

**U.S. DEPARTMENT OF JUSTICE  
U.S. ATTORNEY  
NORTHERN DISTRICT OF GEORGIA**

FOR IMMEDIATE RELEASE  
FRIDAY, JANUARY 27, 1995

**NEWS RELEASE**

The U.S. Attorney's Office for the Northern District of Georgia and Richard A. Easley, Special Agent in Charge, Defense Criminal Investigative Service, announced today that LOCKHEED CORPORATION, based in Calabasas, California, and with offices in Marietta, Georgia, and elsewhere, pleaded guilty today before U.S. District Judge Marvin H. Shoob, to conspiring to violate the bribery provisions of the Foreign Corrupt Practices Act (FCPA) and conspiring to falsify its books, records, and accounts, thereby failing to accurately and fairly reflect the disposition of LOCKHEED CORPORATION assets.

According to the superseding criminal information filed today, LOCKHEED CORPORATION and unnamed executives of the company conspired to violate the FCPA by corruptly making a one million dollar (\$1,000,000) payment to Dr. Leila I. Takla, a member of the Peoples' Assembly of the Arab Republic of Egypt, for the purpose of influencing Takla to assist LOCKHEED CORPORATION in obtaining a contract for the sale of three C-130-H-30 Hercules aircraft to Egypt in 1989. The contract was valued at approximately \$79 million, and was funded by U.S. aid in the form of grant money administered by the Department of Defense under the Foreign Military Financing (FMF) program.

The criminal information charged that between April 22, 1987, and October 14, 1990, Dr. Leila I. Takla was a member of the Peoples' Assembly of the Arab Republic of Egypt. On October 28, 1988, LOCKHEED CORPORATION entered into an agreement with Dr. Leila I. Takla, Inc., (Takla, Inc.), the business name Dr. Takla and her husband used during the period from 1987 to 1990, to pay her a \$600,000 per airplane commission. According to the information, in order to conceal LOCKHEED's intent to use Dr. Takla's position to assist their marketing effort,

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LOCKHEED prepared an internal document which falsely stated that no representative of Takla, Inc., was an elected or appointed official of any government. At the time, however, Dr. Takla was a member of the Peoples' Assembly.

According to the criminal information, Dr. Takla used her position to assist LOCKHEED and to provide information which resulted in the contract to sell three C-130 planes to Egypt. The contract was signed on April 15, 1989. The information also alleged that after LOCKHEED's successful campaign to sell the airplanes, LOCKHEED was notified by the Defense Security Assistance Administration (DSAA) that that agency intended to notify the Egyptian government that LOCKHEED intended to pay a commission under the contract. The information alleged that shortly thereafter, on approximately October 26, 1989, LOCKHEED received a letter from Takla, Inc., purportedly forfeiting the entire \$1.8 million dollar commission. LOCKHEED CORPORATION then advised the U.S. Departments of State and Defense, and the government of Egypt, that it would not be paying a commission to Takla, Inc., on the C-130 contract.

According to the criminal information, however, just two months later, in January of 1990, Dr. Takla and her husband traveled to Atlanta to negotiate the payment of their \$1.8 million commission with executives of the corporation. On October 11, 1990, following the negotiations with Dr. Takla, LOCKHEED CORPORATION paid \$1 million by wire transfer to Dr. Takla's Swiss account in Zurich, and characterized this payment as a "Termination Fee."

In its guilty plea today, LOCKHEED CORPORATION admitted that the \$1 million payment to Dr. Takla was not a termination payment but was in fact a payment made to Dr. Takla for her influence in assisting LOCKHEED in obtaining the 1989 C-130 contract. As part of the plea agreement, LOCKHEED CORPORATION has agreed to pay the United States a total of \$24.8 million. Of this amount, \$21.8 million is to be paid in criminal fines and \$3 million in resolution of civil claims by the Department of Justice.

In a related case, Allen R. Love, a retired executive of Lockheed Aeronautical Systems Company, Marietta,

Georgia, an unincorporated division of LOCKHEED CORPORATION, pleaded guilty on January 20, 1995, to a criminal information which charged that the so-called termination payment was made in connection with, and, in primary part, as a result of, the 1989 contract with Egypt and was in effect a commission.

This case was the result of an investigation conducted by special agents of the Defense Criminal Investigative Service, with assistance from the Defense Contract Audit Agency and other agencies. The lead agent on the investigation is DCIS Special Agent Chris Amato; the prosecution is being handled by Assistant U.S. Attorneys Martin J. Weinstein and Nicolette Templer.

LOCKHEED CORPORATION cooperated with the U.S. Attorney's Office in its efforts to gather documents and in making witnesses available during the course of the investigation. For further information, please contact Janet F. King, First Assistant U.S. Attorney (404) 331-6183, or John S. Davis, Chief, Criminal Division (404) 331-4230.

A copy of the information is available upon request.