

UNITED STATES DISTRICT COURT
DISTRICT OF CONNECTICUT

UNITED STATES OF AMERICA

CRIMINAL NO. _____

v.

VIOLATION:

ALSTOM GRID, INC.
(formerly known as ALSTOM T&D, INC.)

18 U.S.C. § 371 (Conspiracy)

INFORMATION

The United States charges:

COUNT ONE
(Conspiracy)

At all times relevant, unless otherwise specified:

1. The Foreign Corrupt Practices Act of 1977, as amended, Title 15, United States Code, Sections 78dd-1, *et seq.* (“FCPA”), was enacted by Congress for the purpose of, among other things, making it unlawful for certain classes of persons and entities to act corruptly in furtherance of an offer, promise, authorization, or payment of money or anything of value to a foreign official for the purpose of assisting in obtaining or retaining business for, or directing business to, any person.

Alstom and Other Relevant Entities and Individuals

2. Alstom S.A. (“Alstom”) was headquartered in France. Alstom was in the business of designing, constructing, and providing services related to power generation facilities, power grids, and rail transportation systems around the world. During the relevant period, Alstom had sales of approximately €21 billion annually and employed approximately 110,000 employees in over seventy countries. Shares of Alstom’s stock were listed on the New York Stock Exchange until August 2004. Accordingly, until August 2004, Alstom was an “issuer” as

that term is used in the FCPA, Title 15, United States Code, Section 78dd-1(a). Alstom had direct and indirect subsidiaries in various countries around the world through which it bid on projects to secure contracts to perform power-related, grid-related, and transportation-related services, including for state-owned entities. Alstom's subsidiaries worked exclusively on behalf of Alstom and for its benefit. Alstom maintained a department called International Network that supported its subsidiaries' efforts to secure contracts around the world. International Network was organized by regions around the world. In certain instances, executives of International Network served as presidents of certain Alstom subsidiaries or businesses. Within Alstom's power sector, the company also maintained a department called Global Power Sales ("GPS"), which performed functions similar to International Network, in that GPS assisted other Alstom entities or businesses in their efforts to secure contracts.

3. Alstom Grid, Inc., formerly known as Alstom T&D, Inc. ("Alstom T&D US") was a subsidiary of Alstom that was headquartered in New Jersey, and thus a "domestic concern," as that term is used in the FCPA, Title 15, United States Code, Section 78dd-2(h)(1)(B). Alstom T&D US was in the business of providing power grid-related services around the world, including in Egypt.

4. "Alstom T&D US Executive," an individual whose identity is known to the United States, was an executive at Alstom T&D US. Alstom T&D US Executive's responsibilities at Alstom T&D US included overseeing efforts to obtain power grid contracts with new customers and to retain grid contracts with existing customers in various countries around the world, including in Egypt.

5. "Alstom T&D US Project Manager," an individual whose identity is known to the United States, was the project manager at Alstom T&D US for various projects,

including projects in Egypt. Alstom T&D US Project Manager's responsibilities at Alstom T&D US included managing the various grid projects, approving payments to consultants who were purportedly performing services in connection with those projects, and providing certifications to the United States Agency for International Development ("USAID") which funded the projects.

6. "Consultant A," an individual whose identity is known to the United States, was a consultant who purportedly provided legitimate services on behalf of Alstom, Alstom T&D US, and other Alstom entities in connection with various transmission and distribution projects in Egypt. In reality, Consultant A was retained for the purpose of paying bribes to Egyptian government officials to obtain or retain business in connection with the transmission and distribution projects.

Overview of the Corrupt Scheme

7. Beginning in or around 2002 and continuing to in or around 2010, Alstom and several subsidiaries, including Alstom T&D US, began bidding on various grid projects with EEHC and the Egyptian Electricity Transmission Company ("EETC"), the state-owned and state-controlled electricity transmission company in Egypt. EETC was an "agency" and "instrumentality" of a foreign government, as those terms are used in the FCPA, Title 15, United States Code, Section 78dd-2(h)(2). EETC engaged the services of global power companies to build electric grids in Egypt, usually through competitive bids. One project was the Reactive Power Compensation ("RPC") Project, with a value of approximately \$15 million. Another project was the Three Substations Project, with a value of approximately \$30 million. Both the RPC Project and the Three Substations Project were funded, at least in part, by the United States Agency for International Development ("USAID").

8. In connection with these two projects, Alstom provided payments and other things of value to Egyptian officials in exchange for those officials' assistance in securing and executing the transmission and distribution projects for Alstom and its subsidiaries.

9. Specifically, in connection with the bidding on the Three Substations Project and the RPC Project, Alstom retained at least three consultants, including Consultant A. Consultant A's primary purpose was not to provide legitimate consulting services to Alstom and its subsidiaries but was instead to pay bribes to Egyptian officials who had the ability to influence the award of the contracts. Little to no due diligence was completed on these consultants despite raising a number of "red flags" described in Alstom's own compliance policies. Alstom deviated from its normal policy of paying consultants on a pro-rata basis (corresponding to each payment that Alstom received from the customer) and at least on one occasion paid Consultant A prior to receiving a payment from the customer, which Consultant A could then use to bribe Egyptian officials in exchange for their assistance in awarding power contracts to Alstom and its subsidiaries. Alstom also paid invoices submitted by Consultant A despite the absence of a sufficient description of services rendered or backup documentation for those purported services, and no testing or auditing was conducted on any of the consultant invoices or payments.

