

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF OHIO
WESTERN DIVISION

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KENNETH J. MURPHY
CLERK
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UNITED STATES OF AMERICA,
Plaintiff,

CRIMINAL NO.

U.S. DISTRICT COURT
SOUTHERN DIST OHIO
WEST DIV CINCINNATI
CR-7-92-87

vs.

INFORMATION
(Judge Rubin)

GENERAL ELECTRIC COMPANY,
Defendant.

The United States charges that:

COUNT ONE

A. INTRODUCTION

At all times material herein:

The Defendant

1. Defendant GENERAL ELECTRIC COMPANY ("GENERAL ELECTRIC") is and has been a New York corporation. Its principal address is in Schenectady, New York, and it maintains executive offices in Fairfield, Connecticut. GENERAL ELECTRIC's General Electric Aircraft Engines business unit ("GEAE") produces and sells aircraft engines and related products and services to the United States and foreign governments and domestic and foreign commercial customers. GEAE is headquartered in Evendale, Ohio, in the Southern District of Ohio. GEAE is not a separate corporate entity from GENERAL ELECTRIC.

Foreign Military Financing Aid to Israel

2. In order to support the foreign policy of the United States, the United States Congress, having found that the national

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security of the United States would be served thereby, and pursuant to the Arms Export Control Act, 22 U.S.C. §§ 2751-2799d, as amended (1990), authorized loans and grants to the Government of Israel ("Israel"). These loans and grants were funded under the Foreign Military Financing ("FMF") Program. The loans and grants were used, in part, by Israel to purchase implements of war, including GENERAL ELECTRIC-supplied engines and supporting equipment and services for Israeli F-16 jet fighters.

3. The President of the United States delegated to the Secretary of Defense his responsibility under the Arms Export Control Act to administer the FMF Program.

4. The Defense Security Assistance Agency ("DSAA"), an agency of the U.S. Department of Defense, was established by the Secretary of Defense to, among other things, "direct, administer and supervise the execution of security assistance programs."

32 C.F.R. § 363.2. DSAA is responsible for directing, administering and supervising FMF loans and grants to Israel.

5. DSAA has discharged its responsibility for administering and supervising the FMF Program by, among other things, instituting procedures for disbursements and requests for disbursements, promulgating requirements for and conditions on the receipt of loans and grants and issuing guidelines for uses of FMF funds.

6. FMF funding is appropriated by the Congress. To disburse these funds, DSAA and the Department of the Treasury have established trust accounts for each country participating in the FMF Program. In purchasing military equipment and services

directly from commercial suppliers, Israel has used its national funds to make payments directly to commercial suppliers and has requested from DSAA reimbursement from the trust account for these expenditures.

7. To obtain reimbursement from the trust account, Israel has submitted Requests for Disbursement to DSAA. Each request has attachments reflecting the disbursements from each Israeli bank account and showing for each payment by Israel the Israeli purchase order number, the contractor's invoice number, the date and amount of the contractor's invoice, the amount and date paid by Israel and the check number of Israel's payment. Each Request for Disbursement is accompanied by a cover letter by Israel's Ministry of Defense Mission in New York ("MODNY") which, as required by the loan and grant agreements, certifies that the defense equipment and services set forth in the attachments have been satisfactorily received or rendered; that payment is due under the contract for the purchase of the equipment and services; that the bill is correct, just, and has not been previously paid by the U.S. Department of Defense; and that the subject contract has been approved and authorized by the U.S. Department of Defense. (The cover letter is hereinafter referred to as a "MODNY certification.") The MODNY certifications were based, in material part, on documents submitted to MODNY by the contractor, in this case, GENERAL ELECTRIC.

8. In addition, in overseeing and administering the disbursement of FMF funds to Israel for purchases from commercial suppliers, DSAA has required the following, among other things:

a. that Israel submit to DSAA all proposed commercial contracts in excess of \$500,000 for advance approval;

b. that Israel submit to DSAA copies of all commercial contracts valued between \$500,000 and \$50,000 for approval after award;

c. that Israel make copies of all FMF-funded commercial contracts valued under \$50,000 available for review by U.S. Government auditors; and

d. that, during the period from 1983 to 1990, Israel send copies of all paid invoices greater than \$100,000 to DSAA on a monthly basis.

9. In addition, in furtherance of the objectives of the FMF Program, from 1985 to the present, DSAA has required Israel to submit certification forms ("contractor certifications"), completed and executed by the contractor, for commercial contracts for amounts greater than \$500,000. These forms contain the following, among other, representations:

a. that the entire agreement consists of the documents listed in the certification and that there are no "other amendments, modifications, side letters, or supplementary agreements";

b. that "no rebates, gifts or gratuities, intended to secure [the contract] or obtain favorable treatment under [the

contract], have been given contrary to United States law to officers, officials, or employees of the Government of Israel, by this contractor, its employees, or agents and agrees that no such rebates, gifts, or gratuities will be given"; and

c. that the certification is "complete and correct."

The FMF-Funded Contracts

10. On or about August 10, 1984, GENERAL ELECTRIC entered into Contract No. 500/40492-125, an "Integrated Logistical Support" contract ("the ILS Contract"), with Israel, through MODNY, to supply to the Israeli Air Force ("IAF"), tools, equipment, testing facilities, and training to support F110-GE-100 jet aircraft engines GENERAL ELECTRIC had sold to the U.S. Air Force under another contract for resale to Israel.

11. On or about May 31, 1988, GENERAL ELECTRIC entered into Contract No. 1296 with Israel, through MODNY, to provide to the IAF seventy-five F110-GE-100 jet aircraft engines, or, at Israel's option, a new engine model called the F110-GE-100A, then under development (the "1988 F110 Contract"). On or about July 11, 1988, MODNY notified GENERAL ELECTRIC of its decision to exercise this option and acquire the F110-GE-100A engine under the 1988 F110 Contract.

12. In order to obtain financing under the FMF Program, Israel submitted the ILS and 1988 F110 Contracts for approval to DSAA.

13. As more fully described below, GENERAL ELECTRIC, and others known and unknown to the United States, caused MODNY to

submit to DSAA false contractor and MODNY certifications and other documents, which in turn caused DSAA to disburse FMF funds to Israel to reimburse Israel for its payments to GENERAL ELECTRIC under the ILS and 1988 F110 Contracts.

14. Between 1984 and 1990, in managing the ILS and 1988 F110 Contracts, GENERAL ELECTRIC's principal contact with the IAF was unindicted co-conspirator Rami Dotan ("Dotan"), then an IAF officer. In 1984, Dotan was a Lieutenant Colonel in charge of the IAF's Propulsion Branch. In 1987, he was promoted to the rank of Colonel and placed in charge of the IAF's Aircraft Division. In or about September 1989, he was promoted to the rank of Brigadier General and named IAF Quartermaster General, in charge of the Equipment Squadron. As more fully described below, GENERAL ELECTRIC, Dotan and others known and unknown to the United States diverted funding provided under the ILS and 1988 F110 Contracts to uses that had not been approved or authorized by DSAA, including the diversion of approximately \$11 million for the personal use of Dotan and the then Manager of International Government Sales for GEAE ("the GEAE Sales Manager").

B. THE CONSPIRACY

15. From in or about 1984, and continuing thereafter until in or about 1991, in the Southern District of Ohio and elsewhere, GENERAL ELECTRIC, Dotan and other persons known and unknown to the United States did unlawfully, willfully and knowingly combine, conspire and confederate with other divers persons, known and

unknown to the United States, to engage in the following conspiracies:

Conspiracy to Defraud the United States

16. GENERAL ELECTRIC and other persons known and unknown to the United States conspired to knowingly and willfully defraud the U.S. Department of Defense, DSAA, of and concerning its right to have the FMF Program operate according to the statutes enacted by Congress, the rules and regulations promulgated by the Department of Defense, and requirements and guidelines promulgated by DSAA, and to implement the foreign policy of the United States free from fraud and false statements, to wit, by filing and causing to be filed with DSAA false certifications by GENERAL ELECTRIC and MODNY (based in material part on false GENERAL ELECTRIC documents), Requests for Disbursements and contractor invoices and omitting to disclose material information, to wit:

a. the filing of false contractor certifications with DSAA misrepresenting that no rebates, gifts or gratuities, intended to obtain favorable treatment under the 1988 F110 Contract, had been paid and omitting to disclose under the ILS Contract that GENERAL ELECTRIC, acting principally through the GEAE Sales Manager, had generated approximately \$11 million -- from the filing of false and fictitious invoices and supporting documents -- a portion of which monies were paid secretly to IAF Brigadier General Rami Dotan to influence Dotan in assisting GENERAL ELECTRIC in its efforts to secure favorable treatment in connection with the retention of the ILS and 1988 F110 Contracts referred to above; and

b. the filing with DSAA of false MODNY certifications, Requests for Disbursements and invoices misrepresenting that FMF funds had been applied to approved uses and omitting to disclose that GENERAL ELECTRIC had generated money from the filing of false and fictitious invoices and supporting documents which money was made available to IAF Brigadier General Rami Dotan to spend on projects not disclosed to or approved by DSAA.

Conspiracy to Commit Offenses Against the United States

17. GENERAL ELECTRIC and other persons known and unknown to the United States conspired to knowingly and willfully make and present and cause to be made and presented, to a department of the United States, to wit, the U.S. Department of Defense, claims upon or against the United States, knowing such claims to be false, fictitious, and fraudulent, in violation of Title 18, United States Code, Sections 287 and 2.

18. GENERAL ELECTRIC and other persons known and unknown to the United States conspired to knowingly and willfully, in a matter within the jurisdiction of a department of the United States, to wit, the U.S. Department of Defense, make false, fictitious and fraudulent statements and representations, in violation of Title 18, United States Code, Sections 1001 and 2.

19. GENERAL ELECTRIC and other persons known and unknown to the United States conspired to knowingly and willfully devise and intend to devise a scheme and artifice to defraud and obtain money by means of false and fraudulent pretenses, representations and promises, knowing at that time that the pretenses, representations

and promises would be and were false when made, and transmitting and causing to be transmitted by means of wire in interstate and foreign commerce writings, signals, pictures and sounds for the purpose of executing such scheme and artifice in violation of Title 18, United States Code, Sections 1343 and 2.

20. GENERAL ELECTRIC and other persons known and unknown to the United States conspired to knowingly and willfully engage, attempt to engage and cause and aid and abet others in engaging in monetary transactions in criminally derived property that was of a value greater than \$10,000, in violation of Title 18, United States Code, Sections 1957 and 2.

21. GENERAL ELECTRIC and other persons known and unknown to the United States conspired to knowingly and willfully fail to make and keep books, records, and accounts which, in reasonable detail, accurately and fairly reflected the transactions and dispositions of the assets of GENERAL ELECTRIC, in violation of the Foreign Corrupt Practices Act of 1977, Title 15, United States Code, Sections 78m(b)(2)(A) and 78ff(a).

C. MANNER AND MEANS

The said unlawful combination, conspiracy, confederation and agreement was to be and was accomplished by the following means and in the following manners:

DIVERSIONS DISGUISED AS PAYMENTS TO SUBCONTRACTOR

22. It was a part of the conspiracy that GENERAL ELECTRIC, and others known and unknown to the United States, would and did pay a total of approximately \$27.5 million to a corporation ("the

agent's corporation") operated from the home of an individual ("the agent") in New Jersey who was associated with the GEAE Sales Manager.

