

1 TRACY L. WILKISON  
 Acting United States Attorney  
 2 SCOTT M. GARRINGER  
 Assistant United States Attorney  
 3 Chief, Criminal Division  
 JOSEPH O. JOHNS (Cal. Bar No. 144524)  
 4 DENNIS MITCHELL (Cal. Bar No. 116039)  
 Assistant United States Attorneys  
 5 Environmental & Community Safety  
 Crimes Section  
 6 1300 United States Courthouse  
 312 North Spring Street  
 7 Los Angeles, California 90012  
 Telephone: (213) 894-4536  
 8 Facsimile: (213) 894-6436  
 E-mail: joseph.johns@usdoj.gov  
 9

10 GUSTAV W. EYLER  
 Director  
 United States Department of Justice  
 11 Consumer Protection Branch

ALLAN GORDUS  
 12 NATALIE N. SANDERS  
 MARYANN N. MCGUIRE  
 13 Trial Attorneys  
 450 5th St NW, Suite 6400 South  
 14 Washington, DC 20001  
 Telephone: (202) 307-1862  
 15 Facsimile: (202) 514-8742  
 E-mail: allan.gordus@usdoj.gov  
 16

Attorneys for Plaintiff  
 17 UNITED STATES OF AMERICA

18 UNITED STATES DISTRICT COURT

19 FOR THE CENTRAL DISTRICT OF CALIFORNIA

20 UNITED STATES OF AMERICA,  
 21 Plaintiff,  
 22 v.  
 23 GREE ELECTRIC APPLIANCES, INC.  
 OF ZHUHAI, and  
 24 HONG KONG GREE ELECTRIC  
 APPLIANCES SALES CO., LTD.,  
 25 Defendants.  
 26

No. 2:21-CR-00498-MCS

DEFERRED PROSECUTION AGREEMENT FOR  
DEFENDANTS GREE ELECTRIC  
APPLIANCES, INC. OF ZHUHAI, AND  
HONG KONG GREE ELECTRIC APPLIANCES  
SALES CO., LTD.

27  
 28

1           1.     This constitutes the deferred prosecution agreement between  
2 defendant GREE ELECTRIC APPLIANCES, INC. OF ZHUHAI ("Gree Zhuhai")  
3 and defendant HONG KONG GREE ELECTRIC APPLIANCES SALES CO., LTD.  
4 ("Gree Hong Kong") and the United States Department of Justice's  
5 Consumer Protection Branch ("CPB") and the United States Attorney's  
6 Office for the Central District of California ("USAO" and  
7 collectively with the CPB, the "government") in the above-captioned  
8 case. This agreement is limited to the CPB and the USAO, on the one  
9 hand, and Gree Zhuhai and Gree Hong Kong, on the other, and cannot  
10 bind any other federal, state, local, or foreign prosecuting,  
11 enforcement, administrative, or regulatory authorities.

12                           GREE ZHUHAI'S AND GREE HONG KONG'S OBLIGATIONS

13           2.     Gree Zhuhai and Gree Hong Kong agree to:

14                 a.     No later than ten (10) business days after the  
15 Effective Date of this agreement, pay the forfeiture and monetary  
16 penalty described in Paragraphs 27 and 28 of this agreement  
17 respectively.

18                 b.     Pay restitution as set forth in Paragraphs 17-26 of  
19 this agreement.

20                 c.     Sign, file, and enter a Stipulation Regarding Request  
21 for (1) Continuance of Trial Date and (2) Findings of Excludable Time  
22 Periods Pursuant to Speedy Trial Act, in the form attached to this  
23 agreement as Exhibit E or a substantially similar form.

24                 d.     Comply with all terms in this agreement and the  
25 Enhanced Compliance Measures attached hereto as Exhibit D, which is  
26 incorporated herein by reference.

27

28

1 e. Admit, accept, and acknowledge responsibility for the  
2 acts of their officers, employees, and agents as set forth in this  
3 agreement and the Statement of Facts attached hereto as Exhibit B.

4 f. Not contest or contradict any facts or information  
5 agreed to in this agreement and the Statement of Facts attached  
6 hereto as Exhibit B or their admissibility in proceedings related to  
7 this agreement.

8 g. Appear for all court appearances, obey all conditions  
9 of any bond, and obey any other ongoing court order in this matter.

10 h. Cooperate with the government as set forth in  
11 Paragraph 16 of this agreement.

12 i. Not commit any federal, state, or local crime.

13 j. Be truthful at all times with the government and the  
14 Court.

15 THE GOVERNMENT'S OBLIGATIONS

16 3. The government agrees to:

17 a. Sign, file, and enter a Stipulation Regarding Request  
18 for (1) Continuance of Trial Date and (2) Findings of Excludable Time  
19 Periods Pursuant to Speedy Trial Act, in the form attached to this  
20 agreement as Exhibit E or a substantially similar form.

21 b. If Gree Zhuhai and Gree Hong Kong are in full  
22 compliance with all of their obligations under this agreement at the  
23 conclusion of the deferred prosecution term described in Paragraphs  
24 6-10, within 15 calendar days of the conclusion of the term, move to  
25 dismiss the one-count Information.

26 c. Except for criminal tax violations (including  
27 conspiracy to commit such violations chargeable under 18 U.S.C.  
28 § 371), not further criminally prosecute Gree Zhuhai or Gree Hong

1 Kong for criminal and/or civil violations arising out of their  
2 conduct described in this agreement and the Statement of Facts  
3 attached to this agreement as Exhibit B (the "Covered Conduct").  
4 Gree Zhuhai and Gree Hong Kong understand that the government is free  
5 to prosecute them criminally for any other unlawful past conduct or  
6 any unlawful conduct that occurs after the date of this agreement.

