

# United States District Court

SOUTHERN DISTRICT OF FLORIDA

UNITED STATES OF AMERICA

vs.

**CRIMINAL COMPLAINT**

CHRISTIAN SAPSIZIAN

CASE NUMBER: *06-3314-PRP*

I, the undersigned complainant being duly sworn state the following is true and correct to the best of my knowledge and belief. From in or about October 2001 until in or about October 2003, in the Southern District of Florida, and elsewhere, CHRISTIAN SAPSIZIAN, the defendant, being an officer, director, employee, and agent of an "issuer" as those terms are defined in the FCPA, 15 U.S.C. § 78dd, et seq., made 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, and offer, gift, promise to give, and authorization of the giving of anything of value to foreign officials, and aided and abetted the same, for purposes of (a) influencing acts and decisions of such foreign officials in their official capacity, (b) inducing such foreign officials to do and omit to do acts in violation of the lawful duty of such officials, (c) securing an improper advantage, and (d) inducing such foreign officials to use their influence with foreign governments and instrumentalities thereof to affect and influence acts and decisions of such governments and instrumentalities, in order to assist the issuer in obtaining and retaining business for and with, and directing business to, any person; to wit, SAPSIZIAN made or caused to be made unlawful payments to a foreign official of Costa Rica, and in furtherance thereof, authorized international wire transfers to make the corrupt payments, in order to obtain telecommunications contracts in Costa Rica, all in violation of 15 U.S.C. § 78dd-1, 18 U.S.C. § 2.

I further state that I am a Special Agent and that this complaint is based on the following facts:

SEE ATTACHED AFFIDAVIT



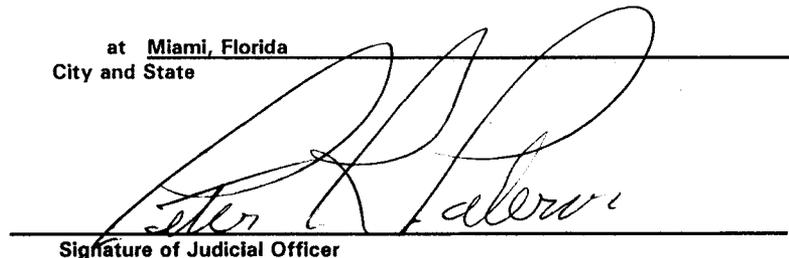
JAMES PRICE, SPECIAL AGENT  
FEDERAL BUREAU OF INVESTIGATION

Sworn to before me, and subscribed in my presence,

December 1, 2006  
Date

at Miami, Florida  
City and State

**PETER PALERMO**  
**UNITED STATES MAGISTRATE JUDGE**  
Name and Title of Judicial Officer

  
Signature of Judicial Officer

JAMES PRICE, being duly sworn, deposes and says that he is a Special Agent with the Federal Bureau of Investigation and charges as follows:

1. I am a Special Agent with the Federal Bureau of Investigation ("FBI"). I have been employed with the FBI since approximately 1999. Prior to that, I was a practicing lawyer in New Hampshire. I am currently assigned to a squad that investigates public corruption, including, among other crimes, violations of the Foreign Corrupt Practices Act, 15 U.S.C. § 78dd-1 et seq., (the "FCPA"). This affidavit is based upon my personal participation in the investigation, my examination of reports and records, and my conversations with other law-enforcement agents and other individuals. Because this affidavit is being submitted for the limited purpose of establishing probable cause, it does not include all the facts that I have learned during the course of my investigation. Where the contents of documents and the actions, statements, and conversations of others are reported herein, they are reported in substance and in part, except where otherwise indicated.