23. It was a further part of the conspiracy that the approximately \$27.5 million would be and was paid to the agent's corporation, in several installments, for actual and purported subcontract work on the ILS Contract by Ingbir Engineering and Maintenance Company ("Ingbir Engineering"), based in Tel Aviv, Israel, which was owned by Yoram Ingbir ("Ingbir"), an Israeli businessman who provided Dotan with a secret financial interest in his defense contracting business.

24. It was a further part of the conspiracy that approximately \$23.8 million of the \$27.5 million would be and was transmitted by the agent to Ingbir for actual and purported subcontract work.

25. It was a further part of the conspiracy that, under an agreement between Ingbir Engineering and the agent's corporation, the remaining approximately \$3.7 million would be and was retained by the agent's corporation as a purported fee ("the sham agent's fee"), which funds would be and were diverted for the personal use of Dotan and the GEAE Sales Manager.

26. It was a further part of the conspiracy that most of the approximately \$3.7 million would be and was transmitted by the agent to European bank accounts controlled by Dotan and the GEAE Sales Manager.

27. It was a further part of the conspiracy that GENERAL ELECTRIC would and did submit invoices to MODNY for the entire \$27.5 million for work actually or purportedly performed by Ingbir Engineering, which, without disclosure to MODNY or DSAA, included reimbursement for GENERAL ELECTRIC for the above-described \$3.7 million in payments, and it was a further part of the conspiracy that GENERAL ELECTRIC, and others known and unknown to the United States, would and did cause these false records to be retained as part of the books and records of GENERAL ELECTRIC.

28. It was a further part of the conspiracy that GENERAL ELECTRIC, and others known and unknown to the United States, would and did cause MODNY to obtain reimbursement for these invoice payments from the United States under the FMF Program.

29. It was a further part of the conspiracy that the approximately \$3.7 million would be and was paid, in part, to influence Dotan to assist GENERAL ELECTRIC in its efforts to secure favorable treatment in connection with the retention of the ILS and 1988 F110 Contracts.

DIVERSIONS DISGUISED AS FUNDING FOR FLIGHT TESTS

30. It was a further part of the conspiracy that GENERAL ELECTRIC, and others known and unknown to the United States, would and did offer, promise and agree to pay, and authorize the payment of a total of approximately \$7.875 million, in several installments, to the agent's corporation.

31. It was a further part of the conspiracy that GENERAL ELECTRIC, acting through the GEAE Sales Manager, and others known

and unknown to the United States, would and did create false and fictitious documentation attesting that the approximately \$7.875 million paid to the agent's corporation represented funding that GENERAL ELECTRIC was providing for flight tests for the F110-GE-100A jet engines sold to Israel under the 1988 F110 Contract, and it was a further part of the conspiracy that GENERAL ELECTRIC, and others known and unknown to the United States, would and did cause these false records to be retained as part of the books and records of GENERAL ELECTRIC.

32. It was a further part of the conspiracy that approximately \$300,000 of the funds transmitted to the agent's corporation would be and was transmitted to an Israeli company which in turn transmitted most of these funds to Ingbir for uses neither disclosed to nor approved by DSAA.

33. It was a further part of the conspiracy that approximately \$7,425,000 would be and was transmitted by the agent to European bank accounts controlled by Dotan and the GEAE Sales Manager, in several installments, and the remaining approximately \$150,000 was retained by the agent as his compensation for his participation in the transaction.

34. It was a further part of the conspiracy that the above-described payments by GENERAL ELECTRIC to the agent's corporation would be and were paid, in part, to influence Dotan to assist GENERAL ELECTRIC in its efforts to secure favorable treatment in connection with the retention of the ILS and 1988 F110 Contracts.

35. It was a further part of the conspiracy that GENERAL ELECTRIC would and did recover all or a portion of the approximately \$7.875 million in purported flight test funding from the sales of jet aircraft engines sold to Israel under the 1988 F110 Contract.

36. It was a further part of the conspiracy that GENERAL ELECTRIC, and others known and unknown to the United State, would and did cause MODNY to obtain reimbursement for acquisitions under the 1988 F110 Contract from the United States under the FMF Program.

37. It was a further part of the conspiracy that GENERAL ELECTRIC, acting through the GEAE Sales Manager, and others known and unknown to the United States, would and did submit contractor certifications to MODNY which were forwarded to DSAA in connection with seeking approval for FMF funding for the 1988 F110 Contract, which contained false representations and omissions of material information by virtue of the failure to disclose the agreement to make the above-described \$7.875 million in payments, and the affirmative misrepresentations in the certifications that there were no undisclosed "amendments, modifications, side letters, or supplementary agreements" and that no improper "rebates, gifts or gratuities" would be paid to Israeli officials.

NON-EXISTENT PORTABLE TEST UNITS

38. It was a further part of the conspiracy that GENERAL ELECTRIC, and others known and unknown to the United States, would and did create false and fictitious documentation attesting to the

design, manufacture and delivery of two jet engine data collection devices called portable test units, ordered under the ILS Contract.

39. It was a further part of the conspiracy that GENERAL ELECTRIC would not and did not design, manufacture or deliver the portable test units.

40. It was a further part of the conspiracy that GENERAL ELECTRIC, and others known and unknown to the United States, would and did cause the false records describing the portable test unit transaction to be retained as part of the books and records of GENERAL ELECTRIC.

41. It was a further part of the conspiracy that GENERAL ELECTRIC, and others known and unknown to the United States, would and did agree with Dotan to use the funds received from MODNY for the portable test units for uses that had not been approved or authorized for funding by DSAA.

42. It was a further part of the conspiracy that, through the submission to MODNY of false invoices and related documentation, GENERAL ELECTRIC, and others known and unknown to the United States, would and did cause MODNY to pay GENERAL ELECTRIC a total of approximately \$4 million for the portable test units, and would and did cause MODNY to obtain reimbursement in the same amount from the United States under the FMF Program.

43. It was a further part of the conspiracy that, in certain instances, the false invoices would be and were accompanied by Certificates of Milestone Achievement ("CMAs") representing that certain key tasks in the provision of the ordered items had been

accomplished, each CMA bearing the signature of a GENERAL ELECTRIC employee and an IAF officer associated with Dotan.

44. It was a further part of the conspiracy that GENERAL ELECTRIC, and others known and unknown to the United States, would and did remit to the agent's corporation approximately \$1,561,960 for uses by Dotan and others, which uses were not authorized for FMF financing.

NON-EXISTENT JET ENGINE TEST CELL
AND TEST CELL MEASUREMENT KIT

45. It was a further part of the conspiracy that GENERAL ELECTRIC, and others known and unknown to the United States, would and did create false and fictitious documentation attesting to the design, manufacture and delivery of a jet engine test facility called an enclosed jet engine test cell and a collection of equipment for this facility referred to as the test cell measurement kit, both ordered under the ILS Contract.

46. It was a further part of the conspiracy that GENERAL ELECTRIC would not and did not provide the new enclosed test cell at IAF Base 4 or the related test cell measurement kit to Israel.

47. It was a further part of the conspiracy that GENERAL ELECTRIC, and others known and unknown to the United States, would and did cause the false records describing the new enclosed test cell and test cell measurement kit transactions to be retained as part of the books and records of GENERAL ELECTRIC.

48. It was a further part of the conspiracy that GENERAL ELECTRIC, and others known and unknown to the United States, would and did agree with Dotan to use the funding for the new enclosed

test cell and the test cell measurement kit for uses that had not been approved or authorized for funding by DSAA.

49. It was a further part of the conspiracy that, through the submission of false invoices, CMAs and related documents to MODNY, concerning the purported design and construction of the new enclosed test cell at Base 4 and the test cell measurement kit, GENERAL ELECTRIC, and others known and unknown to the United States, would and did cause MODNY to pay it approximately \$6.85 million for the test cell and approximately \$614,450.55 for the test cell measurement kit, and would and did cause MODNY to obtain reimbursement in those amounts from the United States under the FMF Program.

50. It was a further part of the conspiracy that GENERAL ELECTRIC, and others known and unknown to the United States, would and did remit to the agent's corporation approximately \$2.35 million, derived from the payment for the test cell, for uses by Dotan and others not authorized for FMF financing.

NON-EXISTENT TEST CELL RETROFIT KITS

51. It was a further part of the conspiracy that GENERAL ELECTRIC, and others known and unknown to the United States, would and did create false and fictitious documentation attesting to the design, manufacture and delivery of kits to retrofit jet engine test cells so that they would be compatible with an additional configuration of the F110-GE-100 jet engine, which kits were ordered under the ILS Contract.

52. It was a further part of the conspiracy that GENERAL ELECTRIC would not and did not design, manufacture or deliver the retrofit kits.

53. It was a further part of the conspiracy that GENERAL ELECTRIC, and others known and unknown to the United States, would and did cause the false records describing the retrofit kit transactions to be retained as part of the books and records of GENERAL ELECTRIC.

54. It was a further part of the conspiracy that GENERAL ELECTRIC, and others known and unknown to the United States, would and did agree with Dotan to use the funding for the retrofit kits for uses that had not been approved or authorized for funding by DSAA, specifically the development of the F110-GE-100A engine, which GENERAL ELECTRIC planned to attempt to sell to Israel pursuant to a contract to be subsequently awarded.

55. It was a further part of the conspiracy that through the device of selling non-existent retrofit kits to Israel, GENERAL ELECTRIC would be and was able to, among other things: (a) obtain a guarantee of funding through the ILS Contract for development of a new engine model that GENERAL ELECTRIC hoped to sell under the 1988 F110 Contract before the 1988 F110 Contract had even been awarded; and (b) avoid having to await compensation for development efforts until years later when the engines were actually delivered and the sales of the engines invoiced.

56. It was a further part of the conspiracy that, through the submission of false invoices, CMAs and related documentation to

MODNY, GENERAL ELECTRIC, and others known and unknown to the United States, would and did cause MODNY to pay it a total of approximately \$3,996,500 for the retrofit kits, and would and did cause MODNY to obtain reimbursement in the same amount from the United States under the FMF Program.

57. It was a further part of the conspiracy that GENERAL ELECTRIC, and others known and unknown to the United States, would and did apply the approximately \$3,996,500 to uses not authorized for FMF financing.

DEPOSITS OF PAYMENTS FROM MODNY RECEIVED THROUGH FRAUD

58. It was a further part of the conspiracy that GENERAL ELECTRIC, and others known and unknown to the United States, would and did engage in monetary transactions, affecting interstate or foreign commerce, in criminally derived property of a value greater than \$10,000, that is, the deposits of funds, to wit, checks received from MODNY in payment of invoices for the non-existent portable test units, the new enclosed test cell for Base 4, the test cell measurement kit and the test cell retrofit kits, such property having been derived from specified unlawful activities.

D. OVERT ACTS

59. In order to further the objects and purposes of this conspiracy, GENERAL ELECTRIC and its co-conspirators, known and unknown to the United States, did commit and cause to be committed the following and other overt acts within the Southern District of Ohio and elsewhere:

DIVERSIONS DISGUISED AS PAYMENTS TO SUBCONTRACTOR

(1) On or about August 10, 1984, GENERAL ELECTRIC entered into the ILS Contract with Israel, which required GENERAL ELECTRIC to provide maintenance support for the F110-GE-100 engines sold to Israel.

