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EXHIBIT C

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FEDERAL GRAND JURY
CENTRAL DISTRICT OF CALIFORNIA

Proceedings had before the Grand Jury
of the United States of America, in and
for the Central District of California,
at the United States District Courthouse,
312 North Spring Street, 13th Floor,
Los Angeles, California, commencing
at 10:03 A.M., on Thursday, October 21, 2010.

PRESENT:

[REDACTED]

ASSISTANT U.S. ATTORNEY

[REDACTED]

DEPARTMENT OF JUSTICE SENIOR TRIAL ATTORNEY

THE WITNESS:
SUSAN GUERNSEY

REPORTED BY: SHERYL WILLIAMS, CSR NO. 7453

1 interviewed him said the exact same thing. They were not
2 going to hurt their profit margin by accepting this
3 30-percent commission contract with Enrique. That they
4 would pass it on to CFE.

5 Q So Enrique Aguilar says, "Hire me. I'll get you
6 CFE. Pay me a 30-percent commission but pass that off to
7 CFE. Don't worry about it. It doesn't hurt your bottom
8 line"?

9 A Yes.

10 Q When they have this discussion about paying
11 Enrique Aguilar this 30-percent commission and just passing
12 it off, did they acknowledge to you that went against what
13 they understood to be the normal bidding process?

14 A Yeah, they did. Cortez mentions it in his
15 testimony that they've always known that CFE usually went
16 with the lowest bid or one of the lowest bids just
17 depending upon what the contract said. They had always
18 been very careful in the past to make sure they came in
19 with one of the lowest bids, if not the lowest bid, and
20 Steve Lee also said the same thing. That his understanding
21 was always that CFE usually awarded their contracts to the
22 one of the lowest bidders, and once they hired Aguilar and
23 added that 30 percent, they still got the contracts, and
24 they knew they weren't the lowest bidder anymore.

25 Q They had tried to submit the lowest bid in their

1 earlier Hermosillo incident we talked about?

2 A Yes. And they were considerably lower than
3 SBB.

4 Q Now, did there come a time that Keith Lindsey
5 talked about what he believed this high commission was
6 being used for?

7 A When we interviewed him, he said that he didn't
8 want to ask what it was used for. He thought it was high.
9 Didn't want to know. Just didn't want to know.

10 Q Did he say that he assumed it was being used for
11 something?

12 A He said he assumed that it was being used to
13 possibly pay someone at CFE but that he didn't want to
14 know.

15 Q Now, you also talked to Keith; or pardon me,
16 Steve Lee about his own perception of why the 30-percent
17 commission was needed or how it would be used; is that
18 right?

19 A I'm sorry?

20 Q Steve Lee, the CFO, he was asked by the FBI about
21 what he thought this 30-percent commission was going to be
22 used for; is that right?

23 A Yeah. But he also said that he didn't -- he
24 didn't want to know.

25 Q There came a point in that interview that someone

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1 asked him, "Well, if I told you it was being used to pay
2 bribes," and he suggested that he didn't know that; is that
3 correct?

4 A Yes. He did say that he wasn't aware of that
5 happening.

6 Q Now, did you find that statement on Steve Lee's
7 behalf to be credible that he did not know that these
8 payments were being made?

9 A We found it strange just on everything during our
10 investigation that we found out. That he had been put on
11 notice with the emails from Lamarche that it looked like it
12 was happening. There were accusations from another large
13 company General Electric. You know, just all the
14 information they had about his relationship with Nestor
15 Moreno and, you know, Keith Lindsey said that he suspected
16 that it was going to someone at CFE, but he didn't want to
17 know, and they're the president and vice president of the
18 company, and they met with Aguilar personally. So, you
19 know, it just seemed strange that he would say he had no
20 idea because he had several indications in the past anyway
21 that that was the way Enrique did business.

22 Q Those indications you quickly summarized them,
23 but I want to go through them with the Grand Jury.

24 A You believed he knew or intentionally avoided
25 knowing whether or not these were going to pay bribes at

1 million.

2 A Yes.

3 Q Appears to have been split down from November
4 10th, and then a couple of days later same exact amount --

5 A Yes.

6 Q -- is being sent in on the same contract?

7 A Yes. It's just -- looking at it, I mean travel,
8 customer translation, that's an awful lot of money to be
9 paying. You could travel first class every day of the year
10 and maybe reach half of that. They just seemed
11 fraudulent.

12 Q And one more, and we've got to move on. This is
13 also still Exhibit 5. This one is dated August 2, 2002.
14 This one is for the professional representation expenses,
15 customer visits, translation?

16 A Yes.

17 Q Again \$174,326.06?

18 A Yes.

19 Q The next day August 2nd they send in one for the
20 commission on the same contract, same exact dollar amount
21 down to the cent?