THE RELEVANT INDIVIDUALS AND ENTITIES

2. Based on my personal knowledge, my review of documents, including documents voluntarily provided to the criminal investigators by Alcatel, S.A., my review of reports prepared by other law enforcement agents, and conversations with other law enforcement agents, I am aware of the following information:

a. Alcatel, S.A. ("Alcatel") is a worldwide provider of a wide variety of telecommunications equipment and services. Alcatel was established under the laws of France and is headquartered in Paris, France. Alcatel operates in more than 130 countries, including France, the United States, and, as set forth more fully below, Costa Rica. Since at least 2000, American depositary shares of Alcatel have been registered with the Securities and Exchange Commission and currently trade on the New York Stock Exchange. Accordingly, Alcatel is an "issuer" within the meaning of the FCPA, 15 U.S.C. § 78dd-1.

b. Alcatel CIT, S.A. is a wholly-owned subsidiary of Alcatel. It was responsible for entering into contracts with the government of Costa Rica on behalf of Alcatel and responsible for making payments associated with the contracts on behalf of Alcatel. For the purposes of Alcatel's public filings, Alcatel CIT's financial statements are incorporated into Alcatel's financial statements.

c. Alcatel Standard, S.A. is a wholly-owned subsidiary of Alcatel and is based in Switzerland. It was responsible for entering into agreements with consultants who worked on behalf of Alcatel in the various countries, including consultants located in Costa Rica.

d. Alcatel de Costa Rica, S.A. is a local incorporated affiliate of Alcatel CIT. It was responsible for the day-to-day commercial operations of Alcatel in Costa Rica. For example, Alcatel de Costa Rica informed Alcatel of the local request for bids for commercial projects available in Costa Rica.

e. CHRISTIAN SAPSIZIAN, the defendant, was employed by Alcatel or an Alcatel subsidiary starting in or about 1981. From in or about 2003 to in or about late 2004, SAPSIZIAN held the title of Vice President of Latin America for Alcatel CIT. His responsibilities included negotiating contracts in Latin America on behalf of Alcatel. SAPSIZIAN spent part of his time in France and part of his time throughout Latin America. Accordingly, SAPSIZIAN was an "employee" and an "agent" of an "issuer" within the meaning of the FCPA, 15 U.S.C. § 78dd-1.

f. Alcatel de Costa Rica was managed on a day-to-day basis by a Senior Country Officer (the "Senior Country Officer"), whose responsibilities included negotiating contracts for Alcatel's services in Costa Rica, along with SAPSIZIAN.

g. Servicios Notariales, Q.C. ("Servicios Notariales") is a consulting firm based in Costa Rica. From in or about 2001 until in or about October 2004, Alcatel executed at least three consulting contracts with Servicios Notariales for it to assist Alcatel in obtaining telecommunications contracts in Costa Rica.

h. One of the managers of Servicios Notariales (the "Servicios Notariales Manager") was also the brother-in-law of the Senior Country Officer.

#### ALCATEL'S CONTRACTS IN COSTA RICA

3. Based on my personal knowledge, my review of documents, including documents voluntarily provided to the criminal investigators by Alcatel, S.A., my review of reports prepared by law enforcement agents, and conversations with other law enforcement agents, I am aware of the following information:

a. Prior to 2000, Alcatel historically had been unsuccessful in obtaining contracts with ICE in Costa Rica.

Alcatel frequently lost out to Ericsson, which utilized a different technology than Alcatel used.

b. In or about 2001 and 2002, Alcatel CIT obtained two contracts, valued at over \$250 million, to provide telecommunications services in Costa Rica. Specifically, the Alcatel subsidiary was awarded two contracts by the state-owned telecommunications authority, el Instituto Costarricense de Electricidad ("ICE"). On or about August 28, 2001, ICE awarded Alcatel a contract to provide mobile telephone services that was valued at approximately \$149 million. This contract was the most significant awarded to Alcatel CIT in Costa Rica.

c. From in or about 2001, through in or about October 2004, Alcatel Standard, on behalf of Alcatel CIT, executed at least three consulting contracts with Servicios Notariales, in which Alcatel promised to pay Servicios Notariales a percentage of the value of contracts that Servicios Notariales assisted Alcatel in obtaining with ICE.

d. In or about the fall of 2000, Alcatel, through CHRISTIAN SAPSIZIAN, the defendant, and the Senior Country Officer reached an agreement with a Costa Rican official, who was a member of the ICE board that evaluated Alcatel's bids ("the ICE Official"), to make corrupt payments to the ICE Official to induce the official to vote in favor of awarding Alcatel a contract and to otherwise assist Alcatel in winning the contract. From in or about December 2001 until in or about October 2003, Alcatel used Servicios Notariales as a conduit to pass bribe payments to the ICE Official.