(2) In or about August 1984, Dotan directed GENERAL ELECTRIC employees to engage Ingbir for all subcontract work in Israel on the ILS Contract. The GENERAL ELECTRIC employees acquiesced to this demand.

(3) On or about August 24, 1984, a GENERAL ELECTRIC employee in Cincinnati, Ohio, transmitted to a GENERAL ELECTRIC representative in Tel Aviv, Israel, a letter and a Memorandum of Understanding ("MOU"), signed by another GENERAL ELECTRIC employee, between GENERAL ELECTRIC and Ingbir Engineering. The MOU was transmitted for Ingbir's signature. The letter stated that Ingbir Engineering was to identify a representative in the United States to act on its behalf in dealings with GENERAL ELECTRIC. Further, the letter stated that the United States representative should invoice GENERAL ELECTRIC according to the payment schedule outlined in the MOU.

(4) On or about September 3, 1984, the then Manager of GEAE's Israel F110 Program ("the GEAE Program Manager") and others met with Dotan to revise the MOU.

(5) In or about Summer 1984, the GEAE Sales Manager contacted the agent, with whom he had a longstanding friendship, and enlisted

him as a middleman in the transactions between Ingbir and GENERAL ELECTRIC.

(6) On or about September 4, 1984, the agent's corporation was formed in the State of New Jersey. This corporation's only directors were the agent and his wife, and its address was the agent's home address.

(7) On or about September 5, 1984, a GENERAL ELECTRIC employee in Cincinnati, Ohio, transmitted the following documents to a GENERAL ELECTRIC representative in Tel Aviv, Israel:

(a) a revised MOU for the signature of an authorized representative of Ingbir Engineering;

(b) a purchase order outlining the services to be performed by Ingbir Engineering in preparation of the first preliminary design review;

(c) a cover letter directing that the addressee of the purchase order be identified as the United States representative of Ingbir Engineering; that a "Certificate of Authority" be filled in with the name of the United States representative and signed by an officer of Ingbir Engineering; and that the United States representative of Ingbir Engineering issue an invoice to GENERAL ELECTRIC in Cincinnati, Ohio, in order to receive payment;

(d) a sample certificate of authority; and

(e) a sample invoice.

(8) On or about September 7, 1984, Ingbir Engineering and the agent's corporation entered into an agreement that provided, among other things, a purported fee for the agent's corporation (the sham

agent's fee) of 17 percent of "new or follow-on" business acquired through the agent's corporation. As alleged below, approximately 17 percent of GENERAL ELECTRIC's payments to the agent's corporation for ILS Contract work was withheld by the agent (and later 13 percent of these payments after this agreement was modified), but these funds were not in fact retained by the agent. Instead, the withheld funds were the source of the approximately \$3.7 million in payments for the benefit of Dotan and the GEAE Sales Manager.

(9) On or about September 12, 1984, Ingbir executed a certificate of authority authorizing the agent's corporation to accept purchase orders, issue invoices associated with such purchase orders, and accept payments on such invoices on behalf of Ingbir Engineering which took full responsibility for the performance of the work required under GENERAL ELECTRIC's purchase orders.

(10) On or about September 20, 1984, the agent's corporation opened a bank account in its own name in New Jersey ("the agent's New Jersey bank account"). The agent was the only signatory for this account.

(11) On or about January 16, 1985, the agent's corporation opened a bank account in its own name in New York City ("the agent's New York bank account"), with the agent and Ingbir as signatories on the account. According to the account's terms, withdrawals could only be made upon the signatures of both the agent and Ingbir.

(12) On or about February 27, 1985, a GENERAL ELECTRIC employee in Cincinnati, Ohio, requested that the agent's corporation be added to GENERAL ELECTRIC's approved vendor list, at the request of the IAF, and that payments be made to the agent's New York bank account.

(13) On or about March 6, 1985, another GENERAL ELECTRIC employee in Cincinnati, Ohio, prepared a memorandum stating that the agent's corporation had been given "vendor status." In granting that status, GENERAL ELECTRIC did little to investigate the work or credit experience of that newly formed corporation or of the agent.

(14) On or about May 3, 1985, the agent and Ingbir closed the agent's New York bank account and had the balance reduced to a cashier's check payable to the agent's corporation, which was deposited in the agent's New Jersey bank account.

(15) On or about May 3, 1985, the agent and Ingbir opened a partnership account at the bank in New York City ("the partnership account") in the names of Ingbir and the agent's corporation, with the agent and Ingbir as signatories on the account. The account's terms required the agent's and Ingbir's signatures for all withdrawals and further required that Ingbir be present at the bank to effect all withdrawals.

(16) On or about December 14, 1985, Ingbir Engineering and the agent's corporation amended the September 7, 1984 agreement to reduce the sham agent's fee to 13 percent from 17 percent. Before this modification, 17 percent of GENERAL ELECTRIC's payments to the

agent's corporation had been diverted for the personal use of Dotan and the GEAE Sales Manager, and thereafter, 13 percent of the payments was diverted.

(17) Ingbir and a GENERAL ELECTRIC employee executed a memorandum, dated May 9, 1986, stating that each document issued by the agent's corporation to GENERAL ELECTRIC must be personally approved by Ingbir before it will obligate Ingbir's companies "in any way."

(18) A letter dated June 6, 1986, written on Ingbir Engineering stationery, was transmitted to the agent in New Jersey authorizing a former IAF officer associated with Dotan ("the former IAF officer") to act on behalf of and fulfill Ingbir's responsibilities in matters pertaining and relating to Ingbir Engineering's business, including receiving and making payments on behalf of Ingbir Engineering.

Overt Acts 19 through 42

On or about the following dates, GENERAL ELECTRIC transmitted, from the Southern District of Ohio to the agent in New Jersey, purchase orders and amendments thereto, in the approximate amounts indicated, for actual and purported subcontract work by Ingbir Engineering related to the ILS Contract:

<u>Overt Act No.</u>	<u>Date</u>	<u>Purchase Order No.</u>	<u>Amount</u>
(19)	9/5/84	94914	\$150,000
(20)	3/9/85	95455	\$2,000,000
(21)	7/18/85	95455 (Amendment 1)	\$4,000,000

<u>Overt Act No.</u>	<u>Date</u>	<u>Purchase Order No.</u>	<u>Amount</u>
(22)	12/6/85	95455 (Amendment 2)	\$6,000,000
(23)	12/20/85	95455 (Amendment 3)	\$6,000,000
(24)	1/6/86	95455 (Amendment 4)	\$7,500,000
(25)	1/21/86	95455 (Amendment 5)	\$9,700,000
(26)	3/26/86	96131	\$192,751
(27)	9/16/86	95455 (Amendment 6)	\$19,170,000
(28)	10/23/86	96131 (Amendment 1)	\$266,957
(29)	12/2/86	95455 (Amendment 7)	\$20,034,320
(30)	12/15/86	95455 (Amendment 8)	\$20,434,000
(31)	1/13/87	95455 (Amendment 9)	\$19,826,320
(32)	5/26/87	96131 (Amendment 2)	\$1,093,061
(33)	8/14/87	96313 (Amendment 3)	\$1,093,061
(34)	9/11/87	96131 (Amendment 4)	\$1,210,441
(35)	9/12/87	95455 (Amendment 10)	\$21,681,395
(36)	11/4/87	91339	\$2,042,010
(37)	12/30/87	91339 (Amendment 1)	\$2,126,010
(38)	3/30/88	91917	\$5,243,655
(39)	6/3/88	91541	\$596,600

<u>Overt Act No.</u>	<u>Date</u>	<u>Purchase Order No.</u>	<u>Amount</u>
(40)	6/7/88	95455 (Amendment 11)	\$21,726,349
(41)	12/27/88	91541 (Amendment 1)	\$2,983,000
(42)	5/22/90	91541 (Amendment 2)	\$2,983,000

Overt Acts 43 through 58

On or about the following dates, the agent transmitted to GENERAL ELECTRIC, in the Southern District of Ohio, invoices for actual and purported subcontract work by Ingbir Engineering related to the ILS Contract:

<u>Overt Act No.</u>	<u>Date</u>	<u>Invoice No.</u>	<u>Total Billed to GENERAL ELECTRIC</u>
(43)	9/10/84	94184, 11055	\$150,000
(44)	1/21/85	1082, 1083	\$21,684
(45)	1/25/85	1094	\$100,000
(46)	5/6/85	5025	\$1,771,084
(47)	1/28/86	1027, 1028	\$7,794,721
(48)	8/29/86	8042, 8043, 8044	\$4,365,682
(49)	9/8/86	9006	\$192,755
(50)	12/18/86	12024-12027, 12029-12031	\$2,839,834
(51)	12/18/86	12023	\$50,475
(52)	6/15/87	6015, 6016, 6017	\$1,179,795
(53)	12/18/87	12037-12041	\$3,766,601
(54)	6/13/88	6006-6013	\$2,191,558

<u>Overt Act No.</u>	<u>Date</u>	<u>Invoice No.</u>	<u>Total Billed to GENERAL ELECTRIC</u>
(55)	12/21/88	12022	\$596,600
(56)	7/7/89	7014	\$575,000
(57)	12/13/89	12025	\$596,600
(58)	5/7/90	5009	\$1,303,400

Overt Acts 59 through 61

On or about the following dates, in payment of invoices described above, GENERAL ELECTRIC transmitted to the agent checks in the approximate amounts indicated:

<u>Overt Act No.</u>	<u>Date</u>	<u>Check No.</u>	<u>Amount</u>
(59)	9/28/84	681959	\$100,000
(60)	12/20/84	727125	\$50,000
(61)	3/25/85	643323	\$121,683.75

The first two payments were deposited in the agent's New Jersey bank account, and the third payment was deposited in the agent's New York bank account.

(62) The agent transmitted approximately 80 percent of these funds to Ingbir in Israel, and held approximately 20 percent of these funds in the agent's New Jersey bank account. Of this 20 percent, 17 percent was for the sham agent's fee and the remainder was for expenses and a portion of the agent's compensation for participating in these transactions.

Overt Acts 63 through 72

On or about the following dates, in payment of invoices described above, GENERAL ELECTRIC transmitted, by wire to the partnership account, payments in the approximate amounts indicated:

<u>Overt Act No.</u>	<u>Date</u>	<u>Voucher No.</u>	<u>Amount</u>
(63)	5/30/85	991316	\$1,771,084
(64)	2/6/86	991613	\$7,794,721
(65)	9/22/86	991996	\$4,558,437
(66)	1/12/87	992274	\$2,890,291
(67)	6/19/87	992670	\$1,179,795
(68)	1/5/88	993196	\$3,766,601
(69)	6/27/88	993705	\$1,665,509
(70)	1/9/89	994473	\$596,600
(71)	7/12/89	995554	\$1,050,999
(72)	5/17/90	997321	\$1,900,000

Overt Acts 73 through 82

On or about the following dates, funds in the approximate amounts indicated, representing the sham agent's fee (reduced to 13 percent after December 1985), were transferred from the partnership account to the agent's New Jersey bank account, the first transfer being effected by check and the remainder by wire transfer:

<u>Overt Act No.</u>	<u>Date</u>	<u>Amount</u>
(73)	6/3/85	\$325,884
(74)	2/10/86	\$969,964
(75)	9/23/86	\$567,538.70

<u>Overt Act No.</u>	<u>Date</u>	<u>Amount</u>
(76)	1/13/87	\$368,435
(77)	6/23/87	\$143,513.50
(78)	1/6/88	\$458,339
(79)	6/28/88	\$214,800
(80)	1/10/89	\$102,558
(81)	7/14/89	\$136,573.50
(82)	5/18/90	\$268,550

(83) Most of the remaining funds in the partnership account -- approximately 87 percent of the total received from GENERAL ELECTRIC -- were transmitted by the agent to Ingbir in Israel.