10. Alstom T&D US was required to submit regular certifications to USAID regarding the RPC and Three Substations projects and was required to disclose if Alstom or Alstom T&D US were using any third-party vendors or consultants, state whether Alstom or Alstom T&D US were paying any commissions in connection with the projects, and certify that no unlawful payments were being made. Alstom T&D US repeatedly submitted false certifications to USAID in connection with these projects, and did not disclose that consultants were being used, that commissions were being paid, or that unlawful payments were being made.

11. In addition to using consultants to pay bribes, Alstom also provided money and things of value directly to Egyptian government officials, including “Official 1,” a high-level official with decision-making authority on the Three Substations Project and the RPC Project, in exchange for their assistance in awarding the Three Substations Project and the RPC Project to Alstom and its subsidiaries. Alstom employees paid for entertainment and travel for Official 1 and other key decision-makers at EETC and EEHC, and provided those officials with envelopes of cash and other gifts during such travel.

The Conspiracy

12. From in or around 2000, and continuing through in or around 2010, in the District of Connecticut, and elsewhere, Alstom T&D US did willfully, that is, with the intent to further the objects of the conspiracy, and knowingly conspire, confederate and agree with others known and unknown, to commit offenses against the United States, that is, being a domestic concern, to willfully make use of the mails and means and instrumentalities of interstate commerce corruptly in furtherance of an offer, payment, promise to pay, and authorization of the payment of any money, offer, gift, promise to give, and authorization of the giving of anything of value to a foreign official and to a person, while knowing that all or a portion of such money and thing of value would be and had been offered, given, and promised to a foreign official, for purposes of: (i) influencing acts and decisions of such foreign official in his official capacity; (ii) inducing such foreign official to do and omit to do acts in violation of the lawful duty of such official; (iii) securing an improper advantage; and (iv) inducing such foreign official to use his influence with a foreign government and agencies and instrumentalities thereof to affect and influence acts and decisions of such government and agencies and instrumentalities, in order to assist Alstom T&D

US and others in obtaining and retaining business for and with, and directing business to, Alstom T&D US, Alstom, and others, in violation of Title 15, United States Code, Section 78dd-2(a).

Purpose of the Conspiracy

13. The purpose of the conspiracy was to make corrupt payments to foreign officials in Egypt in order to obtain and retain business related to power grid projects for and on behalf of Alstom T&D and Alstom and its subsidiaries.

Manner and Means of the Conspiracy

14. The manner and means by which Alstom T&D US and its co-conspirators sought to accomplish the purpose of the conspiracy included, among other things, the following:

15. Alstom T&D US, through its employees and together with other co-conspirators, discussed in person, via telephone, and via electronic mail (“e-mail”) the need to obtain and retain contracts and other business for and on behalf of Alstom T&D and Alstom and its subsidiaries in Egypt.

16. Alstom T&D US, through its employees and together with other co-conspirators, discussed in person, via telephone, and via e-mail making bribe payments to foreign officials in Egypt in order to obtain and retain contracts and other business for and on behalf of Alstom T&D US and Alstom and its subsidiaries.

17. Alstom T&D US, through its employees and together with other co-conspirators, offered to pay, promised to pay, and authorized the payment of bribes, directly and indirectly, to and for the benefit of foreign officials in Egypt in order to obtain and retain contracts and other business for and on behalf of Alstom T&D US and Alstom and its subsidiaries.

18. Alstom T&D US, through its employees and together with other co-conspirators, attempted to conceal the true nature of the payments by entering into consulting agreements with various consultants in order to disguise the bribe payments to the foreign officials in Egypt.

19. Alstom T&D US, through its employees and together with other co-conspirators, made payments to the bank accounts of various consultants to bribe foreign officials in Egypt in order to obtain and retain contracts and other business for and on behalf of Alstom T&D US and Alstom and its subsidiaries.

20. Alstom T&D US, through its employees and together with other co-conspirators, agreed to pay bribes directly to foreign officials by providing gifts and petty cash in exchange for those officials' assistance in obtaining or retaining business in connection with projects for Alstom T&D US and Alstom and its subsidiaries.

21. Alstom T&D US, through its employees and together with other co-conspirators, attempted to conceal the corrupt scheme by submitting false certifications to the USAID falsely claiming that they did not retain consultants, did not pay commissions, and did not make unlawful payments.

Overt Acts

22. In furtherance of the conspiracy and to achieve the objects thereof, at least one of the co-conspirators committed or caused to be committed at least one of the following overt acts, among others:

23. On or about April 23, 2002, an employee of Alstom T&D US sent an e-mail to an employee of another Alstom subsidiary, copying Alstom T&D US Executive and Alstom T&D US Project Manager, stating, "I need to engage you[r] assistance to resolve a critical issue concerning type tests for the several pieces of major equipment on the RPC project....We

informed them that our price for equipment was in accordance with US standards which does not require Type Testing performed by independent labs....bottom line they want something??? Money??? I need you to approach [Official 1] to find out what they are looking for to resolve this issue....resolution is critical as we are ready to invoice for delivery.”

