

United States v. F.G. Mason Engineering, Inc. and Francis G. Mason (D. Conn. 1990)

Nature of the Business.

Mason Engineering, Inc. ("MEI") is a Connecticut corporation that manufactures, develops, and sells technical security countermeasure (TSCM) equipment, or "anti-bugging" devices used to detect the presence of electronic surveillance. Co-defendant Francis Mason is the founder, sole-owner, and President of MEI.

Influence to be Obtained.

MEI started selling TSCM equipment and related products to the German military intelligence service (known as "MAD"), in the 1960s. The sales were made through a middleman from the mid 1970s. In or around April 1983, Dirk Ekkehard Zoeller, an officer of MAD, contacted Mason seeking to eliminate the middleman. Zoeller was responsible for procurement, testing, inspection and acceptance of TSCM equipment on behalf of MAD. On July 13, 1984, MEI and Zoeller entered into a written contract, which provided that MEI would pay Zoeller a 13.3% commission on every sale of MEI equipment to MAD. Three years later, Zoeller and Mason also agreed that MAD would grant exclusive "general alignment" service contracts to MEI in exchange for a 50-50 fee split.

Over a period of five years, Zoeller granted MEI over \$1.4 million in equipment and service contracts and received over \$225,000 in return. During the course of the conspiracy, Zoeller also provided information and guidance on the amount MEI should charge to MAD for its equipment and services. MEI used this information to artificially inflate its prices to MAD.

Enforcement.

MEI pleaded guilty to a single count of conspiracy to violate the FCPA, agreed to cooperate, was fined \$75,000 (jointly with its president, Mason) and agreed to pay restitution of \$160,000 to the West German government. Mason pleaded guilty to a single count of conspiracy to violate the FCPA, was sentenced to five years' probation, and was fined \$75,000 jointly with Mason Engineering.

Key Facts

Citation. *United States v. F.G. Mason Eng'g Inc.*, No. B-90-29 (D. Conn. 1990).

Date Filed. June 1, 1990.

Country. Germany.

Date of Conduct. 1983 - 1989.

Amount of the Value. 13.3% commission, an aggregate of \$225,688.

Amount of Business Related to the Payment. Not Stated.

Intermediary. None.

Foreign Official. An official responsible for selection, procurement and testing of Technical Security equipment for the then West German Military Intelligence Service ("MAD"), an agency of the West German government.

FCPA Statutory Provision.

- **F.G. Mason Engineering.** Conspiracy (Anti-Bribery).
- **Francis Mason.** Conspiracy (Anti-Bribery).

Other Statutory Provision. None.

Disposition.

- **F.G. Mason Engineering.** Plea Agreement.
- **Francis Mason.** Plea Agreement.

Defendant Jurisdictional Basis.

- **F.G. Mason Engineering.** Domestic Concern; Conspiracy.
- **Francis Mason.** Agent of Domestic Concern; Conspiracy.

Defendant's Citizenship.

- **F.G. Mason Engineering.** United States.
- **Francis Mason.** United States.

Total Sanction.

- **F.G. Mason Engineering.** \$235,000.
- **Francis Mason.** 60-Months Probation; \$235,000.

Compliance Monitor/Reporting Requirements. None.

Related Enforcement Actions. None.