Overt Acts 84 through 106

On or about the following dates, letters purportedly from the former IAF officer, were transmitted to the agent in New Jersey instructing the agent to transfer funds in the amounts indicated to various foreign bank accounts:

<u>Overt Act No.</u>	<u>Date</u>	<u>Location of Account</u>	<u>Amount</u>
(84)	7/14/86	Netherlands	\$227,500
(85)	12/8/86	Germany	\$108,227
(86)	12/11/86	Germany	\$112,853
(87)	12/11/86	Belgium	\$217,500
(88)	1/14/87	Germany	\$107,114
(89)	1/14/87	Belgium	\$52,079
(90)	2/11/87	Germany	\$38,346
(91)	2/11/87	Belgium	\$243,118

<u>Overt Act No.</u>	<u>Date</u>	<u>Location of Account</u>	<u>Amount</u>
(92)	3/29/87	Germany	\$72,817
(93)	3/29/87	Belgium	\$212,140
(94)	6/10/87	Germany	\$187,923
(95)	6/10/87	Belgium	\$68,920
(96)	7/10/87	Germany	\$72,817
(97)	8/30/87	Germany	\$87,205
(98)	8/30/87	Belgium	\$21,012
(99)	9/3/87	Germany	\$53,314
(100)	9/3/87	Belgium	\$212,140
(101)	2/14/88	Belgium	\$177,500
(102)	5/13/88	Germany	\$245,000
(103)	12/6/88	Germany	\$221,000
(104)	1/11/89	Belgium	\$143,000
(105)	9/15/89	Belgium	\$100,000
(106)	8/12/90	Germany	\$185,000

(Hereinafter, each of the letters of this type, which all bore the same signature and instructed the agent on the amount of the transfer and the identity of the foreign bank account receiving the transfer, is referred to as an "instruction letter.")

Overt Acts 107 through 128

On or about the following dates, the agent transferred funds in the approximate amounts indicated, from his New Jersey bank account to certain European bank accounts, the first two transfers being effected by check and the remainder by wire transfer:

<u>Overt Act No.</u>	<u>Date</u>	<u>Location of Account</u>	<u>Amount</u>
(107)	6/17/86	Netherlands	\$149,000
(108)	7/25/86	Netherlands	\$227,500
(109)	12/30/86	Germany	\$221,080
(110)	12/30/86	Belgium	\$217,500
(111)	2/6/87	Germany	\$107,114
(112)	2/6/87	Belgium	\$52,079
(113)	3/6/87	Germany	\$38,246
(114)	3/6/87	Belgium	\$243,118
(115)	4/10/87	Germany	\$72,817
(116)	4/10/87	Belgium	\$212,140
(117)	6/26/87	Germany	\$187,923
(118)	6/26/87	Belgium	\$68,920
(119)	11/4/87	Germany	\$140,519
(120)	11/4/87	Belgium	\$21,012
(121)	12/30/87	Germany	\$72,817
(122)	12/30/87	Belgium	\$212,140
(123)	2/25/88	Belgium	\$177,500
(124)	7/7/88	Germany	\$245,000
(125)	12/29/88	Germany	\$221,000
(126)	3/13/89	Belgium	\$143,003
(127)	10/13/89	Belgium	\$100,000
(128)	9/13/90	Germany	\$185,000

(129) In addition, on or about June 17, 1986, the agent transferred approximately \$1,000 in cash to the former IAF officer, whom he met at Kennedy International Airport, in New York. The

agent delivered this cash at the time he gave the former IAF officer the check representing the first of the transfers from the agent's New Jersey bank account to the European accounts. The cash was from the agent's personal bank account, and the agent reimbursed himself from the agent's New Jersey bank account.

(130) The European accounts referred to above were part of a network of foreign bank accounts used by Dotan and the GEAE Sales Manager as intermediary bank accounts. An Israeli attorney associated with Dotan transferred most of the funds from these accounts to bank accounts in Switzerland controlled by Dotan and the GEAE Sales Manager. The attorney arranged for the above-referenced transfers to Switzerland to be effected, in most cases, by first transferring the funds to accounts in a bank in Konstanz, Germany, converting those funds into cash, and then transporting the cash into Switzerland for deposit, to obscure the trail of the funds. The attorney also arranged for the use of his daughter's name, the names of Panamanian shell corporations and other names to conceal the true ownership of certain bank accounts involved in these transfers.

(131) As compensation for his participation in these transactions, from 1984 through 1990, the agent retained approximately \$158,000 from the approximately \$3.7 million withheld under the sham agent's fee arrangement.

(132) Between on or about August 28, 1984 and on or about January 5, 1991, GENERAL ELECTRIC submitted to MODNY a total of approximately 42 invoices for actual and purported subcontract work

under the ILS Contract, reimbursing GENERAL ELECTRIC for the entire \$27.5 million paid to the agent's corporation, including the approximately \$3.7 million that became the undisclosed sham agent's fee. MODNY paid substantially all of these invoices.

(133) Between on or about September 25, 1984 and on or about February 11, 1991, GENERAL ELECTRIC caused MODNY to submit to DSAA Requests for Disbursement from Israel's trust account for substantially all the above-referenced invoice payments to GENERAL ELECTRIC. The Requests for Disbursement and accompanying cover letters by MODNY were based in material part on false GENERAL ELECTRIC documents and accordingly failed to disclose the funding of \$3.7 million in payments for the benefit of Dotan and the GEAE Sales Manager and falsely represented that the invoices were correct and just.

DIVERSIONS DISGUISED AS FUNDING FOR FLIGHT TESTS

(134) Between on or about January 1, 1988 and on or about March 2, 1988, the GEAE Sales Manager advised other GENERAL ELECTRIC employees that he had negotiated with Dotan an agreement in connection with the ongoing negotiation of the 1988 F110 Contract, whereby GENERAL ELECTRIC would provide funding for flight tests of the F110-GE-100A engine to be sold under the 1988 F110 Contract. This funding agreement was unwritten and was never documented in any fashion.

(135) Between on or about March 2, 1988 and on or about June 21, 1988, in Evendale, Ohio, the GEAE Sales Manager and others known and unknown to the United States created and caused the

creation of documents, known as business plans, purporting to identify, by line item, the components of the price and costs of the jet engines to be sold under the 1988 F110 Contract. These business plans included a \$105,000 per engine cost for the flight tests, to be recovered through sales of the engines. This amount bore no relation to any anticipated work on such flight tests. Further, in the final version of the business plans, the \$105,000 per engine cost was arbitrarily split between two line items which were misleadingly labeled and did not refer to this cost. The \$105,000 per engine cost and the plan to recover this cost through the engine sales were not disclosed to MODNY or DSAA.

(136) On or about March 25, 1988, GENERAL ELECTRIC transmitted from the Southern District of Ohio to MODNY for forwarding to DSAA a contractor certification, signed by a GENERAL ELECTRIC employee, at the direction of the GEAE Sales Manager, for MODNY's use in securing DSAA's approval of FMF funding for the 1988 F110 Contract. This certification falsely represented the following:

(a) that the entire 1988 F110 Contract was disclosed in the certification and there were no side agreements, when in fact GENERAL ELECTRIC, acting through the GEAE Sales Manager, and others known and unknown to the United States, had agreed to the above-described \$7.875 million payment scheme which was not disclosed in the 1988 F110 Contract or any other documents submitted to DSAA;

(b) that no improper "rebates, gifts or gratuities" would be given, when in fact the above-described \$7.875 million payment scheme entailed, in part, improper payments to Dotan; and

(c) that the certification was "complete and correct."

(137) On or about May 31, 1988, GENERAL ELECTRIC entered into the 1988 F110 Contract to sell seventy five jet aircraft engines to Israel.

(138) On or about September 2, 1988, GENERAL ELECTRIC transmitted from the Southern District of Ohio to MODNY for forwarding to DSAA a second contractor certification for MODNY's use in securing DSAA's approval of FMF funding for the 1988 F110 Contract. This document contained the same false statements and omissions of material information as the earlier certification. The second certification was signed by the GEAE Sales Manager.

(139) In or about November 1988, the GEAE Sales Manager instructed a GENERAL ELECTRIC employee to arrange for GENERAL ELECTRIC to enter into a subcontract with the agent's corporation. Under this subcontract, the agent's corporation was to serve as a vehicle for funding flight tests of the F110-GE-100A engine.

(140) Between in or about November 1988 and in or about January 1989, the GEAE Sales Manager advised at least two GENERAL ELECTRIC employees that he wanted this subcontract finalized by January 1989 so that the first payment under this subcontract could be made that month.

(141) On or about December 7, 1988, a GENERAL ELECTRIC employee transmitted from the Southern District of Ohio to the

agent a draft of a contract between GENERAL ELECTRIC and the agent's corporation containing a description of the purported flight test-related services to be provided ("statement of work") and stating that a total of \$7.875 million was to be paid the agent's corporation by GENERAL ELECTRIC. This price equalled the above-described \$105,000 per engine cost multiplied by the 75 engines to be sold under the 1988 F110 Contract. According to the draft contract, this amount was to be paid according to the following payment schedule: \$2.5 million on January 15, 1989, \$1.5 million on March 15, 1989, \$500,000 on July 15, 1989, \$2 million on October 15, 1989 and \$1.375 million on January 15, 1990. The proposed payment schedule bore no relation to any anticipated work on flight tests. At this time, GENERAL ELECTRIC employees involved in preparations for the flight tests knew that these tests would not begin until late 1989 or early 1990.

(142) On or about January 5, 1989, GENERAL ELECTRIC transmitted, by facsimile, from the Southern District of Ohio to the agent a request for quotation ("RFQ") for a contract to perform services in connection with the flight tests. The RFQ contained a description of the purported services to be performed by the agent's corporation and stated that, "Subsequent to award of contract, [the agent's corporation], [GENERAL ELECTRIC] and the [IAF] will meet periodically to determine the efforts and priorities to be applied by the seller." No such meetings were ever held.

(143) On or about January 5, 1989, the agent transmitted, by facsimile, to GENERAL ELECTRIC, in the Southern District of Ohio, a quotation responding to the RFQ and specifying the price and payment schedule set forth in the December 7, 1988 draft proposal.

