

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA

v.

RICHARD G. PITCHFORD

Defendant.

CRIMINAL NO.: 02-365

VIOLATION:

18 U.S.C. § 371

18 U.S.C. § 666(a)(1)(A)

15 U.S.C. § 78dd-2(a)(3)

*Let this be filed.
Roger C. Smallegange
U.S.D.J.*

FILED

9/13/02

SEP 13 2002

NANCY MAYER WHITE HOLLOWAY, CLERK
U.S. DISTRICT COURT

STATEMENT OF FACTS

1. Pursuant to the United States Sentencing Commission Guidelines Manual § 1B1.2(a) and § 6B1.4(a), the defendant, RICHARD G. PITCHFORD, admits the following summary of facts in support of his plea of guilty. The following facts are intended to be a summary, not an exhaustive recitation of the facts surrounding defendant's activities. In the event this matter were to proceed to trial, defendant RICHARD G. PITCHFORD, agrees that the government could prove the following facts beyond a reasonable doubt:

RELEVANT PARTIES AND ENTITIES

2. The Central Asia American Enterprise Fund (the "CAAEF") was incorporated in 1994 under the laws of Delaware, and was wholly funded by an appropriation of \$150 million from the Congress of the United States pursuant to the Support for Eastern European Democracy Act of 1989 (the "SEED Act") and the Freedom for Russia and Emerging Eurasian Democracies and Open Market Support Act of 1992 ("FREEDOM SUPPORT ACT"). It was part of the CAAEF's mandate to support the development of the private sector in Central Asia and to promote the benefits of private enterprise and capitalization. The CAAEF maintained an office in the District of Columbia.

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The CAAEF was an “organization” as that term is used in the Federal Program Fraud statute, 18 U.S.C. § 666(a)(1)(A). The CAAEF was a “domestic concern” as that term is defined in the Foreign Corrupt Practices Act of 1977 (“FCPA”), 15 U.S.C. § 78dd-2(h)(1)(B).

3. In each year between 1994 and the present, benefits in excess of \$10,000 under the SEED Act were appropriated and distributed by the United States to the CAAEF for its stated purpose.

4. Defendant RICHARD G. PITCHFORD, a citizen and resident of the United States, was a CAAEF Vice President and Country Manager in Turkmenistan, and was an agent of an “organization,” as that term is used in 18 U.S.C. § 666(a)(1)(A). He was an officer and agent of a “domestic concern,” as that term is defined in the FCPA, 15 U.S.C. § 78dd-2(h)(1)(B). He was also, as an individual, a “domestic concern” as that term is defined in 15 U.S.C. § 78dd-2(h)(1)(A). It was part of defendant PITCHFORD’s responsibilities to identify business ventures for investment by the CAAEF and to make recommendations to the CAAEF Board of Directors.

5. “The CAAEF Uzbekistan Country Manager,” a citizen and resident of the United States, was the CAAEF Vice President and Country Manager in Uzbekistan. As an officer of CAAEF, he was an agent of an “organization,” as that term is used in 18 U.S.C. § 666(a)(1)(A). It was part of the CAAEF Uzbekistan Country Manager’s responsibilities to identify business ventures for investment by the CAAEF and to make recommendations to the CAAEF Board of Directors.

6. The Department of Trade and Industry was an agency of the Government of the United Kingdom and was responsible for promoting economic trade and development for British companies and individuals.

7. The “British Company” was a British company located in Hull, England.

8. The “Foreign Government Official” was a citizen of the United Kingdom and an official of the Department of Trade and Industry with responsibilities for, among other things, promoting business opportunities for British companies in the Central Asian region.

9. The “CAAEF Consultant” was a citizen of Pakistan residing in Uzbekistan, who acted as a consultant to the CAAEF on textile projects in Turkmenistan and Uzbekistan.

BACKGROUND

10. Once an investment was approved by the CAAEF Board of Directors, an “Investment Disbursal Approval” form was signed by, among others, the CAAEF Country Vice President, and faxed from Central Asian to the CAAEF Chief Financial Officer in Washington, D.C., so that the investment funds could be disbursed.

