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Alstom Sentenced to Pay \$772 Million Criminal Fine to Resolve Foreign Bribery Charges

Represents Largest-Ever Criminal Foreign Bribery Fine

Alstom S.A., a French power and transportation company, was sentenced today to pay a \$772,290,000 fine to resolve criminal charges related to a widespread corruption scheme involving at least \$75 million in secret bribes paid to government officials in countries around the world, including Indonesia, Saudi Arabia, Egypt, the Bahamas and Taiwan.

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 Assistant Director in Charge Paul M. Abbate of the FBI's Washington Field Office made the announcement.

Alstom was sentenced by U.S. District Judge Janet Bond Arterton of the District of Connecticut. Alstom pleaded guilty on Dec. 22, 2014, to a two-count criminal information charging the company with violating the Foreign Corrupt Practices Act (FCPA) by falsifying its books and records and failing to implement adequate internal controls.

In addition, Alstom Network Schweiz AG, formerly Alstom Prom AG (Alstom Prom), Alstom's Swiss subsidiary, which pleaded guilty on Dec. 22, 2014, to a criminal information charging the company with conspiracy to violate the anti-bribery provisions of the FCPA, was also sentenced today pursuant to its plea agreement. Alstom Power Inc. and Alstom Grid Inc., formerly Alstom T&D Inc., two U.S. subsidiaries, both entered into deferred prosecution agreements on Dec. 22, 2014, admitting that they conspired to violate the anti-bribery provisions of the FCPA.

According to the companies' admissions, Alstom, Alstom Prom, Alstom Power and Alstom T&D, 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 more than \$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 who purportedly provided 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 sentence, which is the largest criminal fine ever imposed in an FCPA case, reflects a number of factors, 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 corporate executives 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 an indictment in connection with the Indonesia bribery scheme, and is pending trial in the District of Connecticut in April 2016. 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 prison term. In addition, Marubeni Corporation, which partnered with Alstom on the Indonesia project, pleaded guilty on March 19, 2014 to a criminal information charging conspiracy to violate the FCPA and seven counts of violating the FCPA, and was sentenced on May 15, 2014, to pay an \$88 million criminal fine.

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, was the fifth individual charge and pleaded guilty on Dec. 4, 2014, in the District of Maryland to mail fraud, conspiring to launder money and tax fraud for accepting kickbacks from Alstom and other companies, and was sentenced on March 23, 2015, 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. The department appreciates the significant cooperation provided by its law enforcement colleagues in Indonesia at the Komisi Pemberantasan Korupsi (Corruption Eradication Commission), the Switzerland Office of the Attorney General and the United Kingdom's Serious Fraud Office, as well as authorities in France, Germany, Italy, Singapore 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 T&D, 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.

Component(s):

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