(144) On or about January 12, 1989 and January 20, 1989, in Evendale, Ohio, GENERAL ELECTRIC employees created memoranda purporting to justify why the agent's corporation should be the "sole source" for the work on the flight tests (i.e., why the contract should be awarded to the agent's corporation without competitive bidding). These memoranda contained the following representations concerning the agent's corporation's capabilities, each of which was entirely false:

(a) that the agent's corporation had "unique and extensive knowledge of IAF Operations concerning engine/engine support activities and related aircraft maintenance";

(b) that the agent's corporation had "significant experience with design, construction, operation, maintenance, and calibration of Engine Instrumentation Systems and Support Equipment for the IAF";

(c) that the agent's corporation had "the required Israeli security clearances and relationships with the IAF allowing them access to all military installations involved in the . . . flight test program"; and

(d) that the agent's corporation was "well acquainted" with the existing IAF jet engine maintenance facilities and support equipment.

The agent's corporation performed no substantive engineering or other work in connection with the purported flight tests or any other project involving GENERAL ELECTRIC and had no capability to perform such work.

(145) On or about January 23, 1989, in the Southern District of Ohio, GENERAL ELECTRIC issued the first of several purchase orders to the agent's corporation for services in connection with the flight tests. The first purchase order was for \$2.5 million, covering the first payment under the previously set payment schedule. This purchase order stated that the agent's corporation would deliver to GENERAL ELECTRIC "test reports and results of performance of services." The agent's corporation never delivered such reports, nor did GENERAL ELECTRIC ever attempt to verify precisely what work was performed in response to this purchase order or who was performing it.

(146) On or about February 15, 1989, the agent transmitted, by facsimile, to GENERAL ELECTRIC, in the Southern District of Ohio, the first invoice for purported flight test-related work.

(147) On or about February 23, 1989, based on the first invoice, GENERAL ELECTRIC wire transferred \$2.5 million to the agent's New Jersey bank account.

(148) On or about March 23, 1989, pursuant to an instruction letter, the agent wire transferred, from the New Jersey bank account to a bank account in Belgium, approximately \$600,000 of the amount received from GENERAL ELECTRIC in connection with the agent's corporation's first invoice.

(149) On or about March 24, 1989, the agent transmitted to GENERAL ELECTRIC, in the Southern District of Ohio, the second invoice for purported flight test-related work.

(150) In or about May 1989, in Evendale, Ohio, the GEAE Sales Manager drafted milestones for the flight test payments to the agent's corporation, describing stages of purported work on the flight tests. Upon the completion of each stage or milestone, the agent's corporation would purportedly be entitled to a progress payment. The milestones tracked the payment schedule set forth in the January 5, 1989 quotation. The milestones bore no relation to any planned or ongoing work and were simply a fiction designed to create the appearance that the payments to the agent's corporation related to the flight tests. Preparing milestones months after the issuance of the original purchase order and the first payment under this purchase order was contrary to GENERAL ELECTRIC's normal practice.

(151) In or about May 1989, the milestones were reviewed by Dotan in Israel, who assigned dollar values to each stage of purported work. The milestones were referenced in each of the subsequently issued invoices relating to the purported flight test work.

(152) On or about May 24, 1989, the agent transmitted to GENERAL ELECTRIC, in the Southern District of Ohio, an amended second invoice for purported flight test-related work. This invoice falsely represented that it was for flight test-related work identified in the milestones.

(153) On or about June 5, 1989, pursuant to an instruction letter, the agent wire transferred, from the New Jersey bank account to a bank account in Germany, approximately \$1,550,000 of the amount received from GENERAL ELECTRIC in connection with the agent's corporation's first invoice.

(154) On or about June 21, 1989, GENERAL ELECTRIC transmitted from the Southern District of Ohio to the agent a second purchase order for \$1.5 million, covering the second payment under the previously set payment schedule.

(155) On or about July 6, 1989, based on the agent's corporation's amended second invoice, GENERAL ELECTRIC wire transferred approximately \$1.5 million to the agent's New Jersey bank account.

(156) On or about July 24, 1989, the agent transmitted to GENERAL ELECTRIC, in the Southern District of Ohio, a third invoice for purported flight test-related work. This invoice falsely represented that it was for flight test-related work identified in the milestones.

(157) On or about July 28, 1989, GENERAL ELECTRIC transmitted from the Southern District of Ohio to the agent a third purchase order for \$500,000, covering the third payment under the previously set payment schedule.

(158) Based on the agent's corporation's third invoice, on or about August 1, 1989, GENERAL ELECTRIC wire transferred approximately \$500,000 to the agent's New Jersey bank account.

(159) On or about September 21, 1989, pursuant to an instruction letter, the agent wire transferred, from the New Jersey bank account to a bank account in Belgium, approximately \$2 million of the amount received from GENERAL ELECTRIC in connection with the agent's corporation's second and third invoices.

(160) On or about September 18, 1989, the agent withdrew approximately \$50,000 from the funds received from GENERAL ELECTRIC in connection with the agent's corporation's first invoice, as compensation for the agent's participation in these transactions.

(161) On or about October 10, 1989, the agent transmitted to GENERAL ELECTRIC, in the Southern District of Ohio, a fourth invoice for purported flight test-related work. This invoice falsely represented that it was for flight test-related work identified in the milestones.

(162) On or about October 18, 1989, GENERAL ELECTRIC transmitted from the Southern District of Ohio to the agent a fourth purchase order for \$2 million, covering the fourth payment under the previously set payment schedule.

(163) Based on the agent's corporation's fourth invoice, on or about October 24, 1989, GENERAL ELECTRIC wire transferred approximately \$2 million to the agent's New Jersey bank account.

(164) On or about November 27, 1989, pursuant to an instruction letter, the agent wire transferred, from the New Jersey bank account to a bank account in Belgium, the approximately \$2 million received from GENERAL ELECTRIC in connection with the agent's corporation's fourth invoice.

(165) On or about January 7, 1990, the agent transmitted, by facsimile, to GENERAL ELECTRIC, in the Southern District of Ohio, a fifth invoice for purported flight test-related work. This invoice falsely represented that it was for flight test-related work identified in the milestones.

(166) On or about January 16, 1990, the agent wire transferred approximately \$300,000 of funds received from GENERAL ELECTRIC, in connection with the agent's corporation's first invoice, from the New Jersey bank account to a bank in Israel. These funds were applied to uses not approved by or disclosed to DSAA. Most of these funds were eventually transferred to Ingbir, and the remainder was retained by another Israeli businessman associated with Dotan.

(167) On or about January 23, 1990, GENERAL ELECTRIC transmitted from the Southern District of Ohio to the agent a fifth purchase order for \$1.375 million, covering the fifth payment under the previously set payment schedule.

(168) Based on the agent's corporation's fifth invoice, on or about January 31, 1989, GENERAL ELECTRIC wire transferred approximately \$1.375 million to the agent's New Jersey bank account.

(169) On or about March 7, 1990, pursuant to an instruction letter, the agent wire transferred, from the New Jersey bank account to a bank account in Belgium, approximately \$1.275 million of the \$1.375 million received from GENERAL ELECTRIC in connection with the agent's corporation's final invoice. The agent retained

the remaining approximately \$100,000 as compensation for his participation in these transactions.

(170) The accounts in Belgium and Germany were part of the network of European bank accounts which received the sham agent's fee payments. The approximately \$7.425 million deposited in the Belgian and German accounts was transferred, through a series of intermediary bank accounts and transactions, to accounts in Switzerland controlled by Dotan and the GEAE Sales Manager. The transfers were arranged by the Israeli attorney involved in the similar transactions transferring the funds derived from the sham agent's fee. In effecting the transfers to Switzerland of funds derived from the purported flight test payments, this attorney also arranged for a material portion of these funds to be converted into cash and then transported from Konstanz, Germany to Zurich, Switzerland for deposit, to obscure the trail of the funds. The attorney also arranged for the use of his daughter's name, the names of Panamanian shell corporations and other names to conceal the true ownership of certain bank accounts involved in these transfers.

(171) Between in or about 1990 and in or about 1991, GENERAL ELECTRIC transmitted from the Southern District of Ohio to MODNY a total of approximately 47 invoices for the F110-GE-100A engine deliveries, reimbursing GENERAL ELECTRIC for a portion of the purported flight test payments. MODNY has paid at least approximately 39 of these invoices in full.

(172) GENERAL ELECTRIC caused MODNY to submit to DSAA Requests for Disbursement from Israel's trust account for substantially all the invoice payments referenced above. The Requests for Disbursement and accompanying cover letters by MODNY were based, in material part, on false GENERAL ELECTRIC documents and accordingly failed to disclose the payments for the purported flight tests and falsely represented that the invoices were correct and just.

NON-EXISTENT PORTABLE TEST UNITS

(173) On or about August 10, 1984, GENERAL ELECTRIC entered into the ILS Contract with Israel, which contained a line item requiring GENERAL ELECTRIC to furnish two portable test units. These devices would supposedly receive and display data from aircraft-mounted computers during maintenance checks, but they were only vaguely described in the contract and had never been designed or manufactured. The contract line item providing for these devices was subsequently utilized as a cover for diverting funds for uses not approved by DSAA.

Overt Acts 174 through 178

GENERAL ELECTRIC subsequently transmitted invoices, from the Southern District of Ohio to MODNY, on or about the dates indicated, each of which was signed by a GENERAL ELECTRIC employee, and certain of which, as indicated below, were accompanied by CMAs:

<u>Overt Act No.</u>	<u>Date</u>	<u>Amount Billed</u>	<u>CMA Accompanying Invoice</u>
(174)	8/28/84	\$400,000	none - initial GENERAL ELECTRIC invoice for 10 percent advance payment

<u>Overt Act No.</u>	<u>Date</u>	<u>Amount Billed</u>	<u>CMA Accompanying Invoice</u>
(175)	7/18/86	\$600,000	CMA attesting to completion of preliminary design review
(176)	9/18/86	\$2,000,000	CMAs attesting to release of drawings and completion of critical design review
(177)	12/22/86	\$800,000	CMA attesting to commencement of construction
(178)	10/24/88	\$200,000	CMA attesting to functional acceptance

Overt Acts 179 through 183

Based on these invoices, MODNY made payments to GENERAL ELECTRIC, which GENERAL ELECTRIC deposited with a financial institution in New York City, in the manner and on or about the dates set forth below:

<u>Overt Act No.</u>	<u>Date</u>	<u>Description of Transaction</u>
(179)	9/25/84	GENERAL ELECTRIC's deposit of MODNY check including payment of approximately \$400,000 for first invoice for portable test units (initial invoice)
(180)	8/11/86	GENERAL ELECTRIC's deposit of MODNY check including payment of approximately \$600,000 for second invoice for portable test units (preliminary design review)
(181)	10/16/86	GENERAL ELECTRIC's deposit of MODNY check including payment of approximately \$2,000,000 for third invoice for portable test units (critical design review and release of drawings)

<u>Overt Act No.</u>	<u>Date</u>	<u>Description of Transaction</u>
(182)	1/22/87	GENERAL ELECTRIC's deposit of MODNY check including payment of approximately \$800,000 for fourth invoice for portable test units (commencement of construction)
(183)	12/1/88	GENERAL ELECTRIC's deposit of MODNY check including payment of approximately \$200,000 for fifth invoice for portable test units (functional acceptance)

Overt Acts 184 through 188

GENERAL ELECTRIC caused MODNY to obtain reimbursement for these invoice payments through MODNY's submission to DSAA of Requests for Disbursement from Israel's trust account and copies of GENERAL ELECTRIC's invoices over \$100,000. The Requests for Disbursement and accompanying cover letters by MODNY were based, in material part, on false GENERAL ELECTRIC documents and accordingly falsely represented that the invoiced items had been satisfactorily received by Israel, that payment for these charges was due under the contract and that the invoices were correct and just. The Requests for Disbursement and accompanying cover letters were submitted to DSAA by MODNY on or about the dates indicated below, and the FMF funds were disbursed to Israel on or about the dates and in the approximate amounts indicated below:

<u>Overt Act No.</u>	<u>Date of Request</u>	<u>Date of Disbursement</u>	<u>Amount Applied to Portable Test Units</u>
(184)	9/25/84	9/26/84	\$400,000
(185)	8/12/86	8/18/86	\$600,000
(186)	10/28/86	10/31/86	\$2,000,000

<u>Overt Act No.</u>	<u>Date of Request</u>	<u>Date of Disbursement</u>	<u>Amount Applied to Portable Test Units</u>
(187)	1/26/87	1/30/87	\$800,000
(188)	12/6/88	12/22/88	\$200,000

(189) As described in detail below, GENERAL ELECTRIC transmitted to the agent and Ingbir a portion of the funding generated through the sale of the portable test units. These payments were made pursuant to a subcontract for work on the portable test units, awarded by GENERAL ELECTRIC to the agent's corporation, and the agent in turn transmitted a portion of payments received under this subcontract to Ingbir in Israel. The funds transmitted to Israel were thereby made available to Dotan and others for uses not approved by DSAA.