#### ALCATEL'S CORRUPT PAYMENTS TO SERVICIOS NOTARIALES

4. Based on my personal knowledge, my review of documents, including documents voluntarily provided to the criminal investigators by Alcatel, my review of bank records, my review of reports prepared by law enforcement agents, and conversations with other law enforcement agents, I am aware of the following information:

a. From in or about October 2001 until in or about October 2003, Servicios Notariales submitted invoices for its purported services to the Senior Country Officer at Alcatel de Costa Rica.

b. The Senior Country Officer then faxed the Servicios Notariales invoices to CHRISTIAN SAPSIZIAN, the defendant, usually at Alcatel headquarters in Paris, France.

c. SAPSIZIAN then submitted the invoices to the payment department at Alcatel.

d. Alcatel held a bank account at ABN Amro Bank in New York, New York, to which several of its subsidiaries had access, including Alcatel CIT.

e. Servicios Notariales held an account at Cuscatlan International Bank & Trust Co. Ltd, in the Bahamas.

f. From in or about December 2001 until in or about October 2003, Alcatel CIT transferred approximately \$14,527,858 to Servicios Notariales. On the following dates, Alcatel CIT transferred the following funds from Alcatel's account at ABN Amro Bank in New York, New York to the account of Servicios Notariales at Cuscatlan International Bank, in the Bahamas:

i. On or about December 7, 2001, Alcatel CIT wire transferred approximately \$800,000 to Servicios Notariales.

ii. On or about December 28, 2001, Alcatel CIT wire transferred approximately \$700,000 to Servicios Notariales.

iii. On or about January 25, 2002, Alcatel CIT wire transferred approximately \$749,271.59 to Servicios Notariales.

iv. On or about August 9, 2002, Alatel CIT wire transferred approximately \$1,380,085 to Servicios Notariales.

v. On or about October 25, 2002, Alcatel CIT wire transferred approximately \$81,566 to Servicios Notariales.

vi. On or about December 2, 2002, Alcatel CIT wire transferred approximately \$1,049,636 to Servicios Notariales.

vii. On or about March 28, 2003, Alcatel CIT wire transferred approximately \$3,939,334 to Servicios Notariales.

viii. On or about June 19, 2003, Alcatel CIT wire transferred approximately \$17,821 to Servicios Notariales.

ix. On or about June 19, 2003, Alcatel CIT wire transferred approximately \$1,099,630 to Servicios Notariales.

x. On or about October 24, 2003, Alcatel CIT wire transferred approximately \$4,710,509 to Servicios Notariales.

SERVICIOS NOTARIALES' CORRUPT PAYMENTS TO THE ICE OFFICIAL

5. Based on my personal knowledge, my review of documents, including documents voluntarily provided to the criminal investigators by Alcatel, reports prepared by other law enforcement agents, and conversations with other law enforcement agents, I am aware of the following information:

a. The ICE Official was a director of ICE and was a member of the committee that evaluated the bids submitted by Alcatel. He was a "foreign official" within the meaning of the FCPA, 15 U.S.C. § 78dd-1(f)(1)(a).

b. The wife of the ICE Official held bank accounts in her name at Saint George Bank & Trust Co. Ltd. and BCT Bank International, both located in Panama.

c. From in or about December 2001 until in or about October 2003, Servicios Notariales wire transferred approximately \$2.56 million to the wife of the ICE Official. On the following dates, Servicios Notariales wire transferred the following funds from its Cuscatlan account:

i. On or about December 10, 2001, Servicios Notariales wire transferred approximately \$225,000 through a Terrabank N.A. Bank branch located in Miami, Florida, to an account in the name of the ICE Official's wife at Saint George Bank & Trust Co. Ltd.

ii. On or about May 20, 2002, Servicios Notariales purchased four CDs worth approximately \$100,000, using funds from its account at Cuscatlan International Bank. These CDS were provided to the ICE Official.

iii. On or about August 14, 2002, Servicios Notariales wire transferred approximately \$100,000 through a Terrabank N.A. Bank branch located in Miami, Florida, to an

account in the name of the ICE Official's wife at Saint George Bank & Trust Co. Ltd.