11. In or about January 1997, defendant PITCHFORD, the CAAEF Uzbekistan Country Manager, the CAAEF Consultant, and others known and unknown to the United States, devised a scheme to equally divide any commissions the CAAEF Consultant received from suppliers as a result of fraudulently inflated contract prices among defendant PITCHFORD, the CAAEF Consultant and the CAAEF Uzbekistan Country Manager.

12. Between December 1996 and December 1998, defendant PITCHFORD and others caused the CAAEF to invest in ventures in Turkmenistan from which he, the CAAEF Uzbekistan Country Manager, and the CAAEF Consultant, and others, had arranged to receive kickbacks.

Premier Spinning and Classic Clothing

13. In or about December 1996, defendant PITCHFORD and others known and unknown to the United States caused the CAAEF Board of Directors to approve a \$4 million investment in a project known as the “Premier Spinning Company” joint venture, to produce cotton yarn in

Turkmenistan.

14. In or about March 1997, defendant PITCHFORD and others known and unknown to the United States caused the CAAEF to approve a \$1.7 million investment in a project known as the “Classic Clothing Company” joint venture, to manufacture men’s dress shirts and trousers in Turkmenistan.

15. Between in or about December 1996 and March 1997, defendant PITCHFORD and others known and unknown to the United States caused the CAAEF Consultant – acting for his personal benefit and that of defendant PITCHFORD and others, and not for the benefit of the CAAEF – to arrange for the purchase price of equipment for the Classic Clothing and Premier Spinning projects to be inflated above the true value.

16. In or about May 1997, defendant PITCHFORD and others known and unknown to the United States signed a CAAEF “Investment Disbursement Approval” form, authorizing the disbursement of approximately \$1.1 million to a Premier Spinning vendor and caused the form to be faxed from Turkmenistan to the CAAEF in Washington, D.C.

17. In or about May 1997, in reliance upon defendant PITCHFORD’s authorization, the CAAEF transferred approximately \$1.1 million by wire to said Premier Spinning vendor for the benefit of, in part, defendant PITCHFORD, the CAAEF Uzbekistan Country Manager, the CAAEF Consultant, and others.

18. In or about June 1997, the CAAEF Consultant advised defendant PITCHFORD that the CAAEF Consultant had \$300,000 in Pakistan for defendant PITCHFORD and the CAAEF Uzbekistan Country Manager as their share of the kickbacks on the CAAEF – funded Premier Spinning and Classic Clothing projects.

19. On or about July 3, 1997, defendant PITCHFORD and the CAAEF Uzbekistan Country Manager caused a shell company, "K.P.H., Inc.," to be formed in the British Virgin Islands for the purpose of concealing the source and destination of illegal payments from the CAAEF Consultant.

20. On or about July 28, 1997, defendant PITCHFORD and the CAAEF Uzbekistan Country Manager caused Account No. 5308615 to be established at CIBC Bank and Trust Company in the Cayman Islands in the name of "K.P.H., Inc.," for the purpose of facilitating the transfer of the \$300,000 kickback from Pakistan to the United States without said transfer being detected by the United States authorities.

21. On August 11, 1997, defendant PITCHFORD caused the CAAEF Consultant to wire transfer \$200,000 from Account No. 3103-22 at Prime Commercial Bank in Hyderabad, Pakistan to "K.P.H., Inc.," Account No. 5308615 in the name of the CAAEF Consultant, at CIBC Bank & Trust Company in the Cayman Islands, for the benefit of defendant PITCHFORD and the CAAEF Uzbekistan Country Manager.

22. On February 19, 1998, defendant PITCHFORD caused the CAAEF Consultant to wire transfer an additional \$100,000 from Account No. 3103-22 at Prime Commercial Bank in Hyderabad, Pakistan to "K.P.H., Inc.," Account No. 5308615 in the name of the CAAEF Consultant, at CIBC Bank & Trust Company in the Cayman Islands for the benefit of defendant PITCHFORD and the CAAEF Uzbekistan Country Manager.

23. On June 30, 1998, defendant PITCHFORD and the CAAEF Uzbekistan Vice President caused \$250,000 to be wired from Account No. 5308615 at CIBC Bank & Trust Company in the Cayman Islands to Intercontinental Asset Management, a brokerage company in San Antonio,

Texas, for the benefit of defendant PITCHFORD and the CAAEF Uzbekistan Country Manager.