7 WAIVER OF INDICTMENT AND VENUE

8 4. Gree Zhuhai and Gree Hong Kong acknowledge and agree that  
9 the government will file a one-count information in the United States  
10 District Court for the Central District of California, in the form  
11 attached to this agreement as Exhibit A or a substantially similar  
12 form, that charges Gree Zhuhai and Gree Hong Kong with Failure to  
13 Furnish Information Required by 15 U.S.C. § 2064(b), in violation of  
14 15 U.S.C. §§ 2068(a)(4) and 2070 (the "Information").

15 5. Having been fully advised by their attorneys, Gree Zhuhai  
16 and Gree Hong Kong hereby knowingly, voluntarily, and intelligently  
17 waive, relinquish, and give up:

18 a. Any right to indictment on the charge in the  
19 Information;

20 b. All rights to a speedy trial on the charge in the  
21 Information pursuant to the Sixth Amendment to the United States  
22 Constitution, Title 18, United States Code, Section 3161, and Federal  
23 Rule of Criminal Procedure 48(b); and

24 c. Any objection to venue in the United States District  
25 Court for the Central District of California for the charge in the  
26 Information or any other charge arising out of the Covered Conduct.

27

28

1 TERM OF AGREEMENT

2 6. This agreement is effective on the date on which the  
3 Information is filed (the "Effective Date").

4 7. Unless voided or extended as allowed in Paragraphs 8-10  
5 below, this agreement shall remain in effect for a period of three  
6 years after the Effective Date (the "Term").

7 8. If, after the filing of the Information, the Court does not  
8 continue the trial date and make findings of excludable time periods  
9 pursuant to the Speedy Trial Act, then the parties agree that, with  
10 the exception of the parties' waiver of the statute of limitations in  
11 Paragraph 36, this agreement is null and void.

12 9. Gree Zhuhai and Gree Hong Kong agree that, in the event the  
13 government determines, in its sole discretion, that either Gree  
14 Zhuhai or Gree Hong Kong has failed to perform or fulfill any  
15 obligation in this agreement, an extension or extensions of the Term  
16 of this agreement for both Gree Zhuhai and Gree Hong Kong may be  
17 imposed by the government, in its sole discretion, for up to a total  
18 additional time period of twelve months, without prejudice to the  
19 government's right to proceed as provided in Paragraph 38.b below.  
20 Any extension of this agreement is effective for both Gree Zhuhai and  
21 Gree Hong Kong and extends all terms of this agreement, including the  
22 terms of the Enhanced Compliance Measures in Exhibit D, for an  
23 equivalent period.

24 10. In the event the government determines that an extension of  
25 the Term of this agreement is or may be warranted, the government  
26 will notify Gree Zhuhai and Gree Hong Kong in writing of its  
27 determination no later than ninety (90) days prior to the expiration  
28 of the Term. Within forty-five (45) days of receipt of that notice,

1 Gree Zhuhai and/or Gree Hong Kong may respond to the government in  
2 writing to explain the nature and circumstances of any alleged  
3 failure to perform or fulfill any obligation in this agreement, as  
4 well as the actions they have taken to address and remediate the  
5 situation. The government agrees to consider such explanation in  
6 determining whether to extend the Term of this agreement.

7 CIRCUMSTANCES OF THIS AGREEMENT

8 11. The government enters into this agreement based on the  
9 individual facts and circumstances presented in this case, including:

- 10 a. The nature and seriousness of the Covered Conduct;
- 11 b. The changes made by Gree Zhuhai since 2013 to improve  
12 the safety of its products and to prevent violations of the Consumer  
13 Product Safety Act, 15 U.S.C. § 2051 *et seq.* ("CPSA"), including Gree  
14 Zhuhai's investments in expanded employee training and updated  
15 policies, procedures, and supervisory structures with an emphasis on  
16 preventing, detecting, and remediating defective products;
- 17 c. Gree Zhuhai's enhancement and commitment to continuing  
18 to enhance its compliance and product safety programs and internal  
19 controls to ensure that they satisfy the elements set forth in the  
20 Enhanced Compliance Measures in Exhibit D to this agreement, thereby  
21 safeguarding the safety of their consumer products;
- 22 d. Based on Gree Zhuhai's remediation and the current  
23 state of its product safety and compliance programs, the fact that  
24 the Covered Conduct ended in 2013, and Gree Zhuhai's agreement to  
25 report to the government as set forth in the Enhanced Compliance  
26 Measures in Exhibit D to this agreement, the government determined  
27 that an independent compliance monitor was unnecessary;

28

1 e. the acknowledgment by Gree Zhuhai and Gree Hong Kong  
2 of their conduct and their acceptance of responsibility for that  
3 conduct;

4 f. the cooperation by Gree Zhuhai and Gree Hong Kong in  
5 the investigation of this matter and their commitment to continue  
6 that cooperation as provided in Paragraph 16 below; and

7 g. the commitment by Gree Zhuhai and Gree Hong Kong to  
8 fulfill all of their obligations in this agreement.

9 CORPORATE AUTHORIZATION

10 12. Gree Zhuhai and Gree Hong Kong represent that they are  
11 authorized to enter into this agreement. Within five (5) business  
12 days of the signing and execution of this agreement by all parties,  
13 Gree Zhuhai and Gree Hong Kong shall provide the government a legal  
14 document certifying that each of them is authorized to enter into and  
15 comply with all of the provisions of this agreement. Such legal  
16 document shall designate a company representative who is authorized  
17 to take the actions specified in this agreement, and shall also state  
18 that all legal formalities for such authorizations have been observed  
19 in the form attached to this agreement as Exhibit C. Within five (5)  
20 business days of the filing of the Information, Gree Zhuhai and Gree  
21 Hong Kong shall file with the Court the same authorization documents  
22 previously provided to the government.

