

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

UNITED STATES OF AMERICA	:	
	:	CRIMINAL INFORMATION
V.	:	
	:	NO. <u>1:94-CR-226-01</u>
LOCKHEED CORPORATION	:	
	:	(SUPERSEDING)

The United States charges that:

A. Introduction

At all relevant times:

1. Lockheed Corporation (hereinafter defendant LOCKHEED) was a Delaware corporation based in Calabasas, California, and was an issuer within the meaning of the Foreign Corrupt Practices Act of 1977, Title 15, United States Code, Sections 781 and 78dd-1. LOCKHEED manufactured and marketed a wide range of aircraft and armaments, primarily for use in the defense industry.

2. Lockheed Aeronautical Systems Company (hereinafter Lockheed Aeronautical), based in Marietta, Georgia, was an unincorporated division of defendant LOCKHEED. The primary business of Lockheed Aeronautical was the manufacture of aircraft and associated components primarily for sale to the United States Department of Defense and to foreign governments.

3. Lockheed Corporation International, S.A. (hereinafter Lockheed International) was a Belgian corporation based in Brussels, Belgium, with offices also in Geneva, Switzerland, and

Cairo, Egypt, and was a wholly owned subsidiary of defendant LOCKHEED. Lockheed International handled defendant LOCKHEED's business interests overseas, including oversight of foreign in-country consultants.

4. For purposes of this Information, the name "LOCKHEED" shall stand for the following entities at all times:

Lockheed Corporation	Calabasas, California
Lockheed Aeronautical	Marietta, Georgia
Lockheed International	Geneva, Switzerland and Cairo, Egypt

5. Dr. Leila I. Takla (hereinafter Takla) of Cairo, Egypt, was defendant LOCKHEED's consultant in Egypt from 1980 to 1990. From April 22, 1987 through October 14, 1990, Takla was a member of the Peoples' Assembly of the Arab Republic of Egypt and a foreign official as defined in the Foreign Corrupt Practices Act of 1977, Title 15, United States Code Section 78dd-1(f). Her agreement with defendant LOCKHEED called for her to, among other things, devote her best efforts to the development of markets and sales prospects for defendant LOCKHEED in Egypt. Takla was to be paid a monthly retainer fee, reimbursement for expenses and a commission based upon the number of planes sold in Egypt.

6. Dr. Leila Takla, Incorporated (hereinafter Takla, Inc.) was a business name adopted in 1987 for purposes of facilitating Takla's status as a consultant to defendant LOCKHEED after she entered the Peoples' Assembly.

7. The Peoples' Assembly is the legislature of the Arab Republic of Egypt located in Cairo, Egypt.

8. As a part of United States foreign policy, the United States Congress authorized certain loans and grants in aid to Egypt. These loans and grants in aid were funded under the Foreign Military Financing ("FMF") Program of the United States Department of Defense ("DOD"), which provided financing to foreign governments to purchase military equipment and armaments from United States manufacturers.

9. The FMF program was administered by the United States Department of Defense acting through the Defense Security Assistance Agency (hereinafter "DSAA"). DSAA's responsibilities included approving FMF financing for purchase contracts between a foreign country and a United States commercial supplier. To disburse the FMF funds, DSAA and the Department of the Treasury established accounts for each country participating in the FMF Program. As a recipient of FMF funds, the Government of Egypt authorized DSAA to make disbursements from its account to commercial suppliers.

10. DSAA required certain certifications from commercial suppliers or contractors, such as defendant LOCKHEED. Among the certifications required from contractors and commercial suppliers at the time of the submission of a contract funded under the FMF program was the certification that:

no bribes, rebates, gifts, kickbacks or gratuities have been or will be offered to or given to (directly or indirectly) contrary to United States Law, or have been or will be arranged contrary to United States Law with,

officers, officials, or employees of the purchaser by the Contractor, its employees or agents which are intended to secure the Purchase Agreement or favorable treatment under the Purchase Agreement or for any other purpose relating to the Purchase Agreement.

