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Foreign Bribery Charges Unsealed Against Current and Former Executives of French Power Company

Charges have been unsealed against one current and one former executive of the U.S. subsidiary of a French power and transportation company for their alleged participation in a scheme to pay bribes to foreign government officials, Acting Assistant Attorney General Mythili Raman of the Justice Department's Criminal Division, U.S. Attorney for the District of Connecticut David Fein and Assistant Director in Charge Valerie Parlave of the FBI's Washington Field Office announced today.

Frederic Pierucci, 45, a current company executive who previously held the position of vice president of global sales for the Connecticut-based U.S. subsidiary, was charged in an indictment unsealed yesterday in the District of Connecticut with conspiring to violate the Foreign Corrupt Practices Act (FCPA) and to launder money, as well as substantive charges of violating the FCPA and money laundering. Pierucci, a French national, was arrested Sunday night at John F. Kennedy International Airport.

David Rothschild, 67, of Massachusetts, a former vice president of sales for the Connecticut-based U.S. subsidiary, pleaded guilty on Nov. 2, 2012, to a criminal information charging one count of conspiracy to violate the FCPA. The charges against Rothschild and his guilty plea were unsealed today.

"Frederic Pierucci and David Rothschild allegedly used outside consultants to bribe foreign officials in Indonesia in exchange for lucrative power contracts," said Acting Assistant Attorney General Raman. "Stamping out foreign bribery is a Justice Department priority, and we are determined to continue our vigorous enforcement of the Foreign Corrupt Practices Act."

"As alleged, this investigation has revealed a corrupt scheme to secure valuable contracts by bribing government officials in Indonesia," said U.S. Attorney Fein. "Corrupt payments to government officials erode public confidence in the global marketplace, and these charges demonstrate our commitment to hold people responsible for violating the FCPA."

"Anyone who still believes that foreign bribery is an acceptable business practice should take a hard look at the charges against these executives. There is no place for bribery in any business model or corporate culture," said Assistant Director in Charge Parlave. "Along with the Department of Justice, international law enforcement partners, and other U.S. federal agencies, the FBI is committed to investigating corrupt backroom deals that threaten our global commerce."

According to the charges, Pierucci and Rothschild, together with others, paid bribes to officials in Indonesia, including a member of Indonesian Parliament and high-ranking members of Perusahaan Listrik Negara (PLN), the state-owned and state-controlled electricity company in Indonesia, in exchange for those officials' assistance in securing a contract for the company to provide power-related services for the citizens of Indonesia, known as the Tarahan project. The charges allege that, in order to conceal the bribes, the defendants retained two consultants purportedly to provide legitimate consulting services on behalf of the power company and its subsidiaries in connection with the Tarahan project. In reality, however, the primary purpose for hiring the consultants was allegedly to use the consultants to pay bribes to Indonesian officials.

The first consultant retained by the defendants allegedly received hundreds of thousands of dollars into his Maryland bank account to be used to bribe the member of Parliament, according to the charges. The consultant then allegedly transferred the bribe money to a bank account in Indonesia for the benefit of the official. According to court documents, emails between Pierucci, Rothschild and their co-conspirators discuss in detail the use of the first consultant to funnel bribes to the member of Parliament and the influence that the member of Parliament could exert over the Tarahan project. However, when Pierucci and others determined that the first consultant was not effectively bribing key officials at PLN, they allegedly retained the second consultant to accomplish that purpose. The charges allege that the power company deviated from its usual practice of paying consultants on a pro-rata basis in order to make a much larger upfront payment to the second consultant so that the consultant could “get the right influence.” An employee at the power company’s subsidiary in Indonesia sent an e-mail to Pierucci and others asking them to finalize the consultancy agreement with the front-loaded payments but stated that in the meantime the employee would give his word to a high-level official at PLN, according to the charges.

The conspiracy to commit violations of the FCPA count carries a maximum penalty of five years in prison and a fine of the greater of \$250,000 or twice the value gained or lost. The substantive FCPA counts each carry a maximum penalty of five years in prison and a fine of the greater of \$100,000 or twice the value gained or lost. The conspiracy to commit money laundering count carries a maximum penalty of 20 years in prison and a fine of the greater of \$500,000 or twice the value of the property involved in the transaction. The substantive money laundering counts each carry a maximum penalty of 20 years in prison and a fine of the greater of \$500,000 or twice the value of the property involved in the transaction.

An indictment is merely an accusation, and defendants are presumed innocent until and unless proven guilty beyond a reasonable doubt.

The case is being prosecuted by Trial Attorney Daniel S. Kahn of the Criminal Division’s Fraud Section and Assistant U.S. Attorney David E. Novick of the District of Connecticut. The case is being investigated by FBI agents who are part of the Washington Field Office’s dedicated FCPA squad, with assistance from the Meriden, Conn., Resident Agency of the FBI. Significant assistance was provided by the Criminal Division’s Office of International Affairs, and the department has also worked closely with its law enforcement counterparts in Indonesia at the Komisi Pemberantasan Korupsi (Corruption Eradication Commission) and deeply appreciates KPK’s assistance in this matter.

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

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