22 A Yes.

23 Q That's Government's Exhibit 5.

24 Now, as these invoices were coming in, you also
25 looked to the ledgers and the internal records of Lindsey

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1 to see what they were doing and how they were treating
2 these commissions?

3 A Yes.

4 Q What did you find out?

5 A We found that when they started doing business
6 with Aguilar in the general ledger and how they classified
7 commission, I mean it was a commission, it said 30 percent,
8 and it would list the amount. So even though those are
9 split out, you know, it would be the total of those two.
10 Like 30-percent commission whatever the total was. And
11 sometime -- I'm going to say in '05 or '06 they were
12 audited by the IRS with regards to their commissions, and
13 one of their employees Mang Hue Kwok, who testified
14 previously before the Grand Jury, she's an assistant
15 controller of the company, and she handles all the accounts
16 receivable, and she said, "Yes, I was the one that entered
17 in the commission every time on the general ledger. I
18 always checked at the end of the month to make sure that
19 the numbers were correct." And she said, "Every month at
20 the end of the month when I was doing that, I would double
21 check with Steve Lee that Enrique Aguilar's or Grupo's
22 commission was 30 percent every month, and he would say,
23 'Yes, yes, yes.'"

24 All of a sudden in '05 or '06 Steve Lee came to
25 her and said, "We need to reclassify the commission. We

1 need to split it out. We need to split 15 and 15. 15 to
2 commission and 15 to other services." She didn't ask him
3 why, and he never explained why. But all those documents
4 once she reclassified them were turned over to their
5 accountant for the IRS audit.

6 Q I'm going to mark this as Government's Exhibit 6.
7 This is an example of a document that Mang Hue Kwok was
8 shown in her Grand Jury evidencing this split that she was
9 told to do by Steve Lee; is that right?

10 A Yes.

11 Q I'll put this up as Government's Exhibit 6.

12 This is one of the documents that she was shown,
13 and did she explain who had instructed her in August of
14 2006 to reclassify this as should be 15 percent?

15 A Yes. She said that that was Steve Lee's writing
16 on the document and that he brought that to her and told
17 her this is how we have to reclassify the 30-percent
18 commission that we're listing on our general ledger, and he
19 did that with any of the commissions that had been
20 submitted or the bills that had been submitted by Grupo up
21 to that point.

22 [REDACTED] Ladies and gentlemen, you've heard
23 testimony that they were being audited, that is, one of the
24 defendants in this case. But that's not what their charged
25 with. You should not consider that in your deliberations

1 doing the bidding to CFE." So Lindsey would take their
2 costs, add the 30 percent and just give it to Enrique
3 Aguilar. So they had basically no contact with CFE with
4 regards to the contracts. It was all done by Enrique
5 Aguilar which was unusual. They usually had direct contact
6 with the companies that they were working with is what they
7 expressed. But when they hired Aguilar, they didn't have
8 direct contact anymore.

9 Q Now, they started to get contracts once they
10 hired Enrique Aguilar; is that correct?

11 A They did. They got them regularly.

12 Q And did there come a time that they began to get
13 so many contracts they had to change the shifts and things
14 like that?

15 A They did. Steve Lee in his interview told us at
16 one point they were so busy with the contracts that they
17 were getting from CFE they had to put three eight-hour
18 shifts a day, seven days a week. So they were basically
19 working 24 hours a day, seven days a week.

20 Q How many contracts did your evidence or
21 investigation reveal that they got when they were working
22 with their other rep in Mexico?

23 A We didn't find that they got any with their other
24 rep.

25 Q Did you begin to look at all this money that was

1 going to Grupo to see if it was being used to go back to
2 people at CFE as Keith Lindsey assumed but didn't want to
3 know?

4 A We did. We were able to look at the Grupo
5 account at Global Financial Services, the investment house
6 that it was housed at, and we found several instances where
7 the money was going out to officials, for the benefit of
8 officials at CFE.

9 Q Let's talk about that. I'm going to show
10 you -- before we get into the actual documentation, Nestor
11 Moreno as we talked about was an official at CFE?

12 A Yes.

13 Q You said that his title started out like he was
14 the subdirector of generation?

15 A Yes.

16 Q Then in 2007 he's promoted to be the director of
17 operations?

18 A Yes, that's correct.

19 Q During that time he had an account, an American
20 Express account at the Grupo -- how do you say this? An
21 American Express card attached to the Grupo account where
22 all the money was going to?

23 A There came a time when Grupo had their account at
24 Global Financial Services where an American Express account
25 was opened in Nestor Moreno's name at the request of

1 Enrique Aguilar.

2 Q How much money ultimately did Lindsey's wire
3 transfers go to pay off this Amex bill?

4 A We determined in looking at all the American
5 Express records that it was over \$170,000.

6 Q Now, this is a document from -- just to go back a
7 little bit. When you began to look at Grupo's financial
8 records, you found that Grupo had a brokerage account at a
9 firm called Global Financial in Houston, Texas; is that
10 right?