(190) On or about March 9, 1985, the agent transmitted to GENERAL ELECTRIC, in the Southern District of Ohio, an initial purchase order including work on the portable test units, and subsequently, on or about the following dates, the agent transmitted amendments to this purchase order: July 18, 1985, December 6, 1985, December 20, 1985, January 6, 1986, January 21, 1986, September 16, 1986, December 2, 1986, December 15, 1986, January 13, 1987, September 12, 1987, and June 7, 1988.

Overt Acts 191 through 194

Based on the purchase order and its amendments, the agent transmitted the following invoices, via facsimile, to GENERAL ELECTRIC, in the Southern District of Ohio, on or about the dates indicated, each of which represented that the indicated work on the

portable test units had been completed, when in fact this equipment was never designed or constructed and there were not even specifications for this equipment:

<u>Overt Act No.</u>	<u>Date</u>	<u>Amount Billed</u>	<u>Purported Work</u>
(191) and (192)	9/5/84 11/29/84	\$3,947	advance payment - planning, consultation
(193)	1/25/85	\$11,111	advance payment - consultation
(194)	12/18/86	\$1,546,902	design, purchase and assembly

Overt Acts 195 through 198

Based on these invoices, GENERAL ELECTRIC effected the following transfers of funds to the agent's New York and New Jersey bank accounts, on or about the dates indicated below:

<u>Overt Act No.</u>	<u>Date</u>	<u>Description of Transaction</u>
(195) and (196)	9/28/84 12/20/84	two checks paying September 5, 1984 and November 29, 1984 invoices referencing the \$3,947 charge
(197)	3/25/85	check including payment of approximately \$11,111 for January 25, 1985 invoice
(198)	1/12/87	wire transfer including payment of approximately \$1,546,902 for December 18, 1986 invoice

(199) In turn, the agent transmitted approximately \$1.36 million to Ingbir's bank accounts in Israel and transferred all or most of the remainder to European banks pursuant to the sham agent's fee arrangement described above.

(200) GENERAL ELECTRIC retained the balance of the funds collected from MODNY for the sale of the non-existent portable test units, totalling approximately \$2,438,040.

NON-EXISTENT JET ENGINE TEST CELL
AND TEST CELL MEASUREMENT KIT

(201) On or about August 10, 1984, the ILS Contract, containing an option to purchase a new enclosed test cell for IAF Base 4, priced at approximately \$6.85 million, was executed by GENERAL ELECTRIC and Israel. An enclosed test cell is a facility for testing jet engines, housed in its own building.

(202) In or about July 1987, certain GENERAL ELECTRIC employees met in Israel with Dotan. Dotan told these GENERAL ELECTRIC employees that he wanted to exercise the option for the new enclosed test cell at Base 4 for \$6.85 million but that the test cell would not be built. Dotan told them that he needed the money to construct a power station at IAF Base 4.

(203) On or about October 22, 1987, a MODNY official transmitted to GENERAL ELECTRIC, in the Southern District of Ohio, a letter confirming Israel's intent to exercise the option to construct the new enclosed test cell at Base 4.

(204) On or about November 25, 1987, the GEAE Program Manager, who was based in Evendale, Ohio, transmitted to MODNY a letter formally offering to supply the new enclosed test cell at Base 4 and representing that it would provide a "substantial improvement" in the testing capability at Base 4.

(205) On or about December 22, 1987, a MODNY official transmitted to GENERAL ELECTRIC, in the Southern District of Ohio, a letter formally exercising the option to construct the new enclosed test cell at Base 4.

Overt Acts 206 through 211

As a result of the foregoing, MODNY transmitted to GENERAL ELECTRIC the following purchase orders for the new enclosed test cell, on or about the dates indicated, each of which was subsequently signed by a GENERAL ELECTRIC employee in acceptance of the contract to supply the test cell:

<u>Overt Act No.</u>	<u>Date</u>	<u>Purchase Order Amount</u>
(206)	12/22/87	\$2,500,000
(207)	5/19/88	\$895,000
(208)	5/19/88	\$936,000
(209)	5/19/88	\$825,000
(210)	5/19/88	\$844,000
(211)	5/19/88	\$850,000

Overt Acts 212 through 215

Based on these purchase orders, GENERAL ELECTRIC transmitted invoices, from the Southern District of Ohio to MODNY, on or about the dates indicated, each of which was signed by a GENERAL ELECTRIC employee, and certain of which, as indicated below, were accompanied by CMAs:

<u>Overt Act No.</u>	<u>Date</u>	<u>Amount Billed for New Enclosed Test Cell</u>	<u>CMA Accompanying Invoice</u>
(212)	1/13/88	\$685,000	none - initial GENERAL ELECTRIC invoice for 10 percent advance payment
(213)	3/17/88	\$1,027,500	CMA attesting to completion of preliminary design review
(214)	7/20/88	\$4,242,500	CMAs attesting to completion of critical design review, release of drawings and commencement of construction
(215)	10/24/88	\$895,000	CMA attesting to functional acceptance of new enclosed test cell

Overt Acts 216 through 219

Based on these invoices, MODNY made payments to GENERAL ELECTRIC, which GENERAL ELECTRIC deposited with a financial institution in New York City, in the manner and on or about the dates set forth below:

<u>Overt Act No.</u>	<u>Date</u>	<u>Description of Transaction</u>
(216)	2/29/88	GENERAL ELECTRIC's deposit of MODNY check including payment of approximately \$685,000 for initial invoice for the new enclosed test cell at IAF Base 4
(217)	3/29/88	GENERAL ELECTRIC's deposit of MODNY check including payment of approximately \$1,027,500 for second invoice for the new enclosed test cell at IAF Base 4 (preliminary design review)

<u>Overt Act No.</u>	<u>Date</u>	<u>Description of Transaction</u>
(218)	8/11/88	GENERAL ELECTRIC's deposit of MODNY check including payment of approximately \$4,242,500 for third invoice for the new enclosed test cell at IAF Base 4 (critical design review, drawing release, commencement of construction)
(219)	12/1/88	GENERAL ELECTRIC's deposit of MODNY check including payment of approximately \$895,000 for fourth invoice for the new enclosed test cell at IAF Base 4 (functional acceptance)

Overt Acts 220 through 223

GENERAL ELECTRIC caused MODNY to obtain reimbursement for these invoice payments through MODNY's submission to DSAA of Requests for Disbursement from Israel's trust account and copies of GENERAL ELECTRIC's invoices over \$100,000. The Requests for Disbursement and accompanying cover letters by MODNY falsely represented that the invoiced items had been satisfactorily received by Israel, that payment for these charges was due under the contract and that the invoices were correct and just. The Requests for Disbursement and accompanying cover letters were submitted to DSAA by MODNY on or about the dates indicated below, and the FMF funds were disbursed to Israel on or about the dates and in the approximate amounts indicated below:

<u>Overt Act No.</u>	<u>Date of Request</u>	<u>Date of Disbursement</u>	<u>Amount of Disbursement Applied to New Enclosed Test Cell</u>
(220)	3/1/88	3/4/88	\$685,000
(221)	3/30/88	4/6/88	\$1,027,500
(222)	8/16/88	9/1/88	\$4,242,500

<u>Overt Act No.</u>	<u>Date of Request</u>	<u>Date of Disbursement</u>	<u>Amount of Disbursement Applied to New Enclosed Test Cell</u>
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(223)	12/6/88	12/22/88	\$895,000
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(224) As described in detail below, GENERAL ELECTRIC transmitted to the agent and Ingbir a portion of the funding generated through the sale of the new enclosed test cell. These payments were made pursuant to a subcontract for work on the new test cell, awarded by GENERAL ELECTRIC to Ingbir Engineering, acting through the agent's corporation. The funds, transmitted by the agent to Ingbir, were made available to Dotan and others for uses not approved by DSAA.

(225) On or about December 15, 1987, a GENERAL ELECTRIC employee in the Southern District of Ohio transmitted to the agent, by facsimile, a handwritten draft of a quotation for a subcontract by GENERAL ELECTRIC to Ingbir Engineering, acting through the agent's corporation, to design and construct the new enclosed test cell.

(226) On or about December 16, 1987, the agent transmitted to GENERAL ELECTRIC, in the Southern District of Ohio, a quotation for a subcontract to design and construct the new enclosed test cell, based on the draft supplied by GEAE.

(227) On or about March 21, 1988 and on or about March 28, 1988, GENERAL ELECTRIC employees, in Evendale, Ohio, created memoranda purporting to justify why Ingbir Engineering, represented by the agent's corporation, should be the "sole source" for the new enclosed test cell. As there was no intention to ever

construct this new enclosed test cell, these memoranda were a cosmetic device designed to obscure the fraudulent nature of this transaction.

(228) On or about March 30, 1988, the agent transmitted to GENERAL ELECTRIC, in the Southern District of Ohio, a purchase order for \$5,243,655 for the new enclosed test cell.