23 ORGANIZATIONAL CHANGES AND APPLICABILITY

24 13. This agreement shall bind Gree Zhuhai and Gree Hong Kong,  
25 their successor entities (if any), parent companies, and any other  
26 person or entity that assumes the liabilities contained herein  
27 ("successors-in-interest"). Gree Zhuhai and Gree Hong Kong, or their  
28 successors-in-interest, if applicable, shall provide the government

1 and the Court with notice in writing at least fifteen (15) days  
2 before of any name change, business reorganization, sale or purchase  
3 of assets, divestiture of assets, or similar action impacting their  
4 ability to perform or fulfill any of their obligations in this  
5 agreement, including their ability to pay the monetary penalty or  
6 forfeiture in this agreement. No change in name, change in corporate  
7 or individual control, business reorganization, change in ownership,  
8 merger, change of legal status, sale or purchase of assets, or  
9 similar action shall alter Gree Zhuhai's or Gree Hong Kong's  
10 responsibilities under this agreement. Neither Gree Zhuhai nor Gree  
11 Hong Kong shall engage in any action to seek to avoid the obligations  
12 and conditions set forth in this agreement.

13 NATURE OF THE OFFENSE

14 14. Gree Zhuhai and Gree Hong Kong understand that for each of  
15 them to be guilty of the crime charged in the Information, that is,  
16 Failure to Furnish Information Required by 15 U.S.C. § 2064(b)(3) and  
17 (4), in violation of Title 15, United States Code, Sections  
18 2068(a)(4) and 2070, the following must be true: each of them  
19 knowingly and willfully failed immediately to inform the United  
20 States Consumer Product Safety Commission ("CPSC") upon obtaining  
21 information which reasonably supported the conclusion that their  
22 dehumidifiers contained a defect which created a substantial product  
23 hazard, that is, a substantial risk of injury to the public, and  
24 created an unreasonable risk of serious injury or death.

25 PENALTIES

26 15. Gree Zhuhai and Gree Hong Kong understand that the  
27 statutory maximum sentence that the Court can impose on each of them  
28 for a violation of Title 15, United States Code, Sections 2068(a)(4)



1 and 2070, is: a five (5) year period of probation; a fine of five  
2 hundred thousand dollars (\$500,000) or twice the gross gain or gross  
3 loss resulting from the offense, whichever is greatest; and a  
4 mandatory special assessment of four hundred dollars (\$400).

5 COOPERATION

6 16. Gree Zhuhai and Gree Hong Kong agree to cooperate fully  
7 with the government and any other government agency designated by the  
8 government in any and all matters relating to the Covered Conduct  
9 until the date upon which all investigations and prosecutions arising  
10 out of the Covered Conduct are concluded, whether or not those  
11 investigations and prosecutions are concluded within the Term  
12 specified in Paragraphs 7-10. Gree Zhuhai and Gree Hong Kong's  
13 cooperation pursuant to this paragraph is subject to applicable laws  
14 and regulations, as well as valid claims of attorney-client privilege  
15 or attorney work product doctrine. However, Gree Zhuhai and Gree  
16 Hong Kong must provide to the government a log of any document or  
17 information that is not provided based on an assertion of law,  
18 regulation, or privilege, and Gree Zhuhai and Gree Hong Kong bear the  
19 burden of establishing the validity of any such assertions. This  
20 cooperation shall include, but is not limited to the following:

21 a. Gree Zhuhai and Gree Hong Kong shall truthfully  
22 disclose all information not protected by a valid claim of attorney-  
23 client privilege with respect to their activities and those of any of  
24 their present and former directors, officers, employees, agents,  
25 representatives, and any others concerning all matters about which  
26 the government may inquire. This obligation of truthful disclosure  
27 includes Gree Zhuhai's and Gree Hong Kong's obligation to assemble,  
28 organize, and provide the government all non-privileged documents,

1 records, or other tangible evidence in their custody or control as  
2 the government may reasonably request.

3           b. Gree Zhuhai and Gree Hong Kong shall provide testimony  
4 or information necessary to identify or establish the original  
5 location, authenticity, or other basis for admission into evidence of  
6 documents or other tangible evidence in any criminal, legal, court or  
7 other proceeding as the government may request.

8           c. Gree Zhuhai and Gree Hong Kong shall, using their  
9 reasonable best efforts, make available their present and former  
10 officers, directors and employees to provide information and/or  
11 testimony as the government may request, including testimony before a  
12 grand jury, a trial court, or other legal or court proceeding, as  
13 well as interviews with law enforcement authorities. Gree Zhuhai's  
14 and Gree Hong Kong's cooperation under this paragraph shall include  
15 identification of witnesses who have material information relating to  
16 the Covered Conduct, including identification of witnesses who have  
17 particular types of material information requested by the government.  
18 It is further understood that Gree Zhuhai and Gree Hong Kong must at  
19 all times provide complete, truthful, and accurate information.

20           d. Gree Zhuhai and Gree Hong Kong (and their directors,  
21 officers, employees, agents, and representatives) shall testify  
22 truthfully before the grand jury and at any trial or other proceeding  
23 with respect to any matters about which they may be questioned. Gree  
24 Zhuhai and Gree Hong Kong (and their directors, officers, employees,  
25 agents, and representatives) shall at all times give complete,  
26 truthful, and accurate information and testimony. Gree Zhuhai and  
27 Gree Hong Kong (and their directors, officers, employees, agents, and  
28 representatives) shall neither attempt to protect any person who has

1 been involved in criminal activity, nor falsely implicate anyone in  
2 criminal activity.