The British Company Contract

24. On or about September 1997, in connection with a CAAEF project to establish and equip an edible oil manufacturing facility in Ashkhabad, Turkmenistan, defendant PITCHFORD and the Foreign Government Official – whose duties included identifying foreign business opportunities for British companies and assisting these companies in obtaining contracts – entered into an agreement by which the Official would cause the British Company to bid on the CAAEF Turkmenistan project at a price inflated by approximately 15 percent, or \$200,000, and PITCHFORD would ensure that CAAEF awarded the contract to the British Company.

25. Thereafter, defendant PITCHFORD obtained confidential information from the bids of the British Company’s competitors for the CAAEF Turkmenistan project and delivered the information to the British Company through the Foreign Government official.

26. The British Company used the confidential information to tailor its bid to include the extra \$200,000, but still remain under the bids of its competitors.

27. In or before January 1998, the Foreign Government Official created “Melioservice,” a Swiss shell corporation, and caused it to be used as a “commission” agent.

28. On or about January 14, 1998, defendant PITCHFORD caused the CAAEF Board of Directors to approve a contract with the British Company in the approximate amount of \$1.5 million.

29. On or about January 17, 1998, defendant PITCHFORD signed a CAAEF “Investment Disbursement Approval” form, authorizing the disbursement of \$896,535 to the British Company and caused the form to be faxed from Turkmenistan to CAAEF in Washington, D.C.

30. On or about January 20, 1998, in reliance upon defendant PITCHFORD’s

authorization, CAAEF transferred \$896,535 by wire to Account No. 20434768563744 at Barclays Bank Plc in Hull, England, for the benefit of the British Company.

31. On or about January 22, 1998, defendant PITCHFORD caused the British Company to wire transfer \$200,000 from its account at Barclays Bank Plc in Hull, England, to Account No. 101-82-762 at Credit Suisse Bank in Winterthur, Switzerland, purportedly in payment of a “commission” to Melioservice. In truth, the beneficiaries of this wire transfer were defendant PITCHFORD and the Foreign Government Official.

The BYH International Cotton Gin Contract

32. On or about January 28, 1998, defendant PITCHFORD caused the CAAEF to enter into a contract – purportedly with a firm known as “BYH International” – to purchase a cotton gin for \$347,000.

33. On or about February 18, 1998, defendant PITCHFORD signed a CAAEF “Investment Disbursement Approval” form, authorizing the disbursement of approximately \$208,000 to BYH, and caused the form to be faxed from Turkmenistan to the CAAEF in Washington, D.C.

34. On or about February 18, 1998, in reliance upon defendant PITCHFORD’s authorization, the CAAEF transferred approximately \$208,000 to Account No. 202116114935 at Habib Bank AG Zurich in Lahore, Pakistan, for the benefit of BYH.

35. On or about February 24, 1998, defendant PITCHFORD caused a wire transfer in the amount of \$100,000 from Account No. 202116114935 at the Habib Bank AG Zurich in Lahore, Pakistan, to Account No. 3103-22 at Prime Commercial Bank in Hyderabad, Pakistan – an account maintained by the CAAEF Consultant.

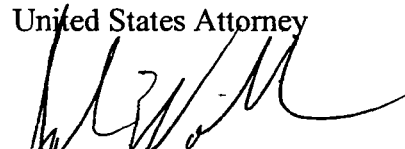
36. On or about February 25, 1998, defendant PITCHFORD caused the CAAEF


Consultant to make two wire transfers, each in the amount of \$50,000, from the Prime Commercial Bank account in Hyderabad, Pakistan, to a Melioservice account, No. 699-02-376, at the Credit Suisse Bank in Winterthur, Switzerland, for the benefit of defendant PITCHFORD.

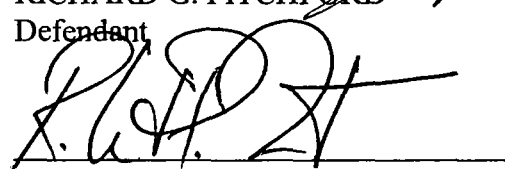
Respectfully Submitted,

Roscoe C. Howard, Jr.
United States Attorney

By:


Joseph Walker
Trial Attorney
U.S. Department of Justice

 08/30/02
RICHARD G. PITCHFORD
Defendant


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