11 A That's correct.

12 Q You went to Global and you asked for some records
13 for the Grupo account?

14 A Yes, we did.

15 Q Is Government's Exhibit 7 one of the records that
16 you got back?

17 A Yes, that is one of the records.

18 Q Focusing in on one of these records, it says here
19 that this Chase Manhattan American Express is in the name
20 of Nestor Moreno, and it gives the account number for that;
21 is that correct?

22 A Yes, that's correct.

23 Q And towards the top of that it's the amount of
24 money that in that instance is being paid off on the Amex
25 bill; is that right?

1 predecessor.

2 THE WITNESS: Yes.

3 MR. MILLER: And just to be clear because I want to
4 make sure we have the sequence right.

5 Q Enrique Aguilar is hired in around 2002; is that
6 your testimony?

7 A Yes, that's correct.

8 Q Then in 2007 Nestor Moreno gets promoted to be
9 the director of operations?

10 A Yes.

11 Q In 2006 you saw \$500,000 being wired to Arturo
12 Hernandez?


13 A Yes.

14 Q At that time it's your understanding that
15 Arturo -- not to Arturo Hernandez but to his relatives?

16 A Yes.

17 Q At that time it's your understanding from your
18 investigation that Arturo Hernandez was the director of
19 operations at CFE?

20 A Yes.

21  Does that get the chronology right?

22 A JUROR: Yes.

23 A JUROR: I have a question with respect to I think it
24 was Exhibit 5. I'm a little confused on the dates and
25 timing. You said until the investigation by I think it was

1 the IRS she was writing a check, this Mang Hue was writing
2 a check 30 percent; yet it was being invoiced as two
3 separate. So why wasn't she paying it separately? I'm
4 confused as to the timing and these invoices. The invoices
5 you presented from August 1, 2002 where it was split up
6 into two separate payments, but you said that Mang Hue had
7 said up until 2005 she was only writing one --

8 [REDACTED]: And I don't think --

9 THE WITNESS: She wasn't writing a check.

10 [REDACTED]: Explain that. She was entering it into
11 their general ledger.

12 THE WITNESS: For their general ledger for their
13 accounting purposes. They would wire money to the Grupo
14 account based on the invoices, so whatever the invoice
15 said. But in terms of her accounting purposes, they were
16 documenting everything as 30-percent commission. They
17 weren't separating it out, distinguishing between the
18 two.

19 A JUROR: Okay.

20 A JUROR: I have a couple questions. What motivation
21 did Angie Aguilar have for providing photos of this close
22 relationship to the court?

23 [REDACTED] Was she explained to provide truthful
24 testimony?

25 THE WITNESS: Yes. During the interview, it was

1 voluntary. She wanted to talk to us, and she said that she
2 had spoken to her father before she talked to us, and he
3 told her just be truthful. Tell them what you know. I
4 don't know why she provided the photos. We did not ask for
5 them.

6 A JUROR: They've been friends all their life. What's
7 the big secret?

8 THE WITNESS: There's no big secret about it. We
9 didn't know why she provided the photos. She just gave
10 them to us.

11 A JUROR: It seems a little strange.

12 THE WITNESS: When we got there for the interview, the
13 photos were there.

14 [REDACTED]: You didn't try to explain to her how they
15 might be used in the broader investigation?

16 THE WITNESS: No. She just provided them.

17 A JUROR: What happened to Arturo Hernandez? Why did
18 he leave CFE? Did he retire?

19 THE WITNESS: I don't know if we know why he left CFE.
20 I don't -- we've never -- we know that he left in 2007.

21 [REDACTED] Don't speculate.

22 THE WITNESS: No. He left in 2007, and Nestor was
23 promoted.

24 A JUROR: You just don't know?

25 THE WITNESS: No.

1 A JUROR: My understanding is that Lindsey has been in
2 business for sixty-some years. Does Lindsey have a history
3 of winning contracts from CBE?

4 THE WITNESS: From CFE?

5 A JUROR: Yeah, from CFE.

6 THE WITNESS: I believe according to Keith Lindsey's
7 testimony their first contract awarded by CFE was in '94.
8 They didn't have a lot of business with CFE before they
9 hired Aguilar.

10 [REDACTED]: What did Sergio Cortez say about kind of
11 the drought, if you will, right before they hired Enrique
12 Aguilar?

13 THE WITNESS: He said that it was like six or seven
14 years before they got a contract or that they didn't have
15 any business with CFE prior to hiring Aguilar.

16 [REDACTED]: During that time they had a
17 representative in Mexico?