3 RESTITUTION

4 17. Gree Zhuhai and Gree Hong Kong agree to pay restitution to  
5 individuals who were directly and proximately harmed, either through  
6 physical injury or financial loss, by a fire or overheating caused by  
7 one of their dehumidifiers that were manufactured in 2007 through  
8 2013, sold in the United States, and subject to the recall that Gree  
9 Zhuhai announced on September 12, 2013, expanded on January 30, 2014,  
10 and re-announced on November 29, 2016. Gree Zhuhai and Gree Hong  
11 Kong agree to pay restitution to such individuals in the amounts  
12 determined by the United States Magistrate Judge or Special Master  
13 through the procedures in Paragraphs 20-25 below. The restitution  
14 owed to such individuals shall be reduced by the amount of  
15 compensation that they have already received for their losses through  
16 earlier payments from Gree Zhuhai, Gree Hong Kong, Gree USA, Inc.  
17 ("Gree USA"), or other sources, including but not limited to,  
18 insurance.

19 18. Gree Zhuhai and Gree Hong Kong agree to pay restitution to  
20 entities that were directly and proximately harmed by a fire or  
21 overheating that was caused by one of their dehumidifiers that were  
22 manufactured in 2007 through 2013, sold in the United States, and  
23 subject to the recall that Gree Zhuhai announced on September 12,  
24 2013, expanded on January 30, 2014, and re-announced on November 29,  
25 2016. Gree Zhuhai and Gree Hong Kong agree to pay restitution to  
26 such entities in the amounts determined by the United States  
27 Magistrate Judge or Special Master through the procedures in  
28 Paragraphs 20-25 below. The restitution owed to such entities shall

1 be reduced by the amount of compensation that they have already  
2 received for their losses through earlier payments from Gree Zhuhai,  
3 Gree Hong Kong, Gree USA, or other sources, including but not limited  
4 to, insurance.

5 19. Gree Zhuhai and Gree Hong Kong agree that all such  
6 individuals and entities mentioned in Paragraphs 17 and 18 are  
7 victims of the crime of which they are charged or other uncharged  
8 crimes related to that charged crime.

9 20. Gree Zhuhai and Gree Hong Kong agree to the appointment of  
10 a United States Magistrate Judge or Special Master to determine the  
11 proper payment of the restitution set forth in Paragraphs 17 and 18.  
12 Gree Zhuhai and Gree Hong Kong agree that the United States  
13 Magistrate Judge or Special Master, as determined by the Court,  
14 should make findings of fact regarding:

15 a. Who should receive restitution under Paragraphs 17 and  
16 18; and

17 b. The restitution amounts that these individuals and  
18 entities should receive.

19 21. In connection with the administration and disposition of  
20 restitution in this matter, Gree Zhuhai and Gree Hong Kong agree that  
21 the United States Magistrate Judge or Special Master should:

22 a. Notify potential claimants of the restitution claim  
23 process within one hundred twenty (120) days of Gree USA's sentencing  
24 proceeding;

25 b. Collect restitution claims for a period of one hundred  
26 eighty (180) days after the date of the last notice to potential  
27 claimants. Restitution claims submitted later than one hundred  
28

1 eighty (180) days after the date of the last notice to potential  
2 claimants are not eligible for restitution;

3 c. Determine the validity of each submitted restitution  
4 claim, and for each valid claim, determine the amount of restitution  
5 owed for that claim;

6 d. Implement appropriate procedures necessary to carry  
7 out the foregoing duties within one hundred twenty (120) days of Gree  
8 USA's sentencing proceeding;

9 e. Promptly notify Gree Zhuhai, Gree Hong Kong, Gree USA  
10 and the government of all claims received; and

11 f. Report to the Court every sixty (60) days following  
12 Gree USA's sentencing proceeding on the status of the United States  
13 Magistrate Judge's or Special Master's work to date, anticipated  
14 future efforts, and any matters the United States Magistrate Judge or  
15 Special Master believes require the Court's attention.

16 22. If the United States Magistrate Judge or Special Master  
17 decides that restitution is owed on a claim, Gree Zhuhai and Gree  
18 Hong Kong will pay that claim within ten (10) days after the United  
19 States Magistrate's or Special Master's decision becomes final. The  
20 United States Magistrate Judge's or Special Master's decision becomes  
21 final forty-five (45) days after the first notice to Gree Zhuhai,  
22 Gree Hong Kong or Gree USA of the decision.

23 a. Gree Zhuhai and Gree Hong Kong will pay any  
24 restitution award of fifty thousand dollars (\$50,000) or less within  
25 ten days after the United States Magistrate Judge's or Special  
26 Master's decision becomes final. Gree Zhuhai and Gree Hong Kong have  
27 no right to appeal any decision awarding restitution of fifty  
28 thousand dollars (\$50,000) or less.

1           b.     Gree Zhuhai and Gree Hong Kong may appeal in a court  
2 of competent jurisdiction any decision awarding restitution greater  
3 than fifty thousand dollars (\$50,000). If Gree Zhuhai or Gree Hong  
4 Kong appeal or challenge the United States Magistrate Judge's or  
5 Special Master's decision within forty-four (44) days after the first  
6 notice of the decision to Gree Zhuhai, Gree Hong Kong or Gree USA,  
7 the United States Magistrate Judge's or Special Master's decision  
8 does not become final until all of Gree Zhuhai's and Gree Hong Kong's  
9 appeals have been exhausted.

