing the scheme and artifice to defraud. Moreover, at least one conspirator did at least one overt act to effect the object of the conspiracy.

#### **Breach of Plea Agreement**

41. If Defendant should fail in any way to fulfill completely all of the obligations under this plea agreement, the United States will be released from its obligations under the plea agreement, and Defendant's plea and sentence will stand. If at any time Defendant retains, conceals, or disposes of assets in violation of this plea agreement, or if Defendant knowingly withholds evidence or is otherwise not completely truthful with the United States, then the United States may move the Court to set aside the guilty plea and reinstate prosecution. Any information and documents that have been disclosed by Defendant, whether prior to or subsequent to this plea agreement, and all leads derived therefrom, will be used against defendant in any prosecution.

#### **Restitution, Forfeiture, and Fines – Generally**

42. This Plea Agreement is being entered into by the United States on the basis of Defendant's express representation that he will make a full and complete disclosure of all assets over which he exercises direct or indirect control, or in which he has any financial interest. Defendant agrees not to dispose of any assets or take any action that would effect a transfer of property in which he has an interest, unless Defendant obtains the prior written permission of the United States.

43. Defendant agrees to make complete financial disclosure by truthfully executing a sworn financial statement (Form OBD-500 or similar form) within 14 days of signing this plea agreement. Defendant agrees to authorize the release of all financial information requested by the United States, including, but not limited to, executing authorization forms permitting the United States to obtain tax information, bank account records, credit histories, and social security information. Defendant agrees to discuss and answer any questions by the United States relating to Defendant's complete financial disclosure.

44. Defendant agrees to take all steps necessary to pass clear title to forfeitable assets to the United States and to assist fully in the collection of restitution and fines, including, but not limited to, surrendering title, executing a warranty deed, signing a consent decree, stipulating to facts regarding the transfer of title and the basis for the forfeiture, and signing any other documents necessary to effectuate such transfer. Defendant also agrees to direct any banks which have custody of his assets to deliver all funds and records of such assets to the United States.

45. Defendant understands that forfeiture, restitution, and fines are separate components of sentencing and are separate obligations.

#### **Restitution**

46. Defendant agrees to pay full restitution to the victim(s) regardless of the count(s) of conviction. The parties stipulate and agree that, as a result of the defendant's criminal conduct, he is responsible for up to \$1,003,200.00 of the monetary loss incurred by the victim(s) in this case. Defendant understands and agrees that the Court will determine the amount of restitution. Defendant agrees that restitution imposed by the Court will be due and payable immediately and that Defendant will not attempt to avoid or delay payment. Subject to the provisions of paragraph

7 above, Defendant waives the right to challenge in any manner, including by direct appeal or in a collateral proceeding, the restitution order imposed by the Court.

### **Forfeiture**

47. Defendant stipulates and agrees that the factual basis for his guilty plea supports the forfeiture of up to \$1,003,200.00 against him and in favor of the United States, and Defendant agrees to the imposition of a personal money judgment for that amount against him and in favor of the United States of America. Defendant stipulates and admits that one or more of the conditions set forth in 21 U.S.C. § 853(p), exists. Defendant agrees to forfeit any of his property, or his interest in property, up to the value of any unpaid portion of the money judgment, until the money judgment is fully satisfied.

48. Defendant agrees to waive any and all interest in any asset which is the subject of a related administrative or judicial forfeiture proceeding, whether criminal or civil, federal or state.

49. Defendant consents to the order of forfeiture becoming final as to Defendant immediately following this guilty plea, pursuant to Federal Rule of Criminal Procedure 32.2(b)(4)(A).

50. Subject to the provisions of paragraph 4 above, Defendant waives the right to challenge the forfeiture of property in any manner, including by direct appeal or in a collateral proceeding.

### **Fines**

51. Defendant understands that under the Sentencing Guidelines the Court is permitted to order Defendant to pay a fine that is sufficient to reimburse the government for the costs of any imprisonment or term of supervised release, if any. Defendant agrees that any fine imposed by the

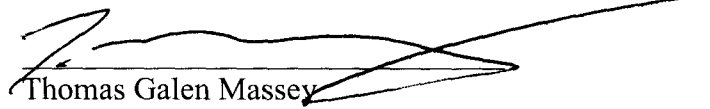
Court will be due and payable immediately, and Defendant will not attempt to avoid or delay payment. Subject to the provisions of paragraph 4 above, Defendant waives the right to challenge the fine in any manner, including by direct appeal or in a collateral proceeding.

