



# Department of Justice

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**ABB ASEA BROWN BOVERI LTD. SUBSIDIARY PLEADS GUILTY TO  
BID RIGGING ON USAID CONSTRUCTION CONTRACT IN EGYPT**

**ABB Middle East & Africa Participations AG Sentenced To Pay \$53 Million Criminal Fine**

WASHINGTON, D.C. -- ABB MIDDLE EAST & AFRICA PARTICIPATIONS AG, a Milan-based, Swiss subsidiary of ABB Asea Brown Boveri Ltd., pleaded guilty and was sentenced to pay a \$53 million fine today for participating in a conspiracy to rig bids on a construction contract funded by the United States Agency for International Development (USAID) in the Arab Republic of Egypt, announced the Department of Justice and the U.S. Attorney's Office for the Northern District of Alabama.

The one-count felony case, filed in U.S. District Court in Birmingham, Alabama, charges ABB MIDDLE EAST & AFRICA PARTICIPATIONS AG (ABB MEA) with participating in a conspiracy to suppress and eliminate competition by rigging bids on a wastewater treatment facilities construction contract in violation of the Sherman Act. The conspiracy took place from June 1989 until at least September 1996.

As part of its commitments under the Camp David Peace Accords, the United States has funded numerous construction contracts intended to foster stability and promote public health in the Middle East.

“Although the construction work that is the subject of this case was performed on foreign shores, the U.S. Government paid the bill and U.S. taxpayers were the victims of the scheme,” said John M. Nannes, Acting Assistant Attorney General in charge of the Antitrust Division. “The investigation of USAID construction projects is continuing.”

Today’s case charges that ABB MEA, along with its co-conspirators, carried out the conspiracy by, among other things:

- participating in meetings and conversations to discuss rigging the bids on a USAID-funded contract;
- agreeing to suppress or eliminate competition on that contract; and
- agreeing that ABB MEA would pay \$3.4 million to its co-conspirators in return for their commitments not to bid competitively for the contract.

The value of the USAID-funded contract that is the subject of this case was approximately \$135 million. In addition to the fine, the company has agreed to pay \$10 million in restitution to the United States.

Doug Jones, U.S. Attorney for the Northern District of Alabama, said, “With three cases prosecuted so far in this bid-rigging scheme, today’s sentence brings the combined total in fines and restitution to over \$100 million.”

The maximum penalty for a corporation convicted of a violation of the Sherman Act is the greatest of a fine of \$10 million twice the gross pecuniary gain derived from the crime, or twice the gross pecuniary loss caused to the victims of the crime.

Today’s charge is the third to arise out of an ongoing investigation in the Northern District of Alabama conducted jointly by the Justice Department’s Antitrust Division, Atlanta Field Office, and the USAID, Office of Inspector General. The first case was against Philipp Holzmann AG, a German construction company, which was fined \$30 million in August 2000. The second case,

filed against American International Contractors Inc. in September 2000, resulted in a fine of \$4.2 million.

Anyone with information concerning bid rigging on USAID-funded construction projects should contact the Antitrust Division's Atlanta Field Office at (404) 331-7100.

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