

United States v. Asem M. Elgawhary (D. Md. 2014)

Nature of the Business.

Asem Elgawhary, a U.S. citizen and resident of Maryland, is a former principal vice president of Bechtel Corporation—a U.S.-based construction company headquartered in San Francisco, California. Elgawhary served as a general manager of the Power Generation Engineering and Services Company (“PGESCO”), a joint venture between Bechtel and the Egyptian state-owned and controlled electricity company—the Egyptian Electrical Holding Company (“EEHC”). Elgawhary was responsible for managing and awarding project subcontracts on behalf of the EEHC.

Influence to be Obtained.

According to court documents, in approximately 1996, Elgawhary was appointed to be the General Manager of PGESCO. His responsibilities as General Manager included overseeing the competitive bidding process and assisting in selecting companies to perform subcontracting work for the EEHC. Between 2003 and 2011, Elgawhary began to accept payments from consultants representing various French, Japanese, and Kuwaiti power companies in exchange for awarding the power companies valuable EEHC contracts.

In the course of his duties as the General Manager for PGESCO, Elgawhary regularly reported on the financial details of the EEHC contracts and certified audit reports which stated that PGESCO’s books-and-records were in compliance with legal and accounting requirements without mentioning that he received kickback payments in connection with those contracts. Elgawhary also regularly reported to Bechtel that (1) there had been no material agreements which were improperly recorded on the company’s books-and-records; (2) he had no knowledge of any fraud or suspected fraud at PSEGC which could have a material impact on the company’s financial statements; and (3) there were not violations or suspected violations of law which should be considered for purposes of PGESCO’s financial statements.

Enforcement.

On February 10, 2014, the DOJ announced multiple charges against Elgawhary for mail fraud, wire fraud, conspiracy to launder money, and tax evasion. On December 4, 2014, Elgawhary pleaded guilty to the mail fraud, conspiracy to launder money, and tax evasion charges. On March 23, 2015, the district court sentenced Elgawhary to a term of 42-months in prison plus one year of supervised release and ordered him to pay a forfeiture of \$5,258,995.

Key Facts

Citation. *United States v. Elgawhary*, No. 8:14-cr-00068 (D. Md. 2014).

Date Filed. February 10, 2014.

Country. Egypt.

Date of Conduct. 2003 – 2011.

Amount of the Value. Approximately \$5,258,995.

Amount of Business Related to the Payment. Not Stated.

Intermediary. Consultants.

Foreign Official. Official for the Egyptian Electrical Holding Company.

FCPA Statutory Provision. None.

Other Statutory Provision. Conspiracy (Money Laundering); Mail Fraud; Interference with Internal Revenue Laws.

Disposition. Plea Agreement.

Defendant Jurisdictional Basis. Domestic Concern.

Defendant’s Citizenship. United States.

Total Sanction. 42-Months Imprisonment; Forfeiture of \$5,258,995.

Related Enforcement Actions. *United States v. Alstom S.A.*; *United States v. Alstom Power, Inc.*; *United States v. Alstom Network Schweiz AG*; *United States v. Alstom Grid, Inc.*