10           c.     All decisions by the United States Magistrate Judge or  
11 Special Master will be vested in their discretion and, if contested,  
12 will be reviewed under the arbitrary-and-capricious standard set  
13 forth in 5 U.S.C. § 706(2)(A). Review of any decision by the United  
14 States Magistrate Judge or Special Master will be based exclusively  
15 on the written record before the United States Magistrate Judge or  
16 Special Master at the time of the decision. No discovery will be  
17 taken in a challenge to the United States Magistrate Judge's or  
18 Special Master's decision.

19           23.    Gree Zhuhai and Gree Hong Kong will have a reasonable  
20 opportunity to investigate and challenge any claim before the United  
21 States Magistrate Judge or Special Master makes a decision on a  
22 claim. Gree Zhuhai's and Gree Hong Kong's reasonable opportunity to  
23 investigate and challenge a claim will not exceed six (6) months from  
24 the first notification to Gree Zhuhai, Gree Hong Kong or Gree USA of  
25 the claim, unless the United States Magistrate Judge or Special  
26 Master decides to extend the time for Gree Zhuhai or Gree Hong Kong  
27 to investigate and challenge a claim. In no event will Gree Zhuhai's  
28 and Gree Hong Kong's opportunity to investigate and challenge a claim

1 exceed twelve (12) months after the first notification to Gree  
2 Zhuhai, Gree Hong Kong or Gree USA of the claim.

3 24. The United States Magistrate Judge or Special Master may  
4 request from the Court a reasonable extension of the time periods in  
5 the preceding paragraphs as circumstances warrant.

6 25. Gree Zhuhai and Gree Hong Kong shall promptly provide to  
7 the United States Magistrate Judge or Special Master all documentary  
8 materials or testimonial information reasonably requested by the  
9 United States Magistrate Judge or Special Master, subject to  
10 applicable laws and regulations, as well as valid claims of attorney-  
11 client privilege or attorney work product doctrine. However, Gree  
12 Zhuhai and Gree Hong Kong must provide to the government a log of any  
13 document or information that is not provided based on an assertion of  
14 law, regulation, or privilege, and Gree Zhuhai and Gree Hong Kong  
15 bear the burden of establishing the validity of any such assertions.

16 26. Gree Zhuhai and Gree Hong Kong shall pay in full any costs,  
17 fees, and expenses the United States Magistrate Judge or Special  
18 Master incurs in carrying out his or her duties separate and apart  
19 from any restitution paid to victims with valid restitution claims.

20 FORFEITURE

21 27. As a result of the Covered Conduct, Gree Zhuhai and Gree  
22 Hong Kong agree to pay to the United States thirty-nine million  
23 dollars (\$39,000,000) (the "Stipulated Forfeiture Amount")  
24 representing the assets associated with their violation of 15 U.S.C.  
25 §§ 2068(a)(4) and 2070.

26 a. Gree Zhuhai and Gree Hong Kong agree that:  
27 i. the facts set forth in the Statement of Facts  
28 attached as Exhibit B to this agreement are sufficient to establish

1 that the Stipulated Forfeiture Amount is subject to civil forfeiture  
2 to the United States; and

3 ii. this agreement and the Statement of Facts may be  
4 attached to and incorporated into the Civil Forfeiture Complaint to  
5 be filed against the Stipulated Forfeiture Amount.

6 b. By this agreement, Gree Zhuhai and Gree Hong Kong  
7 waive service of said Civil Forfeiture Complaint and agree that a  
8 Final Order of Forfeiture may be entered against the Stipulated  
9 Forfeiture Amount.

10 c. Upon payment of the Stipulated Forfeiture Amount, Gree  
11 Zhuhai and Gree Hong Kong shall:

12 i. release any and all claims they may have to such  
13 funds; and

14 ii. execute such documents as necessary to accomplish  
15 the forfeiture of the funds.

16 d. Gree Zhuhai and Gree Hong Kong agree that they will  
17 not file a claim with the Court or otherwise contest the civil  
18 forfeiture of the Stipulated Forfeiture Amount and will not assist a  
19 third party in asserting any claim to the Stipulated Forfeiture  
20 Amount.

21 e. The forfeiture of the Stipulated Forfeiture Amount  
22 shall be final and shall not be refunded.

23 f. Gree Zhuhai or Gree Hong Kong shall transfer thirty-  
24 nine million dollars (\$39,000,000) to the United States within ten  
25 (10) business days of the Effective Date of this agreement. Such  
26 transfer shall be made by wire transfer to the United States,  
27 pursuant to wire instructions provided by the government.

28





1 to the United States shall be credited against the Total Monetary  
2 Penalty pursuant to the "Coordination of Corporate Resolution  
3 Penalties and/or Joint Investigations and Proceedings Arising from  
4 the Same Misconduct" Policy in the Department of Justice Manual 1-  
5 12.100.

6 c. Gree Zhuhai and Gree Hong Kong agree to pay thirty-six  
7 million two hundred and fifty thousand dollars (\$36,250,000) of the  
8 Total Monetary Penalty to the United States within ten (10) business  
9 days of the Effective Date of this agreement. Gree Zhuhai or Gree  
10 Hong Kong will make this payment by wire transfer according to the  
11 wire instructions provided by the government.

12 d. Gree Zhuhai and Gree Hong Kong agree to pay five  
13 hundred thousand dollars (\$500,000) of the Total Monetary Penalty as  
14 a criminal fine on behalf of Gree USA (the "Criminal Fine Payment")  
15 no later than ten (10) business days after the entry of judgment of  
16 Gree USA's sentence by the Court. Gree Zhuhai and Gree Hong Kong  
17 agree to make the Criminal Fine Payment as a related company of Gree  
18 USA. Gree Zhuhai or Gree Hong Kong will make this payment by wire  
19 transfer according to the wire instructions to be provided by the  
20 government.

