

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA )  
 )  
 v. )  
 )  
 APPLIED PROCESS PRODUCTS )  
 OVERSEAS, INC. )  
 \_\_\_\_\_ )

Criminal No. 83-00004

FILED

JAN 6 1983

OFFER OF PROOF

JAMES F. DAVEN, CLERK

The evidence would show that in April 1979, Applied Process Products Overseas, Inc. (hereinafter Applied) was established as a Texas corporation. Gary D. Bateman was the sole shareholder, Chairman of the Board and President of the corporation. Applied was engaged in, among other things, the business of representing various United States companies in the sale of spare parts and other smaller compression related equipment to Petroleos Mexicanos (Pemex).

On March 15, 1979 Bateman met with Guillermo Cervera, the Administrative Secretary to the Chief of Purchasing at Pemex, to discuss Applied's business. In that meeting, Bateman offered to pay 30% of Applied's gross profit derived from Pemex contracts to Cervera in exchange for assistance in obtaining business. Cervera agreed, indicating he would have to discuss the matter with his Pemex colleagues.

In later meetings between Bateman and Cervera, additional details were worked out. Cervera indicated that he would be the administrator and handle all the money. Cervera indicated, and Bateman understood, that the money would be split with other

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Pemex officials depending upon which department approved the purchase order issued to Applied. Cervera indicated he would, and later did, provide fake invoices from a company called Mexequipo, falsely labelling the payments as agent commissions. By agreement, Applied would pay half of the estimated 30% gross profit when Pemex issued the purchase order and the other half when Pemex paid Applied.

As a result of this agreement with Cervera, Applied obtained approximately \$5 million in purchase orders from Pemex between October 1979 and March 1981. In accordance with this arrangement, Bateman delivered approximately \$342,000.00 to Cervera on various occasions between October 1979 and March 1981. Bateman delivered the money in cash, Mexican Pesos, to Cervera at various locations in Mexico City. The \$342,000 which Bateman delivered to Cervera represented approximately 30% of the gross profits of Applied on these purchase orders.

In order to obtain the cash to deliver to Cervera, and to disguise the payments, Bateman would cause Applied to issue a check payable fictitious payee, Joaquin Mendoza. Bateman would negotiate the checks in Mexico City and later deliver to Cervera the cash, along with the bank's computation of the exchange rate and deduction of its fee. The first checks for the payments to Cervera were issued out of Applied's Mexico City office. Three checks payable to Mendoza were issued out of Applied's office in Houston, Texas including a March 11, 1981 check for \$61,464.80.

On March 11, 1981 Applied, acting through Bateman, utilized a commercial airline to travel from Houston, Texas to Mexico City, Mexico for the purpose of delivering a bribe payment in the

amount of approximately \$61,464.80 to Cervera. It is this use of an interstate instrumentality that forms the basis of the violation.