11. On April 15, 1989, defendant LOCKHEED entered into a contract entitled Cairo/AF/GLX-798/C-130/89/1 (hereinafter "The Contract") with the Government of Egypt to sell three defendant LOCKHEED-produced C-130H-30 Hercules Aircraft (hereinafter "C-130 Aircraft"), supplies and services at an aggregate sales price of \$78,983,575.00.

12. The contract between the Government of Egypt and Lockheed included the following provision:

The Seller certifies that the Contract price (including subcontracts awarded hereunder) does not include any direct or indirect cost of sales commission or fee for the Seller's sales representative to secure the conclusion of the sale of any of the equipment or material called for by this contract.

If it proves at any time that the Seller has paid an amount to any parties sales commission or fee, the Government [of Egypt] reserves the right to reduce the total amount of this Contract or to deduct the deserved money, by the same amount there is included as sales commission or fees.

B. Objects of the Conspiracy

Beginning on or about April 20, 1987, the exact date being unknown, and continuing until November 8, 1990, in the Northern District of Georgia and elsewhere, defendant LOCKHEED, together with others, did knowingly, unlawfully, and willfully conspire, confederate, and agree among themselves to commit offenses against the United States and subsequently to conceal the commission of said offenses, namely:

1. To violate the Foreign Corrupt Practices Act of 1977 by the use of the mails, and of other means and instrumentalities of interstate commerce, corruptly in furtherance of an offer, payment, promise to pay and authorization of the payment of money to a foreign official, to wit, Dr. Leila I. Takla, a member of the Peoples' Assembly of the Arab Republic of Egypt, a foreign official as that term is used in the Foreign Corrupt Practices Act, for the purpose of influencing the acts and decisions of Dr. Leila I. Takla in her official capacity, including a decision to fail to perform her official functions, and inducing her to use her influence with the Government of Egypt so as to affect and influence an act and decision of the Egyptian government, in order to assist defendant LOCKHEED in obtaining and retaining business with the Government of Egypt and to direct business from said government to defendant LOCKHEED, in violation of Title 15, United States Code, Sections 78dd-1(a)(1) and 78ff(c)(1); and

2. To further violate the Foreign Corrupt Practices Act of 1977 by knowingly falsifying books, records and accounts, that is by failing to make and keep books, records and accounts which, in reasonable detail, accurately and fairly reflected the transactions and dispositions of Lockheed's assets, in violation of Title

15, United States Code, Sections 78m(b)(2)(A), 78m(b)(5) and 78ff(a).

C. Manner and Means of the Conspiracy

The foregoing objects of the conspiracy were to be accomplished by the following means and methods and in the following manner:

1. On April 20, 1987, Dr. Leila I. Takla falsely stated in correspondence that her husband, Abdelkerim Darwish (hereinafter "Darwish"), would now be concerned with all matters relating to the sale of defendant LOCKHEED's aircraft.

2. Between April 22, 1987, and June 20, 1987, defendant LOCKHEED and others, knowing that Dr. Takla was a member of the Peoples' Assembly and was thus a foreign official, arranged a transfer of the consultant agreement with defendant LOCKHEED from Dr. Leila I. Takla to Takla, Inc., using Dr. Takla's husband, Abdelkerim Darwish, as signatory, and thereafter defendant LOCKHEED continued to make retainer payments to Dr. Takla through Takla, Inc.

3. From April, 1987, to on or about August, 1990, Dr. Takla received monthly retainer payments totaling \$129,000 from defendant LOCKHEED.

4. On or before June 18, 1987, in Cairo, Egypt, Dr. Takla, in her official capacity as a member of the Peoples' Assembly, approached a member of the United States Congress in an attempt to discuss United States foreign policy regarding Israel's ability to sell used C-130 aircraft on the open market.