**Complete Agreement**

52. This written plea agreement, including the attached addendum of Defendant and his attorney, constitutes the complete plea agreement between the United States, Defendant, and Defendant's counsel. No promises or representations have been made by the United States except as set forth in writing in this plea agreement. Defendant acknowledges that no threats have been made against him and that he is pleading guilty freely and voluntarily because he is guilty.

53. Any modification of this plea agreement must be in writing and signed by all parties.

Filed in Houston, Texas, on April 18, 2017

  
Thomas Galen Massey  
Defendant

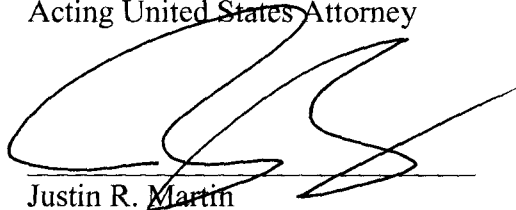
Subscribed and sworn to before me on April 18, 2017.

DAVID J. BRADLEY, Clerk  
UNITED STATES DISTRICT CLERK

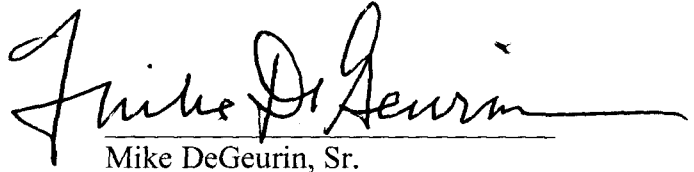
By:   
Deputy United States District Clerk

APPROVED:

ABE MARTINEZ  
Acting United States Attorney

A stylized, handwritten signature in black ink, appearing to read 'JRM', written over a horizontal line.

Justin R. Martin  
Assistant United States Attorney  
Southern District of Texas

A handwritten signature in black ink, appearing to read 'Mike DeGeurin', written over a horizontal line.

Mike DeGeurin, Sr.  
Attorney for Defendant



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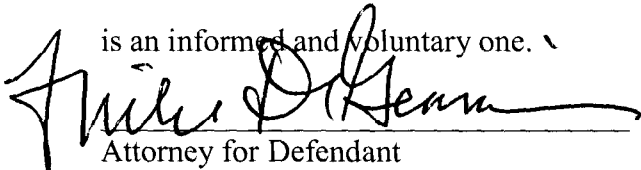
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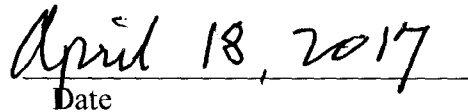
THOMAS GALEN MASSEY

**PLEA AGREEMENT -- ADDENDUM**

I have fully explained to Defendant his rights with respect to the pending charges. I have reviewed the provisions of the United States Sentencing Commission's Guidelines Manual and Policy Statements and I have fully and carefully explained to Defendant the provisions of those Guidelines which may apply in this case. I have also explained to Defendant that the Sentencing Guidelines are only advisory and the court may sentence Defendant up to the maximum allowed by statute per count of conviction. Further, I have carefully reviewed every part of this plea agreement with Defendant. To my knowledge, Defendant's decision to enter into this agreement

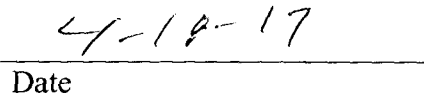
is an informed and voluntary one. ✓

  
Attorney for Defendant

  
Date

I have consulted with my attorney and fully understand all my rights with respect to the charges pending against me. My attorney has fully explained, and I understand, all my rights with respect to the provisions of the United States Sentencing Commission's Guidelines Manual which may apply in my case. I have read and carefully reviewed every part of this plea agreement with my attorney. I understand this agreement and I voluntarily agree to its terms.

  
Defendant

  
Date