

## JUSTICE NEWS

### Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

Monday, March 23, 2015

### **Former Bechtel Executive Sentenced to 42 Months in Prison and Ordered to Forfeit \$5.2 Million in Connection with Kickback Scheme**

The former principal vice president of Bechtel Corporation and general manager of a joint venture operated by Bechtel and an Egyptian utility company was sentenced today to 42 months in prison for accepting \$5.2 million in kickbacks to manipulate the competitive bidding process for state-run power contracts in Egypt.

Assistant Attorney General Leslie R. Caldwell of the Justice Department's Criminal Division, U.S. Attorney Rod J. Rosenstein of the District of Maryland, Special Agent in Charge Stephen E. Vogt of the FBI's Baltimore Division and Special Agent in Charge Thomas J. Kelly of the Internal Revenue Service-Criminal Investigation (IRS-CI) Washington D.C. Field Office made the announcement.

Asem Elgawhary, 73, of Potomac, Maryland, 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, U.S. District Judge Deborah K. Chasanow of the District of Maryland 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.

Elgawhary, a dual U.S. and Egyptian citizen, was arrested on a criminal complaint when he flew into the United States on Nov. 26, 2013, and was indicted on Feb. 10, 2014.

The case was investigated by the FBI's Baltimore Division and IRS-CI's Washington D.C. Field Office. Significant assistance was provided by the Criminal Division's Office of International Affairs, and law enforcement counterparts in Switzerland, Germany, Italy, Saudi Arabia and Cyprus. The case was prosecuted by Assistant Chief Daniel S. Kahn of the Criminal Division's Fraud Section and Assistant U.S. Attorney David I. Salem of the District of Maryland.

Additional information about the Justice Department's FCPA enforcement efforts can be found at [www.justice.gov/criminal/fraud/fcpa](http://www.justice.gov/criminal/fraud/fcpa).

---

**Component(s):**

Criminal Division

**Press Release Number:**

15-355

*Updated March 23, 2015*