21 e. All Total Monetary Penalty payments are final and  
22 shall not be refunded.

23 f. If Gree Zhuhai and Gree Hong Kong fail to timely make  
24 the payments required in this paragraph, interest (at the rate  
25 specified in Title 28, United States Code, Section 1961) shall accrue  
26 on the unpaid balance through the date of payment.

27 g. Nothing in this agreement shall be deemed an agreement  
28 by the government that fifty-two million two hundred thousand dollars

1 (\$52,200,000) is the maximum penalty that may be imposed in any  
2 future prosecution of Gree Zhuhai or Gree Hong Kong, and the  
3 government is not precluded from arguing in any future prosecution  
4 that the Court should impose a higher fine, although the government  
5 agrees that it will recommend to the Court that any amount paid under  
6 this agreement should be offset against any forfeiture or fine that  
7 the Court might impose as part of a future judgment.

8 SUSPENSION, REVOCATION, AND DEBARMENT

9 29. Gree Zhuhai and Gree Hong Kong understand that if either of  
10 them hold any regulatory licenses or permits, this agreement may  
11 result in the suspension or revocation of those licenses and permits.  
12 The government makes no representation or promise concerning  
13 suspension or debarment of Gree Zhuhai or Gree Hong Kong from  
14 contracting with the United States or with any office, agency, or  
15 department thereof. Suspension and debarment of organizations is a  
16 discretionary administrative action solely within the authority of  
17 the federal contracting agencies. Gree Zhuhai and Gree Hong Kong  
18 understand that unanticipated collateral consequences such as this  
19 will not serve as grounds to withdraw from this agreement.

20 FACTUAL BASIS

21 30. Gree Zhuhai, Gree Hong Kong, and the government agree to  
22 the Statement of Facts attached hereto as Exhibit B and incorporated  
23 herein by this reference, and agree that the Statement of Facts is  
24 sufficient to support a conviction to the charges described in this  
25 agreement. The attached Statement of Facts is not meant to be a  
26 complete recitation of all facts relevant to the underlying criminal  
27 conduct or all facts known to the parties that relate to that  
28 conduct.



1 34. Any notice to the government under this agreement shall be  
2 given by: (1) email to an email address provided by the government;  
3 and (2) personal delivery, or overnight delivery by a recognized  
4 delivery service addressed to the following:

5 Director, Consumer Protection Branch  
6 U.S. Department of Justice  
7 450 5th St NW, Suite 6400 South  
8 Washington, DC 20001

9 and

10 Chief, Environmental & Community  
11 Safety Crimes Section  
12 U.S. Attorney's Office  
13 Central District of California  
14 1300 United States Courthouse  
15 312 North Spring Street  
16 Los Angeles, California 90012

17 35. Notice shall be effective upon actual receipt by the  
18 government or Gree Zhuhai or Gree Hong Kong.

19 WAIVER OF STATUTE OF LIMITATIONS AND OTHER TIME DEFENSES

20 36. Having been fully advised by their attorneys regarding the  
21 application of the statute of limitations, the United States  
22 Constitution regarding prejudicial pre-indictment delay and the  
23 Speedy Trial Act to the Covered Conduct, Gree Zhuhai and Gree Hong  
24 Kong hereby knowingly, voluntarily, and intelligently waive,  
25 relinquish, and give up:

26 a. Any right that each of them might have not to be  
27 prosecuted for any federal criminal offenses arising out of the  
28 Covered Conduct, including, but not limited to, the charge in the  
Information, because of the expiration of the statute of limitations  
for the offenses before the filing of the Information or indictment  
alleging the offenses; and



1 before making a determination of whether the agreement has been  
2 breached. Within forty-five (45) days of receipt of such notice,  
3 Gree Zhuhai and Gree Hong Kong shall have the opportunity to respond  
4 to the government in writing to explain the nature and circumstances  
5 of such alleged breach, as well as the actions they have taken to  
6 address and remediate the situation. The government shall consider  
7 their written explanation(s) before making a determination of whether  
8 either of them has breached this agreement.

9 38. If the government declares this agreement breached, the  
10 following shall occur:

11 a. the government will be relieved of all of its  
12 obligations in this agreement; and

13 b. Gree Zhuhai and Gree Hong Kong will thereafter be  
14 subject to:

15 i. prosecution for any federal criminal violation of  
16 which the government has knowledge, including, but not limited to,  
17 the charge in the Information and any other federal criminal  
18 violations relating to the Covered Conduct, which the government may  
19 bring in the United States District Court for the Central District of  
20 California or any other appropriate venue;

21 ii. any civil, administrative, or regulatory action  
22 that was either dismissed or not filed because of this agreement; and

23 iii. the imposition of monetary penalties ("Stipulated  
24 Penalties") as set forth in Paragraph 39 below.

25 39. Gree Zhuhai and Gree Hong Kong agree that the government,  
26 in its sole discretion, may seek the imposition of monetary penalties  
27 ("Stipulated Penalties") for any failure by either Gree Zhuhai or  
28 Gree Hong Kong to perform or fulfill any of their obligations in this

1 agreement, including, but not limited to, any obligations set forth  
2 in the Enhanced Compliance Measures attached to this agreement in  
3 Exhibit D. Stipulated Penalties shall be calculated as five thousand  
4 dollars (\$5,000) per day for each unperformed or unfulfilled  
5 obligation and assessed as follows:

6 a. Upon the government's determination that either Gree  
7 Zhuhai or Gree Hong Kong has failed to perform or fulfill an  
8 obligation in this agreement, the government shall notify them in  
9 writing of their failure and the government's exercise of its  
10 contractual right to demand payment of the Stipulated Penalties (the  
11 "Demand Letter"). The Demand Letter shall set forth:

12 i. The obligation that either Gree Zhuhai or Gree  
13 Hong Kong has failed, in the government's determination, to perform  
14 or fulfill;

15 ii. The date on which either Gree Zhuhai or Gree Hong  
16 Kong first failed, in the government's determination, to perform or  
17 fulfill the obligation;

18 iii. A description of the obligation not met  
19 sufficient to permit Gree Zhuhai or Gree Hong Kong to cure (as  
20 described below); and

21 iv. the amount of Stipulated Penalties claimed by the  
22 government as of the date of the Demand Letter.