5. On October 28, 1988, defendant LOCKHEED and others agreed to pay Dr. Leila I. Takla, Inc., \$600,000 for each C-130 aircraft sold under the contract, thus increasing the previously established amount of her commission by \$300,000 per aircraft.

6. Defendant LOCKHEED and others used various methods to conceal the conspiracy in order to ensure the continuing success of the conspiracy, including, but not limited to, the concealment of Dr. Takla's identity as a consultant in internal LOCKHEED documents.

7. On October 26, 1989, Dr. Takla and Darwish caused a letter to be prepared purportedly forfeiting their entire \$1.8 million commission.

8. On November 6, 1989, having learned that DSAA notified the Egyptian Government that a commission would be paid to Takla, Inc., defendant LOCKHEED wrote letters to the Government of Egypt and to DSAA stating that defendant LOCKHEED would no longer pay a commission to Dr. Takla.

9. On January 11, 1990, defendant LOCKHEED entered into negotiations with Dr. Takla and ultimately agreed to pay at least \$1 million characterized as a termination fee, in lieu of her commission, to Takla, Inc.

10. On January 12, 1990, Dr. Takla and Darwish sent a letter to an official of defendant LOCKHEED acknowledging that their prior letter of October 26, 1989 "[had been] written for the main purpose of facilitating the sale and avoiding some complications, specifically for defusing the situation which [had arisen] from the

exchange of letters between DSAA, the Egyptian Procurement Office and Lockheed" and confirming that defendant LOCKHEED still owed the commission.

11. Defendant LOCKHEED and others, on October 11, 1990, made a wire transfer payment from an account of Lockheed Aeronautical in the amount of \$1 million to an account at the Union Bank of Switzerland.

D. Overt Acts

In furtherance of the conspiracy, the following overt acts, among others, were committed, and caused to be committed, in the Northern District of Georgia and elsewhere:

1. On or about May 14, 1987, in Amman, Jordan, and elsewhere, defendant LOCKHEED and others prepared and thereafter maintained in LOCKHEED's files a false International Consultant Basic Data document -- an internal LOCKHEED record which identified Dr. Takla and Darwish as principals of Takla, Inc., and falsely stated that no officer, director, shareholder, or active representative of Takla, Inc. was an elected or appointed official of any government or an official of any political party or candidate for political office.

2. On or about May 14, 1987, in Amman, Jordan, and elsewhere, defendant LOCKHEED and others prepared and thereafter kept on record, correspondence falsely claiming that Dr. Takla would be replaced as an advisor and consultant to defendant LOCKHEED.

3. On or about mid-1987, in Marietta, Georgia, an official of defendant LOCKHEED met with defendant LOCKHEED's salesman in Egypt for the purpose of suppressing an effort by certain Lockheed employees to have Dr. Takla's relationship with defendant LOCKHEED terminated.

4. On June 20, 1987, defendant LOCKHEED executed a consultant agreement with Takla, Inc., and thereafter maintained such document in defendant LOCKHEED's books and records. This document concealed Dr. Leila I. Takla's continuing role as LOCKHEED's consultant.

5. On October 2, 1988, in Amman, Jordan, and elsewhere, defendant LOCKHEED and others prepared, and thereafter kept a document known as an International Consultant Basic Data Sheet in the files of LOCKHEED, which document falsely named Darwish as the only principal of Takla, Inc.

6. On October 28, 1988, defendant LOCKHEED and others executed an agreement doubling Takla, Inc.'s commission payments from \$300,000 to \$600,000 per aircraft sold in Egypt.

