

JUSTICE NEWS

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Alstom Pleads Guilty and Agrees to Pay \$772 Million Criminal Penalty to Resolve Foreign Bribery Charges

Largest-ever foreign bribery resolution with the Department of Justice

Alstom S.A. (Alstom), a French power and transportation company, pleaded guilty today and agreed to pay a \$772,290,000 fine to resolve charges related to a widespread scheme involving tens of millions of dollars in bribes in countries around the world, including Indonesia, Saudi Arabia, Egypt and the Bahamas.

Deputy Attorney General James M. Cole, Assistant Attorney General Leslie R. Caldwell of the Justice Department's Criminal Division, First Assistant U.S. Attorney Michael J. Gustafson of the District of Connecticut and FBI Executive Assistant Director Robert Anderson Jr. made the announcement.

"Alstom's corruption scheme was sustained over more than a decade and across several continents," said Deputy Attorney General Cole. "It was astounding in its breadth, its brazenness and its worldwide consequences. And it is both my expectation – and my intention – that the comprehensive resolution we are announcing today will send an unmistakable message to other companies around the world: that this Department of Justice will be relentless in rooting out and punishing corruption to the fullest extent of the law, no matter how sweeping its scale or how daunting its prosecution."

"This case is emblematic of how the Department of Justice will investigate and prosecute FCPA cases – and other corporate crimes," said Assistant Attorney General Caldwell. "We encourage companies to maintain robust compliance programs, to voluntarily disclose and eradicate misconduct when it is detected, and to cooperate in the government's investigation. But we will not wait for companies to act responsibly. With cooperation or without it, the department will identify criminal activity at corporations and investigate the conduct ourselves, using all of our resources, employing every law enforcement tool, and considering all possible actions, including charges against both corporations and individuals."

"Today's historic resolution is an important reminder that our moral and legal mandate to stamp out corruption does not stop at any border, whether city, state or national," said First Assistant U.S. Attorney Gustafson. "A significant part of this illicit work was unfortunately carried out from Alstom Power's offices in Windsor, Connecticut. I am hopeful that this resolution, and in particular the deferred prosecution agreement with Alstom Power, will provide the company an opportunity to reshape its culture and restore its place as a respected corporate citizen."

"This investigation spanned years and crossed continents, as agents from the FBI Washington and New Haven field offices conducted interviews and collected evidence in every corner of the globe," said FBI Executive Assistant Director Anderson. "The record dollar amount of the fine is a clear deterrent to companies who would engage in foreign bribery, but an even better deterrent is that we are sending executives who commit these crimes to prison."

Alstom pleaded guilty to a two-count criminal information filed today in the U.S. District Court for the District of Connecticut, charging the company with violating the Foreign Corrupt Practices Act (FCPA) by falsifying its books and records and failing to implement adequate internal controls. Alstom admitted its criminal conduct and agreed to pay a

criminal penalty of \$772,290,000. U.S. District Judge Janet B. Arterton of the District of Connecticut scheduled a sentencing hearing for June 23, 2015 at 3pm.

In addition, Alstom Network Schweiz AG, formerly Alstom Prom (Alstom Prom), Alstom's Swiss subsidiary, pleaded guilty to a criminal information charging the company with conspiracy to violate the anti-bribery provisions of the FCPA. Alstom Power Inc. (Alstom Power) and Alstom Grid Inc. (Alstom Grid), two U.S. subsidiaries, both entered into deferred prosecution agreements, admitting that they conspired to violate the anti-bribery provisions of the FCPA. Alstom Power is headquartered in Windsor, Connecticut, and Alstom Grid, formerly Alstom T&D, was headquartered in New Jersey.

According to the companies' admissions, Alstom, Alstom Prom, Alstom Power and Alstom Grid, through various executives and employees, paid bribes to government officials and falsified books and records in connection with power, grid and transportation projects for state-owned entities around the world, including in Indonesia, Egypt, Saudi Arabia, the Bahamas and Taiwan. In Indonesia, for example, Alstom, Alstom Prom, and Alstom Power paid bribes to government officials – including a high-ranking member of the Indonesian Parliament and high-ranking members of Perusahaan Listrik Negara, the state-owned electricity company in Indonesia – in exchange for assistance in securing several contracts to provide power-related services valued at approximately \$375 million. In total, Alstom paid more than \$75 million to secure \$4 billion in projects around the world, with a profit to the company of approximately \$300 million.