iv. On or about August 14, 2002, Servicios Notariales wire transferred approximately \$590,000 through a Bank of America branch located in Miami, Florida, to an account in the name of the ICE Official's wife at BCT Bank International.

v. On or about December 9, 2002, Servicios Notariales wire transferred approximately \$180,000 to an account in the name of the ICE Official's wife at BCT Bank International.

vi. On or about April 2, 2003, Servicios Notariales wire transferred approximately \$576,000 through a Bank of America branch located in Miami, Florida, to an account in the name of the ICE Official's wife at BCT Bank International.

vii. On or about July 4, 2003, Servicios Notariales wire transferred approximately \$339,000 through a Bank of America branch located in Miami, Florida, to an account in the name of the ICE Official's wife at BCT Bank International.

viii. On or about October 27, 2003, Servicios Notariales wire transferred approximately \$450,000 through a Bank of America branch located in Miami, Florida, to an account in the name of the ICE Official's wife at BCT Bank International.

SAPSIZIAN'S INVOLVEMENT IN AUTHORIZING THE BRIBES

6. Based on conversations among a cooperating witness (referred to herein as the "CW"),<sup>1</sup> other law enforcement agents, and myself, and the CW's statements provided to the Costa Rican attorney general's office in connection with Costa Rica's investigation of corruption in the award of these contracts, I am aware that:

a. CHRISTIAN SAPSIZIAN, the defendant, requested assistance from the ICE Official in ensuring that Alcatel's bid for contracts with ICE was given consideration. In doing so, SAPSIZIAN offered to pay the ICE Official a percentage of the bid amount (between 1.5 and 2 percent), less expenses, if Alcatel obtained a contract with ICE.

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<sup>1</sup> The CW is a witness who is seeking to cooperate in the Government's investigation. The individual has given statements to Costa Rican investigators as well as U.S. investigators, which have been consistent.

b. The ICE Official discussed the payment from Alcatel with a senior Costa Rican government official in a significant position to influence the award of the contract by ICE (the "Senior Official"), and the two agreed to share whatever bribe payments were made by SAPSIZIAN to the ICE Official.

c. The ICE Official disclosed to both SAPSIZIAN and the Senior Country Officer that the ICE Official was splitting the funds received from Alcatel with the Senior Official.

d. SAPSIZIAN instructed the Servicios Notariales Manager as to the amount that Servicios Notariales should pay the ICE Official.

e. The ICE Official received approximately \$2.4 million in payments from Alcatel via Servicios Notariales.

7. Based on my review of bank records and the declarations made by the Senior Country Officer to representatives of the Costa Rican attorney general's office, I am aware that the CW's statements have been corroborated by:

a. The bank records reflecting the payments made from Alcatel's account to the account of Servicios Notariales.

b. The bank records reflecting the payments made from the account of Servicios Notariales to the accounts of the ICE Official's wife.

c. The Senior Country Officer's statement that Alcatel paid approximately \$8 million to officials of ICE in order to obtain contracts and that such payments were authorized by CHRISTIAN SAPSIZIAN, the defendant, among others.

d. The Senior Country Officer's statement that SAPSIZIAN told the Senior Country Officer that SAPSIZIAN offered the ICE Official 1.5 percent of the value of the contract if the ICE Official assisted Alcatel in obtaining the contract with ICE.

e. The Senior Country Officer's statement that SAPSIZIAN instructed the Senior Country Officer and/or the Servicios Notariales Manager as to the amount of the funds to be wire transferred to the ICE Official's wife.

STATEMENTS MADE BY SAPSIZIAN

7. Based on my review of reports prepared by other law enforcement agents and my conversations with other law enforcement agents, I am aware of the following information:

a. On November 20, 2006, CHRISTIAN SAPSIZIAN, the defendant, was arrested on the basis of authority granted by a United States District Judge. After being advised of his constitutional rights, SAPSIZIAN voluntarily agreed to speak with law enforcement officials. At that time, he stated, in substance and in part, that:

i. SAPSIZIAN saw the Servicios Notariales invoices when they were submitted to Alcatel. He stated that he did not believe that \$14 million of work was performed by Alcatel's consultants in Costa Rica, including Servicios Notariales. At the time, he did not question the amount of the invoices submitted by the consultants. At the time of the interview, he could not explain what Alcatel received in exchange for the \$14 million in payments.