7. On the following dates, defendant LOCKHEED and others caused the following payments, among others, to be made to Takla:

	<u>Date</u>	<u>Amount</u>	<u>Account</u>
a.	5/13/87	\$6,000	Credit Suisse, Zurich, Switzerland ("Credit Suisse")
b.	6/4/87	\$3,000	Credit Suisse
c.	7/9/87	\$3,000	Credit Suisse

d.	8/3/87	\$3,000	Union Bank of Switzerland, Zurich, Switzerland ("Union Bank")
e.	10/6/87	\$3,000	Union Bank
f.	10/6/87	\$3,000	Union Bank
g.	11/19/87	\$3,000	Credit Suisse
h.	11/30/87	\$3,000	Union Bank
i.	2/9/88	\$3,000	Union Bank
j.	2/9/88	\$3,000	Union Bank
k.	3/3/88	\$3,000	Union Bank
l.	4/22/88	\$3,000	Union Bank
m.	4/22/88	\$3,000	Union Bank
n.	6/3/88	\$3,000	Union Bank
o.	9/28/88	\$6,000	Union Bank
p.	10/3/88	\$3,000	Union Bank
q.	11/11/88	\$3,000	Union Bank
r.	12/5/88	\$3,000	Union Bank
s.	1/20/89	\$3,000	Union Bank
t.	2/10/89	\$3,000	Union Bank
u.	3/17/89	\$3,000	Union Bank
v.	4/25/89	\$6,000	Union Bank
w.	6/28/89	\$3,000	Union Bank
x.	6/29/89	\$3,000	Union Bank
y.	7/26/89	\$3,000	Union Bank
z.	8/21/89	\$3,000	Union Bank
aa.	11/1/89	\$9,000	Union Bank
ab.	10/17/89	\$3,000	Union Bank

ac.	11/21/89	\$3,000	Union Bank
ad.	12/19/89	\$3,000	Union Bank
ae.	1/23/90	\$3,000	Union Bank
af.	2/21/90	\$3,000	Union Bank
ag.	3/29/90	\$3,000	Union Bank
ah.	4/23/90	\$3,000	Union Bank
ai.	6/28/90	\$3,000	Union Bank
aj.	7/19/90	\$3,000	Union Bank
ak.	8/23/90	<u>\$6,000</u>	Union Bank
	Total	\$129,000	

8. In February, 1989, an executive of defendant LOCKHEED visited Dr. Takla in Cairo, Egypt, in an unsuccessful effort to persuade her to accept a \$100,000 per plane commission reduction.

9. On April 11, 1989, two executives of defendant LOCKHEED met in Cairo, Egypt, with Dr. Takla to discuss final sales strategies relating to the contract. At this meeting, Dr. Takla advised them that Egyptian-FMF funds were available and approved for the purchase of the C-130 aircraft and that defendant LOCKHEED should continue to negotiate and hold firm on its offer.

10. On April 13, 1989, in Cairo, Egypt, two executives of defendant LOCKHEED again met with Dr. Takla to discuss final sales strategies. At this meeting, Dr. Takla advised them that the head of the Egyptian Ministry of Defense negotiating team was authorized to bind his government to the contract.

11. On September 29 and 30, 1989, defendant LOCKHEED submitted a certification to DSAA which stated that no bribes,

rebates, gifts, kickbacks or gratuities had been offered to or given -- directly or indirectly -- to officers, officials, or employees of the Government of Egypt by defendant LOCKHEED, its employees, or its agents, which were intended to secure the contract or obtain favorable treatment under the contract contrary to United States law.

12. On October 25, 1989, when DSAA was about to approve the contract for funding and notify the Egyptian Government of LOCKHEED's agreement to pay a commission to Dr. Leila Takla, Inc., an official of defendant LOCKHEED notified Dr. Takla and Darwish of DSAA's impending disclosure.

13. On or about October 26, 1989, Dr. Leila Takla, Inc., and others, submitted a letter to defendant LOCKHEED, which falsely stated that since the C-130 contract had a clause stating that no fees should be paid by LOCKHEED to a consultant, Takla, Inc. was willing to forfeit its commission.

14. On November 6, 1989, an executive of defendant LOCKHEED wrote a letter to DSAA, falsely stating that defendant Lockheed would pay no commission in connection with the C-130 contract.