24. On or about December 28, 2002, an employee of an Alstom subsidiary sent an e-mail to several individuals at Alstom T&D US, including Alstom T&D US Executive, stating, “As you [k]now [Official 1] will be in the US 31/01/02 till 10/01/03 on a mission for the RPC project; Needless to say that we have to take very good care of the lady with an excellent services for her, especially that she was/is still one of the main support to all of us in the running Project and more importantly in the due – under negotiation 3 X S/St. project....[L]ast time when she was [i]n the US she was complaining that less care was give[n] to her, she even told me that the other trainee[s] who were with her were better hosted.”

25. On or about December 30, 2002, Alstom T&D US Executive responded, “I will make sure that she is taken care of very well. Either I will personally or if traveling, I will ask [another employee] to see that she is entertained in the best fashion.”

26. On or about December 31, 2002, another employee of Alstom T&D US responded to the same e-mail about Official 1, stating, “We have planned a special weekend in NYC with shopping, sightseeing, dining and tickets to a Broadway Musical. We are also hopeful that [Official 1] will be able to resolve the commercial issues that remain unresolved on the RPC Project.”

27. On or about January 27, 2003, an employee of Alstom T&D US sent an e-mail to Alstom T&D US Executive and other Alstom employees, stating, “I want to note that we had an

improvement on the margin for this report through claims amendment of 336,000 Euros. However, the margin was impacted by an unexpected commission/fee of \$210,000...”

28. On or about January 28, 2003, Alstom T&D US Executive responded, “I don’t understand the point about the unexpected commissions! These things should be known at the onset of a project and from then on the amounts should be known.”

29. On or about December 2, 2003, after receiving an e-mail from an Alstom finance employee stating that she could not process the invoice for Consultant A because there was insufficient proof of the services provided by Consultant A to justify payment of the invoice, Alstom T&D US Project Manager called the Alstom finance employee and stated that if she “wanted to have several people put in jail [she] should continue to send emails as [she] had earlier in the day” and further instructed her to delete all e-mails regarding the consultant.

30. On or about December 5, 2003, an Alstom employee sent an e-mail to several Alstom T&D US employees, including Alstom T&D US Executive and Alstom T&D US Project Manager, stating, “I was in Cairo this week and I heard that there is a difficulty on the a.m. project to pay the due commission to [Consultant A] for the first installment (25%). I confirm that the agreement we have with [Consultant A] correspond[s] to 1.5% of the amount of our contract. As you already received the down payment and as [Consultant A] performed well for this project, I see no obstacle not to pay asap the invoice they sent you 2 months ago. We are using this agent for some other T&D [grid] projects, and I don’t want to take any risk to jeopardize our chances. Thus, I kindly ask you to proceed asap on this issue and to keep me informed.”

31. On or about December 8, 2003, Alstom T&D US Executive forwarded the e-mail referenced in Paragraph 30 above to two executives at Alstom, stating, "Can we keep these emails from flying around with this kind of information on it on a USAID project?"

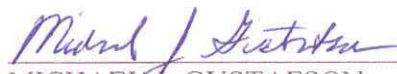
32. On or about January 27, 2004, Alstom T&D US Project Manager submitted a certification to USAID certifying that no commissions were paid to any agents in connection with the RPC Project.

33. On or about March 11, 2004, an Alstom employee sent an e-mail to several Alstom executives, stating, "We have the visit today in Levallois of [Consultant A]. Still nothing has been done on this issue. Please inform me by return on the exact situation. We are in a bad position for all our other Businesses and thus we need urgent clarification."

34. On or about March 14, 2004, an Alstom employee forwarded to Alstom T&D US Executive and Alstom T&D US Project Manager the e-mail referenced in Paragraph 33 above, stating, "Can you please let me know what is the situation on this subject? Last time that we spoke about this subject in January, you were suppose[d] to pay this invoice."

35. Alstom and its subsidiaries were ultimately awarded the Three Substations Project and the RPC Project and made payments to Consultant A and the other two consultants. These payments were falsely recorded in Alstom's books and records as "consultancy fees" and "commissions" despite the fact that the payments had been made with the understanding they would be passed on, in whole or in part, to Egyptian officials to obtain or retain business in connection with the projects. In addition, Alstom's records fail to contain evidence of any legitimate services being provided by these consultants, and their retention and payment was affirmatively concealed from USAID by Alstom T&D US employees.

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



MICHAEL J. GUSTAFSON
FIRST ASSISTANT U.S. ATTORNEY
DISTRICT OF CONNECTICUT



KATHLEEN MCGOVERN
SENIOR DEPUTY CHIEF
CRIMINAL DIVISION, FRAUD SECTION
U.S. DEPARTMENT OF JUSTICE



DAVID E. NOVICK
ASSISTANT U.S. ATTORNEY



DANIEL S. KAHN
ASSISTANT CHIEF