Overt Acts 229 through 231

Based on this purchase order, the agent transmitted invoices, via facsimile, to GENERAL ELECTRIC, in the Southern District of Ohio, on or about the dates indicated, each of which represented that the indicated work on the new enclosed test cell had been completed, when in fact the test cell had never been designed or constructed:

<u>Overt Act No.</u>	<u>Date</u>	<u>Amount Billed</u>	<u>Purported Work</u>
(229)	6/13/88	\$1,048,731	completion of the preliminary design review for the new test cell
(230)	12/21/88	\$524,366	completion of the critical design review for the new test cell
(231)	5/7/90	\$1,303,400	functional acceptance of the new test cell

Overt Acts 232 and 233

On or about the following dates, GENERAL ELECTRIC effected wire transfers to the partnership account, in payment of the above-described invoices:

<u>Overt Act No.</u>	<u>Date</u>	<u>Description of Transaction</u>
(232)	6/27/88	wire transfer including payment of approximately \$1,048,731 for June 13, 1988 invoice
(233)	5/17/90	wire transfer including payment of approximately \$1,303,400 for May 7, 1990 invoice

Overt Acts 234 and 235

The agent disposed of these funds in the manner and on or about the dates set forth below:

<u>Overt Act No.</u>	<u>Date</u>	<u>Description of Transaction</u>
(234)	6/28/88	wire transfer to Ingbir's Israeli bank account, including approximately \$912,396 (approximately 87 percent of \$1,048,731 paid for June 13, 1988 invoice) for uses not approved by DSAA; and transfer to agent's New Jersey bank account of approximately \$136,335 (approximately 13 percent of \$1,048,731 paid for June 13, 1988 invoice), which funds were eventually transferred to European banks pursuant to the sham agent's fee arrangement described above
(235)	5/18/90	wire transfer to Ingbir's Israeli bank accounts including approximately \$1,133,958 (approximately 87 percent of \$1,303,400 paid for May 7, 1990 invoice) for uses not approved by DSAA; and transfer to agent's New Jersey bank account of approximately \$169,442 (approximately 13 percent of \$1,303,400 paid for May 7, 1990 invoice), which funds were eventually transferred to European banks pursuant to the sham agent's fee arrangement described above

(236) GENERAL ELECTRIC retained the balance of the funds collected from MODNY for the sale of the non-existent new enclosed test cell.

(237) In addition to billing for the non-existent new enclosed test cell, GENERAL ELECTRIC billed Israel for a related test cell measurement kit, which was also never designed or delivered. The test cell measurement kit was a vaguely defined collection of accessories for the non-existent enclosed test cell.

(238) On or about April 29, 1988, GENERAL ELECTRIC transmitted from the Southern District of Ohio to MODNY a quotation totalling \$614,450.55 for the test cell measurement kit.

(239) On or about January 26, 1989, GENERAL ELECTRIC transmitted to MODNY five separate quotations for five separate components of the test cell measurement kit, totalling \$614,450.55, now broken into quotations of lesser amounts.

(240) As a result of the foregoing, on or about March 7, 1989, MODNY transmitted to GENERAL ELECTRIC, in the Southern District of Ohio, the following four purchase orders for the test cell measurement kit, each of which was subsequently signed by a GENERAL ELECTRIC employee in acceptance of the contract to supply the test cell measurement kit: a purchase order for \$138,759.95 (representing the combination of the two quotations), a purchase order for \$178,547.60, a purchase order for \$149,702, and a purchase order for \$147,441.

(241) On or about June 21, 1989, a GENERAL ELECTRIC employee, in Evendale, Ohio, created a memorandum purporting to justify why the agent's corporation should be the "sole source" for the test cell measurement kit. As there was no intention to ever supply test cell measurement kits for the non-existent test cell, this

memorandum was a cosmetic device designed to obscure the fraudulent nature of this transaction.

(242) On or about August 14, 1990, a GENERAL ELECTRIC employee obtained the signatures of two IAF officers associated with Dotan on a memorandum representing that the test cell measurement kit, as described in the four purchase orders, had been delivered.

(243) On or about August 31, 1990, GENERAL ELECTRIC transmitted from the Southern District of Ohio to MODNY the following four invoices for the test cell measurement kit: an invoice for \$147,441, an invoice for \$178,547.60, an invoice for \$138,759.95 and an invoice for \$149,702.

(244) Based on these invoices, MODNY transmitted a check to GENERAL ELECTRIC which included a payment of approximately \$614,450.55 for the invoices for the test cell measurement kit, which GENERAL ELECTRIC deposited with a financial institution in New York City on or about October 9, 1990.

(245) GENERAL ELECTRIC caused MODNY to obtain reimbursement for this invoice payment through MODNY's submission to DSAA of a Request for Disbursement from Israel's trust account and copies of GENERAL ELECTRIC's invoices over \$100,000. The Request for Disbursement and accompanying cover letter by MODNY were based, in material part, on false GENERAL ELECTRIC documents and accordingly falsely represented that the invoiced items had been satisfactorily received by Israel, that payment for these charges was due under the contract and that the invoices were correct and just. The

Request for Disbursement and accompanying cover letter were submitted to DSAA by MODNY on or about October 29, 1990, and the FMF funds, totalling approximately \$614,450.55, were disbursed to Israel on or about November 16, 1990.

NON-EXISTENT TEST CELL RETROFIT KITS

(246) In or about January 1988, GENERAL ELECTRIC employees, including the GEAE Sales Manager and the GEAE Program Manager, held a series of meetings with Dotan in Israel, to discuss the funding of the development of the F110-GE-100A engine.

(247) Dotan rejected certain funding proposals submitted by the GEAE Program Manager, and instead Dotan and the GEAE Sales Manager devised a proposal.

(248) The GEAE Program Manager in turn created the following plan to raise \$8 million to fund the engine development: \$4 million would be derived from sales of non-existent test cell retrofit kits to be ordered under the ILS Contract; and \$4 million would be recovered from the eventual sale of the engines. The retrofit kits supposedly made the test cells compatible with an additional configuration of the F110-GE-100 jet engine. (The test cells were already compatible with the additional engine configuration, and no modifications were necessary.) Dotan approved this plan.

(249) Between in or about January 1988 and in or about April 1988, the GEAE Program Manager prepared several draft proposals to seek a purchase order for the retrofit kits from MODNY, which were reviewed by other GENERAL ELECTRIC employees.

Overt Acts 250 through 258

Subsequently, the work described in these draft proposals was arbitrarily divided among nine separate proposals, purportedly describing nine separate "kits", each valued at under \$500,000. (DSAA required prior approval of FMF funding for contracts valued at \$500,000 or more.) Thereafter, the following nine proposals were transmitted to MODNY, from the Southern District of Ohio, by GENERAL ELECTRIC, on or about the dates indicated:

<u>Overt Act No.</u>	<u>Kit Number</u>	<u>Date</u>	<u>Price of Kit</u>
(250)	1	5/24/88	\$448,000
(251)	7	5/24/88	\$406,500
(252)	8	7/22/88	\$460,500
(253)	9	7/22/88	\$485,400
(254)	2	9/21/88	\$489,500
(255)	3	9/22/88	\$459,500
(256)	5	9/23/88	\$430,500
(257)	4	9/23/88	\$331,600
(258)	6	9/23/88	\$485,000

Overt Acts 259 through 267

As a result of these proposals, MODNY transmitted to GENERAL ELECTRIC, in the Southern District of Ohio, the following purchase orders for retrofit kits, on or about the dates indicated, each of which was subsequently signed by a GENERAL ELECTRIC employee in acceptance of the contract to supply the retrofit kits:

<u>Overt Act No.</u>	<u>Kit Number</u>	<u>Date</u>	<u>Purchase Order Amount</u>
(259)	1	9/2/88	\$448,000
(260)	7	9/2/88	\$406,500
(261)	8	10/12/88	\$460,500
(262)	2	11/7/88	\$489,500
(263)	3	11/7/88	\$459,500
(264)	4	11/7/88	\$331,600
(265)	5	11/7/88	\$430,500
(266)	6	11/7/88	\$485,000
(267)	9	4/5/89	\$485,400

Overt Acts 268 through 287

Based on these purchase orders, GENERAL ELECTRIC transmitted invoices, from the Southern District of Ohio to MODNY, on or about the dates indicated, each of which was signed by a GENERAL ELECTRIC employee, and certain of which, as indicated below, were accompanied by CMAs:

<u>Overt Act No.</u>	<u>Kit Number</u>	<u>Invoice Date</u>	<u>CMA Accompanying Invoice</u>
(268)	1	9/30/88	none - initial invoice for 25 percent advance payment
(269)	7	9/30/88	none - initial invoice for 25 percent advance payment
(270)	8	12/1/88	none - initial invoice for 25 percent advance payment
(271)	1	12/13/88	CMA attesting to delivery, supporting final invoice for 75 percent payment
(272)	7	12/13/88	CMA attesting to delivery, supporting final invoice for 75 percent payment

<u>Overt Act No.</u>	<u>Kit Number</u>	<u>Invoice Date</u>	<u>CMA Accompanying Invoice</u>
(273)	8	12/30/88	CMA attesting to delivery, supporting final invoice for 75 percent payment
(274)	2	12/31/88	CMA attesting to delivery, supporting final invoice for 75 percent payment
(275)	2	12/31/88	none - amended invoice correcting typographical error on preceding invoice
(276)	2	1/13/89	none - amended initial invoice for kit 2
(277)	2	1/13/89	none - amended final acceptance invoice for kit 2
(278)	6	2/1/89	none - initial invoice for 25 percent advance payment
(279)	6	2/1/89	CMA attesting to delivery, supporting final invoice for 75 percent payment
(280)	3	3/2/89	none - initial invoice for 25 percent advance payment
(281)	3	3/2/89	CMA attesting to delivery, supporting final invoice for 75 percent payment
(282)	5	3/21/89	none - initial invoice for 25 percent advance payment
(283)	5	3/21/89	CMA attesting to delivery, supporting final invoice for 75 percent payment
(284)	4	4/13/89	none - initial invoice for 25 percent advance payment
(285)	4	4/13/89	CMA attesting to delivery, supporting final invoice for 75 percent payment
(286)	9	6/2/89	none - initial invoice for 25 percent advance payment

<u>Overt Act No.</u>	<u>Kit Number</u>	<u>Invoice Date</u>	<u>CMA Accompanying Invoice</u>
(287)	9	6/2/89	CMA attesting to delivery, supporting final invoice for 75 percent payment

Overt Acts 288 through 296

Based on these invoices, CMAs and related documentation, MODNY made payments to GENERAL ELECTRIC, which GENERAL ELECTRIC deposited with a financial institution in New York City, in the manner and on or about the dates set forth below:

<u>Overt Act No.</u>	<u>Date</u>	<u>Description of Transaction</u>
(288)	10/25/88	GENERAL ELECTRIC's deposit of MODNY check including payments of approximately \$112,000 and \$101,625 for September 30, 1988 invoices for test stand retrofit kits
(289)	12/23/88	GENERAL ELECTRIC's deposit of MODNY check including payment of approximately \$115,125 for December 1, 1988 invoice for test stand retrofit kits
(290)	1/4/89	GENERAL ELECTRIC's deposit of MODNY check including payments of approximately \$304,875 and \$336,000 for December 13, 1988 invoices for test stand retrofit kits
(291)	1/23/89	GENERAL ELECTRIC's deposit of MODNY check including payments of approximately \$345,375, \$122,375 and \$367,125 for December 30, 1988 and January 13, 1989 invoices for test stand retrofit kits
(292)	2/23/89	GENERAL ELECTRIC's deposit of MODNY check including payments of approximately \$121,250 and \$363,750 for February 1, 1989 invoices for test stand retrofit kits

