

United States v. George V. Morton (N.D. Tex. 1990)

United States v. John Blondek, Vernon R. Tull, Donald Castle and Darrell W.T. Lowry (N.D. Tex. 1990)

United States v. Eagle Bus Manufacturing, Inc. (S.D. Tex. 1991)

Nature of the Business.

Manufacture and sale of buses by Eagle Bus Mfg. Co. ("Eagle"), a subsidiary of Greyhound Lines Inc., a Texas corporation and an issuer.

Influence to be Obtained.

Beginning in or about July 1989 and continuing through February 1990, John Blondek and Vernon Tull, both former employees of Eagle Bus Manufacturing, Inc., allegedly participated in a bribery scheme to pay foreign officials of Saskatchewan \$50,000 CAD in connection with the sale of 11 buses to be used by the province. According to the facts alleged in the indictment, Darrell Lowry and Donald Castle, the respective Vice-President and President of the Saskatchewan Transportation Company ("STC"), an instrumentality of the Canadian government, requested payment in the sum of approximately two percent of the purchase price to ensure Eagle's receipt of the contract. Thereafter, George Morton, Eagle's Canadian agent, caused a check for \$52,000 CAD to be issued to his own Canadian corporation. As alleged, Morton then delivered \$50,000 CAD in cash to Castle and, in an effort to conceal such payment and pursuant to Tull's instructions, prepared a letter on the letterhead of Eagle Ontario Bus Industries, Inc., the Canadian firm assisting Eagle in the sale, falsely stating that STC had been granted a "volume discount" amounting to US \$43,940.

Enforcement.

Morton, a Canadian national and the Canadian agent of Eagle, pleaded guilty to the single count of conspiracy to violate the FCPA and was sentenced to three years' probation. In a related case, Blondek and Tull, president and vice president of Eagle, respectively, and Castle and Lowry, the Canadian foreign officials, were charged with a single count of conspiracy to violate the FCPA. The court dismissed the count as to Castle and Lowry on the basis that foreign officials may not be prosecuted for conspiring to violate the FCPA. Blondek and Tull were later acquitted at trial. In a civil action, Eagle consented to entry of a permanent injunction prohibiting future violations of the FCPA.

Key Facts

Citation. *United States v. Morton*, No. 3:90-cr-061 (N.D. Tex. 1990); *U.S. v. Blondek*, 741 F. Supp. 116 (N.D. Tex. 1990); *U.S. v. Eagle Bus Mfg. Inc.*, No. B-91-171 (S.D. Tex. 1991).

Date Filed. October 2, 1991.

Country. Canada.

Date of Conduct. 1989 – 1990.

Amount of the Value. Canadian \$50,000, equal to 2% of price of 11 buses.

Amount of Business Related to the Payment. Valued at \$2.77 million.

Intermediary. Morton, the Canadian agent of Eagle, used a Canadian corporation (owned and controlled by Morton) to help conceal the bribe.

Foreign Official. Castle, the president, and Lowry, the vice president of the Saskatchewan Transp. Co., a Canadian Crown corporation (the "STC").

FCPA Statutory Provision.

- **George Morton.** Conspiracy (Anti-Bribery).
- **John Blondek.** Conspiracy (Anti-Bribery); Aiding-and-

Disposition.

- **George Morton.** Plea Agreement.
- **John Blondek.** Acquitted.
- **Vernon Tull.** Acquitted.
- **Donald Castle.** Dismissed.
- **Darrell Lowry.** Dismissed.
- **Eagle Bus Manufacturing.** Consent Agreement.

Defendant Jurisdictional Basis.

- **George Morton.** Agent of Issuer; Conspiracy.
- **John Blondek.** Agent of Issuer; Conspiracy.
- **Vernon Tull.** Agent of Issuer; Conspiracy.
- **Donald Castle.** Conspiracy.
- **Darrell Lowry.** Conspiracy.
- **Eagle Bus Manufacturing.** Domestic Concern.

Abetting (Anti-Bribery); Anti-Bribery.

- **Vernon Tull.** Conspiracy (Anti-Bribery); Aiding-and-Abetting (Anti-Bribery); Anti-Bribery.
- **Donald Castle.** Conspiracy (Anti-Bribery).
- **Darrell Lowry.** Conspiracy (Anti-Bribery).
- **Eagle Bus Manufacturing.** Anti-Bribery.

Other Statutory Provision.

- **John Blondek.** Aiding and Abetting (Travel Act); Travel Act.
- **Vernon Tull.** Aiding and Abetting (Travel Act); Travel Act.
- **Donald Castle.** Aiding and Abetting (Travel Act); Travel Act.
- **Darrell Lowry.** Aiding and Abetting (Travel Act); Travel Act.

Defendant's Citizenship.

- **George Morton.** Canada.
- **John Blondek.** United States.
- **Vernon Tull.** United States.
- **Donald Castle.** Canada.
- **Darrell Lowry.** Canada.
- **Eagle Bus Manufacturing.** United States.

Total Sanction.

- **George Morton.** 36-Months Probation.
- **John Blondek.** None.
- **Vernon Tull.** None.
- **Donald Castle.** None.
- **Darrell Lowry.** None.

Compliance Monitor/Reporting Requirements. None.

Related Enforcement Actions. None.