

Bechtel / Power Generation Engineering and Services Company (PGESCO) / Asem M. Elgawhary

Case ID:

ST-413

Case Cluster :

Bechtel / Power Generation Engineering and Services Company (PGESCO)

Jurisdiction of Settlement:

United States

Jurisdiction of Settlement / Enforcement Agency:

Department of Justice

Jurisdiction of Foreign Public Official(s) :

Egypt

Year of Settlement:

2015

Month/Day of Settlement (or Notes):

3/23

Other Jurisdictions of Settlement:

Unknown

Settlement with Individual or Legal Person?:

Individual

Type of Settlement:

Criminal

Legal Form of Settlement:

Guilty Plea

Monetary Sanctions (Types):

Criminal Forfeiture

Total Monetary Sanctions (US\$):

\$5,258,995

Criminal Fine/Penalty (US\$) :

\$0

Criminal Forfeiture / Confiscation (US\$):

\$5

258

995

Monetary Sanctions Returned / Ordered Returned (US\$):

\$0

Monetary Sanctions Returned / Ordered Returned (Explanation):

NA

UNCAC Articles(s) Implicated:

Art.16

OECD Anti-Bribery Convention Articles Implicated:

Art. 1, Art. 2, Art. 7

Offenses - Alleged:

Mail Fraud, Conspiracy to Commit Money Laundering, Interference with Administration of Internal Revenue (Tax) Laws in relation to an FCPA bribery scheme

Offenses - Settled:

Mail Fraud, Conspiracy to Commit Money Laundering, Interference with Administration of Internal Revenue (Tax) Laws in relation to an FCPA bribery scheme

Public Procurement Contract / SOE Involved?:

Yes

Summary:

According to the US Department of Justice, "Asem Elgawhary [] pleaded guilty on Dec. 4, 2014, to mail fraud, conspiracy to commit money laundering, and obstruction and interference with the administration of the tax laws. In imposing sentence today [the Court] also ordered Elgawhary to forfeit \$5.2 million. From 1996 to 2011, Elgawhary was assigned by Bechtel? a U.S. corporation engaged in engineering, construction and project management? to be the general manager at Power Generation Engineering and Services Company (PGESCO), a joint venture between Bechtel and Egypt?s state-owned and state-controlled electricity company, known as EEHC. PGESCO assisted EEHC in identifying possible subcontractors, soliciting bids and awarding contracts to perform power projects for EEHC. According to his plea agreement, Elgawhary admitted to accepting a total of \$5.2 million from three power companies, which they paid to secure a competitive and unfair advantage in the bidding process. One of the power companies, Alstom S.A., together with a Swiss subsidiary, pleaded guilty on Dec. 22, 2014, to violations of the Foreign Corrupt Practices Act (FCPA) in connection with a scheme to pay bribes to foreign officials, including Elgawhary, in various countries. As Elgawhary admitted in his plea agreement, he attempted to conceal the kickback scheme by routing the payments through various off-shore bank accounts, including Swiss bank accounts, under his control. Elgawhary also sent various documents and ?Representation Letters? to Bechtel executives and members of the PGESCO Board of Directors, falsely certifying that he had no knowledge or suspicion of any fraud at PGESCO, and that there were no possible violations of law or regulations that should have been considered for disclosure in PGESCO?s financial statements. Elgawhary also admitted that, in a further attempt to conceal the scheme, he made misrepresentations to counsel for Bechtel when he was interviewed in April 2011. Elgawhary further admitted to obstructing and interfering with tax laws by failing to report any of the kickback payments as income for the tax years 2008 through 2011 and providing false information about foreign bank accounts." (Source: US Department of Justice Press Release, "Former Bechtel Executive Sentenced to 42 Months in Prison and Ordered to Forfeit \$5.2 Million in Connection with Kickback Scheme," March 23, 2015.)

Sources :

US v. Asem Elgawhary, Case No. 14-cr-68 (D. Md.), Criminal Complaint, filed (November 27, 2013), Indictment (February 20, 2014); Department of Justice Press Release, "Former Bechtel Executive Sentenced to 42 Months in Prison and Ordered to Forfeit \$5.2 Million in Connection with Kickback Scheme," March 23, 2015, accessed at <https://www.justice.gov/criminal-fraud/case/united-states-v-asem-m-elgawhary-court-docket-number-14-cr-00068-dkc>; Consent Order of Forfeiture and Judgment, both filed March 23, 2015 accessed via PACER.