23 b. Within forty-five (45) days after receipt of the  
24 Demand Letter, or such other period as the government may agree in  
25 writing, Gree Zhuhai and/or Gree Hong Kong shall cure their failure  
26 to perform or fulfill the obligation identified by the government in  
27 the Demand Letter ("Cure Period"). If the failure is of a type that  
28 can be cured and either Gree Zhuhai or Gree Hong Kong cure the



1 failure within the Cure Period, no Stipulated Penalties shall be due.  
2 If neither Gree Zhuhai nor Gree Hong Kong cures the failure during  
3 the Cure Period, but one of them then subsequently cures the failure,  
4 Stipulated Penalties calculated from the date on which Gree Zhuhai  
5 and/or Gree Hong Kong first failed to perform or fulfill the  
6 obligation to the date of cure shall be immediately payable to the  
7 government. If the failure is one that cannot be cured, then  
8 Stipulated Penalties calculated from the date on which Gree Zhuhai  
9 and/or Gree Hong Kong first failed to perform or fulfill the  
10 obligation until the date that one of them remediates the failure to  
11 the government's satisfaction shall be immediately payable to the  
12 government.

13 c. Determination of whether Gree Zhuhai and/or Gree Hong  
14 Kong have failed to perform or fulfill an obligation in this  
15 agreement shall be in the government's sole discretion.  
16 Determinations of whether a failure to perform or fulfill an  
17 obligation in this agreement can be cured or has been cured, and  
18 determinations of when a failure has been cured or remediated shall  
19 all be in the government's sole discretion.

20 d. The Stipulated Penalties shall be paid by electronic  
21 fund transfer according to wire transfer instructions that will be  
22 provided by the government.

23 e. Gree Zhuhai and Gree Hong Kong agree that the United  
24 States District Court for the Central District of California shall  
25 have jurisdiction over any action to collect such a penalty.

26 f. If Gree Zhuhai or Gree Hong Kong fail timely to make a  
27 required payment of Stipulated Penalties, interest (at the rate  
28

1 specified in 28 U.S.C. § 1961) shall accrue on the unpaid balance  
2 through the date of payment.

3 40. For any criminal, civil, administrative, or regulatory  
4 action brought by the government against Gree Zhuhai or Gree Hong  
5 Kong pursuant to Paragraph 38.b, including to collect Stipulated  
6 Penalties, Gree Zhuhai and Gree Hong Kong agree that:

7 a. Any such action may be premised on information  
8 provided by Gree Zhuhai or Gree Hong Kong;

9 b. Any applicable statute of limitations for any such  
10 action is tolled between October 25, 2017, and the filing commencing  
11 any such action;

12 c. In addition to Gree Zhuhai's and Gree Hong Kong's  
13 waivers in Paragraph 36, Gree Zhuhai and Gree Hong Kong knowingly,  
14 voluntarily, and intelligently waive, relinquish, and give up all  
15 defenses based on the statute of limitations, any claim of pre-  
16 indictment delay, or any speedy trial claim with respect to any  
17 action brought pursuant to Paragraph 38.b, except to the extent that  
18 such defenses existed as of October 25, 2017;

19 d. All statements made by or on behalf of either Gree  
20 Zhuhai or Gree Hong Kong to the government or to the Court, including  
21 the Statement of Facts attached to this agreement as Exhibit B, and  
22 any testimony given by either Gree Zhuhai or Gree Hong Kong before a  
23 grand jury, a court, or any tribunal, or at any legislative hearings,  
24 whether before or after this agreement, and any leads derived from  
25 such statements or testimony, shall be admissible in evidence against  
26 either Gree Zhuhai or Gree Hong Kong in any and all actions brought  
27 by the government against either Gree Zhuhai or Gree Hong Kong  
28 pursuant to Paragraph 38.b; and

1 e. Gree Zhuhai and Gree Hong Kong knowingly, voluntarily,  
2 and intelligently waive, relinquish, and give up any claim under the  
3 United States Constitution, any statute, Rule 410 of the Federal  
4 Rules of Evidence, Rule 11(f) of the Federal Rules of Criminal  
5 Procedure, or any other federal rule, that the statements in  
6 Paragraph 40.d or any evidence derived from those statements should  
7 be suppressed or are inadmissible and neither Gree Zhuhai nor Gree  
8 Hong Kong shall assert any claim under the United States  
9 Constitution, Rule 11(f) of the Federal Rules of Criminal Procedure,  
10 Rule 410 of the Federal Rules of Evidence, or any other federal rule  
11 that any such statements or testimony made by or on behalf of either  
12 Gree Zhuhai or Gree Hong Kong before or after this agreement, or any  
13 leads derived therefrom, should be suppressed or are otherwise  
14 inadmissible.

15 41. Gree Zhuhai and Gree Hong Kong acknowledge that the  
16 government has made no representations, assurances, or promises  
17 concerning what sentence may be imposed by the Court if the  
18 government declares this agreement breached and this matter proceeds  
19 to judgment. Gree Zhuhai and Gree Hong Kong further acknowledge that  
20 any such sentence is solely within the discretion of the Court and  
21 that nothing in this agreement binds or restricts the Court in the  
22 exercise of such discretion.