15. On November 6, 1989, an executive of defendant LOCKHEED wrote a letter to the Embassy of the Arab Republic of Egypt, Procurement Office, Washington, D.C., stating that defendant LOCKHEED "understands that neither the rules of the U.S. Government nor the Egyptian Government allow defendant LOCKHEED to include commissions in the sales contract price on procurements made through U.S. Security Assistance channels. Accordingly defendant

LOCKHEED will not pay any commissions on contract CAIRO/AF/GLX-798/C-130/89/1 dated 15 April 1989."

16. On November 30, 1989, defendant LOCKHEED caused the Egyptian Government to authorize DSAA to disburse by wire transfer to defendant LOCKHEED \$52,500,000 of FMF funds allocated for the Arab Republic of Egypt.

17. On January 11, 1990, officials of defendant LOCKHEED met in Atlanta, Georgia, with Dr. Takla and Darwish to discuss the \$1.8 million commission -- which defendant LOCKHEED had previously agreed to pay to Takla, Inc. -- and payment of a termination fee in lieu of the commission.

18. In April, 1990, executives of defendant LOCKHEED traveled to Cairo, Egypt, to meet with Dr. Takla and Darwish to discuss a payment by defendant LOCKHEED to Takla, Inc. of a termination payment in lieu of the commission.

19. On April 25, 1990, an executive of defendant LOCKHEED wrote a memorandum proposing that defendant LOCKHEED pay to Dr. Takla and Darwish a total of \$3.3 million for ten years of service and in consideration of waiving any current or future claims against defendant LOCKHEED.

20. On May 7, 1990, executives of defendant LOCKHEED conducted a special meeting in Marietta, Georgia, of the Lockheed Aeronautical Business Practices Subcommittee for International Consultants, to propose paying Takla, Inc., a \$1 million termination fee as well as a \$40,000 per month retainer payment for two years -- an aggregate payment of \$1.96 million -- in lieu of

the previously agreed \$1.8 million commission on the Egyptian C-130 contract and as additional compensation for Dr. Takla's ten years of service to defendant LOCKHEED.

21. On May 30, 1990, executives of defendant LOCKHEED conducted a Consultant Review Committee meeting and approved Lockheed Aeronautical's payment to Takla, Inc., of the sum of \$1 million conditioned upon receipt by defendant LOCKHEED of the total C-130 sale contract price agreed upon with the Government of Egypt.

22. On June 26, 1990, two officials of defendant LOCKHEED prepared a memorandum stating that Dr. Takla and Darwish objected to the consultant's termination payment being conditioned on full payment of the contract price by the Government of Egypt because it could possibly trigger disclosure of the commission to the Egyptian Government.

23. On July 11, 1990, defendant LOCKHEED entered into an agreement with the Egyptian Ministry of Defense to reduce the previously contracted price of each C-130 aircraft to the Government of Egypt by \$600,000, for a total reduction of \$1.8 million against the supply of spare parts.

24. On July 18, 1990, executives of defendant LOCKHEED met as an International Consultant Committee in Marietta, Georgia, and decided to pay Takla, Inc. the sum of \$1 million for ten years of service on the part of Dr. Takla and Darwish and for the release of any claim Takla, Inc. may have had against defendant LOCKHEED.

25. On October 5, 1990, defendant LOCKHEED, through committee resolution, authorized a wire transfer of LOCKHEED funds in the amount of \$1 million as a termination payment to Takla, Inc.

26. On October 10, 1990, Lockheed Aeronautical authorized Trust Company Bank, Atlanta, Georgia, to wire transfer \$1 million to the Union Bank of Switzerland, Zurich, Switzerland, account number 754 395 as previously instructed.

27. On October 11, 1990, Trust Company Bank, Atlanta, Georgia, wire transferred \$1 million from an account held by Lockheed Aeronautical, to the Union Bank of Switzerland, account number 754 395.

28. On November 8, 1990, Lockheed Aeronautical recorded the \$1 million payment in its books and records.

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

Respectfully submitted,

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