ii. SAPSIZIAN possessed power of attorney for a company called Casconsult, S.A., which was organized under the laws of Panama. He admitted that from in or about March 2004 until in or about July 2004, Servicios Notariales wire transferred over \$300,000 to SAPSIZIAN into Casconsult's Panamanian bank account. SAPSIZIAN stated that the funds were not a loan and that he had no obligation to pay the funds back. SAPSIZIAN was unable to explain why the funds were given to him with no obligation to return them. He admitted that he did not inform Alcatel that he received such funds from Alcatel's consultant, the same consultant to which Alcatel had paid over \$14 million. SAPSIZIAN stated that he believed that had he informed Alcatel that Servicios Notariales gave him the funds, Alcatel would have fired him.

FURTHER CORRUPT PAYMENTS MADE TO COSTA RICAN OFFICIALS

8. Based on my personal knowledge, my review of documents, including documents voluntarily provided to the criminal investigators by Alcatel, my review of witness interview memorandums and reports prepared by other law enforcement agents, and conversations with other law enforcement agents, I am aware of the following information:

a. In or about October 2003, Alcatel was trying to obtain an extension of its fixed network contract, which originally was awarded in or about 2000. In or about October 2003, ICE officials visited Cannes, France. In order to obtain the extension, CHRISTIAN SAPSIZIAN, the defendant, invited ICE officials, including the ICE Official, to Paris. SAPSIZIAN instructed an Alcatel employee to pay for the ICE officials' transportation from Cannes to Paris and hotel for four to five nights using Alcatel funds. SAPSIZIAN instructed the Alcatel employees to pay for the hotels in cash.

b. SAPSIZIAN told the Alcatel employee that the reason that Alcatel needed to pay for the travel expenses in cash was that a competitor had recently been criticized in the press for paying for ICE officials' travel-related expenses and SAPSIZIAN wanted to conceal these payments for ICE officials' expenses. SAPSIZIAN signed the Alcatel employee's expense reports and authorizations related to these expenses.

c. When SAPSIZIAN was interviewed by law enforcement agents after his arrest, he admitted that he instructed the Alcatel employee to pay cash for the ICE officials' travel-related expenses in order to conceal the payments. He admitted he wanted to ensure that Alcatel did not "leave a paper trail" when paying for ICE official's expenses and that this was "wrong."

9. It is my belief that the foregoing information and evidence constitutes probable cause to believe that from at least in or about October 2001 up to and including in or about October 2003, in the Southern District of Florida, and elsewhere, CHRISTIAN SAPSIZIAN, the defendant, being an officer, director, employee, and agent of an "issuer" as those terms are defined in the FCPA, 15 U.S.C. § 78dd, et seq., made 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, and offer, gift, promise to give, and authorization of the giving of anything of value to foreign officials, and aided and abetted the same, for purposes of (a) influencing acts and decisions of such foreign officials in their official capacity, (b) inducing such foreign officials to do and omit to do acts in violation of the lawful duty of such officials, (c) securing an improper advantage, and (d) inducing such foreign officials to use their influence with foreign governments and instrumentalities thereof to affect and influence acts and decisions of such governments and instrumentalities, in order to assist the issuer in obtaining and retaining business for and with, and directing business to, any

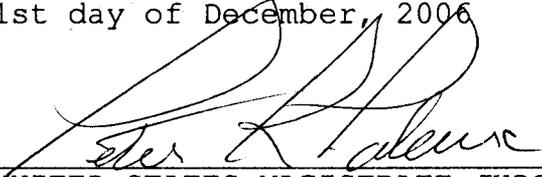
person; to wit, SAPSIZIAN made or caused to be made unlawful payments to a foreign official of Costa Rica, and in furtherance thereof, authorized international wire transfers to make the corrupt payments, in order to obtain telecommunications contracts in Costa Rica, all in violation of 15 U.S.C. § 78dd-1, 18 U.S.C. § 2.



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JAMES PRICE  
SPECIAL AGENT  
FEDERAL BUREAU OF INVESTIGATION

Sworn to before me this  
1st day of December, 2006



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UNITED STATES MAGISTRATE JUDGE  
SOUTHERN DISTRICT OF FLORIDA