18 THE WITNESS: They did. They had separate -- they had
19 Manuel Gutierrez and a gentleman named Cardenas before him.
20 They would go to CFE, do bids, but just generally anything
21 that they got from CFE was very small.

22 A JUROR: Was there a particular company that was
23 getting most of the work previously?

24 THE WITNESS: I mean --

25 Q [REDACTED] Let's talk about what you know.

1 The instance where you were talking about the Hermosillo
2 incident --

3 A Yes.

4 Q -- that came to your attention in the
5 investigation. It appears that was ultimately awarded to
6 SBB?

7 A Yes. According to -- at the time it was awarded
8 to Lindsey, but then they canceled it and then, you know,
9 like a year later.

10 Q Sergio --

11 A It looked like SBB got the contract without
12 direct -- it was a direct purchase.

13 Q You're basing that on the Lamarche email that is
14 complaining about that fact?

15 A Yes.

16 Q And SBB was described to be as kind of one of the
17 few competitors by Sergio Cortez of Lindsey
18 Manufacturing?

19 A Yes.

20 Q Is that right?

21 A Yes. I believe Sergio said there's just four
22 companies throughout the entire world that make the stuff
23 that they make, the towers and all the equipment that goes
24 with it. So there's not a lot of competition in that area.

25 A JUROR: In investigating the Aguilars can you say

1 how much money they're worth? What their relative assets
2 are?

3 THE WITNESS: We know that the Grupo account I think
4 at its height had about five and a half million dollars in
5 it. Most of that came from Lindsey. Pretty much all -- I
6 think there was a few other small transfers in, but the
7 majority of it was from Lindsey. And then the Sorvill
8 accounts in Europe I don't know the exact amount, but I
9 know they're in the millions.

10 A JUROR: You had referenced these emails several
11 times. Do you have copies of those emails? Are those
12 exhibits?

13 [REDACTED]: Sure. What email? Just remind me.

14 A JUROR: You talked about the Lamarche email.

15 [REDACTED]: Yes.

16 THE WITNESS: They're part of the exhibits.

17 [REDACTED]: We summarized them, but they are here,
18 and you can read through them. They're exhibits
19 4 -- Exhibit 4, two emails.

20 A JUROR: Thank you.

21 A JUROR: Is Moreno a resident of the United States?
22 He's a Mexican citizen?

23 THE WITNESS: He's a Mexican citizen.

24 A JUROR: He's a Mexican citizen?

25 THE WITNESS: I means he lives in Mexico. CFE's

1 those costs?

2 THE WITNESS: I was basing it on the testimony of
3 Sergio Cortez and Steve Lee. The chief financial officer
4 actually said that as well. That they had increased their
5 costs because they didn't want their profit margin to be
6 affected in any way.

7 A JUROR: Is there a law against the amount of
8 commission a person can ask for in a business transaction
9 such as this? I know that that's not exactly the way we're
10 looking at it, but is there a law that governs the
11 commission?

12 [REDACTED]: If you know.

13 THE WITNESS: Not that I'm aware of.

14 A JUROR: I have a question. For the Grupo account at
15 Global, you mentioned earlier that there were essentially
16 no other funds in that account other than those that came
17 from --.

18 THE WITNESS: I said the majority of the funds from
19 Grupo. I would say as high as 90, 95 percent of the funds
20 in the Grupo account are from Lindsey, yes.

21 A JUROR: All right.

22 [REDACTED]: We are going to allow you to deliberate.
23 As I said, myself, the case agent, Nicolao, and the court
24 reporter will be right outside if you have any questions.

25 And at this time you have the exhibits which are

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1 up here. I'll place them on the Elmo, and you have copies
2 of the indictment, and we'll be right outside.

3 A JUROR: You said those emails were 4 and 5? Do you
4 remember?

5 [REDACTED]: I believe so. There are Exhibit 4, but
6 there are actually two emails in the exhibit, and they're
7 highlighted.

8 A JUROR: Great.

9 (The Grand Jury deliberates.)

10 [REDACTED]: Back on the record.

11 The record should reflect that the Grand Jury has
12 deliberated and has returned a True Bill with a sufficient
13 number of the Grand Jurors voting to indict.

14 The foreperson has signed the ballot and the
15 indictment.

16 Is that correct?

17 THE FOREPERSON: Yes.

18 [REDACTED]: And I ask you somewhat repetitively has
19 the foreperson signed the ballot and the indictment and has
20 the foreperson placed a /s/ on the signature line of the
21 duplicate original indictment to indicate that the
22 foreperson has signed the indictment?

23 THE FOREPERSON: Yes.

24 [REDACTED]: Thank you.

25 This concludes the case of United States vs.

1 Enrique Faustino Aguilar Noriega, et al.

2 (The proceedings were concluded at 12:49 P.M.)

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