



**DEPARTMENT OF THE TREASURY
Internal Revenue Service
Criminal Investigation**

Memorandum of Contact

Investigation #: 1000225698 **Location:** AUSO
Investigation Name: Keith Lindsey **312 N. Spring St.**
Date: February 11, 2011 **Los Angeles, CA**
Time: Approximately 9:30 am–5:00 pm
Participant(s): Lic. Fernando Bueno Montalvo, Director de Administracion - CFE
Lic. Abel Huitron Rosete, Abogado General - CFE
Lic. Mariano Ornelas Lopez, Direccion de Administracion - CFE
Oswaldo Parra Lira, PGR
Jaime Ortiz, Regional Attache - PGR
Douglas Miller, AUSA
Nicola Marazek, DOJ
Jeffrey Goldberg, DOJ
Rodolfo Mendoza, Special Agent
Farrel Binder, Special Agent – FBI
Elizabeth Sebeski, Paralegal Specialist – DOJ
Sharon Spence, Court Interpreter
Elisa Cabal, Court Interpreter

On the Above date and time, the above mentioned participants met at the Los Angeles United States Attorney's Office. The meeting was translated (Spanish/English) by a court interpreter. The focus of the meeting was to explain the process that is required to obtain government contracts from the Mexican electrical utility Comision Federal de Electricidad (CFE). The following items were discussed during the meeting:

1. Fernando Bueno Montalvo, Abel Huitron Rosete, and Mariano Orneras Lopez (CFE representatives) indicated that they wanted to cooperate with the US authorities in their investigation. As part of their effort to assist, they had prepared a presentation to explain how CFE functions (see attached PowerPoints and spreadsheet). CFE made a presentation that described the organizational components of CFE and the structure of CFE contracts.
2. Nestor Moreno (Moreno) is no longer working with CFE. Moreno was involuntarily removed from his post at CFE. The Labor relations group at CFE informed Moreno that he had been fired. In addition, CFE has filed a formal complaint with the Mexican authorities against Moreno. Moreno has not responded to the allegations made in the complaint filed by CFE. The complaint was based in part on some of the findings of the US investigation.
3. Lindsey Manufacturing received thirty-five contracts from CFE. Out of the thirty-

five contracts, twenty-five were direct purchases, nine were public bids, two were invitation to three parties, and three were for lesser amount contracts.

4. Mexican law states that there must be a public bid, except for certain specific situations. In order to have a direct purchase there has to be a justification. The direct order has to be authorized by a special CFE committee. There is one central committee and forty regional committees. The direct order authorizations for Lindsey Manufacturing came from the regional committees.
5. The CFE representatives indicated that the Lindsey Manufacturing contracts did not trigger any suspicion from CFE because at face value nothing seemed out of order with the contracts. CFE representatives explained that CFE is very large and deals in billions of dollars. It is difficult to keep track of all of the provider contracts with CFE. Now that the allegations have come to light, CFE is investigating the matter and has filed a formal complaint with the Mexican authorities.
6. An example of a Lindsey Manufacturing contract that appears to have a discrepancy was shown during the meeting. The contract listed Maquinaria Unida (MUSA) and Lindsey Manufacturing as two of the three companies competing for an invitation to a three parties contract. This was inconsistent with the bidding process because MUSA represents Lindsey Manufacturing.

Memorandum Author


Rodolfo Mendoza
Special Agent