Alstom and its subsidiaries also attempted to conceal the bribery scheme by retaining consultants purportedly to provide consulting services on behalf of the companies, but who actually served as conduits for corrupt payments to the government officials. Internal Alstom documents refer to some of the consultants in code, including "Mr. Geneva," "Mr. Paris," "London," "Quiet Man" and "Old Friend."

The plea agreement cites many factors considered by the department in reaching the appropriate resolution, including: Alstom's failure to voluntarily disclose the misconduct even though it was aware of related misconduct at a U.S. subsidiary that previously resolved corruption charges with the department in connection with a power project in Italy; Alstom's refusal to fully cooperate with the department's investigation for several years; the breadth of the companies' misconduct, which spanned many years, occurred in countries around the globe and in several business lines, and involved sophisticated schemes to bribe high-level government officials; Alstom's lack of an effective compliance and ethics program at the time of the conduct; and Alstom's prior criminal misconduct, including conduct that led to resolutions with various other governments and the World Bank.

After the department publicly charged several Alstom executives, however, Alstom began providing thorough cooperation, including assisting the department's prosecution of other companies and individuals.

To date, the department has announced charges against five individuals, including four corporate executives of Alstom and its subsidiaries, for alleged corrupt conduct involving Alstom. Frederic Pierucci, Alstom's former vice president of global boiler sales, pleaded guilty on July 29, 2013, to conspiring to violate the FCPA and a charge of violating the FCPA for his role in the Indonesia bribery scheme. David Rothschild, Alstom Power's former vice president of regional sales, pleaded guilty on Nov. 2, 2012, to conspiracy to violate the FCPA. William Pomponi, Alstom Power's former vice president of regional sales, pleaded guilty on July 17, 2014, to conspiracy to violate the FCPA. Lawrence Hoskins, Alstom's former senior vice president for the Asia region, was charged in a second superseding indictment on July 30, 2013, and is pending trial in the District of Connecticut in June 2015. The charges against Hoskins are merely allegations, and he is presumed innocent unless and until proven guilty. The high-ranking member of Indonesian Parliament was also convicted in Indonesia of accepting bribes from Alstom, and is currently serving a three-year term of imprisonment.

In connection with a corrupt scheme in Egypt, Asem Elgawhary, the general manager of an entity working on behalf of the Egyptian Electricity Holding Company, a state-owned electricity company, pleaded guilty on Dec. 4, 2014, in federal court in the District of Maryland to mail fraud, conspiring to launder money, and tax fraud for accepting kickbacks from Alstom and other companies. In his plea agreement, Elgawhary agreed to serve 42 months in prison and forfeit approximately \$5.2 million in proceeds.

This case is being investigated by the FBI's Washington Field Office, with assistance from the FBI's Meriden, Connecticut Resident Agency, and the FBI's Newark and Baltimore Divisions. The department appreciates the significant cooperation provided by its law enforcement colleagues in Indonesia at the Komisi Pemberantasan Korupsi (Corruption Eradication Commission), the Office of the Attorney General in Switzerland, the Serious Fraud Office in the United Kingdom, as well as authorities in Germany, Italy, Singapore, Saudi Arabia, Cyprus and Taiwan.

The case is being prosecuted by Assistant Chief Daniel S. Kahn of the Criminal Division's Fraud Section and Assistant U.S. Attorney David E. Novick of the District of Connecticut, together with Assistant U.S. Attorney Zach Intrater of the District of New Jersey on the investigation of Alstom Grid and Assistant U.S. Attorney David I. Salem of the District of Maryland on the investigation of Asem Elgawhary. The Criminal Division's Office of International Affairs also provided substantial assistance.

Additional information about the Justice Department's FCPA enforcement efforts can be found at www.justice.gov/criminal/fraud/fcpa.

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