<u>Overt Act No.</u>	<u>Date</u>	<u>Description of Transaction</u>
(293)	3/24/89	GENERAL ELECTRIC's deposit of MODNY check including payments of approximately \$114,875 and \$344,625 for March 2, 1989 invoices for test stand retrofit kits
(294)	4/12/89	GENERAL ELECTRIC's deposit of MODNY check including payments of approximately \$107,625 and \$322,875 for March 21, 1988 invoices for test stand retrofit kits
(295)	5/5/89	GENERAL ELECTRIC's deposit of MODNY check including payments of approximately \$82,900 and \$248,700 for April 13, 1989 invoices for test stand retrofit kits
(296)	6/26/89	GENERAL ELECTRIC's deposit of MODNY check including payments of approximately \$121,350 and \$364,050 for June 2, 1989 invoices for test stand retrofit kits

Overt Acts 297 through 305

GENERAL ELECTRIC caused MODNY to obtain reimbursement for these invoice payments through MODNY's submission to DSAA of Requests for Disbursement from Israel's trust account and copies of GENERAL ELECTRIC's invoices over \$100,000. The Requests for Disbursement and accompanying cover letters by MODNY were based, in material part, on false GENERAL ELECTRIC documents and accordingly falsely represented that the invoiced items had been satisfactorily received by Israel, that payment for these charges was due under the contract and that the invoices were correct and just. The Requests for Disbursement and accompanying cover letters were submitted to DSAA by MODNY and the FMF funds were disbursed to

Israel on or about the dates and in the approximate amounts indicated below:

<u>Overt Act No.</u>	<u>Date of Request</u>	<u>Date of Disbursement</u>	<u>Amount of Disbursement from Trust Account Applied to Retrofit Kits</u>
(297)	10/28/88	11/22/88	\$112,000 and \$101,625
(298)	12/27/88	1/4/89	\$115,125
(299)	1/9/89	2/2/89	\$304,875 and \$336,000
(300)	1/25/89	2/8/89	\$345,375, \$122,375 and \$367,125
(301)	3/2/89	3/17/89	\$121,250 and \$363,750
(302)	3/31/89	4/18/89	\$114,875 and \$344,625
(303)	4/17/89	4/27/89	\$107,625 and \$322,875
(304)	5/17/89	6/1/89	\$82,900 and \$248,700
(305)	6/27/89	7/17/89	\$121,350 and \$364,050
	*	*	*

All in violation of Title 18, United States Code, Section 371.

COUNT TWO

60. Paragraphs 1 through 14 and 59(1) through 59(305) of Count One of this Information are hereby incorporated by reference and realleged as though set forth in full herein.

61. From in or about 1984 through in or about 1991, in the Southern District of Ohio and elsewhere, defendant GENERAL ELECTRIC which had a class of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934, Title 15, United States Code, Section 78l, and was an issuer within the meaning of the Foreign Corrupt Practices Act of 1977, and as that term is used in Title 15, United States Code, Section 78m(b)(2), willfully and

knowingly, directly and indirectly, falsified and caused to be falsified various of its books, records, and accounts, and caused the failure of defendant GENERAL ELECTRIC to keep books, records, and accounts which, in reasonable detail, fairly and accurately reflected the transactions and dispositions of the assets of the defendant GENERAL ELECTRIC, to wit:

a. Non-Existent Portable Test Units

(i) One invoice submitted on or about August 28, 1984;

(ii) Five invoices with CMAs submitted between on or about July 18, 1986, and on or about October 24, 1988;

b. Non-Existent Jet Engine Test Cell

(i) One invoice submitted on or about January 13, 1988;

(ii) Five invoices with CMAs submitted between on or about March 17, 1988, and on or about October 24, 1988;

c. Non-Existent Test Cell Measurement Kit

(i) Four invoices submitted on or about August 31, 1990;

d. Non-Existent Test Cell Retrofit Kits

(i) Twenty invoices submitted between on or about September 30, 1988, and on or about June 2, 1989;

(ii) Nine CMAs submitted between on or about September 30, 1988, and on or about June 2, 1989;

e. Diversions Disguised as Funding for Flight Tests

(i) Records of defendant GENERAL ELECTRIC purporting to show that defendant GENERAL ELECTRIC paid approximately \$7.875 million for flight test-related services;

(ii) Invoices submitted by defendant GENERAL ELECTRIC for the F110-GE-100A engine deliveries;

f. Diversions Disguised as Subcontractor Payments

(i) All invoices submitted under the ILS Contract between 1984 and 1990 for actual and purported subcontract work by Ingbir Engineering;

All in violation of Title 15, United States Code, Sections 78m(b)(2)(A) and 78ff(a).

COUNT THREE

62. Paragraphs 1 through 14 and 59(1) through 59(305) of Count One of this Information are hereby incorporated by reference and realleged as though set forth in full herein.

63. From in or about 1984 through in or about 1991, in the Southern District of Ohio, the defendant GENERAL ELECTRIC did make and present and caused to be made and presented, to a department of the United States, to wit, the U.S. Department of Defense, the

following claims upon or against the United States, knowing such claims to be false, fictitious, and fraudulent:

a. Non-Existent Portable Test Units

(i) One invoice submitted on or about August 28, 1984;

(ii) Five invoices with CMAs submitted between on or about July 18, 1986, and on or about October 24, 1988;

b. Non-Existent Jet Engine Test Cell

(i) One invoice submitted on or about January 13, 1988;

(ii) Five invoices with CMAs submitted between on or about March 17, 1988, and on or about October 24, 1988;

c. Non-Existent Test Cell Measurement Kit

(i) Four invoices submitted on or about August 31, 1990;

d. Non-Existent Test Cell Retrofit Kits

(i) Twenty invoices submitted between on or about September 30, 1988, and on or about June 2, 1989, nine of which were accompanied by CMAs;

e. Diversions Disguised as Funding for Flight Tests

(i) Invoices submitted by defendant GENERAL ELECTRIC for the F110-GE-100A engine deliveries;

f. Diversions Disguised as Subcontractor Payments

- (i) All invoices submitted under the ILS Contract between 1984 and 1990 for actual and purported subcontract work by Ingbir Engineering;

All in violation of Title 18, United States Code, Sections 287 and 2.

COUNT FOUR

64. Paragraphs 1 through 14 and 59(1) through 59(305) of Count One of this Information are hereby incorporated by reference and realleged as though set forth in full herein.

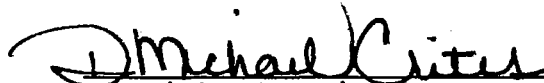
64. On or about the dates set forth below, in the Southern District of Ohio and elsewhere, defendant GENERAL ELECTRIC did knowingly engage and attempt to engage in monetary transactions, affecting interstate or foreign commerce, in criminally derived property of a value greater than \$10,000, that is, the following deposits of funds with financial institutions, such property having been derived from specified unlawful activities, that is violations of Title 18, United States Code, Section 1343:

<u>Date</u>	<u>Description of transaction</u>
1/22/87	GENERAL ELECTRIC's deposit of MODNY check including payment of approximately \$800,000 for fourth invoice for portable test units (commencement of construction);
12/1/88	GENERAL ELECTRIC's deposit of MODNY check including payment of approximately \$200,000 for fifth invoice for portable test units (functional acceptance);
2/27/88	GENERAL ELECTRIC's deposit of MODNY check including payment of approximately \$685,000 for initial invoice for the new enclosed test cell at IAF Base 4;


<u>Date</u>	<u>Description of transaction</u>
3/29/88	GENERAL ELECTRIC's deposit of MODNY check including payment of approximately \$1,027,500 for second invoice for the new enclosed test cell at IAF Base 4 (preliminary design review);
8/11/88	GENERAL ELECTRIC's deposit of MODNY check including payment of approximately \$4,242,500 for third invoice for the new enclosed test cell at IAF Base 4 (critical design review, drawing release, commencement of construction);
12/1/88	GENERAL ELECTRIC's deposit of MODNY check including payment of approximately \$895,000 for fourth invoice for the new enclosed test cell at IAF Base 4 (functional acceptance);
10/9/90	GENERAL ELECTRIC's deposit of MODNY check including payment of approximately \$614,450.55 for the test cell measurement kit;
10/25/88	GENERAL ELECTRIC's deposit of MODNY check including payments of approximately \$112,000 and \$101,625 for September 30, 1988 invoices for test stand retrofit kits;
12/23/88	GENERAL ELECTRIC's deposit of MODNY check including payment of approximately \$115,125 for December 1, 1988 invoice for test stand retrofit kits;
1/4/89	GENERAL ELECTRIC's deposit of MODNY check including payments of approximately \$304,875 and \$336,000 for December 13, 1988 invoices for test stand retrofit kits;
1/23/89	GENERAL ELECTRIC's deposit of MODNY check including payments of approximately \$345,375, \$122,375 and \$367,125 for December 30, 1988 and January 13, 1989 invoices for test stand retrofit kits;
2/23/89	GENERAL ELECTRIC's deposit of MODNY check including payments of approximately \$121,250 and \$363,750 for February 1, 1989 invoices for test stand retrofit kits;

<u>Date</u>	<u>Description of transaction</u>
3/24/89	GENERAL ELECTRIC's deposit of MODNY check including payments of approximately \$114,875 and \$344,625 for March 2, 1989 invoices for test stand retrofit kits;
4/12/89	GENERAL ELECTRIC's deposit of MODNY check including payments of approximately \$107,625 and \$322,875 for March 21, 1988 invoices for test stand retrofit kits;
5/5/89	GENERAL ELECTRIC's deposit of MODNY check including payments of approximately \$82,900 and \$248,700 for April 13, 1989 invoices for test stand retrofit kits; and
6/26/89	GENERAL ELECTRIC's deposit of MODNY check including payments of approximately \$121,350 and \$364,050 for June 2, 1989 invoices for test stand retrofit kits;

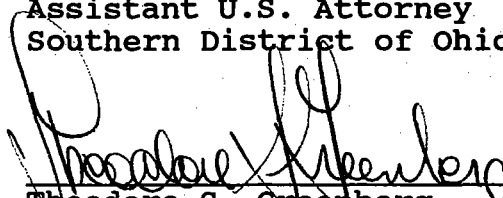
All in violation of Title 18, United States Code, Sections 1957 and 2.



 D. Michael Crites
 United States Attorney
 Southern District of Ohio



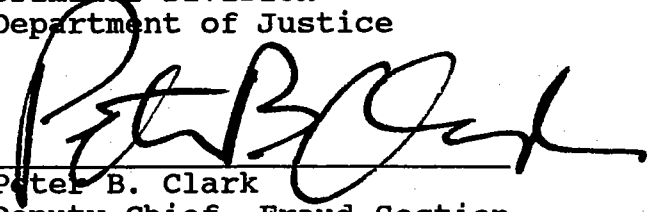
 Christopher K. Barnes
 Assistant U.S. Attorney
 Southern District of Ohio




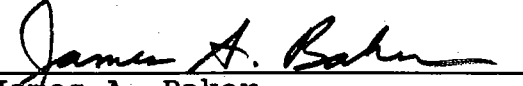
 Theodore S. Greenberg
 Chief, Money Laundering Section
 Criminal Division
 Department of Justice

Gerald E. McDowell
Chief, Fraud Section
Criminal Division
Department of Justice

By:


Peter B. Clark
Deputy Chief, Fraud Section


Thomas A. Colthurst
Trial Attorney
Money Laundering Section
Criminal Division
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James A. Baker
Trial Attorney
Fraud Section
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