23 PUBLIC STATEMENTS BY GREE ZHUHAI AND GREE HONG KONG

24 42. Gree Zhuhai and Gree Hong Kong agree that they shall not,  
25 through their present or future attorneys, officers, directors,  
26 agents, management level employees, or any other person authorized to  
27 speak for them, make any public statement, in litigation or  
28 otherwise, contradicting in whole or in part the facts described in

1 the Statement of Facts attached to this agreement in Exhibit B. The  
2 decision whether any public statement by any such person  
3 contradicting a fact contained in the Statement of Facts will be  
4 imputed to Gree Zhuhai or Gree Hong Kong shall be at the sole  
5 discretion of the government.

6 COURT AND PROBATION OFFICE NOT PARTIES

7 43. Gree Zhuhai and Gree Hong Kong understand that the Court  
8 and the United States Probation Office are not parties to this  
9 agreement.

10 PUBLICATION

11 44. Within ten (10) days of the Effective Date of this  
12 agreement, Gree Zhuhai and Gree Hong Kong agree to make the  
13 Information, this agreement, and the Statement of Facts conspicuously  
14 available to the public on the Gree website  
15 (<https://global.gree.com/usa/>) for two (2) years after the Effective  
16 Date of this agreement.

17 NO ADDITIONAL AGREEMENTS

18 45. Gree Zhuhai and Gree Hong Kong understand that, except as  
19 set forth herein, there are no promises, understandings, or  
20 agreements between the government and Gree Zhuhai or Gree Hong Kong  
21 or their attorneys, and that no additional promise, understanding, or  
22 agreement may be entered into unless in writing and signed by all  
23 parties or on the record in court.

24 ///

25 ///

26 ///

27 ///

28 ///

1 AGREED AND ACCEPTED

2 UNITED STATES ATTORNEY'S OFFICE  
3 FOR THE CENTRAL DISTRICT OF  
4 CALIFORNIA

5 TRACY L. WILKISON  
6 Acting United States Attorney

7 SCOTT M. GARRINGER  
8 Assistant United States Attorney  
9 Chief, Criminal Division

10 Joseph O. Johns  
11 JOSEPH O. JOHNS

*by AAG*

12 DENNIS MITCHELL  
13 Assistant United States Attorneys

UNITED STATES DEPARTMENT OF  
JUSTICE  
CONSUMER PROTECTION BRANCH

GUSTAV W. EYLER  
Director  
Consumer Protection Branch

Allan Gordus  
ALLAN GORDUS

NATALIE N. SANDERS  
MARYANN N. MCGUIRE  
Trial Attorneys  
Consumer Protection Branch  
U.S. Department of Justice

10/26/21  
Date

10/26/21  
Date

14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

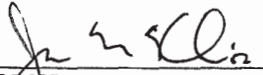
1 DEFENDANT HONG KONG GREE ELECTRIC APPLIANCES SALES CO., LTD.

2 

2021.10.20

3 NAME: Guoqing Gan  
4 TITLE: Director  
5 Authorized Representative of  
6 Defendant  
7 HONG KONG GREE ELECTRIC  
8 APPLIANCES SALES CO., LTD.

Date

7 

10/21/2021

8 MORRISON & FOERSTER LLP  
9 JAMES M. KOUKIOS  
10 SOPHIA H. CASH  
11 On Behalf of Defendant  
12 HONG KONG GREE ELECTRIC  
13 APPLIANCES SALES CO., LTD.

Date

11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

1 DEFENDANT GREE ELECTRIC APPLIANCES, INC. OF ZHUHAI

2   
3 \_\_\_\_\_ Date 2021.10.20

4 NAME: Mingjing Li  
5 TITLE: Deputy Director,  
6 Legal Department  
7 Authorized Representative of  
8 Defendant  
9 GREE ELECTRIC APPLIANCES, INC. OF  
10 ZHUHAI

11   
12 \_\_\_\_\_ Date 10/21/2021

13 MORRISON & FOERSTER LLP  
14 JAMES M. KOUKIOS  
15 SOPHIA H. CASH  
16 On Behalf of Defendant  
17 GREE ELECTRIC APPLIANCES, INC. OF  
18 ZHUHAI

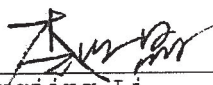
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

Exhibit C

CERTIFICATION OF GREE ZHUHAI DEFENDANT

I have been authorized by defendant GREE ELECTRIC APPLIANCES, INC. OF ZHUHAI ("defendant") to enter into this agreement on behalf of defendant. I have read this agreement in its entirety. This agreement has been read to me in Mandarin, the language which I understand best. I have had enough time to review and consider this agreement, and I have carefully and thoroughly discussed every part of it with defendant's attorney. I understand the terms of this agreement, and I voluntarily agree to those terms on behalf of defendant. I have discussed the evidence with defendant's attorney, and defendant's attorney has advised me of defendant's rights, of possible pretrial motions that might be filed, of possible defenses that might be asserted either prior to or at trial, of the sentencing factors set forth in 18 U.S.C. § 3553(a), of relevant Sentencing Guidelines provisions, and of the consequences of entering into this agreement. No promises, inducements, or representations of any kind have been made to me or to defendant other than those contained in this agreement. No one has threatened or forced me or defendant in any way to enter into this agreement. I am satisfied with the representation of defendant's attorney in this matter.

  
NAME: Mingjing Li

2021.10.20  
Date

Title: Deputy Director,  
Legal Department  
Authorized Representative of  
Defendant GREE ELECTRIC  
APPLIANCES, INC. OF ZHUHAI